

JOINT STOCK COMPANY KAZKOMMERTSBANK

Interim Condensed Consolidated Financial Information

For the nine months ended 30 September 2015
(unaudited)

JOINT STOCK COMPANY KAZKOMMERTSBANK

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JOINT STOCK COMPANY KAZKOMMERTSBANK

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE THE THREE AND THE NINE MONTHS ENDED 30 SEPTEMBER 2015 (UNAUDITED)

Management is responsible for the preparation of the interim condensed consolidated financial information that presents fairly the financial position of Joint Stock Company Kazkommertsbank ("the Bank") and its subsidiaries ("the Group") as at 30 September 2015 and the results of its operations for the three and the nine month period then ended, as well as cash flows and changes in equity for the nine month 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 IAS 34 are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's consolidated financial position and financial performance; and
- Making an assessment of the Group's ability to continue as a going concern.

Management is also responsible for:

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

The interim condensed consolidated financial information of the Group for the three and the nine months ended 30 September 2015 was approved by the Management Board of JSC Kazkommertsbank on 2 December 2015.

On behalf of the Management Board of the Bank:

Auezov M.M.
Chief Executive Officer

2 December 2015
Almaty



Shoinbekova G.K.
Chief Accountant

2 December 2015
Almaty



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

To the Shareholders and the Board of Directors of JSC Kazkommertsbank:

Introduction

We have reviewed the accompanying interim consolidated statement of financial position of JSC Kazkommertsbank ("the Bank") and its subsidiaries ("the Group") as at 30 September 2015 and the related interim consolidated statements of profit or loss and other comprehensive income for the three and the nine months then ended, the interim consolidated statements of changes in equity and cash flows for the nine months ended 30 September 2015, and a summary of significant accounting policies and other explanatory notes. Management 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

2 December 2015
Almaty

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Member of Deloitte Touche Tohmatsu Limited

JOINT STOCK COMPANY KAZKOMMERTSBANK

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE THREE AND THE NINE MONTHS ENDED 30 SEPTEMBER 2015 (UNAUDITED)

	Notes	Three months ended 30 September 2015 (unaudited) (KZT million)	Three months ended 30 September 2014 (unaudited) (KZT million)	Nine months ended 30 September 2015 (unaudited) (KZT million)	Nine months ended 30 September 2014 (unaudited) (KZT million)
Interest income	4, 16	90,313	65,794	242,061	185,038
Interest expense	4, 16	(41,808)	(29,580)	(105,431)	(87,305)
NET INTEREST INCOME BEFORE PROVISION FOR IMPAIRMENT LOSSES ON INTEREST BEARING ASSETS		48,505	36,214	136,630	97,733
Provision for impairment losses on interest bearing assets	5, 16	(20,710)	(28,796)	(63,408)	(56,156)
NET INTEREST INCOME		27,795	7,418	73,222	41,577
Net gain/(loss) on financial assets and liabilities at fair value through profit or loss	6	30,681	(5,147)	12,584	(8,825)
Net (loss)/gain on foreign exchange and precious metals operations		(6,563)	13,271	5,483	5,482
Fee and commission income		12,366	8,109	31,212	22,834
Fee and commission expense		(4,086)	(5,617)	(9,955)	(11,135)
Net realized loss on investments available-for- sale		(18)	(41)	(182)	(101)
Dividend income		11	36	1,065	1,309
Other income		1,945	2,999	7,180	3,979
Impairment of assets classified as held for sale		(742)	-	(4,749)	-
NET NON-INTEREST INCOME		33,594	13,610	42,638	13,543
OPERATING EXPENSES	7, 16	(13,996)	(11,338)	(38,338)	(28,627)
PROFIT BEFORE OTHER OPERATING PROVISIONS		47,393	9,690	77,522	26,493
(Provision)/recovery of provision for impairment losses on other transactions	16	(1,630)	152	(4,458)	(454)
(Provision)/recovery of provision for guarantees and other contingencies	16	(70)	175	313	1,761
PROFIT BEFORE INCOME TAX		45,693	10,017	73,377	27,800
Income tax expense	8	(11,198)	(3,506)	(14,456)	(7,416)
NET PROFIT FROM CONTINUING OPERATIONS		34,495	6,511	58,921	20,384
Loss from discontinued operations	1	-	(373)	(79,203)	(373)
NET PROFIT/(LOSS)		34,495	6,138	(20,282)	20,011
Attributable to:					
Ordinary shareholders of the Parent		34,164	5,200	(17,120)	17,474
Preference shareholders of the Parent		-	654	-	2,138
Non-controlling interest		331	284	(3,162)	399
		34,495	6,138	(20,282)	20,011
EARNINGS/(LOSS) PER SHARE					
<i>Basic and diluted (KZT)</i>	9	42.86	7.17	(22.27)	22.95

On behalf of the Management Board of the Bank:

Auezov M.M.
Chief Executive Officer

2 December 2015
Almaty

Shoibekova G.K.
Chief Accountant

2 December 2015
Almaty

The notes on pages 10-40 form an integral part of this interim condensed consolidated financial information.

JOINT STOCK COMPANY KAZKOMMERTSBANK


INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE THREE AND THE NINE MONTHS ENDED 30 SEPTEMBER 2015 (UNAUDITED)

	Three months ended 30 September 2015 (unaudited) (KZT million)	Three months ended 30 September 2014 (unaudited) (KZT million)	Nine months ended 30 September 2015 (unaudited) (KZT million)	Nine months ended 30 September 2014 (unaudited) (KZT million)
NET PROFIT/(LOSS) FOR THE PERIOD	<u>34,495</u>	<u>6,138</u>	<u>(20,282)</u>	<u>20,011</u>
OTHER COMPREHENSIVE INCOME/(LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Net (loss)/gain resulting on revaluation of property	(210)	927	1,095	917
Income tax	46	(40)	68	(14)
Change recognized in equity of associates	-	(1)	-	(1)
	<u>(164)</u>	<u>886</u>	<u>1,163</u>	<u>902</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	4,050	(1,567)	6,736	2,538
Net loss resulting on revaluation of available-for-sale investments during the period	(1,371)	(189)	(803)	(263)
Reclassification adjustment relating to available-for-sale investments disposed of in the period	18	41	182	101
Reclassification adjustment relating to available-for-sale investments disposed of in the period in relation to discontinued operations	(344)	(1,187)	(344)	(1,187)
Net loss on cash flows hedges	(94)	(81)	(273)	(162)
Income tax	130	23	116	46
Change recognized in equity of associates	-	8	-	8
	<u>2,389</u>	<u>(2,952)</u>	<u>5,614</u>	<u>1,081</u>
OTHER COMPREHENSIVE INCOME/(LOSS) AFTER INCOME TAX	<u>2,225</u>	<u>(2,066)</u>	<u>6,777</u>	<u>1,983</u>
TOTAL COMPREHENSIVE INCOME/(LOSS)	<u>36,720</u>	<u>4,072</u>	<u>(13,505)</u>	<u>21,994</u>
Attributable to:				
Ordinary shareholders of the Parent	37,234	3,078	(12,486)	18,843
Preference shareholders of the Parent	(253)	326	-	2,359
Non-controlling interest	(261)	668	(1,019)	792
TOTAL COMPREHENSIVE INCOME/(LOSS)	<u>36,720</u>	<u>4,072</u>	<u>(13,505)</u>	<u>21,994</u>

On behalf of the Management Board of the Bank:


Auezov M.M.
Chief Executive Officer

2 December 2015
Almaty


Shoinbekova G.K.
Chief Accountant

2 December 2015
Almaty

The notes on pages 10-40 form an integral part of this interim condensed consolidated financial information.

JOINT STOCK COMPANY KAZKOMMERTSBANK

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2015 (UNAUDITED)

	Notes	30 September 2015 (unaudited) (KZT million)	31 December 2014 (KZT million)
ASSETS:			
Cash and balances with national (central) banks	10	311,318	192,362
Precious metals		3,111	2,826
Financial assets at fair value through profit or loss	11	273,719	175,927
Loans and advances to banks and other financial institutions	16	308,156	208,550
Loans to customers	12, 16	3,249,452	2,122,148
Bonds of JSC National Welfare Fund Samruk-Kazyna		-	659,116
Investments available-for-sale	16	40,023	94,606
Investments held to maturity		26,792	18,440
Investments in associates		-	8,840
Goodwill		-	171
Investment property		8,086	60,953
Property, equipment and intangible assets		40,022	48,234
Deferred income tax assets	8	-	6,022
Other assets		97,285	214,658
Assets classified as held for sale		50,771	434,224
TOTAL ASSETS		4,408,735	4,247,077
LIABILITIES AND EQUITY			
LIABILITIES:			
Loans and advances from banks and other financial institutions	16	64,787	682,856
Customer accounts	13, 16	2,915,385	2,264,140
Financial liabilities at fair value through profit or loss	11	45,684	20,791
Debt securities issued	14	676,136	416,920
Other borrowed funds		79,194	216,693
Provisions		45,544	48,672
Deferred income tax liabilities	8	2,966	-
Dividends payable		1,007	31
Other liabilities	16	32,952	48,049
Subordinated debt		151,631	122,856
Liabilities directly associated with assets classified as held for sale		-	10,028
Total liabilities		4,015,286	3,831,036
EQUITY:			
Equity attributable to equity holders of the Parent:			
Issued and outstanding share capital		234,476	160,945
Additional paid-in-capital		(6,405)	(6,405)
Property and equipment revaluation reserve		5,350	7,166
Other reserves		158,952	203,997
Total equity attributable to equity holders of the Parent		392,373	365,703
Non-controlling interest		1,076	50,338
Total equity		393,449	416,041
TOTAL LIABILITIES AND EQUITY		4,408,735	4,247,077

On behalf of the Management Board of the Bank:

Auezov M.M.
Chief Executive Officer

2 December 2015
Almaty

Shoinbekova G.K.
Chief Accountant

2 December 2015
Almaty

The notes on pages 10-40 form an integral part of this interim condensed consolidated financial information.

JOINT STOCK COMPANY KAZKOMMERTSBANK

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2014 (UNAUDITED)

	Share capital	Treasury shares	Share premium reserve	Property and equipment revaluation reserve	Investments available-for-sale fair value deficit ¹	Cumulative translation reserve ¹	Hedging reserve ¹	Retained earnings ¹	Total equity attributable to equity holders of the Parent	Non-controlling interest	Total equity
	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)
31 December 2013	9,044	(45)	194,676	5,779	(153)	(808)	901	161,110	370,504	1,703	372,207
Net profit	-	-	-	-	-	-	-	19,612	19,612	399	20,011
Other comprehensive income/(loss)	-	-	-	478	(615)	1,862	(135)	-	1,590	393	1,983
Total comprehensive income/(loss)	-	-	-	478	(615)	1,862	(135)	19,612	21,202	792	21,994
Repurchase of treasury shares	-	(1,081)	(50,583)	-	-	-	-	(1)	(51,665)	-	(51,665)
Release of property and equipment revaluation reserve due to depreciation and disposal of previously revalued assets	-	-	-	(426)	-	-	-	426	-	-	-
Increase in non-controlling interest as a result of acquisition of JSC BTA Bank	-	-	-	-	-	-	-	-	-	71,656	71,656
Decrease in non-controlling interest as a result of dividend payment	-	-	-	-	-	-	-	-	-	(1,124)	(1,124)
30 September 2014 (unaudited)	<u>9,044</u>	<u>(1,126)</u>	<u>144,093</u>	<u>5,831</u>	<u>(768)</u>	<u>1,054</u>	<u>766</u>	<u>181,147</u>	<u>340,041</u>	<u>73,027</u>	<u>413,068</u>

JOINT STOCK COMPANY KAZKOMMERTSBANK

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED) FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2015 (UNAUDITED)

	Share capital	Treasury shares	Additional paid-in-capital	Property and equipment revaluation reserve	Investments available-for-sale fair value deficit ¹	Cumulative translation reserve ¹	Hedging reserve ¹	Retained earnings ¹	Total equity attributable to equity holders of the Parent	Non-controlling interest	Total equity
	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)
31 December 2014	213,301	(52,356)	(6,405)	7,166	(1,649)	(3,220)	702	208,164	365,703	50,338	416,041
Net loss	-	-	-	-	-	-	-	(17,120)	(17,120)	(3,162)	(20,282)
Other comprehensive income/(loss)	-	-	-	740	(470)	4,582	(218)	-	4,634	2,143	6,777
Total comprehensive income/(loss)	-	-	-	740	(470)	4,582	(218)	(17,120)	(12,486)	(1,019)	(13,505)
Sale of treasury shares	-	21	-	-	-	-	-	-	21	-	21
Release of property and equipment revaluation reserve due to depreciation and disposal of previously revalued assets	-	-	-	(2,555)	-	-	-	2,555	-	-	-
Acquisition of share in JSC BTA Bank	-	-	-	-	-	-	-	(32,551)	(32,551)	-	(32,551)
Disposal of JSC BTA Bank	-	-	-	-	-	-	-	(7,010)	(7,010)	(1,941)	(8,951)
Dividend payment	-	-	-	-	-	-	-	-	-	(60)	(60)
Change in non-controlling interest from acquisition of ordinary share capital of subsidiaries	-	-	-	-	-	-	-	-	-	(40,947)	(40,947)
Effect of group reorganization	-	-	-	(1)	-	-	-	7,278	7,277	(7,386)	(109)
Effect of simultaneous transfer of assets and liabilities	-	-	-	-	-	-	-	(2,091)	(2,091)	2,091	-
Issue of ordinary share capital	73,510	-	-	-	-	-	-	-	73,510	-	73,510
30 September 2015 (unaudited)	286,811	(52,335)	(6,405)	5,350	(2,119)	1,362	484	159,225	392,373	1,076	393,449

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

On behalf of the Management Board of the Bank:

Auezov M.M.
Chief Executive Officer

2 December 2015
Almaty

Shoinbekova G.K.
Chief Accountant

2 December 2015
Almaty

The notes on pages 10-40 form an integral part of this interim condensed consolidated financial information.

JOINT STOCK COMPANY KAZKOMMERTSBANK

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2015 (UNAUDITED)

	Nine months ended 30 September 2015 (unaudited) (KZT million)	Nine months ended 30 September 2014 (unaudited) (KZT million)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Interest received on loans and advances to banks and other financial institutions	4,278	1,758
Interest received from financial assets at fair value through profit or loss	4,266	4,546
Interest received from loans to customers	90,545	139,761
Interest received from bonds of JSC National Welfare Fund Samruk-Kazyna	28,376	19,350
Interest received from investments available-for-sale	5,347	1,968
Interest received from investments held to maturity	717	184
Interest paid on loans and advances from banks and other financial institutions	(8,201)	(11,847)
Interest paid on customer accounts	(77,883)	(68,373)
Interest paid on debt securities issued	(19,392)	(16,824)
Interest paid on other borrowed funds	(2,063)	(4,838)
Interest paid on subordinated debt	(4,477)	(5,252)
Fee and commission received	37,472	27,416
Fee and commission paid	(13,294)	(12,817)
Other income received	9,125	6,982
Operating expenses paid	(58,257)	(38,168)
Cash (outflow)/inflow from operating activities before changes in operating assets and liabilities	(3,441)	43,846
Changes in operating assets and liabilities		
(Increase)/decrease in operating assets:		
Funds deposited with National Bank of the Republic of Kazakhstan	(6,639)	(993)
Funds deposited with Central Bank of the Russian Federation	(1,627)	278
Funds deposited with National Bank of the Kyrgyz Republic	-	(52)
Funds deposited with National Bank of Tajikistan	(27)	(18)
Funds deposited with National Bank of Belorussia	-	(8)
Precious metals	(286)	(193)
Financial assets at fair value through profit or loss	(54,429)	(4,717)
Loans and advances to banks and other financial institutions	99,504	36,797
Loans to customers	(144,977)	(3,929)
Other assets	2,532	20,635
Increase/(decrease) in operating liabilities:		
Loans and advances from banks and other financial institutions	6,572	(7,948)
Customer accounts	112,661	(81,216)
Other liabilities	7,491	13,415
Cash inflow from operating activities before taxation	17,334	15,897
Income tax paid	(5,419)	(11,224)
Net cash inflow from operating activities	11,915	4,673

JOINT STOCK COMPANY KAZKOMMERTSBANK

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED) FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2015 (UNAUDITED)

	Nine months ended 30 September 2015 (unaudited) (KZT million)	Nine months ended 30 September 2014 (unaudited) (KZT million)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, equipment and intangible assets	(10,161)	(6,707)
Proceeds on sale of property, equipment and intangible assets	5,906	165
Dividends received	1,280	1,393
Proceeds on purchase of subsidiary	-	20,595
Proceeds on sale of investments available-for-sale	38,529	8,056
Purchase of investments available-for-sale	(2,108)	(16,894)
Purchase of investment property	(1,614)	(21,022)
Proceeds from sale of investment property	76	107
Purchase of investments held to maturity	(2,791)	-
Proceeds on maturity of investments held to maturity	-	912
Acquisition of ordinary share capital of subsidiaries	(73,498)	-
Net cash outflow from investing activities	<u>(44,381)</u>	<u>(13,395)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issue of ordinary share capital	73,510	-
Repurchase of treasury shares	-	(51,665)
Sale of treasury shares	21	-
Proceeds from debt securities issued	94,424	3,059
Repurchase and repayment of debt securities issued	(3,177)	(36,814)
Repayment of bonds of JSC National Welfare Fund Samruk-Kazyna	32,250	-
Proceeds from other borrowed funds	3,163	20,000
Repayment of other borrowed funds	-	(5,732)
Repayment of subordinated debt	(12,496)	-
Payment of dividends	(773)	(1,794)
Net cash inflow/(outflow) from financing activities	<u>186,922</u>	<u>(72,946)</u>
Effect of changes in foreign exchange rate on cash and cash equivalents	<u>30,560</u>	<u>24,785</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	185,016	(56,883)
CASH AND CASH EQUIVALENTS, beginning of period (Note 10)	<u>305,538</u>	<u>274,985</u>
CASH AND CASH EQUIVALENTS, end of period (Note 10)	<u>490,554</u>	<u>218,102</u>

During the nine months ended 30 September 2015, the Group made non-cash transfers from assets classified as held for sale to investment property in the amount of KZT 35,033 million and other assets in the amount of KZT 340,405 million. During the nine months ended 30 September 2014, the Group made non-cash transfers from investment property to assets classified as held for sale in the amount of KZT 1,236 million. These non-cash transfers were excluded from the interim consolidated statement of cash flows.

On behalf of the Management Board of the Bank:

Auezov M.M.
Chief Executive Officer

2 December 2015
Almaty



Shoinbekova G.K.
Chief Accountant

2 December 2015
Almaty

The notes on pages 10-40 form an integral part of this interim condensed consolidated financial information.

JOINT STOCK COMPANY KAZKOMMERTSBANK

SELECTED EXPLANATORY NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2015 (UNAUDITED)

1. ORGANIZATION

Joint Stock Company (“JSC”) Kazkommertsbank (“the Bank”, or “Kazkommertsbank”) is a Joint Stock Company and has operated in the Republic of Kazakhstan since 1990. The Bank’s activities are regulated by the National Bank of the Republic of Kazakhstan (“the NBRK”) in accordance with the license № 1.2.16/222/32 dated 2 December 2014. The Bank’s primary business consists of commercial banking activities, operations with securities, foreign currencies and derivative instruments, originating loans and guarantees.

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

As at 30 September 2015 and 31 December 2014, the Bank had 23 branches in the Republic of Kazakhstan.

Kazkommertsbank is the Parent company of the banking group (“the Group”), which includes the following subsidiaries consolidated in the interim condensed consolidated financial information for the nine months ended 30 September 2015 and in the consolidated financial statements for the year ended 31 December 2014:

Name	Country of operation	Proportion or ownership interest/voting rights		Type of operation
		30 September 2015 (unaudited)	31 December 2014	
JSC Kazkommerts Securities	Republic of Kazakhstan	100%	100%	Securities market transactions
LLP Processing Company Kazkommerts International B.V.	Republic of Kazakhstan	100%	100%	Payment card processing and other related services
Kazkommerts Finance II B.V.	Kingdom of the Netherlands	100%	100%	Raising funds for the Bank on international capital markets
JSC Life Insurance Company Kazkommerts Life	Kingdom of the Netherlands	100%	100%	Raising funds for the Bank on international capital markets
CJSC Kazkommertsbank Tajikistan	Republic of Kazakhstan	100%	100%	Life insurance
JSC Insurance Company Kazkommerts-Policy	Republic of Tajikistan	100%	100%	Banking
OJSC Commercial Bank Moskommertsbank	Republic of Kazakhstan	99.67%	100%	Insurance
LLP KUSA-KKB-1	Russian Federation	100%	100%	Banking
LLP KUSA KKB-2	Republic of Kazakhstan	100%	100%	Management of stress assets
LLP KUSA-KKB-3	Republic of Kazakhstan	100%	100%	Management of stress assets
JSC BTA Securities	Republic of Kazakhstan	100%	100%	Management of stress assets
				Securities market transactions

Name	Country of operation	Proportion or ownership interest/voting rights		Type of operation
		30 September 2015 (unaudited)	31 December 2014	
LLP Alemcard	Republic of Kazakhstan	100%	-	Payment card processing and other related services
LLP Titan Inkassatsiya	Republic of Kazakhstan	100%	-	Cash collection services
JSC Grantum Asset Management	Republic of Kazakhstan	-	100%	Management of pension assets
Kazkommerts Capital II B.V.	Kingdom of the Netherlands	-	100%	Raising funds for the Bank on international capital markets
JSC Grantum APF	Republic of Kazakhstan	82.52%	82.52%	Pension fund
LLP Kazkom Realty	Republic of Kazakhstan	-	100%	Management of stress assets
OJSC Kazkommertsbank Kyrgyzstan	Kyrgyz Republic	-	95.75%	Banking
JSC BTA Bank and related subsidiaries*	Republic of Kazakhstan	-	47.42%	Banking

* JSC BTA Bank ("BTA") prepared consolidated financial statements for the year ended 31 December 2014, which are publicly available.

According to the agreement on share purchase dated 21 July 2015, the Bank has sold its share in the subsidiary - JSC Subsidiary of JSC BTA Bank Insurance Company London - Almaty received from JSC BTA Bank in line with an agreement on the simultaneous transfer of assets and liabilities.

On 18 September 2015, the Bank sold 55,000,000 common shares of subsidiary JSC BTA Ipoteka, performing loan servicing and managing the mortgage portfolio. Those shares were received from JSC BTA Bank in line with an agreement on the simultaneous transfer of assets and liabilities.

Shareholders

As at 30 September 2015 and 31 December 2014, the shareholders of the Bank's common shares are:

	30 September 2015 (unaudited)		31 December 2014	
	Number of shares	% direct ownership*	Number of shares	% direct ownership*
K.K. Rakishev	228,642,743	28.69	-	-
JSC Alnair Capital Holding	223,922,790	28.09	223,922,790	33.45
JSC Central Asian Investment Company ("CAIC")	185,561,734	23.28	185,561,734	27.72
JSC National Welfare Fund Samruk-Kazyna	85,517,241	10.73	85,517,241	12.77
N.S. Subkhanberdin	47,800,962	6.00	148,666,001	22.20
Other shareholders	25,598,435	3.21	25,859,399	3.86
Total	797,043,905	100.00	669,527,165	100.00

* The ownership shares were calculated as the shares of direct ownership of each shareholder in the total number of the common shares outstanding minus the number of common shares bought back by the Bank. JSC Kazkommerts Securities, subsidiary of the Bank, is the market maker of the Bank shares on KASE.

In February 2015, the Bank has placed 20,916 common shares at the price of KZT 575.2 per common share and KZT 1,150.4 per global depository receipt, with the basic asset being the Bank's common shares (two common shares per GDR) among existing shareholders - holders of common shares as part of their pre-emptive rights.

On 3 March 2015, the Bank acquired 304,187,299,781 common shares of JSC BTA Bank at a price of KZT 0.24162 per common share from Kenes Rakishev. This was in line with the integration model approved by the shareholders of the two banks on 26 December 2014. As a result, the Bank's holding in JSC BTA Bank increased to 94.83%. At the same time, Kenes Rakishev purchased 127,777,704 common shares of the Bank at a price of KZT 575.2 per share under the share offering agreement announced earlier and after receiving necessary regulatory approvals, Kenes Rakishev became a new major shareholder of the Bank.

On 30 April 2015, Nurzhan Subkhanberdin sold a 7.22% stake in KKB, representing 57,544,959 common shares, to the major shareholder of the Bank, Kenes Rakishev. On 29 June 2015, Nurzhan Subkhanberdin sold a 1.168% stake in KKB, representing 9,313,819 common shares, to the major shareholder of the Bank, Kenes Rakishev. These transactions were in line with the integration model approved by the shareholders of KKB and BTA Bank on 26 December 2014.

JSC Central Asian Investment Company ("CAIC") owned 185,561,734 common shares of KKB (23.27%) and an additional 56,324,076 common shares carrying voting rights were transferred to trust management under the agreement signed in 2009 with JSC National Welfare Fund Samruk-Kazyna ("the Fund") as part of the government stabilisation programme. Under the agreement between the Fund and CAIC, trust management was due to be in force until either May 2017 or the completion of the integration of KKB and JSC BTA Bank ("BTA"), whichever comes first. Since the integration of KKB and BTA has now been completed, the trust management agreement in respect of KKB's common shares between CAIC and the Fund was terminated effective from 26 June 2015.

To ensure CAIC retains a share of at least 25% in KKB, on 26 June 2015, Mr. N. Subkhanberdin has transferred 43,081,009 common shares (5.4%) into the trust management of CAIC. As at 30 September 2015, comprising the shares transferred from Mr. N. Subkhanberdin, the total amount of KKB's voting common shares that belong to CAIC was equal to 228,642,743 (28.68%).

On 3 July 2015 and 4 August 2015, in line with the integration model approved by the shareholders of KKB and BTA on 26 December 2014, Mr. Subkhanberdin N.S. has sold his part of common shares of the Bank in the quantity of 11,479,823 (1.44% of total quantity of common shares) and 22,526,438 (2.82% of total quantity of common shares), respectively, to another major shareholder of the Bank – Mr. Rakishev K.K.

On 25 September 2015, the Bank completed the redemption procedure of JSC BTA Bank shares of its 27,351,461,050 ordinary shares (4.26%) from JSC National Welfare Fund Samruk-Kazyna, which prior to this date were under trust management of KKB. An agreement of trust management of JSC BTA Bank shares was previously signed between JSC Kazkommertsbank, as trustee, and JSC National Welfare Fund Samruk-Kazyna, as the founder of the trust management on 31 January 2014, in line with the integration model of JSC Kazkommertsbank and JSC BTA Bank.

DISCONTINUED OPERATIONS

JSC BTA Bank

On 15 June 2015, JSC BTA Bank (“BTA”) has sold bonds of JSC National Welfare Fund Samruk-Kazyna in the amount of 645,000,000 to the National Bank of the Republic of Kazakhstan at the price of 1,000 KZT per bond and additionally transferred the accrued coupon at the date of the transaction. Simultaneously the obligations and the accrued interest liability of JSC BTA Bank to NBRK under repurchase agreements were repaid.

On 15 June 2015, JSC Kazkommertsbank and JSC BTA Bank have signed an agreement on the simultaneous transfer of assets and liabilities (“the Agreement”) between the two banks. Under the Agreement, certain assets and liabilities of BTA were transferred to KKB, and a portion of KKB’s distressed assets was transferred to BTA.

According to the Agreement, the following assets and liabilities of BTA were transferred to KKB:

1. All current and savings account balances opened in BTA of legal entities and private individuals;
2. Balances on active card accounts, together with the corresponding payment cards;
3. Claims on loans to corporate, small and medium-sized enterprises and retail clients;
4. BTA’s operating branches and offices;
5. Part of BTA’s property, equipment and buildings, inventories, securities and cash;
6. Shares in BTA subsidiaries: JSC BTA Insurance, JSC BTA Life, JSC SK Leasing, JSC BTA Securities, JSC BTA Ipoteka, JSC Insurance company London-Almaty, LLP Alem Card and LLP Titan Inkassatsiya.

In turn, the following assets of KKB were transferred to BTA:

1. Claims on loans to corporate clients;
2. Equity interest in LLP Kazkom Realty, the Bank’s subsidiary that manages real estate-related distressed assets.

On 27 August 2015, in line with an agreement on the simultaneous transfer of assets and liabilities signed on 15 June 2015 between KKB and BTA, 48,125 common shares (55% of the total outstanding common shares) of JSC SK Leasing were transferred (returned) to JSC BTA Bank.

After the simultaneous transfer of assets and liabilities and cancellation of BTA banking license, KKB transferred control over BTA to its main shareholders and excluded BTA from its consolidated financial statement, starting from 30 June 2015.

Disposed assets and liabilities of BTA on the date of loss of control:

30 June 2015
(unaudited)
(KZT million)

ASSETS:

Cash and balances with national (central) banks	981
Financial assets at fair value through profit or loss	2,658
Loans and advances to banks and other financial institutions	153,257
Loans to customers	774,816
Investments available-for-sale	14,990
Investments in associates	6,167
Goodwill	24
Investment property	188,914
Property, equipment and intangible assets	9,313
Other assets	395,998
Assets classified as held for sale	11,769
Total assets	1,558,887

LIABILITIES:

Loans and advances from banks and other financial institutions	1,344,203
Customer accounts	32,764
Other borrowed funds	141,037
Provisions	1
Deferred income tax liabilities	49
Other liabilities	25,709
Liabilities directly associated with assets classified as held for sale	6,173
Total liabilities	1,549,936
Net assets disposed	8,951

Loss on disposal of a subsidiary

	On the date of disposal
Investments in BTA stated at carrying value	-
Net assets disposed	(8,951)
Non-controlling interest in subsidiaries of JSC BTA Bank	1,941
Loss on disposal	(7,010)

Loss on disposal is reflected as loss from disposal of subsidiary in the interim consolidated statement of changes in equity.

Investments in BTA were reclassified to investments available-for-sale, due to loss of control and absence of significant influence.

The final results of the discontinued operations included in the interim consolidated statement of profit or loss, are given below.

	From 1 January 2015 till date of disposal	Nine months ended 30 September 2014*
	(unaudited) (KZT million)	(unaudited) (KZT million)
Interest income	32,103	30,838
Interest expense	<u>(33,663)</u>	<u>(20,806)</u>
NET INTEREST (EXPENSE)/INCOME BEFORE PROVISION FOR IMPAIRMENT LOSSES ON INTEREST BEARING ASSETS	(1,560)	10,032
Provision for impairment losses on interest bearing assets	<u>(55,360)</u>	<u>(2,956)</u>
NET INTEREST (EXPENSE)/INCOME	<u>(56,920)</u>	<u>7,076</u>
Net (loss)/gain on financial assets and liabilities at fair value through profit or loss	(1,089)	2,078
Net loss on foreign exchange and precious metals operations	(7,266)	(3,999)
Fee and commission income	4,368	4,210
Fee and commission expense	(3,401)	(1,680)
Net realized gain on investments available-for-sale	344	1,187
Dividend income	215	84
Share of profits/(loss) of associates	733	(22)
Other income	<u>7,768</u>	<u>2,783</u>
NET NON-INTEREST INCOME	<u>1,672</u>	<u>4,641</u>
OPERATING EXPENSES	<u>(22,811)</u>	<u>(12,104)</u>
LOSS BEFORE OTHER OPERATING PROVISIONS	(78,059)	(387)
(Provision)/recovery of provision for impairment losses on other transactions	(1,275)	80
Recovery of provision/(provision) for guarantees and other contingencies	<u>151</u>	<u>(26)</u>
LOSS BEFORE INCOME TAX	(79,183)	(333)
Income tax expense	<u>(20)</u>	<u>(40)</u>
NET LOSS	<u>(79,203)</u>	<u>(373)</u>
Attributable to:		
Shareholders of the Parent	(75,701)	(180)
Non-controlling interest	(3,502)	(193)

*Since control over BTA was acquired on 30 June 2014, the final result of the discontinued operations for the nine months ended 30 September 2014 includes the income and expenses of BTA for the period from the acquisition date to 30 September 2014.

2. BASIS OF PRESENTATION

Accounting basis

The interim condensed consolidated financial information of the Group has been prepared in accordance with 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 selective notes to the consolidated financial statements of the Group for the year ended 31 December 2014.

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 reporting date, and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates that are particularly susceptible to change relate to the allowance for impairment of loans and receivables and determination of the fair value of financial instruments.

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

Functional currency

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

3. SIGNIFICANT ACCOUNTING POLICIES

In preparing this interim condensed consolidated financial information the Group has applied the same accounting policies and methods of computation as those applied in the annual consolidated financial statements of the Group for the year ended 31 December 2014. There were no changes in accounting policies during the nine months ended 30 September 2015.

4. NET INTEREST INCOME

	Three months ended 30 September 2015 (unaudited) (KZT million)	Three months ended 30 September 2014 (unaudited) (KZT million)	Nine months ended 30 September 2015 (unaudited) (KZT million)	Nine months ended 30 September 2014 (unaudited) (KZT million)
Interest income comprise:				
Interest income on financial assets recorded at amortized cost:				
- interest income on collectively assessed impaired financial assets*	3,191	-	10,779	-
- interest income on financial assets that have been assessed individually for impairment*	18,980	-	53,969	-
- interest income on financial assets that are not impaired including collectively not impaired loans*	65,864	-	110,735	-
- interest income on homogenous and individually assessed watch assets	-	48,685	-	145,492
- interest income on impaired financial assets	-	4,721	-	11,924
- interest income on unimpaired financial assets	-	10,360	-	22,769
Interest income on financial assets at fair value through profit or loss	1,612	1,361	4,057	3,837
Interest income on investments available-for-sale	646	667	4,254	1,016
Discount on customer accounts	20	-	58,267	-
Total interest income	90,313	65,794	242,061	185,038
Interest income on financial assets recorded at amortized cost comprise:				
Interest on loans to customers	83,880	62,857	169,151	178,283
Interest on loans and advances to banks and other financial institutions	3,695	669	5,240	1,486
Interest on investments held to maturity	447	240	1,047	416
Interest income on bonds of JSC National Welfare Fund Samruk-Kazyna	13	-	45	-
Discount on customer accounts	20	-	58,267	-
Total interest income on financial assets recorded at amortized cost	88,055	63,766	233,750	180,185
Interest income on financial assets at fair value through profit or loss:				
Interest income on financial assets held-for-trading	1,612	1,361	4,057	3,837
Total interest income on financial assets at fair value through profit or loss	1,612	1,361	4,057	3,837
Interest income on investments available-for-sale	646	667	4,254	1,016
Total interest income	90,313	65,794	242,061	185,038
Interest expense comprise:				
Interest expense on financial liabilities recorded at amortized cost	41,808	29,580	105,431	87,305
Total interest expense	41,808	29,580	105,431	87,305
Interest expense on financial liabilities recorded at amortized cost comprise:				
Interest on customer accounts	25,855	19,434	58,304	58,734
Interest on debt securities issued	12,477	5,091	32,648	15,564
Interest on subordinated debt	1,644	2,497	6,055	6,460
Interest on loans and advances from banks and other financial institutions	1,138	2,028	6,516	5,028
Preference share dividends	252	223	715	670
Other interest expense	442	307	1,193	849
Total interest expense on financial liabilities recorded at amortized cost	41,808	29,580	105,431	87,305
Net interest income before provision for impairment losses on interest bearing assets	48,505	36,214	136,630	97,733

*Starting from 2014 the collectively assessed loan portfolio includes both partly retail portfolio and partly SME portfolio. This amendment did not affect the total amount of interest income.

5. ALLOWANCE FOR IMPAIRMENT LOSSES ON INTEREST BEARING ASSETS

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

	Loans and advances to banks and other financial institutions (KZT million)	Loans to customers (KZT million) (Note 12)	Investments available-for- sale (KZT million)	Total (KZT million)
30 June 2014 (unaudited)	175	1,043,631	144	1,043,950
(Recovery of provision)/additional provision	(18)	28,814	-	28,796
Write-off of assets	-	(120,921)	-	(120,921)
Foreign exchange differences	-	(8,020)	-	(8,020)
30 September 2014 (unaudited)	<u>157</u>	<u>943,504</u>	<u>144</u>	<u>943,805</u>
30 June 2015 (unaudited)	-	207,744	2,906	210,650
Additional provision/(recovery of provision)	-	20,825	(115)	20,710
Write-off of assets	-	(86,440)	-	(86,440)
Recovery of previously written-off assets	-	1,374	-	1,374
Foreign exchange differences	-	25,906	-	25,906
Recovery of impaired loans	-	13,143	-	13,143
Reclassification to investments available-for sale	-	(94)	25	(69)
30 September 2015 (unaudited)	<u>-</u>	<u>182,458</u>	<u>2,816</u>	<u>185,274</u>

	Loans and advances to banks and other financial institutions	Loans to customers	Investments available-for-sale	Total
	(KZT million)	(KZT million) (Note 12)	(KZT million)	
31 December 2013	171	978,753	186	979,110
(Recovery of provision)/additional provision	(14)	56,170	-	56,156
Write-off of assets	-	(204,417)	(42)	(204,459)
Foreign exchange differences	-	112,998	-	112,998
30 September 2014 (unaudited)	<u>157</u>	<u>943,504</u>	<u>144</u>	<u>943,805</u>
31 December 2014	-	508,276	144	508,420
Additional provision/ (recovery of provision)	-	63,707	(299)	63,408
Write-off of assets	-	(191,602)	(10)	(191,612)
Recovery of previously written-off assets	-	3,931	-	3,931
Foreign exchange differences	-	32,886	-	32,886
Recovery of impaired loans	-	48,677	-	48,677
Reclassification to investments available-for sale	-	239	209	448
Effect of simultaneous transfer of assets to JSC BTA Bank	-	(283,397)	2,772	(280,625)
Disposal of subsidiary	-	(259)	-	(259)
30 September 2015 (unaudited)	<u>-</u>	<u>182,458</u>	<u>2,816</u>	<u>185,274</u>

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

	Three months ended 30 September 2015 (unaudited) (KZT million)	Three months ended 30 September 2014 (unaudited) (KZT million)	Nine months ended 30 September 2015 (unaudited) (KZT million)	Nine months ended 30 September 2014 (unaudited) (KZT million)
Net gain/(loss) on financial assets and liabilities at fair value through profit or loss comprises:				
Net gain/(loss) on operations with derivative financial instruments	41,859	(6,208)	30,120	(9,688)
Realized gain/(loss) on trading operations	4	3,362	(260)	3,402
Unrealized (loss)/gain on fair value adjustment	<u>(11,182)</u>	<u>(2,301)</u>	<u>(17,276)</u>	<u>(2,539)</u>
Net gain/(loss) on financial assets and liabilities at fair value through profit or loss	<u><u>30,681</u></u>	<u><u>(5,147)</u></u>	<u><u>12,584</u></u>	<u><u>(8,825)</u></u>

7. OPERATING EXPENSES

	Three months ended 30 September 2015 (unaudited) (KZT million)	Three months ended 30 September 2014 (unaudited) (KZT million)	Nine months ended 30 September 2015 (unaudited) (KZT million)	Nine months ended 30 September 2014 (unaudited) (KZT million)
Staff costs	7,063	5,848	18,922	14,575
Property and equipment maintenance	988	701	3,413	1,734
Depreciation and amortization	859	767	2,300	2,238
Operating lease	792	805	1,946	1,921
Taxes, other than income tax	587	957	1,615	2,340
Fines and penalties	406	-	410	11
Security	352	231	808	651
Communications costs	277	198	656	520
Bank card services	266	290	794	738
Advertising costs	209	312	744	660
Legal and consulting services	198	92	849	314
Expenses on assets received	168	141	1,450	442
Collection expenses	105	52	280	146
Business travel expenses	102	99	362	268
Transportation expenses	90	86	243	225
Other expenses	1,534	759	3,546	1,844
	<u>13,996</u>	<u>11,338</u>	<u>38,338</u>	<u>28,627</u>

8. INCOME TAX

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

Relationships between tax expenses and accounting profit for the three and the nine months ended 30 September 2015 and 2014 are explained as follows:

	Three months ended 30 September 2015 (unaudited) (KZT million)	Three months ended 30 September 2014 (unaudited) (KZT million)	Nine months ended 30 September 2015 (unaudited) (KZT million)	Nine months ended 30 September 2014 (unaudited) (KZT million)
Profit before income tax	<u>45,693</u>	<u>10,017</u>	<u>73,377</u>	<u>27,800</u>
Tax at the statutory tax rate (20%)	9,139	2,003	14,675	5,560
Tax effect of permanent differences:				
- tax exempt expense/(income)	32,510	(6,451)	(11,453)	(7,928)
- non-deductible (income)/expense	<u>(30,451)</u>	<u>7,954</u>	<u>11,234</u>	<u>9,784</u>
Income tax expense	<u>11,198</u>	<u>3,506</u>	<u>14,456</u>	<u>7,416</u>
Current income tax (benefit)/expense	(2,703)	7,878	5,212	11,208
Deferred income tax expense/(benefit)	<u>13,901</u>	<u>(4,372)</u>	<u>9,244</u>	<u>(3,792)</u>
Income tax expense	<u>11,198</u>	<u>3,506</u>	<u>14,456</u>	<u>7,416</u>

The corporate income tax rate in the Republic of Kazakhstan was 20% during the nine months ended 30 September 2015 and 2014.

	Nine months ended 30 September 2015 (unaudited) (KZT million)	Year ended 31 December 2014 (KZT million)
Deferred income tax (assets)/liabilities		
As at beginning of the period	(6,022)	(1,730)
Deferred income tax expense/(benefit) recognized in statement of profit or loss	9,244	(4,258)
Change in hedging reserve	(55)	(49)
Change in investments available-for-sale reserve	(61)	(154)
Change in deferred tax liability from revaluation of property and equipment	(68)	(349)
Acquisition of JSC BTA Bank	-	214
Sale and merger of subsidiary organizations	4	-
Discontinued operations	(49)	-
Other	(27)	304
	<u>2,966</u>	<u>(6,022)</u>
As at end of the period	<u>2,966</u>	<u>(6,022)</u>

9. EARNINGS/(LOSS) PER SHARE

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

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

	Three months ended 30 September 2015 (unaudited) (KZT million)	Three months ended 30 September 2014 (unaudited) (KZT million)	Nine months ended 30 September 2015 (unaudited) (KZT million)	Nine months ended 30 September 2014 (unaudited) (KZT million)
Basic and diluted earnings/(loss) per share				
Net profit/(loss) attributable to equity holders of the Parent	34,164	5,854	(17,120)	19,612
Less: additional dividends that would be paid on full distribution of profit to the preferred shareholders	-	(654)	-	(2,138)
Net profit/(loss) attributable to ordinary shareholders	34,164	5,200	(17,120)	17,474
Weighted average number of ordinary shares for basic and diluted earnings/(loss) per share	<u>797,110,915</u>	<u>728,814,437</u>	<u>768,595,725</u>	<u>761,335,810</u>
Earnings/(loss) per share – basic and diluted (KZT)	<u>42.86</u>	<u>7.17</u>	<u>(22.27)</u>	<u>22.95</u>

The book value per share for each type of shares as at 30 September 2015 and 31 December 2014 is as follows:

Type of shares	30 September 2015 (unaudited)			31 December 2014		
	Outstanding shares	Net asset value (KZT million)	Book value per share, KZT	Outstanding shares	Net asset value (KZT million)	Book value per share, KZT
Ordinary shares	797,043,905	384,348	482.22	669,527,165	406,813	607.61
Preference shares	122,622,979	19,527	159.24	122,273,402	14,419	117.92
		<u>403,875</u>			<u>421,232</u>	

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

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

10. CASH AND BALANCES WITH NATIONAL (CENTRAL) BANKS

	30 September 2015 (unaudited) (KZT million)	31 December 2014 (KZT million)
Cash on hand	82,085	84,002
Balances with the national (central) banks	<u>229,233</u>	<u>108,360</u>
	<u>311,318</u>	<u>192,362</u>

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

	30 September 2015 (unaudited) (KZT million)	31 December 2014 (KZT million)	30 September 2014 (unaudited) (KZT million)
Cash and balances with national (central) banks	311,318	192,362	203,042
Loans and advances to banks with original maturities less than 3 months	188,534	100,926	58,534
REPO with banks with original maturity of less than 3 months	51,077	64,506	11,165
Less funds deposited with the National Bank of the Republic of Kazakhstan	(57,207)	(50,568)	(52,406)
Less funds deposited with the Central Bank of the Russian Federation	(3,000)	(1,373)	(1,824)
Less funds deposited with the National Bank of the Kyrgyz Republic	-	(174)	(191)
Less funds deposited with the National Bank of Tajikistan	(168)	(141)	(96)
Less funds deposited with the National Bank of Belarussia	-	-	(122)
	<u>490,554</u>	<u>305,538</u>	<u>218,102</u>

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

	30 September 2015 (unaudited) (KZT million)	31 December 2014 (KZT million)
Debt securities	121,989	112,357
Derivative financial instruments	116,817	17,669
Equity investments	34,913	45,901
	<u>273,719</u>	<u>175,927</u>

	30 September 2015 (unaudited) (KZT million)	31 December 2014 (KZT million)
Derivative financial instruments	45,684	20,791
Total financial liabilities at fair value through profit or loss	<u>45,684</u>	<u>20,791</u>

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

	30 September 2015 (unaudited)		31 December 2014	
	Nominal interest rate %	Amount (KZT million)	Nominal interest rate %	Amount (KZT million)
Debt securities:				
Bonds of the Ministry of Finance of the Republic of Kazakhstan	3.30-8.75	63,333	3.30-8.75	77,937
Eurobonds of the Ministry of Finance of the Republic of Kazakhstan	4.90-6.50	25,433	3.88-4.88	10,735
Bonds of Kazakhstani banks	5.50-11.00	11,766	5.50-13.00	4,532
Bonds of Kazakhstani companies	4.00-13.00	3,769	5.00-13.00	5,467
Bonds of international financial organizations, foreign banks and foreign financial organizations	1.81-6.32	3,540	4.64-5.00	410
Eurobonds of Kazakhstani companies	4.60-7.00	3,394	4.63-6.95	3,449
Eurobonds of Kazakhstani banks	7.25-9.90	2,797	7.25-9.88	1,986
Treasury bonds of the USA	9.88-9.90	2,653	8.13	228
Bonds of Development Bank of Kazakhstan	6.00-6.50	1,743	6.00-6.50	1,209
Bonds of Russian companies	8.00-11.00	1,697	8.15-10.75	3,306
Municipal bonds of the Russian Federation	13.00	1,539	12.85	1,124
Bonds of Russian banks	8.00	325	7.90-9.00	297
Municipal bonds of the Republic of Kazakhstan	-	-	6.20	608
Other bonds on foreign issuers	-	-	7.88	425
Treasury bills of the Ministry of Finance of Canada	-	-	9.00	393
Government bonds of countries outside the OECD	-	-	12.50	109
Eurobonds of Russian banks	-	-	6.13	75
Eurobonds of the Government of the Russian Federation	-	-	7.85	67
		<u>121,989</u>		<u>112,357</u>

	Notional amount	30 September 2015 (unaudited) Fair value (KZT million)		Notional amount	31 December 2014 Fair value (KZT million)	
		Assets	Liabilities		Assets	Liabilities
		Derivative financial instruments:				
<i>Foreign exchange contracts:</i>						
Swaps	599,241	116,816	(38,431)	498,429	15,496	(12,195)
Spot	1,567	1	(2)	3,709	2	(5)
Option	-	-	-	1,300	232	-
Forwards	6,718	-	(1,770)	17,323	1,160	-
<i>Interest rate contracts:</i>						
Swaps	4,477	-	(448)	4,275	-	(453)
<i>Other:</i>						
Forwards on securities	10,542	-	(5,033)	9,227	-	(7,359)
Spot on sale of securities	-	-	-	-	779	(779)
		<u>116,817</u>	<u>(45,684)</u>		<u>17,669</u>	<u>(20,791)</u>

	30 September 2015 (unaudited)		31 December 2014	
	Ownership share %	Amount (KZT million)	Ownership share %	Amount (KZT million)
	Equity investments:			
Shares of foreign banks	10.91	15,736	10.82	16,983
GDRs of Kazakhstani companies	0.00-2.19	14,270	0.00-2.17	22,552
Shares of Kazakhstani companies	0.00-3.50	4,566	0.00-3.56	5,308
Shares of Kazakhstani banks	-	326	-	327
Shares of foreign companies	0.00-0.01	15	-	731
		<u>34,913</u>		<u>45,901</u>

As at 30 September 2015, the fair value of financial assets at fair value through profit or loss pledged under repurchase agreements were equal to KZT 2,365 million (31 December 2014: KZT 73,763 million).

As at 30 September 2015, 10.91% (31 December 2014: 10.82%) share in equity of Sekerbank TAS was accounted within financial assets at fair value through profit or loss. The fair value of the share in equity of Sekerbank TAS as at 30 September 2015 was KZT 15,736 million (31 December 2014: KZT 16,983 million).

As at 30 September 2015, the Group used quoted market prices from independent information sources to value all of its financial assets at fair value through profit or loss, with the exception of derivative financial instruments, which are valued using valuation models based on market data, and certain debt securities, which are valued using valuation models based on non-observable market data.

12. LOANS TO CUSTOMERS

	30 September 2015 (unaudited) (KZT million)	31 December 2014 (KZT million)
Recorded as loans and receivables:		
Originated loans	3,426,685	2,624,593
Net investments in finance lease	<u>5,225</u>	<u>5,831</u>
	3,431,910	2,630,424
Less allowance for impairment losses	<u>(182,458)</u>	<u>(508,276)</u>
	<u><u>3,249,452</u></u>	<u><u>2,122,148</u></u>

As at 30 September 2015, the amount of loans before allowance for impairment losses includes loans acquired from BTA under the simultaneous transfer of assets and liabilities in the amount of KZT 550,392 million. Those loans are presented in the table above net-off provisions. The amount of provisions that were netted-off amounted to KZT 293,417 million. Had the provisions not been netted off, the amount of loans before allowance for impairment losses as at 30 September 2015 would be equal to KZT 3,720,102 million.

Movements in allowances for impairment losses on loans to customers for the three and nine months ended 30 September 2015 and 2014 are disclosed in Note 5.

As at 30 September 2015, the Bank has accepted bonds and eurobonds (previously issued by subsidiary Kazkommerts Finance II BV) as collateral for certain loans to customers, with the fair value of KZT 1 million (31 December 2014: KZT 1 million).

On 22 June 2015, the Board of Directors of the Bank has made a decision to open a credit line to JSC BTA Bank to repay the debt of BTA to the Bank under (i) the Agreement on simultaneous transfer of assets and liabilities between the Bank and BTA; (ii) the Agreement on transfer of liabilities between JSC National Welfare Fund Samruk-Kazyna, JSC Kazkommertsbank and JSC BTA Bank via credit documentation (in tenge and in US dollars); (iii) the Agreement on transfer of debt as of 14 November 2014 between the Bank and BTA.

The Bank and BTA have signed an Agreement on opening of a credit line, under which the Bank has opened a credit line to BTA with a limit of KZT 630,000 million and USD 5,600 million with maturity on 30 September 2024 and an interest rate of 8% for loans denominated in tenge and 8% for loan denominated in US dollars. BTA shall make quarterly repayments of principal and interest in fixed amounts, stated in the Agreement, with the remaining debt to be repaid at maturity.

As at 30 September 2015, the carrying value of BTA loans issued within the given credit line is KZT 1,822,132 million. This amount is included in “Investments and finance” in the analysis of loans by sectors.

	30 September 2015 (unaudited) (KZT million)	31 December 2014 (KZT million)
Analysis by sector:		
Investments and finance	1,913,515	54,266
Individuals	354,946	411,086
Housing construction	195,696	503,710
Real estate	171,022	177,548
Hospitality business	101,360	154,458
Commercial real estate construction	101,225	54,838
Wholesale and retail trade	90,041	161,015
Energy	49,558	76,011
Transport and communication	43,822	53,771
Industrial and other construction	40,010	87,224
Mining and metallurgy	26,766	29,855
Food industry	24,549	18,690
Agriculture	16,016	27,959
Machinery construction	14,660	9,589
Production of construction materials	9,118	6,928
Medicine	4,564	6,207
Production of other non-metal materials	1,662	130,660
Other	90,922	158,333
	<u>3,249,452</u>	<u>2,122,148</u>

During the nine months ended 30 September 2015 and year ended 31 December 2014, the Group received non-financial assets by taking possession of collateral it held as security. These assets are represented mostly by real estate, the majority of which will be realized through auctions.

As at 30 September 2015, such assets in the amount of KZT 41,751 million (31 December 2014: KZT 411,346 million) are included in assets classified as held for sale in the consolidated statement of financial position.

As at 30 September 2015 and 31 December 2014, the Group also received assets by taking possession of collateral it held as security, which represents construction in progress. As at 30 September 2015, such assets in the amount of KZT 9,020 million (31 December 2014: KZT 8,971 million) are included in assets classified as held for sale in the consolidated statement of financial position.

As at 30 September 2015, the Group granted loans to borrowers, which individually exceeded 10% of the Group’s equity, in the total amount of KZT 2,061,877 million (31 December 2014: KZT 609,161 million).

As at 30 September 2015, a significant part of loans 93.10% (31 December 2014: 86.94%) of the total portfolio is granted to companies operating in the territory of the Republic of Kazakhstan, which represents a significant geographical concentration.

13. CUSTOMER ACCOUNTS

	30 September 2015 (unaudited) (KZT million)	31 December 2014 (KZT million)
Recorded at amortized cost:		
Time deposits	2,208,155	1,689,999
Demand deposits	704,118	571,306
Accounts in precious metals	3,112	2,835
	<u>2,915,385</u>	<u>2,264,140</u>

As at 30 September 2015, customer accounts were pledged as a guarantee for issued letters of credit and other transactions relating to contingent liabilities of KZT 8,020 million (31 December 2014: KZT 15,754 million).

	30 September 2015 (unaudited) (KZT million)	31 December 2014 (KZT million)
Analysis by sector:		
Individuals	1,229,986	1,005,280
Government related entities	398,541	207,465
Public organizations and unions	316,599	216,943
Chemical and petrochemical industry	255,318	293,540
Investments and finance	239,360	108,519
Wholesale and retail trade	84,548	63,944
Education	82,518	55,512
Construction	68,768	56,343
Transport and communication	59,045	50,543
Individual services	58,449	56,950
Mining and metallurgy	25,556	21,179
Distribution of electricity, gas and water	15,079	21,010
Agriculture	9,865	9,917
Other	71,753	96,995
	<u>2,915,385</u>	<u>2,264,140</u>

14. DEBT SECURITIES ISSUED

	Currency	Maturity date	Annual coupon rate %	30 September 2015 (unaudited) (KZT million)	31 December 2014 (KZT million)
Recorded at amortized cost:					
Eurobonds:					
Issued in November 2005 at the price of 98.32%	USD	November 2015	8.00	74,011	49,584
Issued in November 2006 at the price of 98.282%	USD	November 2016	7.50	77,797	52,366
Issued in February 2007 at the price of 99.277%	EUR	February 2017	6.88	113,241	82,553
Issued in May 2011 at the price of 99.353%	USD	May 2018	8.50	80,504	53,561
				<u>345,553</u>	<u>238,064</u>
(Less)/including:					
Discount on Eurobonds issued				(1,120)	(1,172)
Accrued interest on Eurobonds issued				<u>11,903</u>	<u>6,576</u>
Total issued Eurobonds				<u>356,336</u>	<u>243,468</u>
Debt securities issued by JSC Kazkommertsbank at the price 99.95%					
	KZT	January 2022	8.75	99,295	60,514
Debt securities issued by JSC Kazkommertsbank at the price 99.97%					
	KZT	November 2019	8.40	64,284	-
Debt securities issued by JSC Kazkommertsbank at the price 102.21%-104.48%					
	KZT,	April 2016	9.00	2,441	2,403
Issued promissory notes of OJSC Moskommertsbank					
	USD, RUR	January 2018	2.50-12.00	969	1,185
Issued bonds of Moscow Stars B.V. at the price of 99.00%					
	USD	July 2021	1.96-5.46	4,130	3,310
Debt securities transferred from JSC BTA Bank					
	USD	December 2022	5.50	148,681	102,162
Debt securities issued by JSC BTA Ipoteka (previously consolidated into JSC BTA Bank)					
	KZT	February 2016	7.60	-	3,878
				<u>676,136</u>	<u>416,920</u>

During the nine months ended 30 September 2015, the Bank repurchased debt securities issued in the amount of KZT 3,141 million (during 2014: KZT 737 million) with the maturity period in 2022.

During the nine months ended 30 September 2015, the Bank sold repurchased debt securities issued in the total amount of KZT 2,348 million (during 2014: KZT 120 million) with the maturity period in 2022.

15. COMMITMENTS AND CONTINGENCIES

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

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

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

As at 30 September 2015, provision for losses on guarantees and other contingencies amounted to KZT 267 million (31 December 2014: KZT 686 million).

The risk-weighted amount is obtained by applying credit conversion factor and counterparty risk weightings according to the principles employed by the standardized approach provided for under Basel 2 standards.

As at 30 September 2015, the credit risk on contingent liabilities and credit commitments was covered by collateral of KZT 124,638 million (31 December 2014: KZT 47,682 million). The collateral includes real estate, deposits and various other financial and non-financial assets.

As at 30 September 2015 and 31 December 2014, the nominal or contract amounts and risk-weighted amounts were:

	30 September 2015 (unaudited) (KZT million)	31 December 2014 (KZT million)
Contingent liabilities and credit commitments:		
Guarantees issued and similar commitments	126,567	70,029
Commitments on loans and unused credit lines	13,043	12,491
Letters of credit and other transaction related to contingent obligations	6,730	4,250
Commitments on loans sold to JSC Kazakhstan Mortgage Company with recourse	19	21
	<u>146,359</u>	<u>86,791</u>
Less collateral in cash	(15,420)	(15,754)
Less provision for guarantees and other contingencies	<u>(267)</u>	<u>(686)</u>
Total contingent liabilities and credit commitments, net	<u>130,672</u>	<u>70,351</u>
Total risk-weighted amount	<u>125,721</u>	<u>66,134</u>

The decision to issue loans to customers within open credit lines is made by the Group at each request of a customer for the borrowed funds and depends on the financial position of the borrower, credit history and other factors. As at 30 September 2015, the amount of contingent liabilities on such unused credit lines equals to KZT 578,391 million (31 December 2014: KZT 271,750 million). The decision to issue further funds is not obligatory since the Group is entitled to suspend or stop providing the borrower with a credit line or deny the borrower the credit for any reason including in case: the borrower violates the obligations before the Group; insufficiency of the collateral when revaluing the collateral due to a decrease in its pledge value or change of prices in the market; or as a result of provision of the credit line (provision of credit) the Group will violate any of the prudential norms established by the regulatory authorities for the second-tier banks; without warning the borrower.

Legal proceedings

From time to time and in the normal course of business, claims against the Group are received from customers and counterparties. Management is of the opinion that no material unaccrued losses will be incurred and accordingly no provision has been made in this interim condensed consolidated financial information.

The Group assesses the likelihood of material liabilities arising from individual circumstances and makes provision in its financial statements only where it is probable that events giving rise to the liability will occur and the amount of the liability can be reliably measured. No provision has been made in this interim condensed consolidated financial information for any of the contingent liabilities mentioned below.

Sekerbank TAS

On 7 February 2012 at the request of Türkiye Vakıflar Bankası TAO the Commercial Court of Istanbul has imposed a provisional arrest on 101,726,214 shares of Şekerbank TAŞ belonging to Subsidiary Company of JSC BTA Bank Joint Stock Company BTA Securities (“BTA Securities”) together with the prohibition to transfer these shares to third parties. The issue regarding removal of seizure of shares belonging to BTA Securities was considered during court sessions.

At the court session held on 10 September 2015, according to the information provided by the consultants, the judge sent materials to the experts for an additional report, which means that the Court did not take into account the report of ABRS (Agency of Banking Regulation and Supervision of Turkey). The court dismissed the claims for removal of seizure of shares Sekerbank TAS.

The next hearing took place on 19 November 2015. According to the information provided by the consultants, the Court received an additional report which states that the records of Bank - claimant and records of Agency of Banking Regulation and Supervision of Turkey confirm the fact of certificate of shares provision to claimant. The next hearing is scheduled for 3 December 2015.

As at the date of issue of this interim condensed consolidated financial information, Management believes that it is not probable that the outcome of the legal proceedings will result in a loss for the Group.

Taxation

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

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

Operating environment

Emerging markets such as the Republic of Kazakhstan are subject to different risks than more developed markets, including economic, political and social, and legal and legislative risks. Laws and regulations affecting businesses in the Republic of Kazakhstan continue to change rapidly, tax and regulatory framework are subject to varying interpretations. The future economic direction of Kazakhstan is heavily influenced by the fiscal and monetary policies adopted by the government, together with developments in the legal, regulatory, and political environment.

Because the Republic of Kazakhstan produces and exports large volumes of oil and gas, its economy is particularly sensitive to the price of oil and gas on the world market.

On 20 August 2015, the Government and the National Bank of Kazakhstan announced a transition to a new monetary policy based on free floating tenge exchange rate, and cancelled the currency corridor. The average rate of tenge to the US dollar in the morning trading session at the Kazakhstan Currency Exchange (KASE) on 20 August was formed at the level of 255.26 tenge to the US dollar compared 188.38 tenge on 19 August. At the present time it is impossible to determine the impact of this fact on the Kazakhstan economy and the banking system. Management believes it is taking all necessary measures to support the sustainability of the Group in these conditions.

16. TRANSACTIONS WITH RELATED PARTIES

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

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

	30 September 2015 (unaudited) (KZT million)		31 December 2014 (KZT million)	
	Related party balances	Total category as per financial statements caption	Related party balances	Total category as per financial statements caption
Loans and advances to banks and other financial institutions	-	308,156	3,531	208,550
- <i>associates</i>	-		3,531	
- <i>other related parties</i>	-		-	
Loans to customers	1,894,367	3,431,910	9	2,630,424
- <i>key management personnel of the entity or its parent</i>	6		9	
- <i>other related parties</i>	1,894,361		-	
Allowance for impairment losses on loans to customers	(30,380)	(182,458)	(2)	(508,276)
- <i>key management personnel of the entity or its parent</i>	-		(2)	
- <i>other related parties</i>	(30,380)		-	
Investments available for sale	349	40,023	-	94,606
- <i>other related parties</i>	349		-	
Loans and advances from banks and other financial institutions	-	64,787	20	682,856
- <i>associates</i>	-		20	
Customer accounts	103,490	2,915,385	6,079	2,264,140
- <i>parent company</i>	113		1,896	
- <i>key management personnel of the entity or its parent</i>	3,505		4,072	
- <i>other related parties</i>	99,872		111	
Other liabilities	9	32,952	-	48,049
- <i>other related parties</i>	9		-	
Guarantees issued and similar commitments	6,811	126,567	-	70,029
- <i>other related parties</i>	6,811		-	
Commitments on loans and unused credit lines	97	13,043	215	12,491
- <i>key management personnel of the entity or its parent</i>	97		215	

As at 30 September 2015, the amount of contingent liabilities on unused credit lines of related parties equals to KZT 326,190 million (31 December 2014: KZT 10 million).

Included in the interim consolidated statement of profit or loss for the three months ended 30 September 2015 and 2014 are the following amounts which arose due to transactions with related parties:

	For nine months ended 30 September 2015 (unaudited) (KZT million)		For nine months ended 30 September 2014 (unaudited) (KZT million)	
	Related party transactions	Total category as per financial statements caption	Related party transactions	Total category as per financial statements caption
Interest income	40,131	242,061	111	185,038
- entities with joint control or significant influence over the entity	12		-	
- key management personnel of the entity or its parent	1		111	
- other related parties	40,118		-	
Interest expense	(152)	(105,431)	(204)	(87,305)
- parent company	(3)		(87)	
- entities with joint control or significant influence over the entity	(19)		-	
- key management personnel of the entity or its parent	(125)		(116)	
- other related parties	(5)		(1)	
Operating expenses	(258)	(38,338)	(739)	(28,627)
- short-term employee benefits	(258)	(18,922)	(739)	(14,575)
Provision for impairment losses on interest bearing assets, other transactions, guarantees and other contingencies				(54,849)
	(26,913)	(67,553)	(108)	(54,849)
- key management personnel of the entity or its parent	(3)		(108)	
- other related parties	(26,910)		-	

Key management personnel compensation for the three and the nine months ended 30 September 2015 and 2014 is represented by short-term employee benefits.

As at 30 September 2015 and 31 December 2014, the Group does not pledge any assets in connection with guarantees issued to management.

17. SEGMENT REPORTING

Business segments

The Group presents operating segments on the basis of four main products.

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

	Retail banking	Corporate banking	Investment banking	Other	Unallocated	Eliminations	As at and for the nine months ended 30 September 2015
	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)
External interest income	41,987	185,485	14,380	209	-	-	242,061
Internal interest income	35,128	32,629	145,498	-	-	(213,255)	-
External interest expenses	(24,628)	(27,788)	(53,009)	(6)	-	-	(105,431)
Internal interest expenses	(21,276)	(112,794)	(79,185)	-	-	213,255	-
Net interest income before provision for impairment losses on interest bearing assets	31,211	77,532	27,684	203	-	-	136,630
(Provision)/recovery of provision for impairment losses on interest bearing assets	(4,766)	(58,951)	-	309	-	-	(63,408)
NET INTEREST INCOME	26,445	18,581	27,684	512	-	-	73,222
Net gain/(loss) on financial assets and liabilities at fair value through profit or loss	30	(1,894)	14,448	-	-	-	12,584
Net gain/(loss) on foreign exchange and precious metals operations	940	(25)	4,564	4	-	-	5,483
Fee and commission income	18,445	9,087	1,543	2,137	-	-	31,212
Fee and commission expense	(7,908)	(1,106)	(390)	(551)	-	-	(9,955)
Net realized gain/(loss) on investments available-for-sale	-	-	83	(265)	-	-	(182)
Dividend income	-	(9)	1,065	9	-	-	1,065
Other income	970	7,499	(2,426)	1,137	-	-	7,180
Impairment of assets classified as held for sale	-	(4,749)	-	-	-	-	(4,749)
NET NON-INTEREST EXPENSES	12,477	8,803	18,887	2,471	-	-	42,638
OPERATING EXPENSES	(18,544)	(15,139)	(2,760)	(1,895)	-	-	(38,338)
PROFIT BEFORE OTHER OPERATING PROVISIONS	20,378	12,245	43,811	1,088	-	-	77,522
Provision for impairment losses on other transactions	(9)	(1,426)	(16)	(3,007)	-	-	(4,458)
Recovery of provision for guarantees and other contingencies	-	313	-	-	-	-	313
PROFIT/(LOSS) BEFORE INCOME TAX	20,369	11,132	43,795	(1,919)	-	-	73,377
Loss from discontinued operations	(23,830)	(38,382)	(16,991)	-	-	-	(79,203)
Segment assets	264,285	3,145,269	942,236	201,615	13,203	(157,873)	4,408,735
Segment liabilities	1,234,723	1,815,474	1,054,943	62,435	554	(152,843)	4,015,286

	Retail banking	Corporate banking	Investment banking	Other	Unallocated	Eliminations	As at and for the nine months ended 30 September 2014 (unaudited) (KZT million)
	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	
External interest income	35,971	143,244	4,806	1,017	-	-	185,038
Internal interest income	39,592	32,475	157,961	-	-	(230,028)	-
External interest expenses	(28,225)	(27,360)	(31,719)	(1)	-	-	(87,305)
Internal interest expenses	(20,149)	(108,357)	(101,522)	-	-	230,028	-
Net interest income before provision for impairment losses on interest bearing assets	27,189	40,002	29,526	1,016	-	-	97,733
Provision for impairment losses on interest bearing assets	(9,026)	(46,248)	(882)	-	-	-	(56,156)
NET INTEREST INCOME	18,163	(6,246)	28,644	1,016	-	-	41,577
Net (loss)/gain on financial assets and liabilities at fair value through profit or loss	-	-	(8,942)	117	-	-	(8,825)
Net gain/(loss) on foreign exchange and precious metals operations	883	(731)	4,025	1,305	-	-	5,482
Fee and commission income	14,601	7,508	725	-	-	-	22,834
Fee and commission expense	(10,322)	(396)	(316)	(101)	-	-	(11,135)
Net realized loss on investments available-for-sale	-	-	(42)	(59)	-	-	(101)
Dividend income	-	110	1,144	55	-	-	1,309
Other (expenses)/income	(36)	1,776	230	2,009	-	-	3,979
NET NON-INTEREST INCOME/(EXPENSE)	5,126	8,267	(3,176)	3,326	-	-	13,543
OPERATING EXPENSES	(15,104)	(10,600)	(862)	(2,061)	-	-	(28,627)
PROFIT BEFORE OTHER OPERATING PROVISIONS	8,185	(8,579)	24,606	2,281	-	-	26,493
(Provision)/recovery of provision for impairment losses on other transactions	(1)	1,099	10	(1,562)	-	-	(454)
Recovery of provision for guarantees and other contingencies	-	1,761	-	-	-	-	1,761
PROFIT/(LOSS) BEFORE INCOME TAX	8,184	(5,719)	24,616	719	-	-	27,800
Loss from discontinued operations	50	(2,175)	1,752	-	-	-	(373)
Segment assets as at 31 December 2014	796,544	2,198,807	1,492,044	129,073	16,537	(385,928)	4,247,077
Segment liabilities as at 31 December 2014	1,043,437	1,897,175	1,684,900	19,693	2,602	(816,771)	3,831,036

18. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

The Group classifies its financial instruments using a fair value hierarchy that reflects the significance of the inputs used in measuring the fair value of those instruments. The fair value hierarchy has the following levels:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – 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 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

Financial assets/financial liabilities	Fair value hierarchy			Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	30 September 2015 (unaudited) (KZT million)	31 December 2014 (KZT million)				
1) Derivative financial assets (Note 11)	8,726	11,030	Level 2	Discounted cash flows. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.	N/A	N/A
2) Derivative financial assets (Note 11)	108,091	6,639	Level 3	Future cash flows in USD discounted using LIBOR rate obtained from available sources. Future cash flows in KZT discounted using internal rate of return, which was calculated based on LIBOR and foreign exchange rates obtained from available sources. The difference between net present values of these discounted cash flows should be equal to zero at initial recognition.	KZT implied rate	The greater KZT implied rate – the smaller fair value
3) Non-derivative financial assets at fair value through profit or loss (Note 11)						
Debt securities	121,975	112,276	Level 1	Quoted bid prices in an active market.	N/A	N/A
Debt securities	14	81	Level 3	Discounted cash flows based on contractual terms of debt securities and yield of similar instruments of counterparties with credit risk adjustment using internal model.	Credit risk adjustment based on internal model.	The greater the credit risk adjustment the lower the fair value of instrument.
Equity investments	34,913	45,901	Level 1	Quoted bid prices in an active market.	N/A	N/A
4) Investments available-for-sale	39,995	94,606	Level 1	Quoted bid prices in an active market.	N/A	N/A
	28	-	Level 3	The carrying value of shares on the basis of forecasted capital of the Joint Bank (Materials from the restructuring and integration of Banks plan)	The fair value adjustment is based on an individual approach due to the complex structure of the integration and the restructuring of banks	The increase in share capital increases the combined bank's share price
5) Derivative financial liabilities (Note 11)	45,684	20,791	Level 2	Discounted cash flows. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.	N/A	N/A

The table below summarizes the Group's financial assets and liabilities held at fair value by valuation methodology at 30 September 2015 and 31 December 2014, respectively:

		Level 1	Level 2	Level 3	30 September 2015
		(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	Total (unaudited) (KZT million)
Financial assets:					
Trading assets	Debt securities	121,975	-	14	121,989
	Equity investments	34,913	-	-	34,913
Derivative financial instruments	Foreign exchange and interest rate contracts	-	8,726	108,091	116,817
Investments available-for-sale	Debt securities	38,561	-	-	38,561
	Equity investments	1,434	-	28	1,462
Total		<u>196,883</u>	<u>8,726</u>	<u>108,133</u>	<u>313,742</u>
Financial liabilities:					
Derivative financial instruments	Foreign exchange and interest rate contracts	-	45,684	-	45,684
Total		<u>-</u>	<u>45,684</u>	<u>-</u>	<u>45,684</u>
		Level 1	Level 2	Level 3	31 December 2014
		(KZT million)	(KZT million)	(KZT million)	Total (KZT million)
Financial assets:					
Trading assets	Debt securities	112,276	-	81	112,357
	Equity investments	45,901	-	-	45,901
Derivative financial instruments	Foreign exchange and interest rate contracts	-	11,030	6,639	17,669
Investments available-for-sale	Debt securities	91,569	-	-	91,569
	Equity investments	3,037	-	-	3,037
Total		<u>252,783</u>	<u>11,030</u>	<u>6,720</u>	<u>270,533</u>
Financial liabilities:					
Derivative financial instruments	Foreign exchange and interest rate contracts	-	20,791	-	20,791
Total		<u>-</u>	<u>20,791</u>	<u>-</u>	<u>20,791</u>

There were no transfers of financial instruments between Level 1 and 2 during the nine months ended 30 September 2015 and year ended 31 December 2014.

Reconciliation from the beginning balances to the ending balances in Level 3 of fair value hierarchy for financial assets measured at fair value on recurring basis for the 30 September 2015 and 31 December 2014 was presented as follows:

	Financial assets at fair value through profit or loss		Investments available-for-sale	Total
	Trading assets Debt securities	Derivative financial instruments	Equity investments	
31 December 2013	87	-	-	87
Additions	-	9,852	-	9,852
Total gains or losses - to profit or loss	16	(3,213)	-	(3,197)
Redemption	(4)	-	-	(4)
Business combination	(18)	-	-	(18)
31 December 2014	<u>81</u>	<u>6,639</u>	<u>-</u>	<u>6,720</u>
Additions	-	-	81	81
Total gains or losses - to profit or loss	-	101,452	(53)	101,399
Maturity (change on equity investments)	(81)	-	-	(81)
Disposal of subsidiary	14	-	-	14
30 September 2015 (unaudited)	<u>14</u>	<u>108,091</u>	<u>28</u>	<u>108,133</u>

As at 30 September 2015 and 31 December 2014, the Group used quoted market prices from independent information sources for all of its financial assets at fair value through profit or loss, with the exception of derivative financial instruments, which are valued using valuation models based on market data and unobservable data, and certain debt securities, which are valued using valuation models not based on observable market data.

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

The following methods and assumptions are used by the Group to estimate the fair value of financial instruments not measured at fair value:

Loans and advances to and from banks and other financial institutions and other borrowed funds – for assets and liabilities maturing within three months, the carrying amount approximates fair value due to the relatively short-term maturity of these financial instruments. For the assets and liabilities maturing in over three months, the fair value in relation to repurchase and reverse repurchase agreements was estimated as the fair value of collateral pledged and received. For all other loans and advances and other borrowed funds the fair value is estimated as the present value of estimated future cash flows discounted at the appropriate year-end market rates and making adjustments for credit risk of the Group or counterparty.

Loans to customers – the estimate was made by discounting the scheduled future cash flows of the individual loans through the estimated maturity using market rates as at the respective year-end.

Debt securities issued – market values have been used, where available, to determine the fair value of debt securities traded on an active market.

Subordinated debt – market values have been used, where available, to determine the fair value of subordinated bonds issued and perpetual debt.

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

	30 September 2015 (unaudited)		31 December 2014	
	Carrying Amount	Fair value	Carrying amount	Fair value
	(KZT million)		(KZT million)	
Financial assets:				
Loans to customers	3,249,452	3,283,563	2,122,148	2,227,656
Bonds of JSC National Welfare Fund Samruk-Kazyna	-	-	659,116	665,099
Investments held to maturity	26,792	26,176	18,440	18,482
Financial liabilities:				
Customer accounts	2,915,385	2,920,663	2,264,140	2,283,364
Debt securities issued	676,136	679,216	416,920	390,566
Other borrowed funds	79,194	51,620	216,693	218,110
Subordinated debt	151,631	139,669	122,856	107,623

	30 September 2015 (unaudited)			
	Level 1 (KZT million)	Level 2 (KZT million)	Level 3 (KZT million)	Total (KZT million)
Financial assets:				
Loans to customers	-	-	3,283,563	3,283,563
Investments held to maturity	26,176	-	-	26,176
Financial liabilities:				
Customer accounts	-	2,920,663	-	2,920,663
Debt securities issued	679,216	-	-	679,216
Other borrowed funds	-	51,620	-	51,620
Subordinated debt	139,669	-	-	139,669
	31 December 2014			
	Level 1 (KZT million)	Level 2 (KZT million)	Level 3 (KZT million)	Total (KZT million)
Financial assets:				
Loans to customers	-	-	2,227,656	2,227,656
Bonds of JSC National Welfare Fund Samruk- Kazyna	-	665,099	-	665,099
Investments held to maturity	18,482	-	-	18,482
Financial liabilities:				
Customer accounts	-	2,283,364	-	2,283,364
Debt securities issued	390,566	-	-	390,566
Other borrowed funds	-	218,110	-	218,110
Subordinated debt	107,623	-	-	107,623

Financial assets and liabilities at fair value through profit or loss and investments available-for-sale are carried at fair value in the interim consolidated statement of financial position. The carrying amounts of cash and balances with national (central) banks, other financial assets and other financial liabilities, loans and advances to banks and other financial institutions and loans and advances from banks and financial institutions approximates fair value due to the short-term nature and concluding of such financial instruments contracts on market terms.

19. SUBSEQUENT EVENTS

On 16 October 2015, JSC Kazkommertsbank received a loan from JSC Entrepreneurship Development Fund DAMU in the amount of KZT 22,671 million to finance small and medium enterprises. Amounts are received for 5-year term within the investment program of Asian Development Bank (third tranche). The term of primary credit line disbursement is until 1 September 2016.

On 21 and 30 October 2015, through specialized trades, the Bank placed subordinated bonds on KASE, maturing in October 2025, with a yield to maturity of 9.7% per annum, in the total nominal amount of KZT 101,144 million.

On 3 November 2015, the Bank repaid Eurobonds issued in November 2005, with the initial placement amount of USD 500 million. Repayment of Eurobonds was carried out by the Bank's own funds.