

JSC BANK CENTERCREDIT
EXPLANATPRY NOTE TO THE
CONSOLIDATED FINANCIAL STATEMENT
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2015

JOINT-STOCK COMPANY BANK CENTERCREDIT

SELECTED EXPLANATORY NOTES TO THE INTERIM CONSOLIDATED FINANCIAL INFORMATION FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2015 (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”). The Bank conducts its business under License number 248 dated 13 December 2007.

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

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

The registered address is: 38, Al Farabi Ave., Almaty, the Republic of Kazakhstan.

As at 30 September 2015 and 31 December 2014, the Bank had 19 and 20 branches respectively 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 information:

Name	Country of operation	30 September 2015 (unaudited)	31 December 2014	Type of operation
LLP Center Leasing	Republic of Kazakhstan	90.75%	90.75%	Finance lease
JSC BCC Invest	Republic of Kazakhstan	95.19%	95.19%	Brokerage and dealer activity
LLC Bank BCC-Moscow	Russian Federation	100%	100%	Banking services
LLP BCC-SAOO	Republic of Kazakhstan	100%	100%	Distressed assets management

As at 30 September 2015 and 31 December 2014, the following ultimate beneficial shareholders owned individually more than 5% of the issued shares of the Group:

	30 September 2015 (unaudited) %	31 December 2014 %
Kookmin Bank	41.93	41.93

Baiseitov B.R.	25.60	25.60
IFC	10.00	10.00
Other (individually hold less than 5%)	22.47	22.47
	<hr/>	<hr/>
Total	100.00	100.00
	<hr/>	<hr/>

The interim condensed consolidated financial information was authorized for issue by the Management Board of JSC Bank CenterCredit on 30 October 2015.

2. BASIS OF PRESENTATION

Accounting basis

The interim condensed consolidated financial information of the Group has been prepared in accordance with the 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 2014.

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 assets.

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 consolidated 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

The same accounting policies, presentation and methods of computation have been followed in these interim condensed consolidated financial information as were applied in the preparation of the Group’s financial statements for the year of 2014, except for the impact of the adoption of the following amended standards and interpretations:

- Amendments to IAS 19 - Defined Benefit Plans: Employee contributions;
- Annual Improvements to IFRSs 2010-2012 Cycle;

- Annual Improvements to IFRSs 2011-2013 Cycle.;

Amendments to IAS 19 - Defined Benefit Plans: Employee contributions

The amendments to IAS 19 Employee Benefits clarify the requirements related to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, amendments permit a practical expedient if the amount of the contributions is independent of the number of years of service, such contributions, can, but are not required, to be recognised as a reduction in the service cost in the period in which the related service is rendered. There is no any impact of these amendments on the financial statements as the Group's defined benefit plans do not stipulate contributions from employees.

Annual Improvements to IFRSs 2010-2012 Cycle

The Annual Improvements to IFRSs 2010-2012 Cycle include a number of amendments to various IFRSs, which are summarized below.

The amendments to IFRS 2 change the definition of 'vesting condition' and 'market condition' and add definitions for 'performance condition' and 'service condition' which were previously included within the definition of 'vesting condition'.

The amendments to IFRS 3 clarify that contingent consideration that is classified as an asset or liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of IAS 39 or IFRS 9 or a non-financial asset or liability.

The amendments to IFRS 8 require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments and clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

The amendments to the basis for conclusions of IFRS 13 clarify that the issue of IFRS 13 and consequential amendments to IAS 39 and IFRS 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial.

The amendments to IAS 16 and IAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation/ amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/ amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

There is no significant effect of these amendments on the consolidated financial statements of the Group.

Annual Improvements to IFRSs 2011-2013 Cycle

The Annual Improvements to IFRSs 2011-2013 Cycle include the following amendments.

The amendments to IFRS 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

The amendments to IFRS 13 clarify that the scope of investment portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, IAS 39 or IFRS 9, even if those contracts do not meet the definitions of a financial assets or financial liabilities within IAS 32.

The amendments to IAS 40 clarify that IAS 40 and IFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine

whether the property meets the definition of investment property in terms of IAS 40, and whether the transaction meets the definition of a business combination under IFRS 3.

There is no significant effect of these amendments on the consolidated financial statements of the Group.

The Group did not early adopt any other standard, amendment or interpretation that has been issued and is not yet effective.

4. NET INTEREST INCOME

	Nine months ended 30 September 2015 (unaudited)	Nine months ended 30 September 2014 (unaudited)
Interest income comprises:		
Interest income on financial assets recorded at amortized cost:		
- interest income on impaired financial assets	13,740	25,827
- interest income on unimpaired financial assets	52,910	39,720
Interest income on financial assets at fair value through profit or loss	<u>3,865</u>	<u>3,755</u>
Total interest income	<u>70,515</u>	<u>69,302</u>
Interest income on financial assets recorded at amortized cost:		
Interest on loans to customers and banks	65,463	60,728
Interest on investments held-to-maturity	313	730
Penalties on loans to customers and banks	676	3,785
Interest on due from banks	<u>198</u>	<u>304</u>
Total interest income on financial assets recorded at amortized cost	<u>66,650</u>	<u>65,547</u>
Interest income on financial assets at fair value:		
Interest on investments available-for-sale	2,609	2,312
Interest on investments initially recognized at fair value through profit or loss	<u>1,256</u>	<u>1,443</u>
Total interest income on financial assets recorded at fair value	<u>3,865</u>	<u>3,755</u>
Total interest income	<u>70,515</u>	<u>69,302</u>
Interest expense comprises:		
Interest expense on financial liabilities recorded at amortized cost	<u>37,700</u>	<u>34,790</u>
Total interest expense	<u>37,700</u>	<u>34,790</u>
Interest expense on financial liabilities recorded at amortized cost:		
Interest on customer and banks accounts	24,876	23,223
Interest on debt securities issued	2,266	1,299
Interest on due to banks and financial institutions	7,111	7,210
Interest on subordinated bonds	<u>3,447</u>	<u>3,058</u>
Total interest expense on financial liabilities recorded at amortized cost	<u>37,700</u>	<u>34,790</u>
Net interest income before provision for impairment losses on interest bearing assets	<u><u>32,815</u></u>	<u><u>34,512</u></u>

5. ALLOWANCE FOR IMPAIRMENT LOSSES AND OTHER PROVISIONS

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

	Corporate loans	Small and mid-sized enterprises	Mortgage loans	Consumer loans	Car loans	Business development	Total loans to customers (note 17)
Nine months ended 30 September 2014 and 2015	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
31 December 2013	144,784	10,205	19,140	16,108	1,246	5,745	197,228
Additional provision/recovery of provision	6,553	1,943	8,704	6,652	(381)	6,983	30,454
Recovery of written off bad debts	3	-	334	10	-	48	395
Effect of revaluation of foreign currency- denominated loans	9,335	96	1,174	1,027	78	360	12,070
Write-off of assets	(68,421)	(1,634)	(11,045)	(3,338)	(41)	(170)	(84,649)
Effect of recovery*	(6,831)	(122)	(913)	(1,127)	(8)	(351)	(9,352)
30 September 2014	85,423	10,488	17,394	19,332	894	12,615	146,146
31 December 2014	116,472	14,374	3,153	2,711	40	12,286	149,036
Additional provision/recovery of provision	21,239	(7,649)	6,354	4,221	8	(2,227)	21,946
Recovery of written off bad debts	381	100	45	4	4	-	534
Effect of revaluation of foreign currency denominated loans	15,759	2,138	421	380	5	1,646	20,349
Write-off of assets	(20,037)	(344)	(1,500)	(311)	(16)	(486)	(22,694)
Effect of recovery *	(8,764)	(390)	(1,495)	(1,361)	(2)	(871)	(12,883)
30 September 2015	125,050	8,229	6,978	5,644	39	10,348	156,288

During the nine months ended 30 September 2015 and 2014, the Group has written off loans totaling KZT 22,694 mln. and KZT 84,649 mln., respectively. Changes introduced to the Tax Code as at 1 January 2014 allow the write-off of loans without this being considered forgiveness of the loan for tax purposes and are therefore not subject to corporate income tax.

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

	Other assets (Note 18)	Guarantees and letters of credit (Note 22)	Total
31 December 2013	1,891	1,780	3,671
(Recovery of provision)/additional provision	(329)	328	(1)
Write-off of assets	(91)	-	(91)
Recovery of assets previously written off	1,255	-	1,255
Exchange rate difference	136	11	147
30 September 2014	2,862	2,119	4,981
31 December 2014	2,291	1,894	4,185
(Recovery of provision)/ additional provision	(556)	(158)	(714)
Write-off of assets	(467)	-	(467)
Recovery of assets previously written off	0	-	-
Exchange rate difference	129	166	295
30 September 2015	1,397	1,902	3,299

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

	Nine months ended 30 September 2015 (unaudited)	Nine months ended 30 September 2014 (unaudited)
Net (loss)/gain on financial assets and liabilities at fair value through profit or loss	42,698	408
Total net (loss)/gain on financial assets and liabilities at fair value through profit or loss	42,698	408
Net (loss)/gain on operations with financial assets and liabilities at fair value through profit or loss comprise:		
Unrealized (loss)/gain on adjustment of fair value of trading financial assets	42,915	360
Realized (loss)/gain on trading operations	(38)	52
Realized (loss)/gain on operations with derivative financial instruments	315	61
Unrealized gain/(loss) on operations with derivative financial instruments	(494)	(65)
Total net gain on operations with financial assets and liabilities at fair value through profit or loss	42,698	408

7. **NET GAIN/(LOSS) ON DISPOSAL AND IMPAIRMENT OF INVESTMENTS AVAILABLE-FOR-SALE**

	Nine months ended 30 September 2015 (unaudited)	Nine months ended 30 September 2014 (unaudited)
Net realized gain/(loss) on investments available-for-sale	20	55
Gain/(loss) on impairment of investments available-for-sale	(373)	2
Total net realized gain/(loss) on disposal and impairment of investments available-for-sale	<u>(353)</u>	<u>57</u>

8. **NET GAIN/(LOSS) ON FOREIGN EXCHANGE OPERATIONS**

	Nine months ended 30 September 2015 (unaudited)	Nine months ended 30 September 2014 (unaudited)
Dealing, net	4,352	4,848
Translation differences, net	(48,421)	(1,285)
Total net gain/(loss) on foreign exchange operations	<u>(44,069)</u>	<u>3,563</u>

9. **FEE AND COMMISSION INCOME AND EXPENSE**

	Nine months ended 30 September 2015 (unaudited)	Nine months ended 30 September 2014 (unaudited)
Fee and commission income:		
Settlements	3,707	3,597
Cash operations	3,811	4,093
Payment cards	3,080	2,889
Guarantees	2,254	2,989
Trust operations	30	38
Foreign exchange operations	801	828
Internet-banking operations	445	405
Custodian activities	616	368
Documentary operations	79	-
Other	445	595
Total fee and commission income	<u>15,268</u>	<u>15,802</u>
Fee and commission expense:		
Settlements	810	795
Documentary operations	96	54
Custodian activities	518	351
Foreign exchange operations	9	55
Purchase and sale of securities	39	40
Brokerage services	-	-
Other	89	98
Total fee and commission expense	<u>1,561</u>	<u>1,393</u>

10. OPERATING EXPENSES

	Nine months ended 30 September 2015 (unaudited)	Nine months ended 30 September 2014 (unaudited)
Staff costs	10,149	8,714
Operating leases expenses	1,367	1,477
Deposit Insurance Fund expenses	1,869	1,823
Depreciation and amortization	1,582	1,819
Taxes other than income tax	1,732	1,600
Administrative expenses	1,252	1,196
Security expenses	601	520
Telecommunications	418	421
Advertising costs	142	134
Property and equipment maintenance	475	256
Business trip expenses	152	174
Professional services	107	157
Representation expenses	23	35
Other expenses	997	1,145
	<u>20,866</u>	<u>19,471</u>
Total operating expenses	<u>20,866</u>	<u>19,471</u>

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.

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 September 2015 and 31 December 2014 relate mostly to different methods of income and expense recognition as well as to recorded values of certain assets.

	Nine months ended 30 September 2015 (unaudited)	Nine months ended 30 September 2014 (unaudited)
Current income tax expense	1,309	1,369
Adjustment recognized in the reporting period for current tax of prior periods	(563)	(935)
Deferred income tax expense	533	919
Income tax expense/ (benefit)	<u>1,279</u>	<u>1,353</u>

The tax rate used for the nine months ended 30 September 2015 and the year ended 31 December 2014 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.

	30 September 2015 (unaudited)	31 December 2014 (audited)
Deferred income tax asset/(liability)		
Beginning of the period	(236)	1,132
Change in deferred tax assets/(liabilities) recognized in profit or loss	(533)	(1,368)
End of the period	<u>(769)</u>	<u>(236)</u>

12. 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 ordinary shares outstanding during the period.

	For nine months ended 30 September 2015 (unaudited)	For nine months ended 30 September 2014 (unaudited)
Basic and diluted earnings/ (loss) per share		
Net earnings /(loss) attributable to owners of the parent	1.672	1.715
Less: additional dividends that would be paid on full distribution of profit to the preferred shareholders	(327)	(334)
Net earnings /(loss) attributable to ordinary shareholders	1.345	1.381
Weighted average number of ordinary shares for purposes of basic earnings per share	161,976,339	162,251,029
Earnings/ (loss) per share – basic and diluted (tenge)	<u>8.30</u>	<u>8.51</u>

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 September 2015 and 31 December 2014 is as follows:

Class of shares	30 September 2015			31 December 2014		
	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	161,585,127	71,911	445	162,021,348	71,914	444
Preference shares	39,249,255	<u>11,775</u>	300	39,249,255	<u>11,775</u>	300
		<u>83,686</u>			<u>83,689</u>	

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

12. CASH AND CASH EQUIVALENTS

	30 September 2015 (unaudited)	31 December 2014 (audited)
Deposits with financial institutions	167,006	76,894
Cash on hand	26,736	32,130
Cash in transit	8,945	3,604
	<u>202,687</u>	<u>112,628</u>
Accrued interest	-	-
Total cash and cash equivalents	<u>202,687</u>	<u>112,628</u>

As at 30 September 2015, the Group had deposits with NBRK which individually and in the aggregate exceeded 10% of the Group's equity. As at 31 December 2014, the Group had deposits with NBRK, Citibank, N.Y. which individually and in the aggregate exceeded 10% of the Group's equity.

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

Financial assets at fair value through profit or loss comprise:

	30 September 2015 (unaudited)	31 December 2014 (audited)
Financial assets held for trading:		
Debt securities	19,363	20,407
Equity securities	2,274	646
Total financial assets held for trading	<u>21,637</u>	<u>21,053</u>
Derivative financial instruments	51,600	3,244
Total financial assets at fair value through profit or loss	<u><u>73,237</u></u>	<u><u>24,297</u></u>

	30 September 2015 (unaudited)		31 December 2014 (audited)	
	Nominal interest rate %	Fair value	Nominal interest rate %	Fair value
Debt securities:				
Government bonds of the Republic of Kazakhstan	4.93-7.80	7,652	4.80-7.80	8,638
Kazakhstan corporate bonds	4.625-13.00	6,047	4.63-13.00	6,364
Russian corporate bonds	7.75-18.5	3,416	7.75-12.60	4,398
Government bonds of the Russian Federation	7-15.27	2,248	6.88-8.15	1,007
International corporate bonds		-		-
Other		-		-
Total debt securities		<u>19,363</u>		<u>20,407</u>

	30 September 2015 (unaudited)		31 December 2014 (audited)	
	Ownership interest, %	Fair value	Ownership interest, %	Fair value
Equity securities:				
Shares of Kazakhstan corporations	-	452	-	645
Shares of Russian corporations	-	1	-	1
Shares of International corporations	-	1,821	-	-
Total equity securities		<u>2,274</u>		<u>646</u>

	30 September 2015 (unaudited)			31 December 2014 (audited)		
	Notional value	Fair value		Notional value	Fair value	
		Asset	Liability		Asset	Liability
Derivative financial instruments:						
Foreign currency contracts						
Swaps	184,278	51,600	4,858	181,335	3,244	144
Total derivative financial instruments		<u>51,600</u>	<u>4,858</u>		<u>3,244</u>	<u>144</u>

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 period end and are indicative of neither the market risk nor the credit risk.

14. INVESTMENTS AVAILABLE-FOR-SALE

	30 September 2015 (unaudited)	31 December 2014 (audited)
Debt securities	75,973	54,439
Equity securities	<u>146</u>	<u>137</u>
Total investments available-for-sale	<u><u>76,119</u></u>	<u><u>53,576</u></u>

	30 September 2015 (unaudited)		31 December 2014 (audited)	
	Nominal interest rate	Fair value	Nominal interest rate	Fair value
Debt securities:				
Government bonds of the Republic of Kazakhstan	3.3-8.75	46,457	3.30-8.75	32,705
Kazakhstan corporate bonds	3.26-9.13	22,859	7.00-8.90	16,397
Russian corporate bonds	5.25-6.88	6,657	4.22-12.00	4,337
Total debt securities		<u>75,973</u>		<u>53,439</u>

	30 September 2015 (unaudited)		31 December 2014 (audited)	
	Ownership interest	Fair value	Ownership interest	Fair value
Equity securities:				
Shares of Kazakhstan corporations	-	131	-	126
Shares of International corporations		<u>15</u>		<u>11</u>
Total equity securities		<u>146</u>		<u>137</u>
Total investments available-for-sale		<u><u>76,119</u></u>		<u><u>53,576</u></u>

15. INVESTMENTS HELD-TO-MATURITY

	30 September 2015 (unaudited)		31 December 2014 (audited)	
	Nominal interest rate	Amount	Nominal interest rate	Amount
Government bonds of the Republic of Kazakhstan	4.88-8.1	1,033	4.40-8.10	6,440
Kazakhstan corporate bonds	3.26-13.0	3,969	7.40-13.00	2,906
Russian corporate bonds				
International corporate bonds	3.62-8.75	1,779	6.10	298
Total investments held-to-maturity		<u>6,781</u>		<u>9,644</u>

16. DUE FROM BANKS

	30 September 2015 (unaudited)	31 December 2014 (audited)
Due from banks	4,311	8,348
Accrued interest	-	-
Total due from banks	<u>4,311</u>	<u>8,348</u>

17. LOANS TO CUSTOMERS AND BANKS

	30 September 2015 (unaudited)	31 December 2014 (audited)
Originated loans to customers	964,056	913,729
Net investments in finance lease	4,186	4,841
Accrued interest	<u>55,888</u>	<u>53,361</u>
	1,024,130	971,931
Less: allowance for impairment losses	<u>(156,271)</u>	<u>(148,995)</u>
Total loans to customers	<u>867,859</u>	<u>822,936</u>
Originated loans to banks	<u>2,382</u>	<u>4,680</u>
Accrued interest	12	18
Less: allowance for impairment losses	<u>(17)</u>	<u>(41)</u>
Total loans to banks	<u>2,377</u>	<u>4,657</u>
Loans under reverse repurchase agreements	298	1,809
Accrued interest	2	-
Total loans to customers and banks	<u>870,536</u>	<u>829,402</u>

The movement in allowances for impairment losses on loans to customers and banks for the nine months ended 30 September 2015 and 2014 is disclosed in Note 5.

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

	30 September 2015 (unaudited)	31 December 2014 (audited)
Loans collateralized by real estate	726,861	708,156
Loans collateralized by goods in turnover	72,117	79,049
Loans collateralized by equipment	59,673	49,850
Loans collateralized by corporate guarantees	60,974	56,315
Loans collateralized by other assets	50,135	35,031
Loans collateralized by cash	29,775	18,833
Unsecured loans	<u>24,595</u>	<u>24,697</u>
	1,024,130	971,931
Less: allowance for impairment losses	<u>(156,271)</u>	<u>(148,995)</u>
Total loans to customers	<u><u>867,859</u></u>	<u><u>822,936</u></u>

	30 September 2015 (unaudited)	31 December 2014 (audited)
Analysis by sector:		
Individuals	389,879	371,488
Trading	152,297	154,025
Industrial construction	75,445	76,453
Rent of real estate	67,222	56,873
Residential construction	51,928	58,268
Agriculture	45,814	45,576
Manufacturing	44,776	49,330
Transportation and equipment maintenance	35,679	27,656
Food industry	33,642	47,510
Energy	22,159	10,112
Oil and gas	18,228	13,463
Telecommunications and transport	15,298	12,187
Mass media	1,856	998
Other	<u>69,907</u>	<u>47,992</u>
	1,024,130	971,931
Less: allowance for impairment losses	<u>(156,271)</u>	<u>(148,995)</u>
Total loans to customers	<u><u>867,859</u></u>	<u><u>822,936</u></u>

Loans to customers comprise the following loan products:

	30 September 2015 (unaudited)	31 December 2014 (audited)
Loans to legal entities		
Corporate loans	564,914	539,107
Small and medium-sized enterprises	<u>69,337</u>	<u>61,336</u>
	634,251	600,443
Loans to individuals		
Mortgage loans	167,100	164,991
Consumer loans	126,126	120,755
Business development	90,295	79,259
Car loans	<u>6,358</u>	<u>6,483</u>
	389,879	371,488
Less: allowance for impairment losses	<u>(156,271)</u>	<u>(148,995)</u>
Total loans to customers	<u><u>867,859</u></u>	<u><u>822,936</u></u>

As at 30 September 2015 and 31 December 2014, the Group provided loans totaling KZT 336,786 million and KZT 242,835 million, which individually and in aggregate exceeded 10% of the Group's equity, respectively.

As at 30 September 2015 and 31 December 2014, a significant amount of loans (98% of total portfolio) is granted to companies operating in the Republic of Kazakhstan, which represents a significant geographical concentration in one region.

As at 30 September 2015 and 31 December 2014, loans to customers included loans totaling KZT 71,630 million and KZT 62,250 million, respectively, with terms renegotiated. Otherwise these loans would be past due or impaired.

	30 September 2015 (unaudited)			31 December 2014 (audited)		
	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	288,763	(125,299)	163,464	293,068	(114,056)	179,012
Loans to customers collectively determined to be impaired	78,041	(13,715)	64,326	69,186	(14,495)	54,691
Unimpaired loans	<u>657,326</u>	<u>(17,257)</u>	<u>640,069</u>	<u>609,677</u>	<u>(20,444)</u>	<u>589,233</u>
Tota	<u><u>1,024,130</u></u>	<u><u>(156,271)</u></u>	<u><u>867,859</u></u>	<u><u>971,931</u></u>	<u><u>(148,995)</u></u>	<u><u>822,936</u></u>

Analysis by credit quality of loans to corporations outstanding as at 30 September 2015 and 31 December 2014 is as follows:

	Gross loans	Provision for impairment	Net loans	Provision for impairment to gross loans
Corporate loans				
As at 30 September 2015				
Individually impaired				
Not past due	169,224	(71,341)	97,883	42.16%
Overdue:				
up to 30 days	33,168	(10,811)	22,357	32.59%
31 to 60 days	9,510	(5,457)	4,053	57.38%
61 to 90 days	10,734	(7,510)	3,224	69.96%
91 to 180 days	13,431	(8,669)	4,762	64.54%
over 180 days	45,429	(16,866)	28,563	37.13%
Total individually impaired loans	281,496	(120,654)	160,842	42.86%
Collectively impaired				
Not past due	12,631	(1,033)	11,598	8.18%
Overdue:				
up to 30 days	385	(11)	374	2.86%
31 to 60 days	8	(4)	4	50.00%
61 to 90 days	3	(1)	2	33.33%
91 to 180 days	-	-	-	0.00%
over 180 days	-	-	-	0.00%
Total collectively impaired loans	13,027	(1,049)	11,978	8.05%
Unimpaired loans				
Not past due	262,109	(3,216)	258,893	1.23%
Overdue:				
up to 30 days	6,279	(67)	6,212	1.07%
31 to 60 days	2,003	(63)	1,940	3.15%
61 to 90 days	-	-	-	0.00%
91 to 180 days	-	-	-	0.00%
over 180 days	-	-	-	0.00%
Total unimpaired loans	270,391	(3,346)	267,045	1.24%
Total corporate loans	564,914	(125,049)	439,865	22.14%

Corporate loans As at 31 December 2014	Gross loans	Provision for impairment	Net loans	Provision for impairment to gross loans
Individually impaired				
Not past due	178,391	(67,611)	110,780	37.90%
Overdue:				
up to 30 days	14,986	(5,441)	9,545	36.31%
31 to 60 days	28,451	(8,767)	19,684	30.81%
61 to 90 days	9,486	(2,215)	7,271	23.35%
91 to 180 days	12,394	(4,746)	7,648	38.29%
over 180 days	45,295	(22,933)	22,362	50.63%
Total individually impaired loans	<u>289,003</u>	<u>(111,713)</u>	<u>177,290</u>	<u>38.65%</u>
Collectively impaired				
Not past due	3,620	(26)	3,594	0.72%
Overdue:				
up to 30 days	-	-	-	0.00%
31 to 60 days	-	-	-	0.00%
61 to 90 days	-	-	-	0.00%
91 to 180 days	-	-	-	0.00%
over 180 days	224	(165)	59	73.66%
Total collectively impaired loans	<u>3,844</u>	<u>(191)</u>	<u>3,653</u>	<u>4.97%</u>
Unimpaired loans				
Not past due	240,646	(1,387)	239,259	0.58%
Overdue:				
up to 30 days	235	(1)	234	0.43%
31 to 60 days	3,354	(2,279)	1,075	67.95%
61 to 90 days	1,147	(227)	920	19.79%
91 to 180 days	603	(424)	179	70.32%
over 180 days	275	(209)	66	76.00%
Total unimpaired loans	<u>246,260</u>	<u>(4,527)</u>	<u>241,733</u>	<u>1.84%</u>
Total corporate loans	<u><u>539,107</u></u>	<u><u>(116,431)</u></u>	<u><u>422,676</u></u>	<u><u>21.60%</u></u>

Analysis by credit quality of loans to small and medium-sized enterprises outstanding as at 30 September 2015 and 31 December 2014 is as follows:

Small and medium-sized enterprises	Gross loans	Provision for impairment	Net loans	Provision for impairment to gross loans
As at 30 September 2015				
Individually impaired				
Not past due	-	-	-	0.00%
Overdue:				
up to 30 days	293	(138)	155	47.10%
31 to 60 days	148	(70)	78	47.30%
61 to 90 days	27	(12)	15	44.44%
91 to 180 days	-	-	-	0.00%
over 180 days	600	(282)	318	47.00%
Total individually impaired loans	1,068	(502)	566	47.00%
Collectively impaired				
Not past due	1,601	(999)	602	62.40%
Overdue:				
up to 30 days	71	(23)	48	32.39%
31 to 60 days	-	-	-	0.00%
61 to 90 days	-	-	-	0.00%
91 to 180 days	76	(14)	62	18.42%
over 180 days	7,041	(2,802)	4,239	39.80%
Total collectively impaired loans	8,789	(3,838)	4,951	43.67%
Unimpaired loans				
Not past due	48,968	(1,318)	47,650	2.69%
Overdue:				
up to 30 days	1,765	(25)	1,740	1.42%
31 to 60 days	717	(21)	696	2.93%
61 to 90 days	225	(25)	200	11.11%
91 to 180 days	815	(101)	714	12.39%
over 180 days	6,990	(2,383)	4,607	34.09%
Total unimpaired loans	59,480	(3,873)	55,607	6.51%
Total loans to small and medium-sized enterprises	69,337	(8,213)	61,124	11.85%

Small and medium-sized enterprises As at 31 December 2014	Gross loans	Provision for impairment	Net loans	Provision for impairment to gross loans
Individually impaired				
Not past due	1,415	(896)	519	63.32%
Overdue:				
up to 30 days	-	-	-	0.00%
31 to 60 days	-	-	-	0.00%
61 to 90 days	-	-	-	0.00%
91 to 180 days	2,287	(1,447)	840	63.27%
over 180 days	-	-	-	0.00%
Total individually impaired loans	<u>3,702</u>	<u>(2,343)</u>	<u>1,359</u>	<u>63.29%</u>
Collectively impaired				
Not past due	1,081	(256)	825	23.68%
Overdue:				
up to 30 days	163	(38)	125	23.31%
31 to 60 days	18	(8)	10	44.44%
61 to 90 days	18	(8)	10	44.44%
91 to 180 days	851	(377)	474	44.30%
over 180 days	5,924	(4,868)	1,056	82.17%
Total collectively impaired loans	<u>8,055</u>	<u>(5,555)</u>	<u>2,500</u>	<u>68.96%</u>
Unimpaired loans				
Not past due	39,654	(1,228)	38,426	3.10%
Overdue:				
up to 30 days	1,053	(168)	885	15.95%
31 to 60 days	565	(285)	280	50.44%
61 to 90 days	126	(47)	79	37.30%
91 to 180 days	2,164	(221)	1,943	10.21%
over 180 days	6,017	(4,527)	1,490	75.24%
Total unimpaired loans	<u>49,579</u>	<u>(6,476)</u>	<u>43,103</u>	<u>13.06%</u>
Total loans to small and medium-sized enterprises	<u><u>61,336</u></u>	<u><u>(14,374)</u></u>	<u><u>46,962</u></u>	<u><u>23.43%</u></u>

Analysis by credit quality of mortgage loans outstanding as at 30 September 2015 and 31 December 2014 is as follows:

Mortgage loans As at 30 September 2015	Gross loans	Provision for impairment	Net loans	Provision for impairment to gross loans
Individually impaired				
Not past due	-	-	-	0.00%
Overdue:				
up to 30 days	1,409	(1,096)	313	77.79%
31 to 60 days	-	-	-	0.00%
61 to 90 days	-	-	-	0.00%
91 to 180 days	-	-	-	0.00%
over 180 days	-	-	-	0.00%
Total individually impaired loans	1,409	(1,096)	313	77.79%
Collectively impaired				
Not past due	1,608	(76)	1,532	4.73%
Overdue:				
up to 30 days	4,479	(97)	4,382	2.17%
31 to 60 days	186	(2)	184	1.08%
61 to 90 days	736	(17)	719	2.31%
91 to 180 days	2,556	(48)	2,508	1.88%
over 180 days	13,287	(2,425)	10,862	18.25%
Total collectively impaired loans	22,852	(2,665)	20,187	11.66%
Unimpaired loans				
Not past due	115,307	(986)	114,321	0.86%
Overdue:				
up to 30 days	8,705	(43)	8,662	0.49%
31 to 60 days	3,642	(60)	3,582	1.65%
61 to 90 days	2,325	(66)	2,259	2.84%
91 to 180 days	2,289	(102)	2,187	4.46%
over 180 days	10,571	(1,960)	8,611	18.54%
Total unimpaired loans	142,839	(3,217)	139,622	2.25%
Total mortgage loans	167,100	(6,978)	160,122	4.18%

Mortgage loans As at 31 December 2014	Gross loans	Provision for impairment	Net loans	Provision for impairment to gross loans
Individually impaired				
Not past due	-	-	-	0.00%
Overdue:				
up to 30 days	-	-	-	0.00%
31 to 60 days	-	-	-	0.00%
61 to 90 days	-	-	-	0.00%
91 to 180 days	189	-	189	0.00%
over 180 days	-	-	-	0.00%
Total individually impaired loans	189	-	189	0.00%
Collectively impaired				
Not past due	2,967	(136)	2,831	4.58%
Overdue:				
up to 30 days	308	(8)	300	2.60%
31 to 60 days	194	(11)	183	5.67%
61 to 90 days	998	(38)	960	3.81%
91 to 180 days	521	(33)	488	6.33%
over 180 days	16,740	(1,321)	15,419	7.89%
Total collectively impaired loans	21,728	(1,547)	20,181	7.12%
Unimpaired loans				
Not past due	124,655	(135)	124,520	0.11%
Overdue:				
up to 30 days	4,456	(58)	4,398	1.30%
31 to 60 days	1,785	(76)	1,709	4.26%
61 to 90 days	941	(55)	886	5.84%
91 to 180 days	1,552	(154)	1,398	9.92%
over 180 days	9,685	(1,128)	8,557	11.65%
Total unimpaired loans	143,074	(1,606)	141,468	1.12%
Total mortgage loans	164,991	(3,153)	161,838	1.91%

Analysis by credit quality of consumer loans outstanding as at 30 September 2015 and 31 December 2014 is as follows:

Consumer loans As at 30 September 2015	Gross loans	Provision for impairment	Net loans	Provision for impairment to gross loans
Individually impaired				
Not past due	-	-	-	0.00%
Overdue:				
up to 30 days	14	(9)	5	64.29%
31 to 60 days	-	-	-	0.00%
61 to 90 days	-	-	-	0.00%
91 to 180 days	-	-	-	0.00%
over 180 days	1,933	(945)	988	48.89%
Total individually impaired loans	1,947	(954)	993	49.00%
Collectively impaired				
Not past due	1,723	(70)	1,653	4.06%
Overdue:				
up to 30 days	1,425	(38)	1,387	2.67%
31 to 60 days	287	(35)	252	12.20%
61 to 90 days	125	(3)	122	2.40%
91 to 180 days	1,529	(22)	1,507	1.44%
over 180 days	13,623	(2,158)	11,465	15.84%
Total collectively impaired loans	18,712	(2,326)	16,386	12.43%
Unimpaired loans				
Not past due	79,471	(662)	78,809	0.83%
Overdue:				
up to 30 days	6,518	(39)	6,479	0.60%
31 to 60 days	2,428	(29)	2,399	1.19%
61 to 90 days	2,814	(37)	2,777	1.31%
91 to 180 days	3,256	(67)	3,189	2.06%
over 180 days	10,980	(1,530)	9,450	13.93%
Total unimpaired loans	105,467	(2,364)	103,103	2.24%
Total consumer loans	126,126	(5,644)	120,482	4.47%

Consumer loans As at 31 December 2014	Gross loans	Provision for impairment	Net loans	Provision for impairment to gross loans
Individually impaired				
Not past due	99	-	99	0.00%
Overdue:				
up to 30 days	1	-	1	0.00%
31 to 60 days	1	-	1	0.00%
61 to 90 days	-	-	-	0.00%
91 to 180 days	73	-	73	0.00%
over 180 days	-	-	-	0.00%
Total individually impaired loans	174	-	174	0.00%
Collectively impaired				
Not past due	6,000	(44)	5,956	0.73%
Overdue:				
up to 30 days	3,016	(58)	2,958	1.92%
31 to 60 days	117	(5)	112	4.27%
61 to 90 days	1,711	(63)	1,648	3.68%
91 to 180 days	448	(24)	424	5.36%
over 180 days	12,157	(908)	11,249	7.47%
Total collectively impaired loans	23,449	(1,102)	22,347	4.70%
Unimpaired loans				
Not past due	77,054	(353)	76,701	0.46%
Overdue:				
up to 30 days	3,982	(63)	3,919	1.58%
31 to 60 days	1,784	(52)	1,732	2.91%
61 to 90 days	1,017	(45)	972	4.42%
91 to 180 days	2,069	(122)	1,947	5.90%
over 180 days	11,226	(974)	10,252	8.68%
Total unimpaired loans	97,132	(1,609)	95,523	1.66%
Total consumer loans	120,755	(2,711)	118,044	2.25%

Analysis by credit quality of car loans outstanding as at 30 September 2015 and 31 December 2014 is as follows:

Car loans	Gross loans	Provision for impairment	Net loans	Provision for impairment to gross loans
As at 30 September 2015				
Collectively impaired				
Not past due	16	-	16	0.00%
Overdue:				
up to 30 days	-	-	-	0.00%
31 to 60 days	5	-	5	0.00%
61 to 90 days	-	-	-	0.00%
91 to 180 days	3	-	3	0.00%
over 180 days	24	(4)	20	16.67%
Total collectively impaired loans	48	(4)	44	8.33%
Unimpaired loans				
Not past due	5,690	(12)	5,678	0.21%
Overdue:				
up to 30 days	247	(1)	246	0.40%
31 to 60 days	97	(1)	96	1.03%
61 to 90 days	52	(1)	51	1.92%
91 to 180 days	59	(1)	58	1.69%
over 180 days	165	(19)	146	11.52%
Total unimpaired loans	6,310	(35)	6,275	0.55%
Total car loans	6,358	(39)	6,319	0.61%

Car loans	Gross loans	Provision for impairment	Net loans	Provision for impairment to gross loans
As at 31 December 2014				
Collectively impaired				
Not past due	9	-	9	0.00%
Overdue:				
up to 30 days	1	-	1	0.00%
31 to 60 days	-	-	-	0.00%
61 to 90 days	-	-	-	0.00%
91 to 180 days	3	-	3	0.00%
over 180 days	12	(1)	11	8.33%
Total collectively impaired loans	25	(1)	24	4.00%
Unimpaired loans				
Not past due	6,079	(25)	6,054	0.41%
Overdue:				
up to 30 days	185	(2)	183	1.08%
31 to 60 days	37	(1)	36	2.70%
61 to 90 days	22	(1)	21	4.55%
91 to 180 days	56	(4)	52	7.14%
over 180 days	79	(6)	73	7.59%
Total unimpaired loans	6,458	(39)	6,419	0.60%
Total car loans	6,483	(40)	6,443	0.62%

Analysis by credit quality of loans issued for business development purposes as at 30 September 2015 and 31 December 2014 is as follows:

Business development	Gross loans	Provision for impairment	Net loans	Provision for impairment to gross loans
As at 30 September 2015				
Individually impaired				
Not past due	1,887	(1,718)	169	91.04%
Overdue:				
up to 30 days	-	-	-	0.00%
31 to 60 days	-	-	-	0.00%
61 to 90 days	-	-	-	0.00%
91 to 180 days	956	(375)	581	39.23%
over 180 days	-	-	-	0.00%
Total individually impaired loans	2,843	(2,093)	750	73.62%
Collectively impaired				
Not past due	750	(17)	733	2.27%
Overdue:				
up to 30 days	104	(1)	103	0.96%
31 to 60 days	18	(3)	15	16.67%
61 to 90 days	-	-	-	0.00%
91 to 180 days	68	(2)	66	2.94%
over 180 days	13,673	(3,810)	9,863	27.87%
Total collectively impaired loans	14,613	(3,833)	10,780	26.23%
Unimpaired loans				
Not past due	54,627	(1,016)	53,611	1.86%
Overdue:				
up to 30 days	2,786	(27)	2,759	0.97%
31 to 60 days	1,622	(44)	1,578	2.71%
61 to 90 days	780	(27)	753	3.46%
91 to 180 days	894	(85)	809	9.51%
over 180 days	12,130	(3,223)	8,907	26.57%
Total unimpaired loans	72,839	(4,422)	68,417	6.07%
Total loans for business development purposes	90,295	(10,348)	79,947	11.46%

Business development As at 31 December 2014	Gross loans	Provision for impairment	Net loans	Provision for impairment to gross loans
Collectively impaired				
Not past due	846	(5)	841	0.59%
Overdue:				
up to 30 days	164	(49)	115	29.88%
31 to 60 days	1	-	1	0.00%
61 to 90 days	-	-	-	0.00%
91 to 180 days	131	(109)	22	83.21%
over 180 days	10,943	(5,936)	5,007	54.24%
Total collectively impaired loans	12,085	(6,099)	5,986	50.47%
Unimpaired loans				
Not past due	54,040	(1,418)	52,622	2.62%
Overdue:				
up to 30 days	1,572	(161)	1,411	10.24%
31 to 60 days	1,048	(96)	952	9.16%
61 to 90 days	520	(146)	374	28.08%
91 to 180 days	891	(261)	630	29.29%
over 180 days	9,103	(4,105)	4,998	45.10%
Total unimpaired loans	67,174	(6,187)	60,987	9.21%
Total loans for business development purposes	79,259	(12,286)	66,973	15.50%

As at 30 September 2015 and 31 December 2014, 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 September 2015 and 31 December 2014 are presented as follows:

	30 September 2015 (unaudited)	31 December 2014 (audited)
Not later than one year	-	551
From one year to five years	1,545	2,515
More than five years	10,668	10,443
Minimum lease payments	12,213	13,509
Less: unearned finance income	(8,027)	(8,668)
Net investment in finance lease	4,186	4,841
Current portion	-	71
Long-term portion	4,186	4,770
Net investment in finance lease, before allowance for impairment losses	4,186	4,841
Less: allowance for impairment losses	(79)	(19)
Net investment in finance lease, net of allowance for impairment losses	4,107	4,822

Fair values of assets pledged and carrying value of loans under reverse repurchase agreements as at 30 September 2015 and 31 December 2014 are presented as follows:

	30 September 2015 (unaudited)		31 December 2014 (audited)	
	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	-	-	1,799	1,971
NBRK notes	-	-	10	12
Other				
	<u>300</u>	<u>457</u>		
Total	<u><u>300</u></u>	<u><u>457</u></u>	<u><u>1,809</u></u>	<u><u>1,983</u></u>

18. OTHER ASSETS

	30 September 2015 (unaudited)	31 December 2014 (audited)
Other financial assets:		
Receivables	9,128	4,463
Accrued commission	1,913	2,243
Western Union and other wireless transfers	694	131
Other financial assets	-	-
	<u>11,735</u>	<u>6,837</u>
Less allowances for impairment losses	<u>(1,234)</u>	<u>(1,608)</u>
Total other financial assets:	<u>10,501</u>	<u>5,229</u>
Other non-financial assets:		
Non-current assets held for sale	8,005	3,866
Repossessed collateral	2,758	7,502
Tax settlements, other than income tax	765	1,435
Advances paid	443	339
Inventory	<u>15</u>	<u>50</u>
	<u>11,986</u>	<u>13,192</u>
Less accumulated impairment	<u>(163)</u>	<u>(683)</u>
Total other non-financial assets	<u>11,823</u>	<u>12,509</u>
Total other assets	<u><u>22,324</u></u>	<u><u>17,738</u></u>

The movement in allowances for impairment losses on other assets for the nine months ended 30 September 2015 and 2014 is disclosed in Note 5.

As at 30 September 2015 and 31 December 2014, 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. The Group expects to dispose of these assets within a year.

Repossessed 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 September 2015, the Management has not decided yet on whether the repossessed collateral will be sold or used as property and equipment.

19. DUE TO BANKS AND FINANCIAL INSTITUTIONS

	Annual interest rate (%)		30 September 2015 (unaudited)	31 December 2014 (audited)
	min	max		
Long-term loans due to banks and financial institutions	0.90	8.50	55,794	50,489
Loans due to international credit organizations	7.59	7.59	9,911	-
Subordinated loan	LIBOR+4.5	LIBOR+6.5	53	4,559
Perpetual debt	9.13	9.13	20,144	13,600
Short-term loans due to banks and financial institutions	3.40	7	252	970
Loans due to Government of the Republic of Kazakhstan and NBRK	5.50	5.50	30,140	30,148
Correspondent accounts of banks	-	-	2,705	706
Accrued interest			1,698	2,540
			<u>120,697</u>	<u>103,012</u>
Loans under repurchase agreements	1	12	<u>15,504</u>	<u>14,868</u>
Total due to banks and financial institutions			<u><u>136,201</u></u>	<u><u>117,880</u></u>

During the nine months ended 30 September 2015 and year ended 31 December 2014, the Group has received long term loans from JSC Entrepreneurship Development Fund DAMU (“DAMU”) in the amount of KZT 3,000 million and KZT 8,000 million, respectively, at 2.00% p.a. maturing in 2035 with the possibility of early recall. The loan was received in accordance with the Government program (“the Program”) to finance small and medium-sized enterprises (“SME”) of certain industries. According to the loan agreement between DAMU and the Group, the Group is responsible to extend loans to SME borrowers, eligible to participate in the Program, at 6% with the maturity not exceeding 10 years. The Group’s obligation to repay the loan to DAMU is not contingent on collectability of the loans extended to SME borrowers. The Group is obligated to pay 5% penalty on the amounts not extended to SME borrowers within 6 months after receiving the money from DAMU. The Management of the Group believes that there are no other similar financial instruments and due to specific nature of SME clients, this product represents separate market. As a result, the loan from DAMU was received in an orderly transaction and as such has been recorded at fair value at the recognition date.

During the nine months ended 30 September 2015, the Group has received a long term loan from the Problem Loans Fund in the amount of KZT15,600 million at 2.99% for refinancing problem retail loans.

During the nine months ended 30 September 2015, the Group has received long term loans from JSC Development Bank of Kazakhstan in the amount of KZT 4,000 million at 1.00% p.a. and KZT 2,000 million at 2.00% p.a. maturing in 2035.

In February 2014, the Group received a loan from NBRK in the amount of KZT 30,000 million at 5.50% p.a. In February 2015 this loan was prolonged to February 2016.

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 has been repaid on 15 September 2015.

In January 2015, the Group has received the first tranche in the amount of KZT 5,000 million of the long term loan from European Bank for Reconstruction and Development. Total amount of the loan is KZT 10,000 million at 6.20% p.a. maturing in 2020. In August 2015, the Group has received the second tranche in the amount of KZT 5,000 million at 7.59% maturing in 2020.

The Group is obligated to comply with financial covenants in relation to due to banks and subordinated debt. These covenants include stipulated ratios, capital adequacy 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 nine months ended 30 September 2015 and year ended 31 December 2014.

As at 30 September 2015, the Group had long-term loans received from DAMU, NBRK and JSC Development Bank of Kazakhstan that individually and in aggregate exceeded 10% of the Group's equity. As at 31 December 2014, the Group had long-term loans received from DAMU, NBRK and JSC Development Bank of Kazakhstan that individually and in aggregate exceeded 10% of the Group's equity.

As at 30 September 2015 and 31 December 2014, included in deposits by banks are loans under repurchase agreements of KZT 15,504 million and KZT 14,868 million, respectively, that were settled before 12 October 2015 and 22 January 2015, respectively.

As at 30 September 2015 and 31 December 2014, fair value of assets pledged and carrying value of loans under repurchase agreements are presented as follows:

	30 September 2015 (unaudited)		31 December 2014 (audited)	
	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	12,200	13,329	10,000	10,653
Corporate bonds	2,524	2,740	3,874	4,420
Government bonds of the Russian Federation	780	774	994	786
Bonds of banks	-	-	-	-
Ordinary shares	-	-	-	-
Total	15,504	16,843	14,868	15,859

20. CUSTOMER AND BANK ACCOUNTS

	30 September 2015 (unaudited)	31 December 2014 (audited)
Recorded at amortized cost:		
Customer accounts	943,893	794,503
Banks accounts	25,332	9,601
	<u>969,225</u>	<u>804,104</u>
Accrued interest	4,220	4,192
Total customer and bank accounts	973,445	808,296
	30 September 2015 (unaudited)	31 December 2014 (audited)
Time deposits	671,063	505,842
Demand deposits	272,830	288,661
	<u>943,893</u>	<u>794,503</u>
Accrued interest	3,738	3,908
Total customer accounts	947,631	798,411

	30 September 2015 (unaudited)	31 December 2014 (audited)
Analysis by sector:		
Individuals	437,721	335,607
Social services	193,361	127,767
Real estate construction	82,369	75,143
Trade	43,606	37,971
Education and health care	36,493	38,908
Transportation and communication	35,776	27,620
Insurance companies and pension fund	16,356	31,618
Manufacturing	15,993	10,196
Agriculture	10,446	7,253
Energy	9,752	9,334
Oil and gas	8,616	6,567
Research and engineering	5,987	6,334
Entertainment services	5,180	3,445
Metallurgy	4,092	9,791
Fuel	3,615	3,823
Machinery	1,978	1,331
Chemical production	1,666	4,088
Public administration	831	30,859
Other	33,793	30,756
Total customer accounts	<u>947,631</u>	<u>798,411</u>

Bank accounts as at 30 September 2015 and 31 December 2014 comprised the following:

	30 September 2015 (unaudited)	31 December 2014 (audited)
Time deposits	23,164	9,600
Demand deposits	<u>2,168</u>	<u>1</u>
	25,332	9,601
Accrued interest	<u>483</u>	<u>284</u>
Total bank accounts	<u><u>25,815</u></u>	<u><u>9,885</u></u>

21. DEBT SECURITIES ISSUED

	Currency	Issue date (dd/mm/yy)	Maturity date (dd/mm/yy)	Annual coupon rate, %	30 September 2015 (unaudited)	31 December 2014 (audited)
Kazakhstan bonds	KZT	27.12.2005- 22.09.2015	27.12.2015- 22.09.2025	6.20-9.00	26,106	30,382
					<u>26,106</u>	<u>30,382</u>
Accrued interest					<u>866</u>	<u>480</u>
Total debt securities issued					<u><u>26,972</u></u>	<u><u>30,862</u></u>

Interest on debt securities issued is repayable semiannually.

22. OTHER LIABILITIES

	30 September 2015 (unaudited)	31 December 2014 (audited)
Other financial liabilities:		
Settlements on other transactions	9,900	3,091
Obligations under financial guarantees issued	1,706	2,033
Provision for guarantees and letters of credit	1,902	1,894
Derivative financial instruments	4,858	144
Accrued commission expenses	418	370
	<u>18,784</u>	<u>7,532</u>
Other non-financial liabilities:		
Taxes payable, other than income tax	1,323	1,391
Other non-financial liabilities	775	607
	<u>20,882</u>	<u>9,530</u>
Total other liabilities	<u><u>20,882</u></u>	<u><u>9,530</u></u>

The movement in provisions for guarantees and other liabilities for the nine months ended 30 September 2015 and 31 December 2014 is disclosed in Note 5.

23. SUBORDINATED BONDS

	Curren cy	Issue date (dd/mm/yy)	Maturity date (dd/mm/yy)	Annual coupon rate, %	30 September 2015 (unaudited)	31 December 2014 (audited)
Floating rate	KZT	08/10/2005	11/11/2023	6.20-8.50	35,028	38,964
Fixed rate	KZT	27/06/2008	29/09/2025	10.00-11.00	<u>29,419</u> 64,447	<u>14,484</u> 53,448
Accrued interest					<u>1,514</u>	<u>564</u>
Total subordinated bonds					<u><u>65,961</u></u>	<u><u>54,012</u></u>

Interest on the subordinated bonds is repayable semiannually, and principal is repayable at the end of term.

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

24. SHARE CAPITAL

As at 30 September 2015, the Bank's share capital comprised the following number of shares:

	Authorized share capital	Share capital authorized and not issued	Repurchased share capital	Total share capital
Ordinary shares	260,750,745	(98,293,945)	(871,673)	161,585,127
Preference shares	39,249,255	-	-	39,249,255

As at 30 September 2015, the Bank's share capital represented by:

	Authorized and issued share capital (KZT million)	Repurchased shares (KZT million)	Total (KZT million)
Ordinary shares	58,087	(133)	57,954
Preference shares	11,775	-	11,775
Total	69,862	(133)	69,729

As at 31 December 2014, the Bank's share capital comprised the following number of shares:

	Authorized share capital	Share capital authorized and not issued	Repurchased share capital	Total share capital
Ordinary shares	260,750,745	(98,293,945)	(435,452)	162,021,348
Preference shares	39,249,255	-	-	39,249,255

As at 31 December 2014, the Bank's share capital represented by:

	Authorized and issued share capital (KZT million)	Repurchased shares	Total
Ordinary shares	58,051	(35)	58,016
Preference shares	11,775	-	11,775
Total	69,826	(35)	69,791

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

Preference shares are cumulative and convertible into ordinary shares according to the decision of the Board of Directors, one preferred share can be exchanged for one ordinary share.

According to Kazakhstan's Law on Joint Stock Companies dividends can be 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 on ordinary shares can be made on the basis of financial results for the year.

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

	30 September 2015 (unaudited) Quantity (in thousands)	31 December 2014 (audited) Quantity (in thousands)
Preference shares, beginning of the period	39,249	39,249
Preference shares issued	-	-
Preference shares, end of the period	39,249	39,249
Ordinary shares, beginning of the period	162,021	162,289
Treasury shares repurchased	(1,552)	(1,062)
Treasury shares sold	1,116	794
Ordinary shares, end of the period	161,585	162,021

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 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 September 2015 and 31 December 2014, the Group was not liable for any supplementary pensions, post-retirement health care, insurance benefits, or retirement indemnities to its current or former employees.

Lee V.S.
Chairman



Yang Jinhwan
Managing Director

Nurgaliyeva A.T.
Chief Accountant