

**Nurbank JSC**

Consolidated Interim Condensed  
Financial Statements  
for the six-month period ended  
30 June 2014

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## Independent Auditors' Report on Review of Consolidated Interim Condensed Financial Information

To the Board of Directors and Management Board of Nurbank JSC

### Introduction

We have reviewed the accompanying consolidated condensed statement of financial position of Nurbank JSC and its subsidiaries as at 30 June 2014, and the related consolidated condensed statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month periods ended 30 June 2014 and 30 June 2013, and notes to the consolidated interim condensed financial information (the "consolidated interim condensed financial information"). Management is responsible for the preparation and presentation of this consolidated interim condensed financial information in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this consolidated interim condensed 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 consolidated interim condensed 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 consolidated interim condensed financial information as at 30 June 2014 and for the six-month periods ended 30 June 2014 and 30 June 2013 is not prepared, in all material respects, in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.



KPMG Audit LLC

13 November 2014

*Nurbank JSC*  
*Consolidated Interim Condensed Statement of Profit or Loss and Other Comprehensive Income*  
*for the six-month period ended 30 June 2014*


	Note	Unaudited Six-month period ended 30 June 2014 KZT'000	Unaudited Six-month period ended 30 June 2013 KZT'000
<b>Continuing operations</b>			
Interest income	4	13,828,447	11,495,136
Interest expense	4	(5,981,147)	(5,518,514)
<b>Net interest income</b>		<b>7,847,300</b>	<b>5,976,622</b>
Fee and commission income		1,491,825	927,400
Fee and commission expense		(122,266)	(239,329)
<b>Net fee and commission income</b>		<b>1,369,559</b>	<b>688,071</b>
Net gain on financial instruments at fair value through profit or loss		243,899	53,807
Net foreign exchange (loss)/gain		(976,122)	273,784
Net gain on available-for-sale financial assets		68,676	51,745
Net income from insurance operations		205,745	120,941
Other operating income		214,969	92,974
<b>Operating income</b>		<b>8,974,026</b>	<b>7,257,944</b>
Impairment losses and provision expenses	5	(3,879,946)	(34,459,806)
Personnel expenses		(2,446,506)	(1,994,960)
Other general administrative expenses		(2,277,299)	(1,848,924)
<b>Profit/(loss) before income tax</b>		<b>370,275</b>	<b>(31,045,746)</b>
Income tax (expense)/benefit	6	(371)	5,406
<b>Profit/(loss) for the period from continuing operations</b>		<b>369,904</b>	<b>(31,040,340)</b>
(Loss)/profit for the period from discontinued operations (net of income tax)	20	(342,273)	774,785
<b>Profit/(loss) for the period</b>		<b>27,631</b>	<b>(30,265,555)</b>
<b>Profit/(loss) attributable to:</b>			
- Equity holders of the Bank		24,939	(30,287,858)
- Non-controlling interests		2,692	22,303
<b>Profit/(loss) for the period</b>		<b>27,631</b>	<b>(30,265,555)</b>

The consolidated interim condensed statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to, and forming part of, the consolidated interim condensed financial statements.

*Nurbank JSC*  
*Consolidated Interim Condensed Statement of Profit or Loss and Other Comprehensive Income*  
*for the six-month period ended 30 June 2014*

	Unaudited Six-month period ended 30 June 2014 KZT'000	Unaudited Six-month period ended 30 June 2013 KZT'000
<b>Other comprehensive income/(loss)</b>		
<i>Items that are or may be reclassified subsequently to profit or loss:</i>		
Revaluation reserve for available-for-sale financial assets:		
- Net change in fair value	494,469	(131,059)
- Net change in fair value transferred to profit or loss	(80,107)	36,008
<i>Total items that are or may be reclassified subsequently to profit or loss</i>	<u>414,362</u>	<u>(95,051)</u>
<b>Other comprehensive income/(loss) for the period</b>	<b>414,362</b>	<b>(95,051)</b>
<b>Total comprehensive income/(loss) for the period</b>	<b>441,993</b>	<b>(30,360,606)</b>
<b>Total comprehensive income/(loss) attributable to:</b>		
- Equity holders of the Bank	438,576	(30,387,284)
- Non-controlling interests	3,417	26,678
<b>Total comprehensive income/(loss) for the period</b>	<b>441,993</b>	<b>(30,360,606)</b>
Earnings/(loss) per ordinary share, in KZT	15	2
	<u>2</u>	<u>(2,877)</u>

The consolidated interim condensed financial statements as set out on pages 4 to 32 were approved by management on 13 November 2014 and were signed on its behalf by:

  
 Akhmetov S.K.  
*Acting Chairman of the Board*



  
 Filatova A.I.  
*Chief Accountant*

*Nurbank JSC*  
*Consolidated Interim Condensed Statement of Financial Position as at 30 June 2014*

	<b>Note</b>	<b>Unaudited 30 June 2014 KZT'000</b>	<b>31 December 2013 KZT'000</b>
<b>ASSETS</b>			
Cash and cash equivalents	7	45,064,939	29,471,147
Financial instruments at fair value through profit or loss		1,214,366	1,211,643
Available-for-sale financial assets	8	38,844,336	38,659,862
Deposits and balances with banks and other financial institutions		1,890,547	2,344,059
Loans to customers	9	174,440,349	151,732,916
Current tax asset		101,323	100,147
Property and equipment		3,758,723	3,896,459
Deferred tax asset		3,614,858	3,616,271
Other assets	10	15,135,184	14,569,368
<b>Total assets</b>		<b>284,064,625</b>	<b>245,601,872</b>
<b>LIABILITIES</b>			
Loans from the Government of the Republic of Kazakhstan		6,070,413	6,585,642
Deposits and balances from banks and other financial institutions	11	3,435,859	1,057,064
Current accounts and deposits from customers	12	186,297,195	152,139,857
Debt securities issued		34,811,347	34,700,351
Subordinated debt		7,223,205	7,073,629
Other liabilities	13	6,816,119	5,006,076
<b>Total liabilities</b>		<b>244,654,138</b>	<b>206,562,619</b>
<b>EQUITY</b>			
Share capital	14	127,611,241	127,611,241
Treasury shares		(295,204)	(275,253)
Additional paid-in capital		100	100
Dynamic reserve		4,380,918	4,380,918
Revaluation reserve for available-for-sale financial assets		(438,162)	(851,799)
Revaluation reserve for land and buildings		963,049	970,879
Reserve for general insurance risks		89,571	103,421
Accumulated losses		(93,085,276)	(93,131,895)
<b>Total equity attributable to equity holders of the Bank</b>		<b>39,226,237</b>	<b>38,807,612</b>
Non-controlling interests		184,250	231,641
<b>Total equity</b>		<b>39,410,487</b>	<b>39,039,253</b>
<b>Total liabilities and equity</b>		<b>284,064,625</b>	<b>245,601,872</b>

The consolidated interim condensed statement of financial position is to be read in conjunction with the notes to, and forming part of, the consolidated interim condensed financial statements.

	<b>Unaudited Six-month period ended 30 June 2014 KZT'000</b>	<b>Unaudited Six-month period ended 30 June 2013 KZT'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Interest receipts	9,563,547	7,089,567
Interest payments	(5,738,256)	(5,028,215)
Fee and commission receipts	1,505,345	927,400
Fee and commission payments	(122,266)	(239,329)
Net receipts from financial instruments at fair value through profit or loss	221,961	26,530
Net (payments)/receipts from foreign exchange	(178,614)	152,360
Other operating income receipts	214,969	92,974
Personnel expenses payments	(2,381,862)	(1,994,960)
Other general administrative expenses payments	(1,303,362)	(814,491)
<b>(Increase)/decrease in operating assets</b>		
Financial instruments at fair value through profit or loss	(5,562)	3,841
Deposits and balances with banks and other financial institutions	499,491	(1,957,526)
Loans to customers	(20,669,316)	1,862,681
Other assets	166,149	223,038
<b>Increase/(decrease) in operating liabilities</b>		
Loans from the Government of the Republic of Kazakhstan	813,635	(1,105,704)
Deposits and balances from banks and other financial institutions	2,360,368	794,620
Current accounts and deposits from customers	26,674,468	11,818,786
Other liabilities	80,610	184,840
<b>Cash flows from operations</b>	<b>11,701,305</b>	<b>12,036,412</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of available-for-sale financial assets	(6,723,254)	(6,130,065)
Sale and repayment of available-for-sale financial assets	8,489,750	2,415,281
Purchases of property, equipment and intangible assets	(65,318)	(78,065)
<b>Cash flows from/(used in) investing activities</b>	<b>1,701,178</b>	<b>(3,792,849)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repurchase of own shares	(19,951)	-
Redemption of subordinated debt	-	(2,266,558)
Proceeds from debt securities issued	106,280	16,923,934
<b>Cash flows from financing activities</b>	<b>86,329</b>	<b>14,657,376</b>
<b>Net increase in cash and cash equivalents</b>	<b>13,488,812</b>	<b>22,900,939</b>
Effect of changes in exchange rates on cash and cash equivalents	2,104,980	29,368
Cash and cash equivalents as at the beginning of the period	29,471,147	23,502,928
<b>Cash and cash equivalents as at the end of the period (Note 7)</b>	<b>45,064,939</b>	<b>46,433,235</b>

The consolidated interim condensed statement of cash flows is to be read in conjunction with the notes to, and forming part of, the consolidated interim condensed financial statements.

	Attributable to equity holders of the Bank										
	Share capital	Treasury shares	Additional paid-in capital	Revaluation reserve for available-for-sale financial assets	Revaluation reserve for land and buildings	Reserve for general insurance risks	Dynamic reserve	Accumulated losses	Total	Non-controlling interests	Total equity
<b>KZT'000</b>											
Balance as at 1 January 2014	127,611,241	(275,253)	100	(851,799)	970,879	103,421	4,380,918	(93,131,895)	38,807,612	231,641	39,039,253
<b>Total comprehensive income</b>											
Profit for the period (unaudited)	-	-	-	-	-	-	-	24,939	24,939	2,692	27,631
<b>Other comprehensive income</b>											
<i>Items that are or may be reclassified subsequently to profit or loss:</i>											
Net change in fair value of available-for-sale financial assets (unaudited)	-	-	-	493,744	-	-	-	-	493,744	725	494,469
Net change in fair value of available-for-sale financial assets transferred to profit or loss (unaudited)	-	-	-	(80,107)	-	-	-	-	(80,107)	-	(80,107)
<i>Total items that are or may be reclassified subsequently to profit or loss (unaudited)</i>	-	-	-	413,637	-	-	-	-	413,637	725	414,362
Total other comprehensive income (unaudited)	-	-	-	413,637	-	-	-	-	413,637	725	414,362
<b>Total comprehensive income for the period (unaudited)</b>	-	-	-	413,637	-	-	-	24,939	438,576	3,417	441,993
<b>Transactions with owners, recorded directly in equity</b>											
Treasury shares acquired (unaudited)	-	(19,951)	-	-	-	-	-	-	(19,951)	(50,808)	(70,759)
<b>Other movements in equity</b>											
Transfer of revaluation surplus as a result of depreciation and disposals (unaudited)	-	-	-	-	(7,830)	-	-	7,830	-	-	-
Transfer of insurance reserve (unaudited)	-	-	-	-	-	(13,850)	-	13,850	-	-	-
<b>Balance as at 30 June 2014 (unaudited)</b>	<b>127,611,241</b>	<b>(295,204)</b>	<b>100</b>	<b>(438,162)</b>	<b>963,049</b>	<b>89,571</b>	<b>4,380,918</b>	<b>(93,085,276)</b>	<b>39,226,237</b>	<b>184,250</b>	<b>39,410,487</b>

The consolidated interim condensed statement of changes in equity is to be read in conjunction with the notes to, and forming part of, the consolidated interim condensed financial statements.



	Attributable to equity holders of the Bank									
	Share capital	Treasury shares	Additional paid-in capital	Revaluation reserve for available-for-sale financial assets	Revaluation reserve for land and buildings	Reserve for general insurance risks	Accumulated losses	Total	Non-controlling interests	Total equity
<b>KZT'000</b>										
Balance as at 1 January 2013	127,611,241	(275,253)	100	(449,249)	986,538	127,176	(56,473,889)	71,526,664	230,204	71,756,868
<b>Total comprehensive income</b>										
Loss for the period (unaudited)	-	-	-	-	-	-	(30,287,858)	(30,287,858)	22,303	(30,265,555)
<b>Other comprehensive income/(loss)</b>										
<i>Items that are or may be reclassified subsequently to profit or loss:</i>										
Net change in fair value of available-for-sale financial assets (unaudited)	-	-	-	(130,865)	-	-	-	(130,865)	(194)	(131,059)
Net change in fair value of available-for-sale financial assets transferred to profit or loss (unaudited)	-	-	-	31,439	-	-	-	31,439	4,569	36,008
<i>Total items that are or may be reclassified subsequently to profit or loss (unaudited)</i>	-	-	-	(99,426)	-	-	-	(99,426)	4,375	(95,051)
Total other comprehensive income/(loss) (unaudited)	-	-	-	(99,426)	-	-	-	(99,426)	4,375	(95,051)
<b>Total comprehensive loss for the period (unaudited)</b>	-	-	-	(99,426)	-	-	(30,287,858)	(30,387,284)	26,678	(30,360,606)
<b>Other movements in equity</b>										
Transfer of revaluation surplus as a result of depreciation and disposals (unaudited)	-	-	-	-	(7,830)	-	7,830	-	-	-
Transfer of insurance reserve (unaudited)	-	-	-	-	-	(127,176)	127,176	-	-	-
<b>Balance as at 30 June 2013 (unaudited)</b>	<b>127,611,241</b>	<b>(275,253)</b>	<b>100</b>	<b>(548,675)</b>	<b>978,708</b>	<b>-</b>	<b>(86,626,741)</b>	<b>41,139,380</b>	<b>256,882</b>	<b>41,396,262</b>

The consolidated interim condensed statement of changes in equity is to be read in conjunction with the notes to, and forming part of, the consolidated interim condensed financial statements.

## 1 Background

### (a) Organisation and operations

These consolidated interim condensed financial statements include the financial statements of Nurbank JSC (the “Bank”) and its subsidiaries (together referred to as the “Group”). The principal subsidiaries include insurance, leasing, brokerage companies and a pension fund.

The Bank was established in the Republic of Kazakhstan in 1993. The principal activities are deposit taking and customer account maintenance, lending, issuing guarantees, cash and settlement operations and transactions with securities and foreign exchange.

The activities of the Bank are regulated by the National Bank of the Republic of Kazakhstan (the “NBRK”) and Committee for the control and supervision of the financial market and financial organisations of the National Bank of the Republic of Kazakhstan (the “FMSC”).

The Bank has a general banking license #1.2.15/193 dated 28 October 2014, and is a member of the the Kazakhstan Deposit Insurance Fund.

The Bank’s registered office is 51-53 Abylai Khan st., 050004, Almaty, Republic of Kazakhstan.

As at 30 June 2014 the Bank has 16 branches and 61 cash settlement units (31 December 2013: 16 branches and 58 cash settlement units). The majority of the assets and liabilities are located in the Republic of Kazakhstan.

The subsidiaries are as follows:

Name	Country of incorporation	Principal activities	Ownership %	
			30 June 2014	31 December 2013
APF Atameken JSC	Kazakhstan	Pension asset management	95.92	94.79
Leasing Company Nur-Leasing LLC	Kazakhstan	Leasing	100.00	100.00
Insurance Company Nurpolicy LLC	Kazakhstan	Insurance	100.00	100.00
Money Experts JSC	Kazakhstan	Brokerage	100.00	100.00

The Group is ultimately controlled by a single individual, Mrs. Sarsenova S. T., who has the power to direct the transactions of the Group at her own discretion and for her own benefit.

As a result of changes in the Kazakhstan pension legislation in December 2013 Subsidiary of “Nurbank” JSC “Atameken” Accumulated Pension Fund JSC (the “Fund”) transferred all pension assets that were under its management to the State-owned United Accumulative Pension Fund JSC. The transfer resulted in discontinuation of a significant part of the Group’s operations (Note 20).

Following the transfer managing the Fund’s own investment portfolio became its primarily business activity. Currently the process of evaluation of different alternative business strategies, including complete liquidation of the Fund is taking place but no final decision is yet taken.

On 19 March 2014 the Fund ceased its license on pension asset management.

### (b) Kazakhstan business environment

The Group’s operations are primarily located in Kazakhstan. Consequently, the Group is exposed to the economic and financial markets of Kazakhstan which display characteristics of an emerging market. The legal, tax and regulatory frameworks continue development, but are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments contribute to the challenges faced by entities operating in Kazakhstan. The consolidated interim condensed financial statements reflect management’s assessment of the impact of the Kazakhstan business environment on the operations and the financial position of the Group. The future business environment may differ from management’s assessment.

## 2 Basis of preparation

### (a) Statement of compliance

The accompanying consolidated interim condensed financial statements are prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*.

### (b) Basis of measurement

The consolidated interim condensed financial statements are prepared on the historical cost basis except that financial instruments at fair value through profit or loss and available-for-sale financial assets are stated at fair value, and land and buildings are stated at revalued amounts.

### (c) Functional and presentation currency

The functional currency of the Bank and its subsidiaries is the Kazakhstan tenge (KZT) as, being the national currency of the Republic of Kazakhstan, it reflects the economic substance of the majority of underlying events and circumstances relevant to the Group.

The KZT is also the presentation currency for the purposes of these consolidated interim condensed financial statements.

Financial information presented in KZT is rounded to the nearest thousand.

### (d) Use of estimates and judgments

The preparation of consolidated interim condensed financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results could differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In preparing these consolidated interim condensed financial statements the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty are the same as those that applied to the Group's consolidated financial statements for the year ended 31 December 2013.

## 3 Significant accounting policies

Except for the adoption of the new amendments to IFRS effective as of 1 January 2014, the accounting policies applied by the Group in these consolidated interim condensed financial statements were consistent with those applied by the Group in its financial statements for the year ended 31 December 2013.

New amendments to IFRS became effective from 1 January 2014 and have been adopted by the Group since that date. These changes did not have a significant effect on the consolidated condensed interim financial statements.

- Amendments to IAS 32 *Financial Instruments, Disclosure and Presentation* further clarify the definition of a legally enforceable right to set off the financial assets and liabilities conditional on the fact that the right is not contingent on a future event; and enforceable in the normal course of business, and in the event of default, insolvency or bankruptcy of the entity and of the counterparties.

## 4 Net interest income

	<b>Unaudited Six-month period ended 30 June 2014 KZT'000</b>	<b>Unaudited Six-month period ended 30 June 2013 KZT'000</b>
<b>Interest income</b>		
Loans to customers	12,276,414	10,093,180
Available-for-sale financial assets	911,731	846,526
Cash and cash equivalents	153,296	101,432
Deposits and balances with banks and other financial institutions	46,631	30,982
Financial instruments at fair value through profit or loss	28,158	49,969
Other assets	412,217	373,047
	<b>13,828,447</b>	<b>11,495,136</b>
<b>Interest expense</b>		
Current accounts and deposits from customers	(3,909,662)	(3,526,341)
Debt securities issued	(1,368,969)	(1,312,483)
Subordinated debt	(343,132)	(339,291)
Loans from the Government of the Republic of Kazakhstan	(223,048)	(301,399)
Deposits and balances from banks and other financial institutions	(136,336)	(39,000)
	<b>(5,981,147)</b>	<b>(5,518,514)</b>
	<b>7,847,300</b>	<b>5,976,622</b>

Included within various line items under interest income for the six-month period ended 30 June 2014 is a total of KZT 2,731,191 thousand, unaudited, (the six-month period ended 30 June 2013: KZT 2,501,068 thousand, unaudited) accrued on individually impaired financial assets.

## 5 Impairment losses and provision expenses

	<b>Unaudited Six-month period ended 30 June 2014 KZT'000</b>	<b>Unaudited Six-month period ended 30 June 2013 KZT'000</b>
Loans to customers (Note 9)	3,759,807	32,550,662
Other assets (Note 10)	(138,403)	2,267,997
Guarantees and letters of credit issued	258,542	(358,853)
	<b>3,879,946</b>	<b>34,459,806</b>

## 6 Income tax (expense)/benefit

	Unaudited Six-month period ended 30 June 2014 KZT'000	Unaudited Six-month period ended 30 June 2013 KZT'000
Current tax (expense)/benefit	(371)	5,406
<b>Total income tax expense</b>	<b>(371)</b>	<b>5,406</b>

In 2014, the applicable tax rate for current and deferred tax is 20% (2013: 20%).

### Reconciliation of effective tax rate for the six-month period ended 30 June:

	Unaudited Six-month period ended 30 June 2014 KZT'000		Unaudited Six-month period ended 30 June 2013 KZT'000	
		%		%
<b>Profit/(loss) before income tax from continuing operations</b>	<b>370,275</b>	<b>100.00</b>	<b>(31,045,746)</b>	<b>100.00</b>
Income tax at the applicable tax rate	(74,055)	(20.00)	6,209,149	20.00
Non-taxable income	-	-	221,255	0.71
Change in unrecognised deferred tax assets	73,684	19.90	(1,797,722)	(5.79)
Reduction of previously unrecognised deferred tax asset	-	-	(4,627,276)	(14.90)
	<b>(371)</b>	<b>(0.10)</b>	<b>5,406</b>	<b>0.02</b>

### Unrecognised deferred tax asset

As at 30 June 2014 a deferred tax asset of KZT 8,488,127 thousand, unaudited, (31 December 2013: KZT 8,561,811 thousand) relating to tax losses carried forward was not recognised due to uncertainties concerning its realisation. During the six-month period ended 30 June 2013 the Group reduced previously unrecognised deferred tax asset on tax losses carried forward by KZT 4,627,276 thousand based on additional tax returns submitted for prior years.

## 7 Cash and cash equivalents

	<b>Unaudited 30 June 2014 KZT'000</b>	<b>31 December 2013 KZT'000</b>
<b>Cash on hand</b>	<b>9,305,713</b>	<b>8,432,228</b>
<b>Nostro accounts with the NBRK</b>	<b>4,818,463</b>	<b>4,361,245</b>
<b>Nostro accounts with other banks</b>		
rated AA- to AA+	12,674,989	3,809,677
rated A- to A+	10,152,168	518,410
rated BBB+	1,734,254	17,917
rated from BB- to BB+	37,679	39,011
rated from B- to B+	452,992	947,579
not rated	1,970	19,597
<b>Total nostro accounts with other banks</b>	<b>25,054,052</b>	<b>5,352,191</b>
<b>Cash equivalents</b>		
<b>Term deposits with other banks</b>		
rated from BB- to BB+	3,510,000	1,710,617
rated from B- to B+	540,000	245,000
<b>Total term deposits with other banks</b>	<b>4,050,000</b>	<b>1,955,617</b>
<b>Reverse repurchase agreements</b>	<b>1,836,711</b>	<b>9,369,866</b>
<b>Total cash equivalents</b>	<b>5,886,711</b>	<b>11,325,483</b>
<b>Total cash and cash equivalents</b>	<b>45,064,939</b>	<b>29,471,147</b>

The above table is based on the credit ratings assigned by Standard & Poor's or other agencies converted into Standard & Poor's scale.

No cash and cash equivalents are impaired or past due.

### Collateral

As at 30 June 2014 and 31 December 2013 amounts receivable under reverse repurchase agreements were collateralised by the following securities:

	<b>Unaudited 30 June 2014 KZT'000</b>	<b>31 December 2013 KZT'000</b>
Treasury bills of the Ministry of Finance of the Republic of Kazakhstan	1,981,298	9,988,331
Bonds of KazTransOil JSC	-	2,858
	<b>1,981,298</b>	<b>9,991,189</b>

As at 30 June 2014 the Group has four banks (31 December 2013: one bank), whose balances exceed 10% of equity. The gross value of these balances as at 30 June 2014 is KZT 27,634,489 thousand, unaudited (31 December 2013: KZT 4,361,245 thousand).

### Minimum reserve requirements

Minimum reserve requirements are calculated in accordance with regulations issued by the NBRK and should be maintained as average of cash on hand and balances on current account with the NBRK for the two week period calculated as certain minimum level of residents' and non-residents' customer deposits and current accounts balances as well as the Group's certain other liabilities. As at 30 June 2014 minimum reserve is KZT 3,750,367 thousand, unaudited (31 December 2013: KZT 2,737,638 thousand).

## 8 Available-for-sale financial assets

	Unaudited 30 June 2014 KZT'000	31 December 2013 KZT'000
<b>Debt instruments</b>		
<b>Government bonds</b>		
Treasury bills of the Ministry of Finance of the Republic of Kazakhstan	20,447,157	24,160,175
Government bonds of other countries (rated A to AAA)	1,217,655	1,150,982
Russian Government eurobonds	-	315,508
<b>Total government bonds</b>	<b>21,664,812</b>	<b>25,626,665</b>
<b>Bonds of corporations and financial institutions</b>		
rated AAA	974,895	488,048
rated AA- to AA+	1,869,183	1,009,793
rated A- to A+	2,186,087	1,682,333
rated from BBB- to BBB+	10,225,607	5,889,921
rated from BB- to BB+	1,068,313	3,009,397
rated from B- to B+	462,666	815,635
rated below B-	60,587	129,642
<b>Total bonds of corporations and financial institutions</b>	<b>16,847,338</b>	<b>13,024,769</b>
<b>Equity investments</b>		
Corporate shares	332,186	8,428
<b>Total equity investments</b>	<b>332,186</b>	<b>8,428</b>
	<b>38,844,336</b>	<b>38,659,862</b>

## 9 Loans to customers

	Unaudited 30 June 2014 KZT'000	31 December 2013 KZT'000
<b>Loans to corporate customers</b>		
Loans to large corporates	150,092,644	133,638,647
Loans to small and medium size companies	66,651,380	59,333,521
<b>Total loans to corporate customers</b>	<b>216,744,024</b>	<b>192,972,168</b>
<b>Loans to retail customers</b>		
Consumer loans	38,084,178	32,403,886
Mortgage loans	9,300,398	9,154,032
Credit cards	313,477	361,092
<b>Total loans to retail customers</b>	<b>47,698,053</b>	<b>41,919,010</b>
<b>Gross loans to customers</b>	<b>264,442,077</b>	<b>234,891,178</b>
Impairment allowance	(90,001,728)	(83,158,262)
<b>Net loans to customers</b>	<b>174,440,349</b>	<b>151,732,916</b>

## 9 Loans to customers, continued

Movements in the loan impairment allowance by classes of loans to customers for the six-month period ended 30 June 2014 are as follows:

	<b>Loans to corporate customers KZT'000</b>	<b>Loans to retail customers KZT'000</b>	<b>Total KZT'000</b>
Balance at the beginning of the period	73,547,768	9,610,494	83,158,262
Net charge (unaudited)	1,371,384	2,388,423	3,759,807
Write-offs (unaudited)	(1,567,130)	(2,630)	(1,569,760)
Effect of foreign currency translation (unaudited)	4,358,508	294,911	4,653,419
<b>Balance at the end of the period (unaudited)</b>	<b>77,710,530</b>	<b>12,291,198</b>	<b>90,001,728</b>

Movements in the loan impairment allowance by classes of loans to customers for the six-month period ended 30 June 2013 are as follows:

	<b>Loans to corporate customers KZT'000</b>	<b>Loans to retail customers KZT'000</b>	<b>Total KZT'000</b>
Balance at the beginning of the period	57,993,771	4,403,198	62,396,969
Net charge (unaudited)	31,575,546	975,116	32,550,662
Write-offs (unaudited)	(3,808,287)	-	(3,808,287)
Sale of loans (unaudited)	145,300	7,385	152,685
<b>Balance at the end of the period (unaudited)</b>	<b>85,906,330</b>	<b>5,385,699</b>	<b>91,292,029</b>

### (a) Credit quality of loans to customers

The following table provides information on the credit quality of loans to customers as at 30 June 2014:

	<b>Unaudited Gross loans KZT'000</b>	<b>Unaudited Impairment allowance KZT'000</b>	<b>Unaudited Net loans KZT'000</b>	<b>Unaudited Impairment allowance to gross loans %</b>
<b>Loans to corporate customers</b>				
<b>Loans to large corporates</b>				
Loans which are not individually impaired				
Standard not overdue	42,680,361	(3,484,221)	39,196,140	8.16
Overdue loans:				
- overdue less than 90 days	5,605,002	(506,192)	5,098,810	9.03
- overdue more than 1 year	5,741,763	(830,865)	4,910,898	14.47
Total loans which are not individually impaired	54,027,126	(4,821,278)	49,205,848	8.92
Impaired or overdue loans:				
- not overdue	58,963,678	(27,883,481)	31,080,197	47.29
- overdue more than 90 days and less than 1 year	2,038,419	(408,994)	1,629,425	20.06
- overdue more than 1 year	35,063,421	(26,570,966)	8,492,455	75.78
Total impaired or overdue loans	96,065,518	(54,863,441)	41,202,077	57.11
<b>Total loans to large corporates</b>	<b>150,092,644</b>	<b>(59,684,719)</b>	<b>90,407,925</b>	<b>39.77</b>



## 9 Loans to customers, continued

### (a) Credit quality of loans to customers, continued

	Unaudited Gross loans KZT'000	Unaudited Impairment allowance KZT'000	Unaudited Net loans KZT'000	Unaudited Impairment allowance to gross loans, %
<b>Loans to small and medium size companies</b>				
Loans which are not individually impaired				
Standard not overdue	25,379,093	(2,691,437)	22,687,656	10.60
Overdue loans:				
- overdue less than 90 days	1,164,261	(125,304)	1,038,957	10.76
- overdue more than 90 days and less than 1 year	1,466,604	(173,210)	1,293,394	11.81
- overdue more than 1 year	7,935,622	(1,009,148)	6,926,474	12.72
Total loans which are not individually impaired	35,945,580	(3,999,099)	31,946,481	11.13
Impaired or overdue loans:				
- not overdue	9,122,570	(3,927,518)	5,195,052	43.05
- overdue less than 90 days	2,219,153	(1,115,577)	1,103,576	50.27
- overdue more than 90 days and less than 1 year	2,808,061	(1,733,445)	1,074,616	61.73
- overdue more than 1 year	16,556,016	(7,250,172)	9,305,844	43.79
Total impaired or overdue loans	30,705,800	(14,026,712)	16,679,088	45.68
<b>Total loans to small and medium size companies</b>	<b>66,651,380</b>	<b>(18,025,811)</b>	<b>48,625,569</b>	<b>27.04</b>
<b>Total loans to corporate customers</b>	<b>216,744,024</b>	<b>(77,710,530)</b>	<b>139,033,494</b>	<b>35.85</b>
<b>Loans to retail customers</b>				
<b>Consumer loans</b>				
- not overdue	15,977,135	(292,445)	15,684,690	1.83
- overdue less than 30 days	1,522,385	(626,355)	896,030	41.14
- overdue 30-89 days	916,884	(477,802)	439,082	52.11
- overdue 90-179 days	4,072,879	(2,970,635)	1,102,244	72.94
- overdue more than 180 days	15,594,895	(7,196,277)	8,398,618	46.15
<b>Total consumer loans</b>	<b>38,084,178</b>	<b>(11,563,514)</b>	<b>26,520,664</b>	<b>30.36</b>
<b>Mortgage loans</b>				
- not overdue	6,358,401	-	6,358,401	-
- overdue less than 30 days	276,321	-	276,321	-
- overdue 30-89 days	107,608	-	107,608	-
- overdue 90-179 days	129,941	-	129,941	-
- overdue more than 180 days	2,428,127	(578,053)	1,850,074	23.81
<b>Total mortgage loans</b>	<b>9,300,398</b>	<b>(578,053)</b>	<b>8,722,345</b>	<b>6.22</b>
<b>Credit cards</b>				
- not overdue	131,286	-	131,286	-
- overdue 30-89 days	25,762	-	25,762	-
- overdue more than 180 days	156,429	(149,631)	6,798	95.65
<b>Total credit cards</b>	<b>313,477</b>	<b>(149,631)</b>	<b>163,846</b>	<b>47.73</b>
<b>Total loans to retail customers</b>	<b>47,698,053</b>	<b>(12,291,198)</b>	<b>35,406,855</b>	<b>25.77</b>
<b>Total loans to customers</b>	<b>264,442,077</b>	<b>(90,001,728)</b>	<b>174,440,349</b>	<b>34.03</b>

## 9 Loans to customers, continued

### (a) Credit quality of loans to customers, continued

The following table provides information on the credit quality of loans to customers as at 31 December 2013:

	Gross loans KZT'000	Impairment allowance KZT'000	Net loans KZT'000	Impairment allowance to gross loans, %
<b>Loans corporate customers</b>				
<b>Loans to large corporates</b>				
Loans which are not individually impaired				
Standard not overdue	48,958,946	(6,325,240)	42,633,706	12.92
Overdue loans:				
- overdue less than 90 days	3,043,267	(364,350)	2,678,917	11.97
- overdue more than 90 days and less than 1 year	3,713,134	(458,699)	3,254,435	12.35
Total loans which are not individually impaired	55,715,347	(7,148,289)	48,567,058	12.83
Impaired or overdue loans:				
- not overdue	40,808,872	(27,383,189)	13,425,683	67.10
- overdue less than 90 days	4,430,687	(2,699,824)	1,730,863	60.93
- overdue more than 90 days and less than 1 year	5,980,270	(4,615,205)	1,365,065	77.17
- overdue more than 1 year	26,703,471	(13,603,961)	13,099,510	50.94
Total impaired or overdue loans	77,923,300	(48,302,179)	29,621,121	61.99
<b>Total loans to large corporates</b>	<b>133,638,647</b>	<b>(55,450,468)</b>	<b>78,188,179</b>	<b>41.49</b>
<b>Loans to small and medium size companies</b>				
Loans which are not individually impaired				
Standard not overdue	20,404,404	(2,064,438)	18,339,966	10.12
Overdue loans:				
- overdue less than 90 days	1,833,353	(219,495)	1,613,858	11.97
- overdue more than 90 days and less than 1 year	1,286,483	(149,844)	1,136,639	11.65
- overdue more than 1 year	6,971,410	(790,391)	6,181,019	11.34
Total loans which are not individually impaired	30,495,650	(3,224,168)	27,271,482	10.57
Impaired or overdue loans:				
- not overdue	11,036,557	(5,154,208)	5,882,349	46.70
- overdue less than 90 days	231,692	(213,218)	18,474	92.03
- overdue more than 90 days and less than 1 year	2,747,296	(1,444,987)	1,302,309	52.60
- overdue more than 1 year	14,822,326	(8,060,719)	6,761,607	54.38
Total impaired or overdue loans	28,837,871	(14,873,132)	13,964,739	51.58
<b>Total loans to small and medium size companies</b>	<b>59,333,521</b>	<b>(18,097,300)</b>	<b>41,236,221</b>	<b>30.50</b>
<b>Total loans to corporate customers</b>	<b>192,972,168</b>	<b>(73,547,768)</b>	<b>119,424,400</b>	<b>38.11</b>

**9 Loans to customers, continued****(a) Credit quality of loans to customers, continued**

	<b>Gross loans</b>	<b>Impairment</b>	<b>Net loans</b>	<b>Impairment</b>
	<b>KZT'000</b>	<b>allowance</b>	<b>KZT'000</b>	<b>allowance to</b>
		<b>KZT'000</b>	<b>KZT'000</b>	<b>gross loans,</b>
				<b>%</b>
<b>Loans to retail customers</b>				
<b>Consumer loans</b>				
- not overdue	17,304,850	(250,792)	17,054,058	1.45
- overdue less than 30 days	1,083,705	(346,138)	737,567	31.94
- overdue 30-89 days	919,083	(670,733)	248,350	72.98
- overdue 90-179 days	605,087	(514,791)	90,296	85.08
- overdue more than 180 days	12,491,161	(6,705,146)	5,786,015	53.68
<b>Total consumer loans</b>	<b>32,403,886</b>	<b>(8,487,600)</b>	<b>23,916,286</b>	<b>26.19</b>
<b>Mortgage loans</b>				
- not overdue	6,561,322	-	6,561,322	-
- overdue less than 30 days	169,187	-	169,187	-
- overdue 30-89 days	147,064	-	147,064	-
- overdue 90-179 days	43,561	-	43,561	-
- overdue more than 180 days	2,232,898	(974,555)	1,258,343	43.65
<b>Total mortgage loans</b>	<b>9,154,032</b>	<b>(974,555)</b>	<b>8,179,477</b>	<b>10.65</b>
<b>Credit cards</b>				
- not overdue	183,162	-	183,162	-
- overdue 30-89 days	28,904	-	28,904	-
- overdue 90-179 days	687	-	687	-
- overdue more than 180 days	148,339	(148,339)	-	100.00
<b>Total credit cards</b>	<b>361,092</b>	<b>(148,339)</b>	<b>212,753</b>	<b>41.08</b>
<b>Total loans to retail customers</b>	<b>41,919,010</b>	<b>(9,610,494)</b>	<b>32,308,516</b>	<b>22.93</b>
<b>Total loans to customers</b>	<b>234,891,178</b>	<b>(83,158,262)</b>	<b>151,732,916</b>	<b>35.40</b>

**(b) Significant credit exposures**

As at 30 June 2014 the Group has ten borrowers or groups of connected borrowers (31 December 2013: twelve), whose loan balances exceed 10% of equity. The gross value of these loans as at 30 June 2014 is KZT 79,245,000 thousand, unaudited (31 December 2013: KZT 86,489,641 thousand).

## 10 Other assets

	<b>Unaudited 30 June 2014 KZT'000</b>	<b>31 December 2013 KZT'000</b>
Receivables from sale of loans	8,710,144	9,339,860
Other accounts receivable	967,498	589,502
Accrued commission income	83,612	70,092
Insurance and reinsurance receivables	64,801	29,682
Other investments	60,432	237,100
Discount on receivables from sale of loans	(929,439)	(1,341,656)
<b>Total other financial assets</b>	<b>8,957,048</b>	<b>8,924,580</b>
Foreclosed property	5,435,096	4,741,462
Prepayments	458,758	188,419
Future period expenses	307,387	312,073
Intangible assets	293,608	339,393
Taxes prepaid other than on income tax	187,721	168,691
Materials and supplies	167,603	109,348
Other	65,780	326,266
Impairment allowance	(737,817)	(540,864)
<b>Total other non-financial assets</b>	<b>6,178,136</b>	<b>5,644,788</b>
<b>Total other assets</b>	<b>15,135,184</b>	<b>14,569,368</b>

Receivables from sale of loans arose as a result of loans sale to collector companies in October-November 2012.

Foreclosed property comprises real estate collateral accepted by the Group in exchange for its rights and obligations under impaired loans. The Group has not yet determined of future use of this property, whether it is going to be sold or rented out.

### Analysis of movements in the impairment allowance

Movements in the impairment allowance for the six-month period ended 30 June 2014 are as follows:

	<b>Other financial assets KZT'000</b>	<b>Other non-financial assets KZT'000</b>	<b>Total KZT'000</b>
Balance at the beginning of the period	1,341,656	540,864	1,882,520
Net recovery (unaudited)	-	(138,403)	(138,403)
Recoveries from off-balance (unaudited)	-	335,356	335,356
Effect of unwinding of discount (unaudited)	(412,217)	-	(412,217)
<b>Balance at the end of the period (unaudited)</b>	<b>929,439</b>	<b>737,817</b>	<b>1,667,256</b>

## 10 Other assets, continued

### Analysis of movements in the impairment allowance, continued

Movements in the impairment allowance for the six-month period ended 30 June 2013 are as follows:

	Other financial assets KZT'000	Other non-financial assets KZT'000	Total KZT'000
Balance at the beginning of the period	-	389,737	389,737
Net charge (unaudited)	2,103,391	164,606	2,267,997
Write-offs (unaudited)	-	(488,947)	(488,947)
Effect of unwinding of discount (unaudited)	(373,047)	-	(373,047)
<b>Balance at the end of the period (unaudited)</b>	<b>1,730,344</b>	<b>65,396</b>	<b>1,795,740</b>

## 11 Deposits and balances from banks and other financial institutions

	Unaudited 30 June 2014 KZT'000	31 December 2013 KZT'000
Deposits of Kazakhstani state banks	2,035,111	-
Loans from other financial institutions	737,781	818,516
Amounts payable under repurchase agreements	604,055	9,000
Loans from OECD based banks	47,718	80,731
Vostro accounts	11,194	148,817
	<b>3,435,859</b>	<b>1,057,064</b>

Loans from other financial institutions represent liabilities towards Kazakh Mortgage Company JSC (KMC) on sold loans with a right on full recourse to the Group.

## 12 Current accounts and deposits from customers

	Unaudited 30 June 2014 KZT'000	31 December 2013 KZT'000
Current accounts and demand deposits		
- Corporate	46,406,065	44,811,426
- Retail	5,320,638	5,881,988
Term deposits		
- Corporate	74,531,852	50,983,087
- Retail	60,038,640	50,463,356
	<b>186,297,195</b>	<b>152,139,857</b>

As at 30 June 2014, the Group maintained customer deposit balances of KZT 6,313,683 thousand, unaudited, (31 December 2013: KZT 5,238,407 thousand) that serve as collateral for loans and unrecognised credit instruments granted by the Group.

As at 30 June 2014, the Group has six customers (31 December 2013: four customer), whose balances exceed 10% of equity. These balances as at 30 June 2014 are KZT 57,246,914 thousand, unaudited (31 December 2013: KZT 24,625,146 thousand).

**13 Other liabilities**

	<b>Unaudited 30 June 2014 KZT'000</b>	<b>31 December 2013 KZT'000</b>
Deferred income	1,000,690	-
Insurance liabilities	667,677	306,823
Accrued operating expenses	175,703	49,357
Payables on guarantees and letters of credit issued	171,186	24,356
<b>Total other financial liabilities</b>	<b>2,015,256</b>	<b>380,536</b>
Provision for guarantees and letters of credit issued	2,805,353	2,232,527
Prepayments on banking operations	975,620	1,702,654
Vacation reserve	465,521	400,877
Other taxes payable	325,463	108,644
Other non-financial liabilities	228,906	180,838
<b>Total other non-financial liabilities</b>	<b>4,800,863</b>	<b>4,625,540</b>
<b>Total other liabilities</b>	<b>6,816,119</b>	<b>5,006,076</b>

In 2014 the Group recorded as deferred income the benefits of KZT 1,000,690 thousand provided by means of low interest rate on loans from the Government of the Republic of Kazakhstan.

**14 Share capital****(a) Issued capital**

As at 30 June 2014, the authorised share capital comprises 13,375,557 ordinary shares and 300,000 preference shares (31 December 2013: 13,375,557 ordinary shares and 300,000 preference shares). Issued and outstanding share capital comprises 10,525,079 ordinary shares and 225,876 preference shares (31 December 2013: 10,526,728 ordinary shares and 225,876 preference shares). The shares do not have a par value.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at annual and general meetings of the Bank.

**(b) Dividends**

In accordance with Kazakhstan legislation and the Bank's charter documents, distributable reserves are subject to the rules and regulations of the Republic of Kazakhstan.

Dividends in relation to ordinary shares are reflected as an appropriation of retained earnings in the period when they are declared. No dividends were declared during the six-month periods ended 30 June 2014 and 2013.

**(c) Treasury shares**

At 30 June 2014 the Group held 2,347 of its own ordinary shares and 181 preference shares (31 December 2013: 698 ordinary shares and 181 preference shares).

**15 Earnings/(loss) per ordinary share**

The calculation of earnings/(loss) per share is based on the net loss for the period attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding during the six-month period calculated as follows.

	<b>Unaudited Six-month period ended 30 June 2014 KZT'000</b>	<b>Unaudited Six-month period ended 30 June 2013 KZT'000</b>
Profit/(loss) for the period attributable to equity holders of the Bank, in thousand of KZT	24,939	(30,287,858)
Weighted average number of ordinary shares for basic loss per share	10,525,903	10,526,030
<b>Basic loss per ordinary share, in KZT</b>	<b>2</b>	<b>(2,877)</b>

## 15 Earnings/(loss) per ordinary share, continued

There are no potentially dilutive shares for the six-month period ended 30 June 2014 (six month period ended 30 June 2013: nil).

## 16 Risk management

Management of risk is fundamental to the business of banking and is an essential element of the Group's operations. The major risks faced by the Group are those related to market risk, credit risk and liquidity risk.

As at 30 June 2014 there were no significant changes in relation to market and liquidity risks since 31 December 2013. Changes in credit risks in relation to loans to customers are disclosed in Note 9.

### Currency risk

The Group has assets and liabilities denominated in several foreign currencies.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency exchange rates. Although the Group hedges its exposure to currency risk, such activities do not qualify as hedging relationships in accordance with IFRS.

The following table shows the foreign currency exposure structure of financial assets and liabilities as at 30 June 2014:

	<b>Unaudited USD KZT'000</b>	<b>Unaudited EUR KZT'000</b>	<b>Unaudited Other currencies KZT'000</b>	<b>Unaudited Total KZT'000</b>
<b>ASSETS</b>				
Cash and cash equivalents	24,425,059	982,561	4,476,425	29,884,045
Financial instruments at fair value through profit or loss	140	-	54,941	55,081
Available-for-sale financial assets	9,105,082	2,901,537	133,897	12,140,516
Deposits and balances with banks and other financial institutions	339,262	-	-	339,262
Loans to customers	19,062,276	1,285,026	3,530	20,350,832
Other financial assets	13,306	-	-	13,306
<b>Total assets</b>	<b>52,945,125</b>	<b>5,169,124</b>	<b>4,668,793</b>	<b>62,783,042</b>
<b>LIABILITIES</b>				
Deposits and balances from banks and other financial institutions	4,423	47,949	1,664	54,036
Current accounts and deposits from customers	61,990,208	5,106,347	3,262,723	70,359,278
<b>Total liabilities</b>	<b>61,994,631</b>	<b>5,154,296</b>	<b>3,264,387</b>	<b>70,413,314</b>
<b>Net position</b>	<b>(9,049,506)</b>	<b>14,828</b>	<b>1,404,406</b>	<b>(7,630,272)</b>

## 16 Risk management, continued

### Currency risk, continued

The following table shows the currency structure of financial assets and liabilities as at 31 December 2013:

	USD KZT'000	EUR KZT'000	Other currencies KZT'000	Total KZT'000
<b>ASSETS</b>				
Cash and cash equivalents	5,359,286	382,725	527,486	6,269,497
Financial instruments at fair value through profit or loss	-	-	49,320	49,320
Available-for-sale financial assets	7,094,122	2,722,483	221,566	10,038,171
Deposits and balances with banks and other financial institutions	278,849	-	-	278,849
Loans to customers	20,627,460	1,033,955	-	21,661,415
Other financial assets	159,669	-	2	159,671
<b>Total assets</b>	<b>33,519,386</b>	<b>4,139,163</b>	<b>798,374</b>	<b>38,456,923</b>
<b>LIABILITIES</b>				
Deposits and balances from banks and other financial institutions	89,688	138,172	21	227,881
Current accounts and deposits from customers	36,817,455	3,040,219	800,104	40,657,778
Other financial liabilities	4,477	447	875	5,799
<b>Total liabilities</b>	<b>36,911,620</b>	<b>3,178,838</b>	<b>801,000</b>	<b>40,891,458</b>
<b>Net position</b>	<b>(3,392,234)</b>	<b>960,325</b>	<b>(2,626)</b>	<b>(2,434,535)</b>
The effect of derivatives held for risk management	6,143,590	(1,875,770)	(279,510)	3,988,310
<b>Net position after derivatives held for risk management purposes</b>	<b>2,751,356</b>	<b>(915,445)</b>	<b>(282,136)</b>	<b>1,553,775</b>

A weakening of the KZT, as indicated below, against the following currencies at 30 June 2014 and 31 December 2013 would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis is on net of tax basis and is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant.

	Unaudited 30 June 2014 KZT'000	31 December 2013 KZT'000
20% appreciation of USD against KZT	(1,447,921)	440,217
20% appreciation of EUR against KZT	2,372	(146,471)
20% appreciation of other currencies against KZT	224,705	(45,142)

A strengthening of the KZT against the above currencies at 30 June 2014 and 31 December 2013 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.



## 17 Credit related commitments

The Group has outstanding credit related commitments to extend loans. These credit related commitments take the form of approved loans and credit card limits and overdraft facilities.

The Group provides financial guarantees and letters of credit to guarantee the performance of customers to third parties. These agreements have fixed limits and generally extend for a period of up to five years. The Group also provides guarantees by acting as settlement agent in securities borrowing and lending transactions.

The Group applies the same credit risk management policies and procedures when granting credit commitments, financial guarantees and letters of credit as it does for granting loans to customers.

The contractual amounts of credit related commitments are set out in the following table by category. The amounts reflected in the table for credit related commitments assume that amounts are fully advanced. The amounts reflected in the table for guarantees and letters of credit represent the maximum accounting loss that would be recognised at the reporting date if counterparties failed completely to perform as contracted.

	<b>Unaudited 30 June 2014 KZT'000</b>	<b>31 December 2013 KZT'000</b>
<b>Contracted amount</b>		
Loan and credit line commitments	22,412,257	16,553,635
Guarantees and letters of credit	15,488,575	14,088,567
	<b>37,900,832</b>	<b>30,642,202</b>

The total outstanding contractual credit related commitments above do not necessarily represent future cash requirements, as these credit related commitments may expire or terminate without being funded.

## 18 Related party transactions

### (a) Control relationships

The Group's parent company is J.P. Finance Group LLC. The Group's parent company produces publicly available financial statements. The party with ultimate control over the Group is Mrs. Sarsenova S. T. No publicly available financial statements are produced by the Group's ultimate controlling party.

### (b) Transactions with the members of the Board of Directors and the Management Board

Total remuneration included in personnel expenses for the six-month periods ended 30 June 2014 and 2013 is as follows:

	<b>Unaudited Six-month period ended 30 June 2014 KZT'000</b>	<b>Unaudited Six-month period ended 30 June 2013 KZT'000</b>
Short term employee benefits	67,807	72,555
Social security costs	36	84
	<b>67,843</b>	<b>72,639</b>

These amounts include cash and non-cash benefits in respect of the members of the Board of Directors and the Management Board.

## 18 Related party transactions, continued

### (b) Transactions with the members of the Board of Directors and the Management Board, continued

The outstanding balances and average interest rates as at 30 June 2014 and 31 December 2013 for transactions with the members of the Board of Directors and the Management Board are as follows:

	Unaudited Six-month period ended 30 June 2014 KZT'000	Unaudited Average interest rate, %	31 December 2013 KZT'000	Average interest rate, %
<b>Consolidated interim condensed statement of financial position</b>				
<b>ASSETS</b>				
Loans to customers	14,154	11.0 - 13.7	54,139	11.0 - 13.7
<b>LIABILITIES</b>				
Current accounts and deposits from customers	254,648	7.5 - 9.0	243,849	7.5 - 9.0

Amounts included in profit or loss in relation to transactions with the members of the Board of Directors and the Management Board for the year ended 31 December are as follows:

	Unaudited Six-month period ended 30 June 2014 KZT'000	Unaudited Six-month period ended 30 June 2013 KZT'000
<b>Profit or loss</b>		
Interest income	978	7,112
Interest expense	(9,170)	(18,610)
Reversal of impairment losses	1,569	592
Fee and commission income	60	302
Other general administrative expenses	(505)	(2,021)

## 18 Related party transactions, continued

### (c) Transactions with other related parties

The outstanding balances and the related average interest rates as at 30 June 2014 and related profit or loss amounts of transactions for the six-month period ended 30 June 2014 with other related parties are as follows.

	Unaudited Shareholders		Unaudited Other related parties*		Unaudited Total KZT'000
	KZT'000	Average interest rate, %	KZT'000	Average interest rate, %	
<b>Consolidated interim condensed statement of financial position</b>					
<b>ASSETS</b>					
Loans to customers					
- In KZT	1,127,777	12.0	1,010,000	11.0	2,137,777
<b>LIABILITIES</b>					
Current accounts and deposits from customers					
- In KZT	3,407,870	1.0-9.0	10,514,897	1.0-9.0	13,922,767
- In USD	225,003	3.0	4,147,471	3.0	4,372,474
- In other currency	101,971	-	2,921,420	-	3,023,391
<b>Items not recognised in the consolidated interim condensed statement of financial position</b>					
Guarantees issued	197,238	-	-	-	197,238
<b>Profit (loss)</b>					
Interest income	22,556		4,566		27,122
Interest expense	(35,706)		(467,289)		(502,995)
Impairment losses	(101,113)		-		(101,113)
Fee and commission income	35,368		30,707		66,075

\*Other related parties are the entities that are controlled by the Parent company's shareholders.

## 18 Related party transactions, continued

### (c) Transactions with other related parties, continued

The outstanding balances and the related average interest rates as at 31 December 2013 and related profit or loss amounts of transactions for the year ended 31 December 2013 with other related parties are as follows.

	Shareholders		Other related parties*		Total KZT'000
	KZT'000	Average interest rate, %	KZT'000	Average interest rate, %	
<b>Consolidated interim condensed statement of financial position</b>					
<b>ASSETS</b>					
Loans to customers					
- In KZT	1,925,100	12.0	2,849,994	12.0	4,775,094
<b>LIABILITIES</b>					
Current accounts and deposits from customers					
- In KZT	6,960,870	1.0-9.0	3,381,208	1.0-7.0	10,342,078
- In USD	25,208	3.0	798	-	26,006
<b>Items not recognised in the consolidated interim condensed statement of financial position</b>					
Guarantees issued	28,020		-		28,020
<b>Profit (loss)</b>					
Interest income, unaudited	183,874		125,309		309,183
Interest expense, unaudited	(269,963)		(58,277)		(328,240)
Impairment losses, unaudited	(58,599)		(156,248)		(214,847)
Fee and commission income, unaudited	91,090		22,667		113,757

\*Other related parties are the entities that are controlled by the Parent company's shareholders.

As at 31 December 2013 the Group concluded 3 forward contracts to buy USD and sell KZT with a total notional amount of KZT 12,324,800 thousand with one of the shareholders. These forward exchange contracts have contractual maturity in October-November 2014 and weighted average contractual exchange rate of 162.71. In January-February 2014, the two forward contracts with the total notional amount of KZT 9,243,600 thousand have been terminated ahead of schedule.

## 19 Financial assets and liabilities: fair values and accounting classifications

### (a) Accounting classifications and fair value

The estimates of fair value are intended to approximate 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. However given the uncertainties and the use of subjective judgment, the fair value should not be interpreted as being realisable in an immediate sale of the assets or settlement of liabilities.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments the Group determines fair values using other valuation techniques.

The objective of valuation techniques is to arrive at a fair value determination that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date that would have been determined by market participants acting at arm's length.

The Group uses widely recognised valuation models for determining the fair value of financial instruments. Observable prices and model inputs are usually available in the market for listed debt and equity securities, exchange traded derivatives and simple over the counter derivatives like interest rate swaps.

The following assumptions are used by management to estimate the fair values of financial instruments:

- discount rates of 2.8 – 12.9% and 20.0% are used for discounting future cash flows from loans to corporate customers and loans to retail customers, respectively
- discount rates of 3.4 – 6.6% and 0.1 – 8.2% are used for discounting future cash flows from current accounts and deposits of corporate and retail customers, respectively
- quoted market prices are used for determination of fair value of debt securities issued.

### (b) Fair value hierarchy

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: inputs other than quotes prices included within Level 1 that are observable either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

## 19 Financial assets and liabilities: fair values and accounting classifications, continued

### (b) Fair value hierarchy, continued

- Level 3: inputs that are unobservable. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The table below analyses financial instruments measured at fair value at 30 June 2014, by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the consolidated interim condensed statement of financial position:

<b>KZT'000</b>	<b>Unaudited Level 1</b>	<b>Unaudited Level 2</b>	<b>Unaudited Total</b>
Financial instruments at fair value through profit or loss			
- Debt and other fixed income instruments	-	1,214,353	1,214,353
- Equity investments	-	13	13
Available-for-sale financial assets			
- Debt and other fixed income instruments	9,204,122	29,308,028	38,512,150
- Equity investments	-	332,186	332,186
	<b>9,204,122</b>	<b>30,854,580</b>	<b>40,058,702</b>

The table below analyses financial instruments measured at fair value at 31 December 2013, by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the consolidated interim condensed statement of financial position:

<b>KZT'000</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Total</b>
Financial instruments at fair value through profit or loss			
- Debt and other fixed income instruments	-	1,204,183	1,204,183
- Equity investments	-	7,460	7,460
Available-for-sale financial assets			
- Debt and other fixed income instruments	5,719,081	32,932,353	38,651,434
- Equity investments	-	8,428	8,428
	<b>5,719,081</b>	<b>34,152,424</b>	<b>39,871,505</b>

Due to low market liquidity, management consider that quoted prices in active markets are not available, including for government securities listed on the Kazakhstan Stock Exchange. Accordingly, as at 30 June 2014 and 31 December 2013 the estimated fair value of these financial instruments is based on the results of valuation techniques involving the use of observable market inputs.

As at 30 June 2014 and 31 December 2013 the Group does not have any financial instruments for which fair value is based on valuation techniques involving the use of non-market inputs.

## 19 Financial assets and liabilities: fair values and accounting classifications, continued

### (b) Fair value hierarchy, continued

The following table analyses the fair value of financial instruments not measured at fair value, by the level in the fair value hierarchy into which each fair value measurement is categorised as at 30 June 2014:

KZT'000	Unaudited Level 2	Unaudited Level 3	Unaudited Total fair values	Unaudited Total carrying amount
<b>Assets</b>				
Cash and cash equivalents	45,064,939	-	45,064,939	45,064,939
Deposits and balances with banks and other financial institutions	1,890,547	-	1,890,547	1,890,547
Loans to customers	111,064,803	68,136,655	179,201,458	174,440,349
<b>Liabilities</b>				
Loans from the Government of the Republic of Kazakhstan	6,070,413	-	6,070,413	6,070,413
Deposits and balances from banks and other financial institutions	3,435,859	-	3,435,859	3,435,859
Current accounts and deposits from customers	193,826,009	-	193,826,009	186,297,195
Debt securities issued	35,013,355	-	35,013,355	34,811,347
Subordinated debt	7,004,012	-	7,004,012	7,223,205

The following table analyses the fair value of financial instruments not measured at fair value, by the level in the fair value hierarchy into which each fair value measurement is categorised as at 31 December 2013:

KZT'000	Level 2	Level 3	Total fair values	Total carrying amount
<b>Assets</b>				
Cash and cash equivalents	29,471,147	-	29,471,147	29,471,147
Deposits and balances with banks and other financial institutions	2,344,059	-	2,344,059	2,344,059
Loans to customers	105,057,132	51,969,682	157,026,814	151,732,916
<b>Liabilities</b>				
Loans from the Government of the Republic of Kazakhstan	6,585,642	-	6,585,642	6,585,642
Deposits and balances from banks and other financial institutions	1,057,064	-	1,057,064	1,057,064
Current accounts and deposits from customers	152,224,485	-	152,224,485	152,139,857
Debt securities issued	35,020,316	-	35,020,316	34,700,351
Subordinated debt	7,041,994	-	7,041,994	7,073,629

## 20 Discontinued operations

Due to changes in legislation on pension system reforming on of the Group's subsidiaries, the Fund, suspended its activities relating to pension contributions and payments (Note 1(a)).

### Profit from discontinued operations of the Fund

Analysis of the result of discontinued operations is as follows:

	<b>Unaudited Six-month period ended 30 June 2014 KZT'000</b>	<b>Unaudited Six-month period ended 30 June 2013 KZT'000</b>
Interest income	-	110,397
Interest expense	-	(267)
<b>Net interest income</b>	<b>-</b>	<b>110,130</b>
Fee and commission income	-	1,024,755
Fee and commission expense	(10,810)	(18,004)
<b>Net fee and commission income</b>	<b>(10,810)</b>	<b>1,006,751</b>
Net foreign exchange gain	-	10,740
Net loss on available-for-sale financial assets	-	(87,753)
Other operating income	-	582
<b>Operating income</b>	<b>(10,810)</b>	<b>1,040,450</b>
Impairment recovery	-	77,575
Personnel expenses	(38,293)	(228,853)
Other general administrative expenses	(272,459)	(101,164)
<b>(Loss)/profit before income tax</b>	<b>(321,562)</b>	<b>788,008</b>
Income tax expense	(20,711)	(13,223)
<b>(Loss)/profit for the period</b>	<b>(342,273)</b>	<b>774,785</b>

### Cash flows from discontinued operations of the Fund

The net cash flow from discontinued operations are as follows:

	<b>Unaudited Six-month period ended 30 June 2014 KZT'000</b>	<b>Unaudited Six-month period ended 30 June 2013 KZT'000</b>
Cash flow used in operations	(340,939)	(685,244)