

JOINT STOCK COMPANY KAZKOMMERTSBANK

Interim Condensed Consolidated Financial Information

For the nine months ended 30 September 2014
(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 NINE MONTHS ENDED 30 SEPTEMBER 2014 (UNAUDITED)

Management is responsible for the preparation of the interim condensed consolidated financial information that presents fairly the financial position of the Joint Stock Company Kazkommertsbank ("the Bank") and its subsidiaries ("the Group") as at 30 September 2014 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 Nine months ended 30 September 2014 was approved by the Management Board of JSC Kazkommertsbank on 24 November 2014.

On behalf of the Management Board of the Bank:


Zhussupova N.A.
Chairperson of the Board

24 November 2014
Almaty


Shoinbekova G.K.
Chief Accountant

24 November 2014
Almaty

JOINT STOCK COMPANY KAZKOMMERTSBANK

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE THREE AND THE NINE MONTHS ENDED 30 SEPTEMBER 2014 (UNAUDITED)

	Notes	Three months ended 30 September 2014 (unaudited) (KZT million)	Three months ended 30 September 2013 (unaudited) (KZT million)	Nine months ended 30 September 2014 (unaudited) (KZT million)	Nine months ended 30 September 2013 (unaudited) (KZT million)
Interest income	14	96,632	59,341	215,876	173,970
Interest expense	14	(50,386)	(27,389)	(108,111)	(82,270)
NET INTEREST INCOME BEFORE PROVISION FOR IMPAIRMENT LOSSES ON INTEREST BEARING ASSETS		46,246	31,952	107,765	91,700
Provision for impairment losses on interest bearing assets	4, 14	(31,752)	(20,278)	(59,112)	(57,779)
NET INTEREST INCOME		14,494	11,674	48,653	33,921
Net gain/(loss) on financial assets and liabilities at fair value through profit or loss	5	(3,069)	4,629	(6,747)	3,062
Net gain/(loss) on foreign exchange and precious metals operations		9,272	(3,116)	1,483	653
Fee and commission income		12,319	8,218	27,044	22,938
Fee and commission expense		(7,297)	(1,837)	(12,815)	(6,211)
Net realized (loss)/gain on investments available-for-sale		1,146	111	1,086	182
Dividend income		120	39	1,393	291
Other income		5,782	468	6,762	6,873
NET NON-INTEREST INCOME/(EXPENSE)		18,273	8,512	18,206	27,788
OPERATING EXPENSES	6, 14	(23,442)	(7,861)	(40,731)	(23,918)
PROFIT BEFORE OTHER OPERATING PROVISIONS		9,325	12,325	26,128	37,791
Provision for impairment losses on other transactions	14	232	(370)	(374)	(5,488)
Recovery of provision/(provision) for guarantees and other contingencies	14	149	(888)	1,735	(3,241)
Share in results of associates		(22)	-	(22)	-
PROFIT BEFORE INCOME TAX		9,684	11,067	27,467	29,062
Income tax expense	7	(3,546)	(3,426)	(7,456)	(6,668)
NET PROFIT		6,138	7,641	20,011	22,394
Attributable to:					
Ordinary shareholders of the Parent		5,200	6,659	17,474	19,533
Preference shareholders of the Parent		654	867	2,138	2,555
Non-controlling interest		284	115	399	306
		6,138	7,641	20,011	22,394
EARNINGS PER SHARE <i>Basic and diluted (KZT)</i>	8	7.17	8.56	22.95	25.11

On behalf of the Management Board of the Bank:

Zhussupova N.A.
Chairperson of the Board

24 November 2014
Almaty

Shoibekova G.K.
Chief Accountant

24 November 2014
Almaty

The notes on pages 10-28 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 2014 (UNAUDITED)

	Three months ended 30 September 2014 (unaudited) (KZT million)	Three months ended 30 September 2013 (unaudited) (KZT million)	Nine months ended 30 September 2014 (unaudited) (KZT million)	Nine months ended 30 September 2013 (unaudited) (KZT million)
NET PROFIT FOR THE PERIOD	6,138	7,641	20,011	22,394
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Net loss resulting on revaluation of property	927	178	917	165
Income tax	(40)	(27)	(14)	(20)
Parent's share from revaluation of associated companies reserves	(1)	-	(1)	-
	886	151	902	145
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	(1,567)	453	2,538	(713)
Net gain/(loss) resulting on revaluation of available-for-sale investments during the period	(189)	(8)	(263)	(13)
Reclassification adjustment relating to available-for-sale investments disposed of in the period	(1,146)	(111)	(1,086)	(182)
Net (loss)/gain on cash flows hedges	(81)	(37)	(162)	425
Income tax	23	37	46	(63)
Parent's share from revaluation of associated companies reserves	8	-	8	-
	(2,952)	334	1,081	(546)
OTHER COMPREHENSIVE INCOME/(LOSS) AFTER INCOME TAX	(2,066)	485	1,983	(401)
TOTAL COMPREHENSIVE INCOME	4,072	8,126	21,994	21,993
Attributable to:				
Ordinary shareholders of the Parent	3,078	7,079	18,843	19,207
Preference shareholders of the Parent	326	934	2,359	2,504
Non-controlling interest	668	113	792	282
TOTAL COMPREHENSIVE INCOME	4,072	8,126	21,994	21,993

On behalf of the Management Board of the Bank:

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Chairperson of the Board

24 November 2014
Almaty

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Chief Accountant

24 November 2014
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JOINT STOCK COMPANY KAZKOMMERTSBANK

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2014 (UNAUDITED)

	Notes	30 September 2014 (unaudited) (KZT million)	31 December 2013 (KZT million)
ASSETS:			
Cash and balances with national (central) banks	9	203,042	191,687
PRECIOUS METALS		2,683	2,491
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	10	195,271	121,855
Loans and advances to banks and other financial institutions		114,511	139,743
Loans to customers	11, 14	2,560,498	1,900,993
Bonds of JSC National Welfare Fund Samruk-Kazyna		649,441	-
Investments available-for-sale		46,391	21,249
Investments held to maturity		13,408	6,503
Investments in associates		10,822	-
Goodwill		999	-
Investment property		62,662	38,849
Property, equipment and intangible assets		49,432	32,688
Deferred income tax assets	7	5,315	1,730
Other assets		219,310	128,504
TOTAL ASSETS		4,133,785	2,586,292
LIABILITIES AND EQUITY			
LIABILITIES:			
Loans and advances from banks and other financial institutions	14	592,096	97,955
Customer accounts	12, 14	2,307,619	1,682,035
Financial liabilities at fair value through profit or loss	10	14,859	2,296
Debt securities issued		363,374	253,311
Other borrowed funds		207,839	15,437
Provisions		51,371	19,811
Dividends payable		688	6
Other liabilities		60,217	18,074
		3,598,063	2,088,925
Subordinated debt		122,654	125,160
Total liabilities		3,720,717	2,214,085
EQUITY:			
Equity attributable to equity holders of the Parent:			
Issued and outstanding share capital		7,918	8,999
Share premium reserve		144,093	194,676
Property and equipment revaluation reserve		5,831	5,779
Other reserves		182,199	161,050
Total equity attributable to equity holders of the Parent		340,041	370,504
Non-controlling interest		73,027	1,703
Total equity		413,068	372,207
TOTAL LIABILITIES AND EQUITY		4,133,785	2,586,292

On behalf of the Management Board of the Bank:

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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	Statutory reserves ^{1*}	Retained earnings ¹	Total equity attributable to equity holders of the Parent	Non-controlling interest	Total equity
	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)
31 December 2012	9,044	(36)	194,721	5,808	(98)	121	591	802	108,001	318,954	1,315	320,269
Net profit	-	-	-	-	-	-	-	-	22,088	22,088	306	22,394
Other comprehensive (loss)/income	-	-	-	145	(170)	(689)	337	-	-	(377)	(24)	(401)
Total comprehensive (loss)/income	-	-	-	145	(170)	(689)	337	-	22,088	21,711	282	21,993
Transfer to statutory reserve	-	-	-	-	-	-	-	(802)	802	-	-	-
Sale/(repurchase) of treasury shares	-	(13)	(148)	-	-	-	-	-	-	(161)	-	(161)
Release of property and equipment revaluation reserve due to depreciation and disposal of previously revalued assets	-	-	-	(153)	-	-	-	-	153	-	-	-
30 September 2013 (unaudited)	<u>9,044</u>	<u>(49)</u>	<u>194,573</u>	<u>5,800</u>	<u>(268)</u>	<u>(568)</u>	<u>928</u>	<u>-</u>	<u>131,044</u>	<u>340,504</u>	<u>1,597</u>	<u>342,101</u>

JOINT STOCK COMPANY KAZKOMMERTSBANK

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED) 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
Purchase 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	-	-	-	-	-	-	-	-	-	71,656	71,656
Decrease in non-controlling interest as a result of dividend payment	-	-	-	-	-	-	-	-	-	(1,124)	(1,124)
30 September 2014 (unaudited)	9,044	(1,126)	144,093	5,831	(768)	1,054	766	181,147	340,041	73,027	413,068

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.

²Statutory reserve was cancelled by NBRK effective from 1 January 2013.

On behalf of the Management Board of the Bank:

Zhussupova N.A.
Chairperson of the Board

24 November 2014
Almaty

Shoinbekova G.K.
Chief Accountant

24 November 2014
Almaty

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JOINT STOCK COMPANY KAZKOMMERTSBANK

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2014 (UNAUDITED)

	Nine months ended 30 September 2014 (unaudited) (KZT million)	Nine months ended 30 September 2013 (unaudited) (KZT million)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Interest received on loans and advances to banks and other financial institutions	1,758	1,046
Interest received from financial assets at fair value through profit or loss	4,546	4,881
Interest received from loans to customers	139,761	122,008
Interest received from bonds issued by JSC Samruk-Kazyna	19,350	-
Interest received from investments available-for-sale	1,968	872
Interest received from investments held to maturity	184	187
Interest paid on loans and advances from banks and other financial institutions	(11,847)	(2,145)
Interest paid on customer accounts	(68,373)	(56,080)
Interest paid on debt securities issued	(16,824)	(15,358)
Interest paid on other borrowed funds	(4,838)	(1,002)
Interest paid on subordinated debt	(5,252)	(4,952)
Fee and commission received	27,416	22,847
Fee and commission paid	(12,817)	(6,210)
Other income received	6,982	6,801
Operating expenses paid	(38,168)	(21,537)
Cash inflow from operating activities before changes in operating assets and liabilities	43,846	51,358
Changes in operating assets and liabilities (Increase)/decrease in operating assets:		
Funds deposited with National Bank of the Republic of Kazakhstan	(993)	(4,860)
Funds deposited with Central Bank of the Russian Federation	278	945
Funds deposited with National Bank of the Kyrgyz Republic	(52)	(34)
Funds deposited with National Bank of Tajikistan	(18)	(24)
Funds deposited with National Bank of Belarus	(8)	-
Precious metals	(193)	1,023
Financial assets at fair value through profit or loss	(4,717)	(17,068)
Loans and advances to banks and other financial institutions	36,797	6,456
Loans to customers	(3,929)	(41,561)
Other assets	20,635	(15,348)
Increase/(decrease) in operating liabilities:		
Loans and advances from banks and other financial institutions	(7,948)	(28,445)
Customer accounts	(81,216)	204,523
Other liabilities	13,415	11,773
Cash inflow from operating activities before taxation	15,897	168,738
Income tax paid	(11,224)	(5,833)
Net cash inflow from operating activities	4,673	162,905

JOINT STOCK COMPANY KAZKOMMERTSBANK

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED) FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2014 (UNAUDITED)

	Nine months ended 30 September 2014 (unaudited) (KZT million)	Nine months ended 30 September 2013 (unaudited) (KZT million)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, equipment and intangible assets	(6,707)	(2,952)
Proceeds on sale of property, equipment and intangible assets	165	43
Dividends received	1,393	291
Proceeds on acquisition of subsidiary	20,595	-
Proceeds on sale of investments available-for-sale	8,056	3,679
Purchase of investments available-for-sale	(16,894)	(7,360)
Purchase of investment property	(21,022)	-
Proceeds on sale of investment property	107	-
Purchase of investments held to maturity	-	(482)
Proceeds on maturity of investments held to maturity	912	180
	<u>(13,395)</u>	<u>(6,601)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repurchase of treasury shares	(51,665)	(161)
Proceeds from debt securities issued	3,059	1,830
Repurchase and repayment of debt securities issued	(36,814)	(51,983)
Proceeds from other borrowed funds	20,000	-
Repayment of other borrowed funds	(5,732)	(2,956)
Payment of dividends	(1,794)	-
	<u>(72,946)</u>	<u>(53,270)</u>
Net cash inflow/(outflow) from investing activities	<u>(13,395)</u>	<u>(6,601)</u>
Net cash outflow from financing activities	<u>(72,946)</u>	<u>(53,270)</u>
Effect of changes in foreign exchange rate on cash and cash equivalents	<u>24,785</u>	<u>3,878</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>(56,883)</u>	<u>106,912</u>
CASH AND CASH EQUIVALENTS, beginning of period (Note 9)	<u>274,985</u>	<u>188,932</u>
CASH AND CASH EQUIVALENTS, end of period (Note 9)	<u><u>218,102</u></u>	<u><u>295,844</u></u>

On behalf of the Management Board of the Bank:



Zhussupova N.A.
Chairperson of the Board

24 November 2014
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