



HALYK GROUP

Acquisition of HSBC Bank Kazakhstan

26 February 2014

Transaction Overview



Parties

- Target – SB HSBC Bank Kazakhstan JSC (“Company”);
- Seller – HSBC Bank plc.;
- Buyer – JSC Halyk Bank (“Halyk Bank”).

Key Terms and Conditions

- Closing of the transaction is expected during 2014 and is subject to customary closing conditions (including completion of migration process) and appropriate regulatory and other approvals.

Strategic Targets

- Transaction represents further progress in the execution of Halyk Bank group's strategy;
- Strengthen competitive position in the market;
- Increase business with national companies and foreign companies in Kazakhstan, including payroll account services and payroll-backed lending;
- Develop a niche mortgage loan segment for high-quality retail customers;
- Further develop private banking and internet banking business;
- Benefit from access to world class banking products and policies and procedures of the Company;
- Improve trade finance product offering by Halyk Bank group.

Operating Mode

- The Company will be a subsidiary of Halyk Bank.

Expected Purchase Price

- Final price will be determined at closing and subject to change in NAV of the Company;
- Will be disclosed in due course.

Financial indicators of HSBC Bank Kazakhstan



	KZT bln		
Balance sheet	30.09.2013	01.01.2013	01.01.2012
Cash and cash equivalent	100,156	98,603	60,482
Loans to customers	74,584	62,755	88,357
Amounts due from credit institutions	4,669	4,759	4,034
Financial assets held for sale	2,417	3,840	3,163
Other assets	4,817	5,065	8,719
Total assets	186,643	175,022	164,756
Amounts due to customers	152,898	140,547	127,894
Total liabilities	161,436	152,602	145,241
Total capital	25,208	22,420	19,515

	KZT bln		
Statement of Profit or Loss	9M2013	2012	2011
Net interest income	4,800	6,979	9,839
Net fee and commission income	1,353	2,065	1,858
Other income	2,368	2,467	2,246
Operating income	8,522	11,511	13,943
General adm. expenses	(4,488)	(6,907)	(7,708)
Impairment losses	(446)	(949)	(2,012)
Income tax expense	(811)	(759)	(891)
Net Income	2,777	2,897	3,333

Ratios	30.09.2013	01.01.2013	01.01.2012
Amounts due to customers / total liabilities	94.7%	92.1%	88.1%
Loans / deposits	0.49x	0.45x	0.69x
Regulatory Tier 1 capital adequacy ratio (k1-1)	12.0%	10.9%	9.0%
Regulatory Tier 1 capital adequacy ratio (k1-2)	19.5%	16.8%	10.0%
Regulatory Tier 1 capital adequacy ratio (k2)	21.9%	21.2%	13.0%

Ratios	9M2013	2012	2011
Cost-to-income	58.1%	64.1%	59.1%
Net interest margin	9.2%	8.5%	9.2%
Return on average equity (RoAE)	15.4%	13.8%	18.6%
Return on average assets (RoAA)	2.1%	1.7%	1.6%
Operating expenses / average total assets	3.4%	4.1%	3.8%

Source: the NBK, unconsolidated, financial statements of HSBC Bank Kazakhstan

Comparison of Market Positions

As of 1 January 2014

KZT bln

	Halyk Bank			HSBC Bank Kazakhstan		
	Volume	Market share	Place	Volume	Market share	Place
Assets	2,442	15.8%	2	187	1.2%	17
Liabilities	2,077	15.5%	2	161	1.2%	17
Gross loans	1,736	13.0%	3	81	0.6%	20
Net loans	1,415	16.3%	2	75	0.9%	20
Total deposits	1,686	17.1%	2	142	1.4%	16
Deposits of individuals	800	20.3%	1	32	0.8%	15
Deposits of legal entities	886	15.0%	2	110	1.9%	15
Equity	365	17.5%	2	26	1.3%	15

Source: the NBK, unconsolidated

Speakers



Umut Shayakhmetova
CEO



Dauren Karabayev
Deputy CEO



Askar Smagulov
Deputy CEO



Murat Koshenov
**Chief Risk Officer and
Compliance Controller**