

# EXIMBANK KAZAKHSTAN JOINT-STOCK COMPANY

## EXPLANATORY NOTE TO INTERIM FINANCIAL STATEMENTS FOR SIX MONTHS, WHICH ENDED ON JUNE 30, 2015 (inths. of Kazakhstan Tenge)

### 1. ORGANIZATION

Eximbank Kazakhstan JSC (hereinafter the «Bank») is a joint-stock company and has been carrying on its activities in the Republic of Kazakhstan since 1994. The activities of the Bank is regulated by the National Bank of the Republic of Kazakhstan (hereinafter the «RKNB») and the R.K. Agency for Regulation and Supervision of Financial Markets and Institutions (hereinafter the «FSA») in accordance with License No. № 1.2.232 dated February 24, 2014 for the conducting of operations provided by the banking legislation, in the national and foreign currencies, including broker and dealer activities in the securities market with the right to maintain clients' accounts as a nominal holder. The major activities of the Bank are as follows: commercial banking operations, transactions with securities, foreign currency and derivative instruments, and granting of loans and guarantees.

The registered office of the Bank is located at 80, Bogenbai Batyr Str., Almaty, Republic of Kazakhstan.

As of June 30, 2015, the Bank had 4 affiliates in the Republic of Kazakhstan and a representative office in Moscow, Russian Federation. At June 30, 2015 and December 31, 2014, the total personnel of the Bank were 307 and 295 persons, respectively.

As of June 30, 2015 and December 31, 2014, the following shareholders held the Bank's issued ordinary shares:

	June 30, 2015		December 31, 2014	
	The number of shares	% direct holding	The number of shares	% direct holding
Central Asian Fuel and Energy Company JSC	2 368 090	24.41	2,368,090	24.41
Uniform Pension Savings Fund JSC	1 144 581	11.80	1,144,581	11.80
Centrestroyenergo LLP	927 115	9.56	927,115	9.56
Impulse-R LLP	921 112	9.50	921,112	9.50
Trasttekhnoinvest LLP	920 200	9.49	920,200	9.49
AgInvest LLP	898 118	9.26	898,118	9.26
Kontur RK LLP	721 124	7.43	721,124	7.43
Alatau Kaztekhnikom LLP	657 335	6.77	657,335	6.77
Agroopttorg – 07 LLP	529 412	5.46	529,412	5.46
Other shareholders holding less than 5 % of shares	389 062	4.02	389,062	4.02
Securities repurchased	223 851	2.30	223,851	2.30
Total	<u>9 700 000</u>	<u>100.00</u>	<u>9,700,000</u>	<u>100.00</u>

As of June 30, 2015 and December 31, 2014, the following shareholders held the Bank's issued preferred shares:

	June 30, 2015		December 31, 2014	
	The number of shares	% direct holding	The number of shares	% direct holding
Agroopttorg – 07 LLP	834 107	41.70	834 107	41.70
Kontur RK LLP	599 580	29.98	599 580	29.98
Uniform Pension Savings Fund JSC	546 589	27.33	546 589	27.33
Other shareholders holding less than 5 % of shares	158	0.01	158	0.01
Securities repurchased by the issuer	19 566	0.98	19 566	0.98
Total	<u>2 000 000</u>	<u>100.00</u>	<u>2 000 000</u>	<u>100.00</u>

## 2. BASIS OF REPORTING

### Fundamental Accounting Principles

The Interim Financial Statements of the Bank have been prepared pursuant to International Accounting Standard # 34 «Interim Financial Statements». Accordingly, certain data and disclosures usually required for the inclusion thereof in the notes to the annual financial statements are omitted or compressed. These Interim Financial Statements should be considered together with such financial statements and relevant selective notes as included in the Bank's financial reporting for the year, which ended on December 31, 2014.

The Interim Financial Statements are prepared on the historic cost principle to the exclusion of the reassessment of buildings and structures and the assessment of a fair value of financial assets and liabilities assessed according to the fair value by way of profit or loss.

Preparation of the Interim Financial Statements in accordance with the International Financial Reporting Standard («IFRS») requires drawing up valuations and proposals by the Management of the Bank that can effect on any amounts of assets and liabilities stated in the statements, the disclosure of contingent assets and liabilities as of the reporting date and any sums of receipts and expenditure for the reporting period stated therein. The actual results may differ from the said valuations. Those valuations, which are subject to change to the maximum extent, should be referred to the creation of reserves against the devaluation on loans to determine a fair value of financial instruments.

The Interim Financial Statements shall state all adjustments, which, according to the Management of the Bank, are necessary for faithful representation of the performance for the interim periods concerned. Such adjustments to the financial information shall be typical and be repeated from year to year. Since the results of the Bank's ordinary activities are closely interconnected and depend upon the changes of market conditions, the Bank's performance for the said interim period shall not necessarily be representative results for the year.

### Functional Currency

Items included in the Bank's financial statements are stated in the currency, which shows in the best way underlying operations, transactions, events and conditions relating to the company («Functional Currency»). The reporting currency of these Interim Financial Statements is Kazakhstan Tenge.

## 3. BASIC PRINCIPLES OF ACCOUNTING POLICY

In preparing these Interim Financial Statements by the Bank, the same principles of accounting policy were applied as in the preparation of the Bank's financial statements for the year, which ended on December 31, 2014.

#### 4. NET INTEREST INCOME

	For six months, which ended on June 30, 2015	For six months, which ended on June 30, 2014
<b>Interest income:</b>		
Interest income on financial assets shown as per the amortized cost:		
- interest income on the depreciated assets	1 745 141	2 059 010
- interest income on assets, which were not subject to the depreciation	931 068	580 072
Interest income on financial assets shown at a fair value	51 761	47 160
<b>Total Interest Income</b>	<b>2 727 970</b>	<b>2 686 242</b>
The interest income on financial assets shown as per the amortized cost includes:		
Interest on loans granted to the clients	2 675 969	2 616 423
Interest on funds with banks	240	22 659
<b>Total interest income on financial assets shown as per the amortized cost</b>	<b>2 676 209</b>	<b>2 639 082</b>
Interest income on financial assets shown at a fair value:		
Interest on financial assets initially shown at a fair value by way of profit and loss	51 761	47 160
<b>Total interest income on financial assets shown at a fair value</b>	<b>51 761</b>	<b>47 160</b>
<b>Total interest income</b>	<b>2 727 970</b>	<b>2 686 242</b>
<b>Interest Costs</b>		
Interest costson liabilities shown as per the amortized cost	(1 212 632)	(1 172 580)
<b>Total Interest Costs</b>	<b>(1 212 632)</b>	<b>(1 172 580)</b>
Interest costs on financial liabilities shown as per the amortized cost:		
Interest(dividends) on the subordinated debt (preferred shares)	(99 022)	(99 022)
Interest on the issued debt securities	(225 352)	(225 353)
Interest on banks' finances	(300 140)	(237 906)
Interest on client funds	(588 118)	(610 299)
<b>Total interest costs on financial liabilities shown as per the amortized cost</b>	<b>(1 212 632)</b>	<b>(1 172 580)</b>
<b>Net interest income prior to the creation of reserves against the devaluation of assets, on which interest is to be charged</b>	<b>1 515 338</b>	<b>1 513 662</b>



## 5. RESERVE AGAINST THE DEVALUATION

Information on the movement of reserves against the devaluation of assets, on which interest is to be charged, is given as follows:

Loans granted to clients	2015	2014
<b>January 1</b>	13 008 369	12 921 614
Creation of reserves	1 157 323	1 145 540
Allowances of assets	(8 574)	-
Recovery of previously written off loans	450	-
<b>June 30</b>	<u>14 157 568</u>	<u>14 067 154</u>

Information on the movement of reserves against the devaluation on other operations is given as follows:

	Other Assets	Guarantees	Total
December 31, 2013	-	-	-
Creation/ (Recovery) of reserves	<u>-</u>	<u>-</u>	<u>-</u>
June 30, 2014	<u>-</u>	<u>-</u>	<u>-</u>
December 31, 2014	743	-	743
Creation/ (Recovery) of reserves	<u>-</u>	<u>-</u>	<u>-</u>
<b>June 30, 2015</b>	<u>743</u>	<u>-</u>	<u>743</u>

## 6. NET PROFIT FROM OPERATIONS WITH FINANCIAL ASSETS AND LIABILITIES STATED AT A FAIR VALUE BY WAY OF PROFIT OR LOSS

	For six months, which ended on June 30, 2015	For six months, which ended on June 30, 2014
<b>Net profit on financial assets and liabilities intended for trading:</b>		
Net profit on securities trading	<u>33 030</u>	<u>51 710</u>
Total net profit on financial assets and liabilities intended for trading	<u>33 030</u>	<u>51 710</u>
<b>Net profit from securities trading:</b>		
Adjustment of the fair value	32 824	44 940
Dividends received	264	6 770
Trade operations	<u>(58)</u>	<u>-</u>
<b>Total net profit from securities trading</b>	<u>33 030</u>	<u>51 710</u>

## 7. NET PROFIT FROM FOREIGN CURRENCY TRANSACTIONS

	For six months, which ended on June 30, 2015	For six months, which ended on June 30, 2014
Trade operations, net	489 175	298 671
Exchange rate differences, net	<u>36 046</u>	<u>105 448</u>
<b>Total net profit from foreign exchange transactions</b>	<u>525 221</u>	<u>404 119</u>

## 8. INCOME AND EXPENSES FROM SERVICES AND COMMISSIONS FEES

Incomes from services and commissions fees are given as follows:

	For six months, which ended on June 30, 2015	For six months, which ended on June 30, 2014
Granting of bank guarantees	123 119	150 341
Cash transaction	69 508	61 102
Settlement transaction	48 196	46 643
Foreign exchange transactions	25 120	29 628
Clients' account opening and keeping	3 951	3 373
Other	4 754	2 582
<b>Total Income from services and commissions fees</b>	<b>274 648</b>	<b>293 669</b>

Expenses from services and commissions fees are given as follows:

	For six months, which ended on June 30, 2015	For six months, which ended on June 30, 2014
Settlement transaction	15 175	11 929
Granting of bank guarantees	67	135
Other	2 448	2 013
<b>Total expenses from services and commissions fees</b>	<b>17 690</b>	<b>14 077</b>

## 9. OPERATING EXPENSES

	For six months, which ended on June 30, 2015	For six months, which ended on June 30, 2014
Salaries and premiums	506 735	412 245
Expenses for Guard	82 844	78 912
Deprecation and Amortization	77 122	79 057
Professional services	51 194	30 329
Operating lease	40 193	41 776
Social tax	35 395	28 267
Taxes (other than profit tax)	35 291	32 812
Telecommunications	33 774	32 600
Travel expenses	27 761	31 676
Transport costs	18 306	19 323
Expenses for charitable purposes and sponsor support	12 780	10 890
Training and information services	11 880	13 068
Maintenance (technical service) of fixed assets	8 617	7 987
Stationery	3 210	2 034
Expenses for postal and courier services	2 225	3 404
Insurance expenses	2 083	2 141
Advertising expenses	616	1 497
Representation expenses	483	219
Other expenses	13 810	16 921
<b>Total operating expenses</b>	<b>964 319</b>	<b>845 158</b>

## 10. PER-SHARE PROFIT

	For six months, which ended on June 30, 2015	For six months, which ended on June 30, 2014
Net profit, ths. of KZT	123 836	103 539
Net profit related to ordinary shareholders	123 836	103 539
Weighted average number of ordinary shares for the purposes of determination of basic and diluted earnings per share	9 476 149	9 476 149
<b>Basic and diluted earnings per share(KZT)</b>	<b>13.07</b>	<b>10.93</b>

## 11. MONETARY FUNDS AND ACCOUNTS WITH THE NATIONAL BANK OF THE REPUBLIC OF KAZAKHSTAN

	June 30 2015	December 31, 2014
Till cash	1 839 830	155 749
Balances of accounts with the National Bank of the Republic of Kazakhstan	1 563 135	2 140 670
Total monetary funds and accounts with the National Bank of the Republic of Kazakhstan	3 402 965	2 296 419

The balances of monetary funds with the National Bank of the Republic of Kazakhstan as of June 30, 2015 and December 31, 2014 include sums of 289,212 ths. of KZT and 447,384 ths. of KZT, respectively, being minimal deposit reserves. The minimal deposit reserves with RKNB shall not be subject to restrictions on availability and so shall be included in the monetary funds and their equivalents.

## 12. FINANCIAL ASSETS, STATED AT A FAIR VALUE BY WAY OF PROFIT OR LOSS

Financial assets, stated at a fair value by way of profit or loss, are given as follows:

	June 30, 2015	December 31, 2014
Financial assets intended for trading:		
Debt securities	2 046 031	1 780 237
Equity securities	30 680	60 898
Total financial assets intended for trading	2 076 711	1 841 135
<b>Total financial assets shown at a fair value by way of profit or loss</b>	<b>2 076 711</b>	<b>1 841 135</b>

The financial assets intended for trading include:

	June 30, 2015		December 31, 2014	
	Interest rate to face value	Fair value	Interest rate to face value	Fair value
<b>Debt Securities::</b>				
Treasury bonds of the R.K. Ministry of Finance	4.50-7.80	2 046 031	4.50 - 7.80	1 780 237
<b>Total Debt Securities</b>		<b>2 046 031</b>		<b>1 780 237</b>



	June 30, 2015		December 31, 2014	
	Share of ownership	Fair value	Share of ownership	Fair value
<b>Equity Securities:</b>				
Kazakhtelecom JSC	0.02	30 680	0.02	28 600
KAZ Minerals PLS	-	-	0.04	32 298
<b>Total Equity Securities</b>		<u>30 680</u>		<u>60 898</u>
<b>Total financial assets intended for trading</b>		<u>2 076 711</u>		<u>1 841 135</u>

At June 30, 2015 and December 31, 2014, the accrued interest income on securities intended for trading in the amount of 65,888 ths. of KZT and 30,483 ths. of KZT, respectively, is included in the value of financial assets shown at a fair value by way of profit or loss.

### 13. FUNDS WITH BANKS

The funds with banks consist of:

	June 30, 2015	December 31, 2014
Correspondent accounts with other banks	664 770	558 782
Fixed deposits with other banks	<u>1 490</u>	<u>1 459</u>
<b>Total funds with banks</b>	<u>666 260</u>	<u>560 241</u>

Information on the movement of reserves against the devaluation on funds with banks for six months, which ended on June 30 of 2015 and 2014, is given in Note 5.

As of June 30, 2015 and December 31, 2014, the accrued interest income in the amount of 13 ths. of KZT and 5 ths. of KZT, is included in the funds with banks, respectively.

### 14. LOANS GRANTED TO CLIENTS

The loans granted to clients consist of:

	June 30, 2015	December 31, 2014
Loans granted to clients	62 779 249	60 787 213
Overdrafts	<u>27 613</u>	<u>80 279</u>
	62 806 862	60 867 492
Minus: reserve against the devaluation	<u>(14 157 568)</u>	<u>(13 008 369)</u>
<b>Total loans granted to clients</b>	<u>48 649 294</u>	<u>47 859 123</u>

Information on the movement of reserves against the devaluation on loans granted to clients, for six months, which ended on June 30 of 2015 and 2014, is given in Note 5.

As of June 30, 2015 and December 31, 2014, the accrued interest income in the amount of 22,996,456 ths. of KZT and 21,036,217 ths. of KZT is included in the loans granted to clients, respectively.

The Table below shows an analysis of the current value of loans granted to clients, with respect to the obtained security but not the fair value of the security itself :

	June 30, 2015	December 31, 2014
Loans secured by pledge of real estate and rights thereto	33 714 110	32 978 524
Loans secured by pledge of Transport vehicles	11 825 298	10 968 486
Loans secured by pledge of shares and bonds of other companies	9 346 557	9 288 344
Loans secured by pledge of monetary funds or guarantees of the R.K. Government	3 489 612	3 449 602
Loans secured by pledge of equipment and resources	3 233 315	2 983 170
Loans secured by agreement on assignment of right of demand	947 519	931 256
Loans secured by guarantees of companies	212 015	231 036
Unsecured loans	38 436	37 074
	<u>62 806 862</u>	<u>60 867 492</u>
Minus: reserve against the devaluation	<u>(14 157 568)</u>	<u>(13 008 369)</u>
<b>Total loans granted to clients</b>	<u>48 649 294</u>	<u>47 859 123</u>

	June 30, 2015	December 31, 2014
<b>Analysis on the sectors of economy:</b>		
Trade	25 891 746	26 217 625
Construction	8 318 971	12 530 881
Real estate	7 549 447	5 315 962
Investment and Financial Sector	4 162 178	3 921 650
Power engineering	3 731 839	3 707 337
Services	3 684 136	-
Transport and communications	3 609 984	3 411 594
Individuals	1 694 700	2 546 144
Activity associated with computer facilities	1 324 412	1 364 158
Chemical industry	829 389	909 282
Food production	97 559	-
Production of other non-metallic mineral products	80 508	-
Agriculture	58 554	54 112
Manufacture of rubber and plastic products	32 089	-
Production of finished metal products	22 974	-
Others	1 718 376	888 747
	<u>62 806 862</u>	<u>60 867 492</u>
Minus: reserve against the devaluation	<u>(14 157 568)</u>	<u>(13 008 369)</u>
<b>Total loans granted to clients</b>	<u>48 649 294</u>	<u>47 859 123</u>

Loans to individuals are granted by the following credit products:

	June 30, 2015	December 31, 2014
Consumer loans	697 047	1 443 817
Mortgage lending	466 122	426 912
Automobile lending	12 851	15 278
Others	518 680	660 137
	<u>1 694 700</u>	<u>2 546 144</u>
Minus: reserve against the devaluation	<u>(196 721)</u>	<u>(189 229)</u>
<b>Total loans granted to individuals</b>	<u>1 497 979</u>	<u>2 356 915</u>



As of June 3, 2015 and December 31, 2014, 100% of loans were granted to those companies, which carry on their activities and businesses in the Republic of Kazakhstan, which is a substantial geographic concentration.

Classification of loans granted to clients is given in the following Table:

	June 30, 2015	December 31, 2014
Conventional loans	23 062 111	24 319 968
Doubtful loans of Category I	1 159 469	1 175 460
Doubtful loans of Category II	4 146 495	2 321 482
Doubtful loans of Category III	11 137 326	11 806 646
Doubtful loans of Category IV	4 688 574	765 592
Doubtful loans of Category V	7 133 695	9 328 136
Bad loans	11 479 192	11 150 208
	<u>62 806 862</u>	<u>60 867 492</u>
Minus: reserve against the devaluation	<u>(14 157 568)</u>	<u>(13 008 369)</u>
<b>Total loans granted to clients</b>	<u><u>48 649 294</u></u>	<u><u>47 859 123</u></u>

#### 15. FIXED ASSETS & INTANGIBLE ASSETS

	Land, buildings and structures	Computers	Transport vehicles	Other fixed assets	Intangible assets	Constructi on in progress	Total
<b>At the original/ revalued cost</b>							
December 31, 2013	1 071 234	354 900	419 735	246 610	159 378	513 137	2 764 994
Acquisitions	-	2 793	5 139	7 008	7 240	-	22 180
Retirements	<u>(66)</u>	<u>(646)</u>	<u>(10 252)</u>	<u>(591)</u>	<u>-</u>	<u>-</u>	<u>(11 555)</u>
June 30, 2014	1 071 168	357 047	414 622	253 027	166 618	513 137	2 775 619
December 31, 2014	1 071 168	343 189	435 207	258 692	175 027	513 137	2 796 420
Acquisitions	-	1 912	14 074	5 972	6 106	-	28 064
Retirements	<u>-</u>	<u>(275)</u>	<u>(18 801)</u>	<u>(3 208)</u>	<u>-</u>	<u>-</u>	<u>(22 284)</u>
June 30, 2015	1 071 168	344 826	430 480	261 456	181 133	513 137	2 802 200
<b>Accumulated depreciation</b>							
December 31, 2013	140 888	345 806	232 864	145 561	115 108	-	980 227
Accruals for the period	11 070	5 271	39 426	12 977	10 313	-	79 057
Written off when retired	<u>(66)</u>	<u>(554)</u>	<u>(10 252)</u>	<u>(591)</u>	<u>-</u>	<u>-</u>	<u>(11 463)</u>
June 30, 2014	151 892	350 523	262 038	157 947	125 421	-	1 047 821
December 31, 2014	162 960	338 201	301 678	167 565	136 440	-	1 106 844
Accruals for the period	11 063	2 031	40 970	11 915	11 143	-	77 122
Written off when retired	<u>-</u>	<u>(275)</u>	<u>(18 017)</u>	<u>(2 602)</u>	<u>-</u>	<u>-</u>	<u>(20 894)</u>
June 30, 2015	<u>174 023</u>	<u>339 957</u>	<u>324 631</u>	<u>176 878</u>	<u>147 583</u>	<u>-</u>	<u>1 163 072</u>
<b>Residual Value</b>							
<b>June 30, 2015</b>	<u><u>897 145</u></u>	<u><u>4 869</u></u>	<u><u>105 849</u></u>	<u><u>84 578</u></u>	<u><u>33 550</u></u>	<u><u>513 137</u></u>	<u><u>1 639 128</u></u>
<b>June 30, 2014</b>	<u><u>919 276</u></u>	<u><u>6 524</u></u>	<u><u>152 584</u></u>	<u><u>95 080</u></u>	<u><u>41 197</u></u>	<u><u>513 137</u></u>	<u><u>1 727 798</u></u>

## 16. OTHER ASSETS

	June 30, 2015	December 31, 2014
<b>Other financial assets taken into account as loans and accounts receivable as per IAS 39:</b>		
Accrued fee revenue	133 546	77 912
Banking business accounts receivable	17 192	25 907
Investments in non-marketed securities	200	200
Investments held to maturity	10	11
<b>Total other financial assets</b>	<b>150 948</b>	<b>104 030</b>
<b>Other non-financial assets:</b>		
Prepayment and other debtors	37 845	23 782
Taxes other than profit tax	15 715	7 895
Inventories	13 037	14 323
Settlements with employees	1 656	1 695
Prepayment for professional services	-	12 419
Debtors on capital investments	-	4 539
	<b>68 253</b>	<b>64 653</b>
Minus: reserve against the devaluation	(743)	(743)
<b>Total other non-financial assets</b>	<b>67 510</b>	<b>63 910</b>
<b>Total Other Assets</b>	<b>218 458</b>	<b>167 940</b>

Information on the movement of reserves against the devaluation of other assets for six months, which ended on June 30, 2015 and 2014, is given in Note 5.

## 17. BANKS' FINANCES

	June 30, 2015	December 31, 2014
<b>Included at the amortized cost:</b>		
Fixed deposits of banks and other financial institutions	5 177 358	5 072 732
Loans granted by REPO agreement	1 574 403	1 096 570
<b>Total finances of banks</b>	<b>6 751 761</b>	<b>6 169 302</b>

As of June 30, 2015 and December 31, 2014, the accrued interest costs in the amount of 513,253 ths. of KZT and 424,423 ths. of KZT, are included in the banks' finances, respectively.

## 18. CLIENT FUNDS

Client funds are shown as follows:

	June 30, 2015	December 31, 2014
Fixed assets	17 937 972	17 947 792
Current accounts and demand deposits	7 835 756	7 525 865
Deposits being security on the granted loans	4 392 605	3 237 557
Deposits -guarantees	1 600	49 641
<b>Total Client Funds</b>	<b>30 167 933</b>	<b>28 760 855</b>

As of June 30, 2015 and December 31, 2014, the accrued interest costs in the amount of 194,920 ths. of KZT and 104,564 ths. of KZT are included in the client fund, respectively.

	June 30, 2015	December 31, 2014
<b>Analysis on the sectors of economy:</b>		
Investment and Financial Sector	9 699 576	6 377 660
Power engineering	9 227 523	7 906 136
Trade	5 231 507	4 407 067
Transport and communication	2 166 312	2 092 749
Construction	996 898	2 530 788
Individuals	667 470	99 320
Hotels and restaurants	624 731	111 238
Services	554 616	760 635
Mining industry and metallurgy	527 210	3 723 068
Agriculture	101 452	12 108
Machine building	98 984	82 150
Production of finished metal products	80 509	52 344
Activity associated with computer facilities	70 171	12 363
Real estate	54 910	78 288
Chemical industry	26 954	41 066
Public organizations and funds	26 620	16 549
Production of other non-metallic mineral products	6 228	23 860
Research developments	3 811	175 831
Water collection, treatment and distribution	1 983	246 104
Culture and arts	249	11 429
Others	219	102
<b>Total Client Funds</b>	<b>30 167 933</b>	<b>28 760 855</b>

## 19. ISSUED DEBT SECURITIES

The issued debt securities are shown as follows:

	Date of Redemption	Interest Rate, %	June 30, 2015	December 31, 2014
Bonds of 3rd issue	July of 2015	7.50	4 589 868	4 530 990
<b>Total Issued Debt Securities</b>			<b>4 589 868</b>	<b>4 530 990</b>

As of June 30, 2015 and December 31, 2014, the accrued interest costs in the amount of 154,451 ths. of KZT and 154,451 ths. of KZT are included in the debt securities, respectively.

## 20. OTHER LIABILITIES

	June 30, 2015	December 31, 2014
<b>Other Financial Liabilities:</b>		
Reserves for leaves	75 676	62 218
Settlements with employees	57 162	5 571
Accrued expenses	26 126	20 553
Accounts payable	8 893	1 445
<b>Total other financial liabilities</b>	<b>167 857</b>	<b>89 787</b>
<b>Other Non-Financial Liabilities:</b>		
Liabilities on guarantees issued	47 297	48 991
Prepaid commissions	46 793	65 726
Taxes payable other than profits tax	38 311	26 000
<b>Total other non-financial liabilities</b>	<b>132 401</b>	<b>140 717</b>
<b>Total other liabilities</b>	<b>300 258</b>	<b>230 504</b>



## 21. SUBORDINATED DEBT

	Currency	June 30, 2015	December 31, 2014
Liability component of preferred shares	Tenge	1 800 341	1 800 341
Accrued dividends on preferred shares	Tenge	99 022	198 043
<b>Total subordinated debt</b>		<u>1 899 363</u>	<u>1 998 384</u>

## 22. AUTHORIZED CAPITAL

At June 30, 2015 and December of 31, 2014, the Bank's Authorized Capital is represented by the following number of shares with a nominal value of KZT 1,000 per share, and the minimal annual dividends on the preferred shares are KZT 100 per share:

	June 30, 2015		December 31, 2014	
	The number of shares	Amount	The number of shares	Amount
Ordinary shares	9 700 000	9 700 000	9 700 000	9 700 000
Preferred shares	<u>2 000 000</u>	<u>2 200 000</u>	<u>2 000 000</u>	<u>2 200 000</u>
<b>Total Authorized Capital</b>	<u>11 700 000</u>	<u>11 900 000</u>	<u>11 700 000</u>	<u>11 900 000</u>

The repurchased own shares of the Bank are shown as follows:

	June 30, 2015		December 31, 2014	
	The number of repurchased shares	Amount	The number of repurchased shares	Amount
Ordinary shares	223 851	145 803	223 851	145 803
Preferred shares	<u>19 566</u>	<u>20 161</u>	<u>19 566</u>	<u>20 161</u>
<b>Total repurchased own shares</b>	<u>243 417</u>	<u>165 964</u>	<u>243 417</u>	<u>165 964</u>

The amount of dividends declared after December 31, 2014 on preferred shares was KZT 100 per share.

The preferred shares shall be deemed to be compound financial instruments including liability and capital components. In the original recognition, a financial instrument in the amount of 2,200,000 ths. of KZT was divided into the liability and capital components. A residual value 381,872 ths. of KZT was assigned to the capital component after the deduction from the original book value of the instrument of the fair value of the liability component in the amount of 1,818,128 ths. of KZT. During 2009, the Bank repurchased 19,726 of its preferred shares in the amount of 20,623 ths. of KZT, of which 17,932 ths. of KZT are the liability component and, accordingly, deducted from the component of liabilities on the preferred shares. In 2011, the Bank sold part of its preferred shares repurchased earlier to the number of 726 ones in the amount of 898 ths. of KZT, of which 660 ths. of KZT are the liability component and, accordingly, they are added to the liability component for the preferred shares. In 2012, the Bank repurchased part of its preferred shares sold earlier to the number of 566 ones in the amount of 623 ths. of KZT, of which 515 ths. of KZT are the liability component and, accordingly, deducted from the component of liabilities on the preferred shares as stated in Note 21.

## 23. BOOK VALUE OF A SHARE

<b>Ordinary Shares:</b>	<b>June 30, 2015</b>	<b>December 31, 2014</b>
Net assets	12 712 842	12 583 969
Number of outstanding ordinary shares	9 476 149	9 476 149
<b>Book value of an ordinary share (KZT)</b>	<b>1 341.56</b>	<b>1 327.96</b>
<b>Preferred Shares:</b>	<b>June 30, 2015</b>	<b>December 31, 2014</b>
Capital owned by the holders of preferred shares	478 520	577 541
Debt constituent of preferred shares to be taken into account in the capital	1 800 341	1 800 341
Number of outstanding preferred shares	1 980 434	1 980 434
<b>Book value of a preferred share (KZT)</b>	<b>1 150.69</b>	<b>1 200.69</b>

Information on the amount of the preferred shares included in the subordinated debt as of June 30, 2015 and December 31, 2014, is given in Note 21

## 24. CONTINGENT FINANCIAL LIABILITIES

In the course of its activity to meet the needs of its clients, the Bank uses financial instruments with off-balance-sheet risks. The said instruments bearing credit risks of a different degree are not stated in the balance sheet.

The maximum extent of the Bank's credit risk on the contingent financial liabilities and liabilities on the granting of credits in case of failure by the second party of its obligations under the transaction and the depreciation of all counter demands, security or pledge as securities, is equal to the agreed cost of the said instruments.

The Bank applies the same credit policy with respect to the contingent liabilities as related to the financial instruments stated in the balance sheet.

At June 30, 2015 and December 31, 2014, the created reserve for losses on contingent financial liabilities was 0 ths. of KZT.

Movement of reserves on contingent financial liabilities and other liabilities for six months, which ended on June 30, 2015 and 2014, is shown in Note 5.

As of June 30, 2015 and December 31, 2014, the nominal amounts, or the amounts according to the agreements for contingent financial liabilities were:

	<b>June 30, 2015</b>	<b>December 31, 2014</b>
<b>Contingent liabilities and debt service obligations:</b>		
Issued guarantees and similar liabilities	3 899 774	4 418 293
Liabilities on loans and unused credit facilities	861 057	879 314
	4 760 831	5 297 607
<b>Total contingent liabilities and debt service obligations</b>	<b>4 760 831</b>	<b>5 297 607</b>



A resolution on the granting of loans to its clients up to the amount of open credit facilities is passed by the Bank upon each next request of a client for credit resources and depends on the financial position of the borrower, credit history and other factors characterizing credit risks and assessed by the Bank at the time of the passing of such resolution.

#### **Liabilities on capital expenditure**

As of June 30, 2015 and December 31, 2014, the Bank's liabilities on capital expenditure are not substantial.

#### **Liabilities on operating leasing agreements**

As of June 30, 2015 and December 31, 2014, the Bank's liabilities on the operating leasing agreements are not substantial.

### **25. CASHFLOW**

The Cash Flow Statement contains information on the flow (inflow and outflow) of the Bank's monetary funds for the reporting period. Calculation is made on the basis of the direct method. An inflow (outflow) of funds as interest remuneration and commissions in the amount of 688,429 ths. of KZT is taken as a basis of the cash flow.

For the reporting period, there is an decrease in the *operating assets* in the amount of 42,367 ths. of KZT mainly due:

- The decrease of the volume of the granted loans in the amount of 86,782 ths. of KZT,
- The increase in the volume of the sold trading securities in the amount of 64,897 ths. of KZT ,
- The increase in the volume of claims to its clients in the amount of 20,482 ths. of KZT.

A increase in the *operating liabilities* in the amount of 1,604,167 ths. of KZT is achieved due to:

- The decrease in the volume of the attracted deposits in the amount of 72,605 ths. of KZT,
- The increase in the scope of obligations to its clients in the amount of 1,192,768 ths. of KZT,
- The increase in the scope of obligations on the REPO transactions in the amount of 484,004 ths. of KZT,

The decrease in the scope of obligations from the *other operating activities* was 821,033 ths. of KZT.

The profit tax for the reporting period was 111,305 ths. of KZT.

The increase in funds from the *operating activities* was 1,402,625 ths. of KZT.

For the reporting period, there is a decrease in funds from the *investment activity* in the amount of 28,063 ths. of KZT, due to the changes in the items of fixed assets and intangible assets.

For the reporting period, there is a decrease in funds from the *financial activity* in the amount of 198,043 ths. of KZT, due to the payment of dividends on the preferred shares.

Net cash inflow for the reporting period is 1,176,519 ths. of KZT.

### **26. INFORMATION ON OTHER EVENTS**

As of the date of signing these financial statements no significant events have occurred, that the Bank would define as requiring additional disclosures.

**Chairman of the Board**

**D. A. Prikhozhan**

**Chief Accountant**

**T.L. Krivtsova**

