

JSC HALYK BANK

**Interim Condensed Consolidated
Financial Information (Unaudited)**
For the three months ended 31 March 2016

JSC HALYK BANK

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JSC HALYK BANK

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE THREE MONTHS ENDED 31 MARCH 2016 (UNAUDITED)

Management is responsible for the preparation of the interim condensed consolidated financial information that presents fairly the financial position of JSC Halyk Bank ("the Bank") and its subsidiaries (collectively – "the Group") as at 31 March 2016, and the results of its operations, cash flows and changes in equity for the three months then ended, in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34").

In preparing the interim condensed consolidated financial information, management is responsible for:

- Properly selecting and applying accounting policies;
- Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Providing additional disclosures when compliance with the specific requirements in IAS 34 are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's consolidated financial position and financial performance; and
- Making an assessment of the Group's ability to continue as a going concern.

Management is also responsible for:

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

The interim condensed consolidated financial information of the Group for the three months ended 31 March 2016 was authorized for issue by the Management Board on 16 May 2016.

On behalf of the Management Board:


Umut B. Shayakhmetova
Chairperson of the Board

16 May 2016
Almaty, Kazakhstan


Pavel A. Chussov
Chief Accountant

16 May 2016
Almaty, Kazakhstan



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

To the Shareholders and Board of Directors of JSC Halyk Bank:

Introduction

We have reviewed the accompanying interim consolidated statement of financial position of JSC Halyk Bank ("the Bank") and its subsidiaries (collectively – "the Group") as at 31 March 2016 and the related interim consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flows for the three months then ended, and a summary of significant accounting policies and other explanatory notes. Management of the Group is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34"). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of the interim condensed consolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting".



16 May 2016
Almaty, Kazakhstan

JSC HALYK BANK

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2016 (UNAUDITED) (Millions of Kazakhstani Tenge)

	Notes	31 March 2016 (unaudited)	31 December 2015
ASSETS			
Cash and cash equivalents	5	1,385,336	1,404,680
Obligatory reserves	6	64,826	68,389
Financial assets at fair value through profit or loss	7	176,503	177,070
Amounts due from credit institutions	8	37,951	44,993
Available-for-sale investment securities	9	340,857	378,520
Held to maturity investments	10	43,031	-
Precious metals		2,850	2,436
Loans to customers	11, 32	2,117,483	2,176,069
Investment property		26,352	24,658
Commercial property		9,927	9,632
Property and equipment		86,942	82,462
Assets held-for-sale		11,484	11,405
Goodwill		4,954	4,954
Intangible assets		8,578	8,659
Current income tax assets	18	16,607	16,469
Deferred income tax assets	18	1,328	1,919
Insurance assets	12	29,704	23,857
Other assets	13	22,549	18,766
TOTAL ASSETS		4,387,262	4,454,938
LIABILITIES AND EQUITY			
LIABILITIES			
Amounts due to customers	14, 32	2,971,221	3,043,731
Amounts due to credit institutions	15	144,835	168,258
Financial liabilities at fair value through profit or loss	7	3,296	5,593
Debt securities issued	16	600,984	597,525
Provisions	17	1,132	982
Current income tax liability	18	182	379
Deferred tax liability	18	36,071	37,362
Insurance liabilities	12	60,953	50,983
Other liabilities	19	26,683	20,197
Total liabilities		3,845,357	3,925,010
EQUITY			
Share capital	20	143,695	143,695
Share premium reserve		2,054	2,039
Treasury shares		(103,196)	(103,175)
Retained earnings and other reserves		499,352	487,369
Total equity		541,905	529,928
TOTAL LIABILITIES AND EQUITY		4,387,262	4,454,938

On behalf of the Management Board:


Umut B. Shayakhmetov
Chairperson of the Board

16 May 2016
Almaty, Kazakhstan


Pavel A. Cheussov
Chief Accountant

16 May 2016
Almaty, Kazakhstan

The notes on pages 10 to 48 form an integral part of this interim condensed consolidated financial information.

JSC HALYK BANK

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE THREE MONTHS ENDED 31 MARCH 2016 (UNAUDITED)

(Millions of Kazakhstani Tenge, except for earnings per share which is in Tenge)

	Notes	Three months ended 31 March 2016 (unaudited)	Three months ended 31 March 2015 (unaudited)
Interest income	22, 32	73,261	57,665
Interest expense	22, 32	(41,961)	(20,990)
NET INTEREST INCOME BEFORE IMPAIRMENT CHARGE	22	31,300	36,675
(Impairment charge)/recovery of provisions	17	(4,504)	1,662
NET INTEREST INCOME		26,796	38,337
Fee and commission income	23	13,456	12,070
Fee and commission expense		(3,203)	(2,171)
Fees and commissions, net		10,253	9,899
Net gain from financial assets and liabilities at fair value through profit or loss	24	2,994	1,098
Net realized gain/(loss) from available-for-sale investment securities		227	(1,204)
Net loss on foreign exchange operations	25	(443)	(236)
Insurance underwriting income	26	4,885	5,208
Other income		930	918
OTHER NON-INTEREST INCOME		8,593	5,784
Operating expenses	27	(17,558)	(16,008)
Provisions	17	(110)	(49)
Insurance claims incurred, net of reinsurance	26	(4,809)	(4,503)
NON-INTEREST EXPENSES		(22,477)	(20,560)
INCOME BEFORE INCOME TAX EXPENSE		23,165	33,460
Income tax expense	18	(4,874)	(6,488)
NET INCOME		18,291	26,972
Attributable to:			
Common shareholders		18,254	26,512
Preferred shareholders		37	460
		18,291	26,972
Basic earnings per share (in Kazakhstani Tenge)	28	1.67	2.43
Diluted earnings per share (in Kazakhstani Tenge)	28	1.67	1.57

On behalf of the Management Board:


Umut B. Shayakhmetova
Chairperson of the Board

16 May 2016
Almaty, Kazakhstan


Pavel A. Chrussov
Chief Accountant

16 May 2016
Almaty, Kazakhstan

The notes on pages 10 to 48 form an integral part of this interim condensed consolidated financial information.

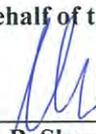
JSC HALYK BANK

INTERIM CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE THREE MONTHS ENDED 31 MARCH 2016 (UNAUDITED)

(Millions of Kazakhstani Tenge)

	Three months ended 31 March 2016 (unaudited)	Three months ended 31 March 2015 (unaudited)
Net income	18,291	26,972
Other comprehensive loss:		
Items that will not be subsequently reclassified to profit or loss:		
Loss on revaluation of property (net of tax – KZT Nil)	(183)	(30)
Items that may be subsequently reclassified to profit or loss:		
Loss on revaluation of available-for-sale investment securities (net of tax – KZT Nil)	(7,982)	(1,749)
Reclassification adjustment relating to available-for-sale investment securities impaired during the period (net of tax – KZT Nil)	461	39
Reclassification adjustment relating to available-for-sale investment securities disposed of in the period (net of tax – KZT Nil)	(227)	1,204
Exchange differences on translation of foreign operations (net of tax – KZT Nil)	1,623	(765)
Other comprehensive loss for the period	(6,308)	(1,301)
Total comprehensive income for the period	11,983	25,671
Attributable to:		
Common shareholders	11,960	25,234
Preferred shareholders	23	437
Total comprehensive income	11,983	25,671

On behalf of the Management Board:

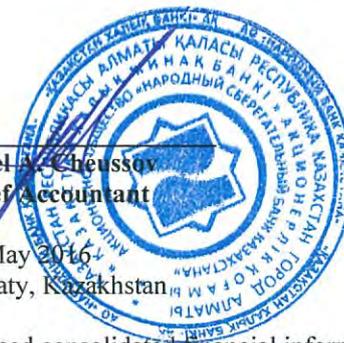

Umut B. Shayakhmetova
Chairperson of the Board

16 May 2016
Almaty, Kazakhstan




Pavel A. Zheussov
Chief Accountant

16 May 2016
Almaty, Kazakhstan



The notes on pages 10 to 48 form an integral part of this interim condensed consolidated financial information

JSC HALYK BANK

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THREE MONTHS ENDED 31 MARCH 2016 (UNAUDITED)

(Millions of Kazakhstani Tenge)

	Share capital				Treasury shares		Cumulative translation reserve*	Revaluation reserve of available-for-sale investment securities*	Property revaluation reserve*	Retained earnings*	Total equity
	Common shares	Non-convertible preferred shares	Convertible preferred shares	Share premium reserve	Common shares	Preferred shares					
31 December 2015	83,571	46,891	13,233	2,039	(39,974)	(63,201)	4,695	(19,404)	16,416	485,662	529,928
Net income	-	-	-	-	-	-	-	-	-	18,291	18,291
Other comprehensive income/(loss)	-	-	-	-	-	-	1,623	(7,748)	(183)	-	(6,308)
Total comprehensive income/(loss)	-	-	-	-	-	-	1,623	(7,748)	(183)	18,291	11,983
Treasury shares purchased	-	-	-	-	(91)	-	-	-	-	-	(91)
Treasury shares sold	-	-	-	15	70	-	-	-	-	-	85
Release of property and equipment revaluation reserve on depreciation and disposal of previously revalued assets	-	-	-	-	-	-	-	-	(86)	86	-
31 March 2016 (unaudited)	<u>83,571</u>	<u>46,891</u>	<u>13,233</u>	<u>2,054</u>	<u>(39,995)</u>	<u>(63,201)</u>	<u>6,318</u>	<u>(27,152)</u>	<u>16,147</u>	<u>504,039</u>	<u>541,905</u>

JSC HALYK BANK

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED) FOR THE THREE MONTHS ENDED 31 MARCH 2016 (UNAUDITED)

(Millions of Kazakhstani Tenge)

	Common shares	Share capital			Treasury shares		Cumulative translation reserve*	Revaluation reserve of available-for-sale investment securities*	Property revaluation reserve*	Retained earnings*	Total equity
		Non-convertible preferred shares	Convertible preferred shares	Share premium reserve	Common shares	Preferred shares					
31 December 2014	83,571	46,891	13,233	1,439	(39,973)	(39,021)	(845)	(9,292)	17,341	401,877	475,221
Net income	-	-	-	-	-	-	-	-	-	26,972	26,972
Other comprehensive (loss)/income	-	-	-	-	-	-	(765)	(506)	(34)	4	(1,301)
Total comprehensive (loss)/income	-	-	-	-	-	-	(765)	(506)	(34)	26,976	25,671
Treasury shares purchased	-	-	-	(72)	(2)	-	-	-	-	-	(74)
Treasury shares sold	-	-	-	75	2	-	-	-	-	-	77
Release of property and equipment revaluation reserve on depreciation and disposal of previously revalued assets	-	-	-	-	-	-	-	-	(121)	121	-
31 March 2015 (unaudited)	83,571	46,891	13,233	1,442	(39,973)	(39,021)	(1,610)	(9,798)	17,186	428,974	500,895

* These amounts are included within Retained earnings and other reserves in the interim condensed consolidated statement of financial position.

On behalf of the Management Board:

Umut B. Shayakhmetova
Chairperson of the Board

16 May 2016
Almaty, Kazakhstan

Pavel A. Chircussov
Chief Accountant

16 May 2016
Almaty, Kazakhstan

The notes on pages 10 to 48 form an integral part of this interim condensed consolidated financial information.

JSC HALYK BANK

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THREE MONTHS ENDED 31 MARCH 2016 (UNAUDITED)

(Millions of Kazakhstani Tenge)

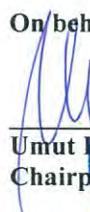
	Three months ended 31 March 2016 (unaudited)	Three months ended 31 March 2015 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Interest received from cash equivalents and amounts due from credit institutions	4,444	602
Interest received from financial assets at fair value through profit or loss	94	17
Interest received on available-for-sale investment securities	2,654	4,864
Interest received on held to maturity investments	1,497	-
Interest received from loans to customers	63,694	50,342
Interest paid on due to customers	(26,468)	(12,685)
Interest paid on due to credit institutions	(11,794)	(1,736)
Interest paid on debt securities issued	(2,165)	(6,667)
Fee and commission received	12,604	11,708
Fee and commission paid	(3,203)	(2,171)
Insurance underwriting income received	1,840	1,407
Ceded insurance share paid	(4,476)	(680)
Payment on derivative operations	(1,092)	(617)
Other income received	944	751
Operating expenses paid	(15,774)	(12,554)
Insurance reimbursements paid	(4,863)	(2,350)
Cash flows from operating activities before changes in net operating assets	17,936	30,231
Changes in operating assets and liabilities:		
(Increase)/decrease in operating assets:		
Obligatory reserves	3,563	79
Financial assets at fair value through profit or loss	4,601	515
Amounts due from credit institutions	6,232	(16,992)
Precious metals	8	62
Loans to customers	57,366	(9,912)
Assets held-for-sale	(79)	220
Insurance assets	(3,350)	(4,014)
Other assets	6,476	(3,272)
Increase/(decrease) in operating liabilities:		
Amounts due to customers	(97,918)	(136,712)
Amounts due to credit institutions	(25,874)	6,452
Financial liabilities at fair value through profit or loss	(2,302)	495
Insurance liabilities	14,629	9,238
Other liabilities	4,710	1,583
Net cash outflow from operating activities before income tax	(14,002)	(122,027)
Income tax paid	(5,909)	(7,234)
Net cash outflow from operating activities	(19,911)	(129,261)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of available-for-sale investment securities	72,696	63,381
Purchase of available-for-sale investment securities	(38,405)	(11,438)
Purchase and prepayment for property and equipment and intangible assets	(8,119)	(1,664)
Proceeds on sale of property and equipment	1,909	166
Purchase of held to maturity investments	(45,923)	-
Proceeds from maturity of held to maturity investments	1,996	-
Net cash (outflow)/inflow from investing activities	(15,846)	50,445

JSC HALYK BANK

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED) FOR THE THREE MONTHS ENDED 31 MARCH 2016 (UNAUDITED) (Millions of Kazakhstani Tenge)

	Notes	Three months ended 31 March 2016 (unaudited)	Three months ended 31 March 2015 (unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds on sale of treasury shares		85	77
Purchase of treasury shares		(91)	(74)
Proceeds on debt securities issued		450	51,112
Redemption and repayment of debt securities issued		(1,906)	-
		<u>(1,462)</u>	<u>51,115</u>
Net cash (outflow)/inflow from financing activities		(1,462)	51,115
Effect of changes in foreign exchange rate fluctuations on cash and cash equivalents		<u>17,875</u>	<u>4,276</u>
Net change in cash and cash equivalents		(19,344)	(23,425)
CASH AND CASH EQUIVALENTS, beginning of the period	5	<u>1,404,680</u>	<u>540,537</u>
CASH AND CASH EQUIVALENTS, end of the period	5	<u><u>1,385,336</u></u>	<u><u>517,112</u></u>

On behalf of the Management Board:


Umut B. Shayakhmetova
Chairperson of the Board

16 May 2016
Almaty, Kazakhstan




Pavel A. Cheussov
Chief Accountant

16 May 2016
Almaty, Kazakhstan



The notes on pages 10 to 48 form an integral part of this interim condensed consolidated financial information.

JSC HALYK BANK

SELECTED EXPLANATORY NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE THREE MONTHS ENDED 31 MARCH 2016 (UNAUDITED)

(Millions of Kazakhstani Tenge)

1. PRINCIPAL ACTIVITIES

JSC Halyk Bank (“the Bank”) and its subsidiaries (collectively – “the Group”) provide corporate and retail banking services principally in Kazakhstan, Russia, Kyrgyzstan and Georgia, leasing services in Kazakhstan and Russia, as well as asset management, insurance and brokerage services in Kazakhstan. The primary state registration of the Bank with the authorities of justice of the Republic of Kazakhstan was made on 20 January 1994. The Bank operates under the license No. 10 for carrying out banking and other operations and activities on the securities market, renewed by the National Bank of the Republic of Kazakhstan (“the NBRK”) on 6 August 2008. The Bank is a member of the obligatory deposit insurance system provided by JSC Kazakhstan Deposit Insurance Fund.

The Bank’s primary business includes originating loans and guarantees, collecting deposits, trading in securities and foreign currencies, executing transfers, cash and payment card operations as well as rendering other banking services to its customers. In addition, the Bank acts as a non-exclusive agent of the Government of the Republic of Kazakhstan in channelling various budgetary payments and pensions through its nationwide branch network.

The Bank has a primary listing with the Kazakhstan Stock Exchange (“KASE”), as well as Global Depository Receipts (“GDRs”) and Eurobonds listed on the London Stock Exchange.

The Group is ultimately controlled by Timur Kulibayev and his wife Dinara Kulibayeva.

Legal proceedings

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

Operating environment

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

Because Kazakhstan produces and exports large volumes of oil and gas, its economy is particularly sensitive to the price of oil and gas on the world market. During 2014, 2015 and then in the first quarter of 2016, the oil price decreased significantly, which led to significant decrease in national export revenue. On 20 August 2015, the Government and the NBRK announced a transition to a new monetary policy based on free-floating tenge exchange rate, and cancelled the currency corridor. In 2015 and in the first quarter of 2016 tenge depreciated significantly against major foreign currencies.

Management of the Group is monitoring developments in the current environment and taking measures, it considered necessary in order to support the sustainability and development of the Group’s business in the foreseeable future. However, at this stage, it is difficult to determine the impact of further economic developments on future operations and financial position of the Group.

As at 31 March 2016 and 31 December 2015, the Group was owned by the following shareholders, which own individually more than 5% of the issued shares of the Group:

	Total shares	Stake in total shares in circulation	31 March 2016 (unaudited)		Convertible and non-convertible preferred shares	Stake in convertible and non-convertible preferred shares in circulation
			Common shares	Stake in common shares in circulation		
JSC HG Almex	8,024,149,068	73.4%	8,003,381,500	73.4%	20,767,568	99.8%
JSC Single accumulative pension fund	716,281,746	6.6%	716,281,746	6.6%	-	-
GDR	1,836,282,320	16.8%	1,836,282,320	16.8%	-	-
Other	353,126,691	3.2%	353,080,772	3.2%	45,919	0.2%
Total shares in circulation (on consolidated basis)	10,929,839,825	100%	10,909,026,338	100%	20,813,487	100%
	Total shares	Stake in total shares in circulation	31 December 2015		Convertible and non-convertible preferred shares	Stake in convertible and non-convertible preferred shares in circulation
			Common shares	Stake in common shares in circulation		
JSC HG Almex	8,024,149,068	73.4%	8,003,381,500	73.4%	20,767,568	99.8%
JSC Single accumulative pension fund	716,281,746	6.6%	716,281,746	6.5%	-	-
GDR	1,840,058,240	16.8%	1,840,058,240	16.9%	-	-
Other	349,774,984	3.2%	349,729,065	3.2%	45,919	0.2%
Total shares in circulation (on consolidated basis)	10,930,264,038	100%	10,909,450,551	100%	20,813,487	100%

As at 31 March 2016, the Bank operated through its head office in Almaty and its 22 regional branches, 122 sub-regional offices and 372 cash settlement units (31 December 2015 – 22, 122 and 377, respectively) located throughout Kazakhstan. The address of the Bank's registered office is: 109 V Abai Avenue, Almaty, 050008, Republic Kazakhstan.

As at 31 March 2016, the number of the Group's full-time employees was 11,739 (31 December 2015 -11,827).

The interim condensed consolidated financial information of the Group for the three months ended 31 March 2016 was authorized for issue by the Management Board on 16 May 2016.

2. BASIS OF PRESENTATION

Accounting basis

The interim condensed consolidated financial information of the Group has been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

The interim condensed consolidated financial information is unaudited and does not include all the information and disclosures required in the annual financial statements. The Group omitted disclosures which would substantially duplicate the information contained in its audited annual consolidated financial statements for the year ended 31 December 2015 prepared in accordance with International Financial Reporting Standards (“IFRS”), such as accounting policies and details of accounts which have not changed significantly in amount or composition. Additionally, the Group has provided disclosures where significant events have occurred subsequent to the issuance of the Group’s annual consolidated financial statements for the year ended 31 December 2015 prepared in accordance with IFRS. Management believes that the disclosures in this interim condensed consolidated financial information are adequate to make the information presented not misleading if this interim condensed consolidated financial information is read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2015 prepared in accordance with IFRS. In management’s opinion, this interim condensed consolidated financial information reflects all adjustments necessary to present fairly the Group’s financial position, results of operations, statements of changes in shareholders’ equity and cash flows for the interim reporting periods.

This interim condensed consolidated financial information is presented in millions of Kazakhstani Tenge (“KZT” or “Tenge”), except for earnings per share amounts and unless otherwise indicated.

Consolidated subsidiaries

This interim condensed consolidated financial information includes the following subsidiaries:

Subsidiary	Holding, %		Country	Industry
	31 March 2016 (unaudited)	31 December 2015		
Halyk-Leasing JSC	100	100	Kazakhstan	Leasing
JSC Kazteleport	100	100	Kazakhstan	Telecommunications
OJSC Halyk Bank Kyrgyzstan	100	100	Kyrgyzstan	Banking
Halyk Finance JSC	100	100	Kazakhstan	Broker and dealer activities
LLC Halyk Collection	100	100	Kazakhstan	Cash collection services
JSC Halyk-Life	100	100	Kazakhstan	Life insurance
Kazakhinstrakh JSC	100	100	Kazakhstan	Insurance
OJSC NBK-Bank	100	100	Russia	Banking
JSC Halyk Bank Georgia	100	100	Georgia	Banking
LLC Halyk Project	100	100	Kazakhstan	Management of doubtful and loss assets
JSC Altyn Bank (SB of JSC Halyk Bank)	100	100	Kazakhstan	Banking

3. SIGNIFICANT ACCOUNTING POLICIES

In preparing this interim condensed consolidated financial information the Group has applied the same accounting policies and methods of computation as those applied in the annual consolidated financial statements of the Group for the year ended 31 December 2015. There were no changes in accounting policies during three months ended 31 March 2016.

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2015.

4. SIGNIFICANT ACCOUNTING ESTIMATES

In preparing this interim condensed consolidated financial information, the significant judgments made by the Management in applying the Group's accounting policies and the key sources of estimation uncertainty were consistent with those that applied to the Group's annual consolidated financial statements for the year ended 31 December 2015 prepared in accordance with IFRS.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise:

	31 March 2016 (unaudited)	31 December 2015
Cash on hand	101,905	118,891
Recorded as loans and receivables in accordance with IAS 39:		
Correspondent accounts with Organization for Economic Co-operation and Development countries (the "OECD") based banks	113,895	116,478
Short-term deposits with OECD based banks	-	125,808
Overnight deposits with OECD based banks	89,352	-
Correspondent accounts with NBRK	723,516	1,019,059
Short-term deposits with NBRK	305,178	-
Short-term deposits with Kazakhstan banks (incl. loans under reverse repurchase agreements)	35,472	11,518
Correspondent accounts with non-OECD based banks	13,417	12,206
Short-term deposits with non-OECD based banks	2,601	720
	<u>1,385,336</u>	<u>1,404,680</u>

Interest rates and currencies in which interest earning cash and cash equivalents are denominated are as follows:

	31 March 2016 (unaudited)		31 December 2015	
	KZT	Foreign currencies	KZT	Foreign currencies
Short-term deposits with OECD based banks	-	-	-	0.3%-0.9%
Overnight deposits with OECD based banks		0.4%-0.5%	-	-
Short-term deposits with NBRK	15%	-	-	-
Short-term deposits with Kazakhstan banks	11%-15%	1.0%-4.5%	10%-150%	0.3%-2.5%
Short-term deposits with non-OECD based bank	-	1.0%-8.1%	-	3.0%-4%

Fair value of assets pledged and carrying amounts of loans under reverse repurchase agreements included into short-term deposits with Kazakhstan banks as at 31 March 2016 and 31 December 2015 are as follows:

	31 March 2016 (unaudited)		31 December 2015	
	Carrying amount of deposits	Fair value of collateral	Carrying amount of deposits	Fair value of collateral
Treasury bills of the Ministry of Finance of Kazakhstan	34,670	49,201	8,320	10,012

As at 31 March 2016 and 31 December 2015, maturities of loans under reverse repurchase agreements were less than one month.

6. OBLIGATORY RESERVES

Obligatory reserves comprise:

	31 March 2016 (unaudited)	31 December 2015
Recorded as loans and receivables in accordance with IAS 39:		
Cash and due from banks allocated to obligatory reserves	64,826	68,389

The obligatory reserves represent the minimum reserve deposits and cash on hand balances required by the National Banks of the Republic of Kazakhstan, Kyrgyzstan, Georgia and Central Bank of Russian Federation and used for calculation of the minimum reserve requirements. As at 31 March 2016, obligatory reserves of JSC Altyn Bank, OJSC Halyk Bank Kyrgyzstan, OJSC NBK-Bank and JSC Halyk Bank Georgia comprised KZT 9,348 million (31 December 2015 – KZT 9,340 million).

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

Financial assets at fair value through profit or loss comprise:

	31 March 2016 (unaudited)	31 December 2015
Financial assets held for trading:		
Derivative financial instruments	167,729	175,313
Treasury bills of USA	5,140	-
Treasury bills of Republic of Korea	1,227	-
Corporate bonds	923	909
Treasury bills of Poland	789	-
Bonds of Kazakhstan banks	226	293
Bonds of JSC Development Bank of Kazakhstan	202	199
Bonds of foreign organizations	102	124
Equity securities of Kazakhstan corporations	63	106
Equity securities of foreign organizations	53	78
Equity securities of Kazakhstan banks	49	48
	<u>176,503</u>	<u>177,070</u>

Financial liabilities at fair value through profit or loss comprise:

	31 March 2016 (unaudited)	31 December 2015
Financial liabilities at fair value through profit or loss:		
Derivative financial instruments	3,296	5,593

Interest rates of financial assets at fair value through profit or loss are as follows:

	31 March 2016 (unaudited) Interest rate, %	31 December 2015 Interest rate, %
Treasury bills of USA	1.8%	-
Treasury bills of South Korea	1.7%	-
Corporate bonds	6.5%	6.6%
Treasury bills of Poland	2.1%	-
Bonds of Kazakhstan banks	9.2%	10.5%
Bonds of JSC Development Bank of Kazakhstan	5.9%	5.3%
Bonds of foreign organizations	7.2%	6.3%

Derivative financial instruments comprise:

	31 March 2016 (unaudited)			31 December 2015		
	Notional amount	Fair value		Notional amount	Fair value	
		Asset	Liability		Asset	Liability
Foreign currency contracts:						
Swaps	423,279	167,623	1,602	454,075	175,308	1,043
Spots	31,288	31	26	28,627	5	265
Forwards	5,145	75	1,668	14,546	-	4,285
		<u>167,729</u>	<u>3,296</u>		<u>175,313</u>	<u>5,593</u>

As at 31 March 2016 and 31 December 2015, the Group used quoted market prices from independent information sources for all of its financial assets at fair value through profit or loss, except for derivative financial instruments, which are valued using valuation models based on observable market data.

8. AMOUNTS DUE FROM CREDIT INSTITUTIONS

Amounts due from credit institutions comprise:

	31 March 2016 (unaudited)	31 December 2015
Recorded as loans and receivables in accordance with IAS 39:		
Term deposits	18,469	25,584
Loans to credit institutions	14,307	14,307
Deposit pledged as collateral for derivative financial instruments	5,175	5,109
	<u>37,951</u>	<u>45,000</u>
Less – Allowance for impairment (Note 17)	<u>-</u>	<u>(7)</u>
	<u>37,951</u>	<u>44,993</u>

Interest rates and maturities of amounts due from credit institutions are as follows:

	31 March 2016 (unaudited)		31 December 2015	
	Interest rate	Maturity, year	Interest rate	Maturity, year
Term deposits	1.0%-18.0%	2016-2017	1.0%-27.0%	2016-2017
Loans to credit institutions	8.2%	2017	8.2%	2017
Deposit pledged as collateral for derivative financial instruments	0.2%-1.8%	2016	0.2%-1.8%	2016

9. AVAILABLE-FOR-SALE INVESTMENT SECURITIES

Available-for-sale investment securities comprise:

	31 March 2016 (unaudited)	31 December 2015
Treasury bills of the Ministry of Finance of Kazakhstan	130,305	165,040
Corporate bonds	137,845	141,428
Bonds of JSC Development Bank of Kazakhstan	37,085	35,976
Bonds of Kazakhstan banks	14,834	17,606
Bonds of foreign organizations	14,427	9,336
Equity securities of Kazakhstan corporations	3,280	3,024
Equity securities of foreign corporations	2,324	2,140
Treasury bills of the Russian Federation	757	653
Treasury bills of Georgia	-	2,755
Notes of National Bank of Kyrgyz Republic	-	354
Treasury bills of the Kyrgyz Republic	-	208
	<u>340,857</u>	<u>378,520</u>

As at 31 March 2016 and 31 December 2015, available-for-sale investment securities included Treasury bills of the Ministry of Finance of Kazakhstan at fair value of KZT 22,565 million and KZT 51,763 million, respectively, which were pledged under repurchase agreements with other banks (see Note 15).

Interest rates and maturities of available-for-sale investment securities are presented in the table below. Interest rates in the table below are calculated as weighted average of the effective interest rates for the respective securities.

	31 March 2016 (unaudited)		31 December 2015	
	Interest rate	Maturity, year	Interest Rate	Maturity, year
Treasury bills of the Ministry of Finance of Kazakhstan	5.5%	2016-2031	5.6%	2016-2045
Corporate bonds	5.9%	2016-2042	6.9%	2016-2029
Bonds of JSC Development Bank of Kazakhstan	4.5%	2022-2026	4.5%	2022-2026
Bonds of Kazakhstan banks	11.2%	2016-2049	12.1%	2016-2049
Bonds of foreign organizations	4.3%	2016-2029	5.0%	2016-2022
Treasury bills of the Russian Federation	8.1%	2021	9.8%	2021
Treasury bills of Georgia	-	-	10.1%	2016-2024
Notes of National Bank of Kyrgyz Republic	-	-	10.5%	2016
Treasury bills of the Kyrgyz Republic	-	-	12.4%	2016

10. HELD TO MATURITY INVESTMENTS

Held to maturity investments comprise:

	31 March 2016 (unaudited)	31 December 2015
Treasury bills of the Ministry of Finance of Kazakhstan	32,635	-
NBRK Notes	3,975	-
Notes of National Bank of Georgia	2,735	-
Bonds of Kazakhstan banks	2,076	-
Bonds of foreign organizations	792	-
Treasury bills of the Kyrgyz Republic	469	-
Notes of National Bank of Kyrgyz Republic	196	-
Corporate bonds	153	-
	<u>43,031</u>	<u>-</u>

Interest rates and maturities of held to maturity investments are presented in the table below. Interest rates are calculated as the weighted average of the effective interest rates for the respective securities.

	31 March 2016 (unaudited)		31 December 2015	
	Interest rate	Maturity, year	Interest rate	Maturity, year
Treasury bills of the Ministry of Finance of Kazakhstan	4.9%	2024-2045	-	-
NBRK Notes	16.4%	2016	-	-
Notes of National Bank of Georgia	10.7%	2016-2024	-	-
Bonds of Kazakhstan banks	13.1%	2016-2022	-	-
Bonds of foreign organizations	8.2%	2016-2020	-	-
Treasury bills of the Kyrgyz Republic	13.4%	2016	-	-
Notes of National Bank of Kyrgyz Republic	2.0%	2016	-	-
Corporate bonds	7.5%	2017-2029	-	-

The Group did not classify any financial assets as held to maturity investments for two financial years after selling substantial part of its held to maturity investments in 2013. The Group has the positive intent and ability to hold them to maturity. Such securities are carried at amortized cost using the effective interest method, less any allowance for impairment.

11. LOANS TO CUSTOMERS

Loans to customers comprise:

	31 March 2016 (unaudited)	31 December 2015
Recorded as loans and receivables in accordance with IAS 39:		
Originated loans to customers	2,422,136	2,477,685
Overdrafts	3,711	3,498
	<u>2,425,847</u>	<u>2,481,183</u>
Less – Allowance for loan impairment losses (Note 17)	(308,364)	(305,114)
Loans to customers	<u><u>2,117,483</u></u>	<u><u>2,176,069</u></u>

Weighted average interest rate on loans to customers is calculated as interest income on loans to customers divided by monthly average balances of loans to customers. As at 31 March 2016, average interest rate on loans was 11.8% (for the year ended 31 December 2015 –12.5%).

As at 31 March 2016, the Group's loan concentration to the ten largest borrowers was KZT 510,505 million, which comprised 21% of the Group's total gross loan portfolio (as at 31 December 2015 – KZT 524,728 million; 21%) and 94% of the Group's total equity (as at 31 December 2015 – 99%).

As at 31 March 2016, the allowance for loan impairment losses amounting to KZT 59,893 million was created against these loans (as at 31 December 2015 – KZT 60,784 million).

As at 31 March 2016 and 31 December 2015, loans were extended to the customers operating in the following sectors:

	31 March 2016 (unaudited)	%	31 December 2015	Share
Retail loans:				
- consumer loans	402,369	17%	407,905	16%
- mortgage loans	196,139	8%	197,165	8%
	<u>598,508</u>		<u>605,070</u>	
Services	411,626	17%	394,027	16%
Wholesale trade	386,951	16%	442,797	18%
Construction	175,122	7%	168,393	7%
Real estate	141,663	6%	157,413	6%
Retail trade	137,158	6%	150,353	6%
Agriculture	113,706	5%	118,948	5%
Mining	72,693	3%	54,936	2%
Communication	61,005	3%	60,483	2%
Transportation	54,680	2%	59,415	2%
Financial services	53,284	2%	39,394	2%
Oil and gas	35,585	1%	36,777	2%
Hotel industry	33,047	1%	32,581	1%
Food industry	32,102	1%	31,897	1%
Energy	30,708	1%	28,628	1%
Metallurgy	24,246	1%	25,610	1%
Machinery	15,755	1%	15,499	1%
Chemical industry	15,615	1%	14,678	1%
Light industry	6,966	0%	7,004	0%
Other	25,427	1%	37,280	2%
	<u><u>2,425,847</u></u>	<u><u>100%</u></u>	<u><u>2,481,183</u></u>	<u><u>100%</u></u>

As at 31 March 2016 the amount of accrued interest on loans comprised KZT 140,171 million (as at 31 December 2015 – KZT 138,495 million).

As at 31 March 2016 and 31 December 2015 loans to customers included loans of KZT 164,313 million and KZT 188,582 million, respectively, which terms were renegotiated. Otherwise, these loans would be past due or impaired.

12. INSURANCE ASSETS AND LIABILITIES

Insurance assets comprised the following:

	31 March 2016 (unaudited)	31 December 2015
Unearned reinsurance premium	15,904	12,859
Reinsurance amounts	<u>2,007</u>	<u>1,556</u>
	17,911	14,415
Premiums receivable	<u>11,793</u>	<u>9,442</u>
Insurance assets	<u><u>29,704</u></u>	<u><u>23,857</u></u>

Insurance liabilities comprised the following:

	31 March 2016 (unaudited)	31 December 2015
Reserves for insurance claims	26,316	24,797
Gross unearned insurance premium reserve	<u>23,970</u>	<u>19,043</u>
	50,286	43,840
Payables to reinsurers and agents	<u>10,667</u>	<u>7,143</u>
Insurance liabilities	<u><u>60,953</u></u>	<u><u>50,983</u></u>

13. OTHER ASSETS

Other assets comprise:

	31 March 2016 (unaudited)	31 December 2015
Other financial assets recorded as loans and receivables in accordance with IAS 39:		
Debtors on banking activities	8,626	8,171
Accrued commission income	1,658	806
Debtors on non-banking activities	1,439	1,802
Others	<u>18</u>	<u>15</u>
	11,741	10,794
Less – Allowance for impairment (Note 17)	<u>(4,515)</u>	<u>(4,568)</u>
	7,226	6,226
Other non-financial assets:		
Prepayments for property and equipment	9,715	7,601
Inventory	1,439	1,039
Advances for taxes other than income tax	1,394	753
Investments in associates	269	65
Others	<u>2,506</u>	<u>3,082</u>
	<u>15,323</u>	<u>12,540</u>
	<u><u>22,549</u></u>	<u><u>18,766</u></u>

14. AMOUNTS DUE TO CUSTOMERS

Amounts due to customers include the following:

	31 March 2016 (unaudited)	31 December 2015
Recorded at amortized cost:		
Term deposits:		
Individuals	1,315,135	1,276,609
Legal entities	685,453	868,833
	<u>2,000,588</u>	<u>2,145,442</u>
Current accounts:		
Legal entities	762,659	701,468
Individuals	207,974	196,821
	<u>970,633</u>	<u>898,289</u>
	<u><u>2,971,221</u></u>	<u><u>3,043,731</u></u>

As at 31 March 2016, the Group's ten largest groups of related customers accounted for approximately 27% of the total amounts due to customers (31 December 2015 – 28%), where each group of related customers represents customers related to each other within that group.

As at 31 March 2016 and 31 December 2015, term deposits from legal entities included deposit from JSC “The Fund of Problem Loans” for KZT 33,600 million. The deposit was placed for 20 years till 2025 at 2.99% per annum. Under the terms of the deposit agreement, the Group is responsible to use deposit funds for refinancing mortgage loans and residential mortgage loans of its borrowers at 3.0% per annum within the framework of Government Mortgage and Residential Mortgage Refinancing Program.

Management believes that in the event of withdrawal of funds, the Group would be given sufficient notice so as to realize its liquid assets to enable repayment.

An analysis of customer accounts by sector follows:

	31 March 2016 (unaudited)	Share	31 December 2015	Share
Individuals and entrepreneurs	1,523,109	51%	1,473,430	48%
Oil and gas	371,647	13%	604,738	20%
Financial sector	251,636	8%	112,462	4%
Other consumer services	123,853	4%	142,768	5%
Transportation	116,912	4%	131,926	4%
Wholesale trade	93,217	3%	151,395	5%
Construction	80,701	3%	82,841	3%
Metallurgy	60,093	2%	48,406	1%
Healthcare and social services	57,948	2%	65,434	2%
Government	46,923	2%	20,309	1%
Communication	43,127	1%	15,714	1%
Energy	33,922	1%	45,280	1%
Education	18,611	1%	23,547	1%
Insurance and pension funds activity	15,513	1%	8,368	0%
Other	134,009	4%	117,113	4%
	<u><u>2,971,221</u></u>	<u><u>100%</u></u>	<u><u>3,043,731</u></u>	<u><u>100%</u></u>

15. AMOUNTS DUE TO CREDIT INSTITUTIONS

Amounts due to credit institutions comprise:

	31 March 2016 (unaudited)	31 December 2015
Recorded at amortized cost:		
Loans from JSC National Managing Holding KazAgro	41,306	41,866
Loans from JSC Entrepreneurship Development Fund DAMU	32,871	32,882
Loans and deposits from Kazakhstan banks	28,316	53,945
Loans from JSC Development Bank of Kazakhstan	22,368	19,365
Correspondent accounts	10,318	8,420
Loans and deposits from OECD based banks	6,955	6,976
Loans and deposits from non-OECD based banks	1,451	8
Loans from other financial institutions	1,250	1,791
Overnight deposits	-	3,005
	<u>144,835</u>	<u>168,258</u>

As at 31 March 2016, loans from JSC National Managing Holding KazAgro (“KazAgro”) included long-term loans of KZT 41,251 million (31 December 2015 - KZT 41,810 million) at 3.0% interest rate maturing in 2022. These loans were received for restructuring/refinancing of loan/leasing debts of the Bank’s borrowers operating in agricultural sector, originated before 1 January 2014 in connection with working capital loans, loans for the purchase of property and equipment, loans for construction-and-assembling works and loans for leasing of agriculture and technology equipment. Restructuring/refinancing of loan/leasing obligations is provided at 6.0% - 7.0% interest rate for the period not later than 31 December 2022.

As at 31 March 2016, loans from JSC Entrepreneurship Development Fund DAMU (“DAMU”) included long-term loans of KZT 32,610 million (31 December 2015 – KZT 32,721 million) at 2.0% interest rate maturing in 2034 with an early recall option. These loans were received in accordance with the Government program (“the Program”) to finance small and medium enterprises (“SME”) operating in certain industries. According to the loan agreement between DAMU and the Group, the Group is responsible to extend loans to SME borrowers, eligible to participate in the Program, up to 10 years at 6.0% interest rate.

As at 31 March 2016, loans from JSC Development Bank of Kazakhstan (“DBK”) included long-term loans of KZT 16,000 million (31 December 2015 – KZT 16,000 million) at 2.0% interest rate maturing in 2034-2035 to finance corporate enterprises operating in manufacturing industries, as well as long-term loan of KZT 6,300 million (31 December 2015 – KZT 3,300 million) at 1% interest rate maturing in 2035 to finance the purchase of cars by the Group’s retail customers. According to the loan agreement between DBK and the Group, the Group is responsible to extend loans to corporate borrowers, eligible to participate in the Program, up to 10 years at 6.0% interest rate, and to retail borrowers – up to 5 years at 4.0% interest rate.

The Management of the Group believes that there are no other similar financial instruments and due to its specific nature, the loans from KazAgro, DAMU and DBK represent separate segments in retail, SME and corporate lending. As a result, these loans were received in an orderly transaction and as such have been recorded at fair value at the recognition date.

Interest rates and maturities of amounts due to credit institutions are as follows:

	31 March 2016 (unaudited)		31 December 2015	
	Interest Rate	Maturity, year	Interest Rate	Maturity, year
Loans from JSC National Managing Holding KazAgro	3.0%	2019-2022	3.0%	2019-2022
Loans from JSC Entrepreneurship Development Fund DAMU	2.0%	2016-2035	2.0%	2016-2035
Loans and deposits from Kazakhstan banks	10%-15%	2016	3.2%-11.4%	2016
Loans from JSC Development Bank of Kazakhstan	1.0%-2.0%	2016-2035	1.0%-2.0%	2016-2035
Loans and deposits from OECD based banks	2.3%-6.4%	2016-2023	1.1%-6.5%	2016-2023
Loans and deposits from non-OECD based banks	10.0%	2016	0.7%-7.0%	2016-2017
Loans from other financial institutions	5.2%-5.3%	2016	4.8%-6.2%	2016
Overnight deposits	-	-	60%	2016

Fair value of assets pledged and carrying amounts of loans included in loans and deposits from Kazakhstan banks under repurchase agreements as at 31 March 2016 and 31 December 2015 are as follows:

	31 March 2016 (unaudited)		31 December 2015	
	Fair value of collateral	Carrying amount of loans	Fair value of collateral	Carrying amount of loans
Treasury bills of the Ministry of Finance of Kazakhstan	22,565	20,346	51,763	45,242

Details of transferred financial assets that are not derecognized in their entirety as at 31 March 2016 and 31 December 2015 are disclosed below.

The Group uses loans under repurchase agreements to ensure current KZT cash flows for its operating activities. The Group uses regularly this type of instrument to attract short-term liquidity and plans to continue raising funds through loan repurchase agreements should it become necessary.

The Group has determined that it retains substantially all the risks and rewards of these securities, which include credit risk and market risk, and therefore it has not derecognised them. In addition, it recognises a financial liability for cash received as collateral.

	Investments available-for- sale (Note 9)
As at 31 March 2016 (unaudited):	
Carrying amount of transferred assets	22,565
Carrying amount of associated liabilities	20,346
As at 31 December 2015:	
Carrying amount of transferred assets	51,763
Carrying amount of associated liabilities	45,242

In accordance with the contractual terms of the loans from certain OECD based banks, the Group is required to maintain certain financial ratios, particularly with regard to capital adequacy. Some of the Group's outstanding financing agreements include covenants restricting the Group's ability to create security interests over its assets. Should the Group default under these covenants, this could result in cross-accelerations and cross-defaults under the terms of the Group's other financing arrangements.

The Group's management believes that as at 31 March 2016 and 31 December 2015, the Group was in compliance with the covenants of the agreements that the Group has with other banks and credit institutions.

16. DEBT SECURITIES ISSUED

Debt securities issued consisted of the following:

	31 March 2016 (unaudited)	31 December 2015
Recorded at amortized cost:		
Subordinated debt securities issued:		
Fixed rate KZT denominated bonds	5,138	4,989
Reverse inflation indexed KZT denominated bonds	4,160	4,051
	<hr/>	<hr/>
Total subordinated debt securities outstanding	9,298	9,040
	<hr/>	<hr/>
Unsubordinated debt securities issued:		
USD denominated bonds	367,401	363,829
KZT denominated bonds	224,285	224,656
	<hr/>	<hr/>
Total unsubordinated debt securities outstanding	591,686	588,485
	<hr/>	<hr/>
Total debt securities issued	<u>600,984</u>	<u>597,525</u>

The coupon rates and maturities of these debt securities issued are as follows:

	31 March 2016 (unaudited)		31 December 2015	
	Coupon rate	Maturity, year	Coupon Rate	Maturity, year
Subordinated debt securities issued:				
Fixed rate KZT denominated bonds	13%	2018	13%	2018
Reverse inflation indexed KZT denominated bonds	15% less inflation rate	2016	15% less inflation rate	2016
Inflation indexed KZT denominated bonds				
Unsubordinated debt securities issued:				
USD denominated bonds	7.3%	2017-2021	7.3%	2017-2021
KZT denominated bonds	7.5%	2024-2025	7.5%	2024-2025

As at 31 March 2016 the amount of accrued interest on debt securities issued was KZT 12,123 million (as at 31 December 2015 – KZT 11,990 million).

Subordinated securities are unsecured obligations of the Group and are subordinated in the right of payments to all present and future senior indebtedness and certain other obligations of the Group. Interest on debt securities issued is payable on a semi-annual basis.

In accordance with the terms of the USD denominated bonds, the Group is required to maintain certain financial covenants particularly with regard to its capital adequacy, limitations on transactions at less than fair market value and payment of dividends. Furthermore, the terms of the USD denominated bonds include covenants restricting the Group's ability to create security interests over its assets. Should the Group default under these covenants, this could result in cross-accelerations and cross-defaults under the terms of the Group's other financing arrangements. The Group's management believes that as at 31 March 2016 and 31 December 2015 the Group was in compliance with the covenants of the agreements that the Group has with the notes' trustees and holders.

17. ALLOWANCES FOR IMPAIRMENT LOSSES AND PROVISIONS

The movements in accumulated impairment of available-for-sale investment securities, the allowances for impairment of interest earning and other assets were as follows:

	Loans to customers	Amounts due from credit institutions	Available- for-sale investment securities	Other assets	Total
	(Note 11)	(Note 8)		(Note 13)	
31 December 2015	(305,114)	(7)	(5,516)	(4,568)	(315,205)
Additional provisions recognized	(29,700)	-	(522)	(1,535)	(31,757)
Recovery of provision	25,603	7	61	1,582	27,253
Write-offs	2,090	-	236	17	2,343
Foreign exchange differences	(1,243)	-	(4)	(11)	(1,258)
31 March 2016 (unaudited)	<u>(308,364)</u>	<u>-</u>	<u>(5,745)</u>	<u>(4,515)</u>	<u>(318,624)</u>
31 December 2014	(286,018)	-	(1,867)	(4,297)	(292,182)
Additional provisions recognized	(32,632)	-	(39)	(1,851)	(34,522)
Recovery of provision	34,294	-	-	1,890	36,184
Write-offs	6,142	-	4	-	6,146
Foreign exchange differences	(2,238)	-	-	(65)	(2,303)
31 March 2015 (unaudited)	<u>(280,452)</u>	<u>-</u>	<u>(1,902)</u>	<u>(4,323)</u>	<u>(286,677)</u>

During the three months ended 31 March 2016 and 2015, the Group has written off loans of KZT 2,090 million and KZT 6,142 million, respectively. Main portion of write-off in 2015 relates to changes introduced to the Tax Code of the Republic of Kazakhstan as at 1 January 2014, which allow the writing off of loans without being considered forgiveness of the loan for tax purposes and are therefore not subject to corporate income tax.

Provision represents provisions against letters of credit and guarantees issued. The movements in provisions were as follows:

	Three months ended 31 March 2016 (unaudited)	Three months ended 31 March 2015 (unaudited)
At the beginning of the period	(982)	(407)
Additional provisions recognized	(224)	(93)
Recovery of provisions	114	44
Foreign exchange differences	(40)	37
At the end of the period	<u>(1,132)</u>	<u>(419)</u>

18. TAXATION

The Bank and its subsidiaries, except OJSC NBK-Bank, OJSC Halyk Bank Kyrgyzstan and JSC Halyk Bank Georgia, which operate abroad, are subject to taxation in Kazakhstan. OJSC NBK-Bank is subject to income tax in the Russian Federation. OJSC Halyk Bank Kyrgyzstan is subject to income tax in the Republic of Kyrgyzstan. JSC Halyk Bank Georgia is subject to income tax in Georgia.

The income tax expense comprises:

	Three months ended 31 March 2016 (unaudited)	Three months ended 31 March 2015 (unaudited)
Current tax charge	5,574	6,976
Deferred tax benefit relating to origination and reversal of temporary differences	(700)	(488)
Income tax expense	<u>4,874</u>	<u>6,488</u>

Deferred tax assets and liabilities comprise:

	31 March 2016 (unaudited)	31 December 2015
Tax effect of deductible temporary differences:		
Tax loss carry forward	3,531	3,531
Bonuses accrued	2,321	1,936
Fair value of derivatives	804	1,305
Vacation pay accrual	361	349
Other	49	113
Deferred tax asset	<u>7,066</u>	<u>7,234</u>
Tax effect of taxable temporary differences:		
Fair value of derivatives and available-for-sale investment securities	(30,285)	(31,260)
Property and equipment, accrued depreciation	(6,888)	(5,054)
Allowance for loans to customers	(4,249)	(3,966)
Core deposit intangible	(325)	(348)
Other	(62)	(2,049)
Deferred tax liability	<u>(41,809)</u>	<u>(42,677)</u>
Net deferred tax liability	<u>(34,743)</u>	<u>(35,443)</u>

Current tax assets and liabilities comprise:

	31 March 2016 (unaudited)	31 December 2015
Current income tax assets	16,607	16,469
Current income tax liabilities	(182)	(379)
Current tax asset	<u>16,425</u>	<u>16,090</u>

The Group has offset deferred tax assets and liabilities on the interim consolidated statement of financial position where a right of offset existed. The amounts presented after offset comprise:

	31 March 2016 (unaudited)	31 December 2015
Deferred tax asset	1,328	1,919
Deferred tax liability	(36,071)	(37,362)
Net deferred tax liability	<u>(34,743)</u>	<u>(35,443)</u>

Management believes that the Group is in compliance with the tax laws affecting its operations; however, the risk remains that relevant authorities could take differing positions with regard to interpretive issues.

19. OTHER LIABILITIES

Other liabilities comprise:

	31 March 2016 (unaudited)	31 December 2015
Other financial liabilities:		
Salary payable	13,239	10,790
Payable for general and administrative expenses	1,302	779
Creditors on bank activities	558	488
Creditors on non-banking activities	1,254	299
Others	3,262	375
	<u>19,615</u>	<u>12,731</u>
Other non-financial liabilities:		
Creditors on commercial property	4,050	4,050
Taxes payable other than income tax	1,835	2,183
Advances received	1,183	1,233
	<u>7,068</u>	<u>7,466</u>
	<u>26,683</u>	<u>20,197</u>

20. EQUITY

Authorized, issued and fully paid number of shares as at 31 March 2016 and 2015 were as follows:

31 March 2016 (unaudited)

	Share capital authorized	Share capital authorized and not issued	Fully paid and issued share capital	Share capital repurchased	Outstanding shares
Common shares	24,000,000,000	(12,871,481,549)	11,128,518,451	(219,492,113)	10,909,026,338
Non-convertible preferred shares	600,000,000	(290,140,570)	309,859,430	(289,415,498)	20,443,932
Convertible preferred shares	80,225,222	-	80,225,222	(79,855,667)	369,555

31 March 2015 (unaudited)

	Share capital authorized	Share capital authorized and not issued	Fully paid and issued share capital	Share capital repurchased	Outstanding shares
Common shares	24,000,000,000	(12,871,481,549)	11,128,518,451	(218,551,372)	10,909,967,079
Non-convertible preferred shares	600,000,000	(290,140,570)	309,859,430	(200,558,485)	109,300,945
Convertible preferred shares	80,225,222	-	80,225,222	(365,822)	79,859,400

All shares are denominated in KZT. Movements in shares outstanding are as follows:

	Number of shares			Nominal (placement) amount		
	Common	Non-convertible preferred	Convertible preferred	Common	Non-convertible preferred	Convertible preferred
31 December 2014	10,909,898,713	109,300,945	79,861,400	43,598	7,870	13,233
Purchases of treasury shares	(2,315,336)	-	(2,000)	(2)	-	-
Sale of treasury shares	2,383,702	-	-	2	-	-
31 March 2015 (unaudited)	<u>10,909,967,079</u>	<u>109,300,945</u>	<u>79,859,400</u>	<u>43,598</u>	<u>7,870</u>	<u>13,233</u>
31 December 2015	10,909,450,551	20,443,932	369,555	43,597	(5,154)	2,077
Purchases of treasury shares	(2,353,047)	-	-	(91)	-	-
Sale of treasury shares	1,928,834	-	-	70	-	-
31 March 2016 (unaudited)	<u>10,909,026,338</u>	<u>20,443,932</u>	<u>369,555</u>	<u>43,576</u>	<u>(5,154)</u>	<u>2,077</u>

Common shares

At 31 March 2016, the Group held 219,492,113 of the Group's common shares as treasury shares at KZT 39,974 million (31 March 2015 – 218,551,372 shares at KZT 39,973 million).

Each common share outstanding is entitled to one vote and dividends. Treasury shares are not entitled to any vote or dividend.

Preferred shares

According to IAS 32 "Financial Instruments: Presentation", both the non-convertible and convertible preferred shares (together, the "Preferred Shares") are classified as compound instruments. Upon the return of capital in case of liquidation, the assets of the Group available for distribution are applied to any amount equal to paid up share capital or credited as paid up share capital due to the holders of the Preferred Shares in priority to the holders of the Common shares.

Kazakhstan legislation requires joint stock companies to pay a certain guaranteed amount of dividends on Preferred shares. To comply with Kazakhstan legislation, the terms of Preferred Shares require that the Group pay a nominal dividend amount of 0.01 KZT per share, which represents the liability component. Kazakhstan legislation on joint stock companies also stipulates that dividend payments on Preferred shares should not be less than dividends paid on common shares and that dividends on common shares should not be paid until full payment of dividends made on Preferred shares.

The payment of additional dividends on the Preferred Shares is determined based on a formula specified in the share prospectus and is based on the Group's profitability. Where the Group has net income no greater than KZT 160 times the quantity of issued Preferred Shares, multiplied by a factor of inflation as published by the NBRK plus one per cent, the dividend per Preferred Share is determined as net income divided by the quantity of issued Preferred Shares. Where net income is greater than this, the dividend per Preferred Share is calculated as KZT 160 multiplied by a factor of inflation as published by the NBRK plus one per cent. Inflation in either calculation will range between 3% and 9%. Dividends on the Preferred Shares are paid only after the Board of Directors approves payment terms of such dividends and the Annual General Shareholders Meeting approves distribution of net income received for the respective financial year. The Preferred Shares do not have any voting rights, unless the payment of preferred dividends has been delayed for three months or more from the date they became due.

Share premium reserve

Share premium reserve represents an excess of contributions received over the nominal value of shares issued.

Convertible preferred shares

Each convertible preferred share is convertible to one common share at the discretion of the Board of Directors. In addition, the Group will pay a compensation amount to each convertible preferred shareholder on conversion based on a formula specified in the share prospectus. This payment is calculated in a way that, if at the date of conversion, the value of the common shares received by the preferred shareholder is less than KZT 160 per share, the Group will reimburse the preferred shareholders for the difference in cash at the time of conversion.

21. COMMITMENTS AND CONTINGENCIES

Financial commitments and contingencies

The Group's financial commitments and contingencies comprised the following:

	31 March 2016 (unaudited)	31 December 2015
Guarantees issued	177,991	186,306
Commitments to extend credit	35,587	35,178
Commercial letters of credit	16,944	17,064
Financial commitments and contingencies	230,522	238,548
Less: cash collateral against letters of credit	(16,065)	(18,675)
Less: provisions (Note 17)	(1,132)	(982)
Financial commitments and contingencies, net	<u>213,325</u>	<u>218,891</u>

Guarantees issued represent bank guarantees issued by the Bank by order of its clients and which are in effect as at the reporting date. As at 31 March 2016, the ten largest guarantees accounted for 74% of the Group's total financial guarantees (as at 31 December 2015 – 74%) and represented 24% of the Group's total equity (as at 31 December 2015 – 26%).

Commercial letters of credit represent letters of credit issued by the Bank by order of its clients, and under which as at the reporting date, the payment has not yet been made. As at 31 March 2016, the ten largest unsecured letters of credit accounted for 94% of the Group's total commercial letters of credit (31 December 2015 – 93%) and represented 3% of the Group's total equity (31 December 2015 – 3%).

The Group requires collateral to support credit-related financial instruments when it is deemed necessary. The Group typically requires collateral support unless it is determined to be not necessary through review of the credit risk of the borrower or analysis of other deposit accounts held by the Group. Collateral held varies, but may include deposits held in the banks, government securities and other assets.

Capital commitments

As at 31 March 2016 and 31 December 2015 the Group had commitments for capital expenditures in respect of construction in progress in the amount of KZT 3,686 million and KZT 7,861 million, respectively.

Operating lease commitments

There was no material operating lease commitments under non-cancellable operating leases outstanding as at 31 March 2016 and 31 December 2015.

22. NET INTEREST INCOME

	Three months ended 31 March 2016 (unaudited)	Three months ended 31 March 2015 (unaudited)
Interest income comprises:		
Interest income on financial assets recorded at amortized cost:		
- interest income on individually assessed unimpaired assets	31,370	23,705
- interest income on collectively assessed assets	28,545	22,783
- interest income on individually assessed impaired assets	6,909	5,858
Interest income on available-for-sale investment securities	5,847	5,274
Interest income on held to maturity investments	564	-
Interest income on financial assets at fair value through profit or loss	26	45
Total interest income	<u>73,261</u>	<u>57,665</u>
Interest income on financial assets recorded at amortized cost:		
Interest income on loans to customers	63,400	51,736
Interest income on amounts due from credit institutions and cash and cash equivalents	3,424	610
Interest income on held to maturity investments	564	-
Total interest income on financial assets recorded at amortized cost	<u>67,388</u>	<u>52,346</u>
Interest income on financial assets at fair value through profit or loss:		
Interest income on financial assets held-for-trading	26	45
Total interest income on financial assets at fair value through profit or loss	<u>26</u>	<u>45</u>
Interest income on available-for-sale investment securities	5,847	5,274
Total interest income	<u>73,261</u>	<u>57,665</u>
Interest expense comprises:		
Interest expense on financial liabilities recorded at amortized cost	(41,961)	(20,990)
Total interest expense	<u>(41,961)</u>	<u>(20,990)</u>
Interest expense on financial liabilities recorded at amortized cost:		
Interest expense on amounts due to customers	(27,212)	(12,972)
Interest expense on amounts due to credit institutions	(2,959)	(1,561)
Interest expense on debt securities issued	(11,790)	(6,457)
Total interest expense on financial liabilities recorded at amortized cost	<u>(41,961)</u>	<u>(20,990)</u>
Net interest income before impairment charge	<u>31,300</u>	<u>36,675</u>

23. FEES AND COMMISSIONS

Fees and commissions were derived from the following sources:

	Three months ended 31 March 2016 (unaudited)	Three months ended 31 March 2015 (unaudited)
Bank transfers - settlements	3,370	3,189
Payment cards maintenance	2,574	2,195
Cash operations	2,190	1,959
Bank transfers – salary projects	1,686	1,615
Servicing customers’ pension payments	1,681	1,423
Letters of credit and guarantees issued	1,006	763
Maintenance of customer accounts	440	376
Other	509	550
	<u>13,456</u>	<u>12,070</u>

24. NET GAIN FROM FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Net gain on financial assets and liabilities at fair value through profit or loss comprises:

	Three months ended 31 March 2016 (unaudited)	Three months ended 31 March 2015 (unaudited)
Net gain on operations with financial assets and liabilities classified as held for trading:		
Unrealized net gain on derivative and trading operations	4,048	535
Realized net gain/(loss) on trading operations	38	(55)
Realized net (loss)/gain on derivative operations	<u>(1,092)</u>	<u>618</u>
Total net gain on operations with financial assets and liabilities classified as held for trading	<u>2,994</u>	<u>1,098</u>

25. NET FOREIGN EXCHANGE LOSS

Net foreign exchange loss comprises:

	Three months ended 31 March 2016 (unaudited)	Three months ended 31 March 2015 (unaudited)
Dealing, net	4,056	4,012
Translation differences, net	<u>(4,499)</u>	<u>(4,248)</u>
Net foreign exchange loss	<u>(443)</u>	<u>(236)</u>

26. INSURANCE UNDERWRITING INCOME

Insurance underwriting income/expense comprised:

	Three months ended 31 March 2016 (unaudited)	Three months ended 31 March 2015 (unaudited)
Insurance premiums written, gross	15,761	13,453
Ceded reinsurance share	(8,367)	(4,710)
Change in unearned insurance premiums, net	(2,509)	(3,535)
	<u>4,885</u>	<u>5,208</u>
Insurance payments	(2,977)	(2,224)
Insurance reserves expenses	(1,059)	(790)
Commissions to agents	(773)	(1,489)
	<u>(4,809)</u>	<u>(4,503)</u>
Total insurance income	<u>76</u>	<u>705</u>

27. OPERATING EXPENSES

Operating expenses comprised:

	Three months ended 31 March 2016 (unaudited)	Three months ended 31 March 2015 (unaudited)
Salaries and other employee benefits	10,436	9,309
Depreciation and amortization expenses	1,659	1,604
Taxes other than income tax	910	878
Rent	690	574
Utilities expenses	510	305
Security	504	428
Information services	453	302
Repairs and maintenance	419	317
Communication	391	391
Stationery and office supplies	191	175
Advertisement	185	155
Insurance agents fees	163	175
Business trip expenses	127	134
Transportation	123	114
Professional services	102	139
Charity	28	40
Hospitality expenses	13	15
Social events	4	8
Write-off and impairment of property and equipment, intangible assets and investment property	-	245
Other	650	700
	<u>17,558</u>	<u>16,008</u>

28. EARNINGS PER SHARE

Basic and diluted earnings per share are calculated by dividing the net income for the period attributable to equity holders of the Bank by the weighted average number of participating shares outstanding during the period.

According to Kazakhstan legislation on Joint Stock Companies, dividend payments per common share cannot exceed the dividends per share on preferred shares for the same period. Therefore, net profit for the period is allocated to the common shares and the preference shares in accordance with their legal and contractual dividend rights to participate in undistributed earnings.

The following table presents basic and diluted earnings per share:

	Three months ended 31 March 2016 (unaudited)	Three months ended 31 March 2015 (unaudited)
Basic earnings per share		
Net income for the period attributable to shareholders of the Parent	18,291	26,972
Less: Additional dividends that would be paid on full distribution of profit to the preferred shareholders	<u>(35)</u>	<u>(460)</u>
Earnings attributable to common shareholders	<u>18,256</u>	<u>26,512</u>
Weighted average number of common shares for the purposes of basic earnings per share	<u>10,909,299,707</u>	<u>10,909,837,993</u>
Basic earnings per share (in Kazakhstani Tenge)	<u><u>1.67</u></u>	<u><u>2.43</u></u>
Diluted earnings per share		
Earnings used in the calculation of basic earnings per share	18,256	26,512
Add: Additional dividends that would be paid on full distribution of profit to the convertible preferred shareholders	1	194
Less: Amounts payable to convertible preferred shareholders upon conversion	<u>(41)</u>	<u>(9,462)</u>
Earnings used in the calculation of total diluted earnings per share	<u>18,216</u>	<u>17,244</u>
Weighted average number of common shares for the purposes of basic earnings per share	10,909,299,707	10,909,837,993
Shares deemed to be issued:		
Weighted average number of common shares that would be issued for the convertible preferred shares	<u>369,555</u>	<u>79,859,512</u>
Weighted average number of common shares for the purposes of diluted earnings per share	<u>10,909,669,262</u>	<u>10,989,697,505</u>
Diluted earnings per share (in Kazakhstani Tenge)	<u><u>1.67</u></u>	<u><u>1.57</u></u>

As required by KASE rules for listed companies the book value of one share per each class of shares as at 31 March 2016 and 31 December 2015, is disclosed as follows:

Class of shares	Outstanding shares	31 March 2016	Book value of one share, in KZT
		(unaudited) Equity	
Common	10,909,026,338	535,167	49.06
Non-convertible preferred	20,443,932	(3,975)	(194.43)
Convertible preferred	369,555	2,135	5,777.22
		<u>533,327</u>	
		<u><u>533,327</u></u>	
Class of shares	Outstanding shares	31 December 2015	Book value of one share, in KZT
		Equity	
Common	10,909,450,551	523,109	47.95
Non-convertible preferred	20,443,932	(3,975)	(194.43)
Convertible preferred	369,555	2,135	5,777.22
		<u>521,269</u>	
		<u><u>521,269</u></u>	

The amount of equity attributable to non-convertible preferred shares is calculated as the sum of non-convertible shares carrying amount and the share premium reserve attributable to non-convertible preferred shares. The amount of equity attributable to convertible preferred shares is calculated as carrying amount of convertible shares. The amount of equity attributable to common shares is calculated as the difference between the total equity, total net book value of intangible assets, and the amounts attributable to preferred shares.

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

29. FINANCIAL RISK MANAGEMENT

Risk management is fundamental to the Group's banking business and is an essential element of the Group's operations. The main risks inherent to the Group's operations are those related to:

- Credit risk;
- Liquidity risk; and
- Market risk

The Group recognizes that it is essential to have efficient and effective risk management processes in place. To enable this, the Group has established a risk management framework, whose main purpose is to protect the Group from risk and allow it to achieve its performance objectives. Through the risk management framework, the Group manages the following risks:

Credit risk

Credit risk is the risk of loss arising for the Group when counterparty is unable to meet its contractual obligations on time or in full.

Risk Management division plays an important role in managing and controlling the credit risk. This division is responsible for credit risk identification and evaluation and implementation of control and monitoring measures. The Risk Management division directly participates in credit decision-making processes and consideration of internal rules, regulations and loan programs. In addition, the division provides independent recommendations concerning credit exposure minimization measures, controls limits and monitors credit risks, provides relevant reporting to management and ensures compliance of the credit process with external laws/regulations as well as internal requirements and procedures.

The Group structures the level of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower/counterparty, or groups of borrowers, and to industry (and geographical) segments. Limits on the level of credit risk concentration by industry sector are approved and controlled by the Assets and Liabilities Management Committee (ALMC). Limits on credit risk exposure with respect to credit programmes (Small and medium enterprises (SME) and retail) are approved by the Management Board. The exposure to any one borrower, including banks and brokers, covers on and off-balance sheet exposures which are reviewed by the Credit Committees and ALMC. Actual exposures against limits are monitored daily.

The risk that the counterparty will not meet its obligations is restricted by the limits covering on and off-balance sheet exposure.

Commitments to extend credit represent unused portions of credit in the form of loans, guarantees or letters of credit. The credit risk for off-balance sheet financial instruments is defined as a probability of losses due to the inability of counterparty to comply with the contractual terms and conditions. With respect to credit risk on commitments to extend credit, the Group is potentially exposed to a loss in an amount equal to the total unused commitments. However, the likely amount of the loss is less than the total unused commitments since most commitments to extend credit are contingent upon counterparties maintaining specific credit standards. The Group applies the same credit policy to the contingent liabilities as it does to the financial instruments recorded in the consolidated statement of financial position, i.e. the one based on the procedures for approving the grant of loans, using limits to mitigate the risk, and current monitoring. The Group monitors the term to maturity of off-balance sheet contingencies because longer term commitments generally have a greater degree of credit risk than short-term commitments.

Liquidity Risk

Liquidity risk is the risk resulting from the inability of the Group to provide funds for repayment of its obligations when they become due. The Group's liquidity risk arises when terms of assets on active operations and maturity dates of obligations do not match.

Short-term liquidity needs are managed by the Group's Treasury function collecting daily customers' cash inflow/outflow forecasts. Long-term liquidity management is performed by ALMC by analyzing longer term liquidity positions and making decisions on managing significant gaps through various available means.

In order to manage liquidity risk, the Group analyzes the financial assets and liabilities, and obligatory reserves taking into account payment schedules for loans issued to customers. The following tables provide an analysis of financial assets and liabilities grouped on the basis of the remaining period from the reporting date to the earliest of the contractual maturity date or available maturity date, except for financial assets at fair value through profit or loss which are included in the column "Less than 1 month" as they are available to meet the Group's short-term liquidity needs.

	31 March 2016 (unaudited)					
	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
FINANCIAL ASSETS:						
Cash and cash equivalents	1,384,286	1,050	-	-	-	1,385,336
Obligatory reserves	34,456	3,774	17,980	8,161	455	64,826
Financial assets at fair value through profit or loss	9,490	8,783	81,220	77,010	-	176,503
Amounts due from credit institutions	5,236	4,919	10,889	7,746	9,161	37,951
Available-for-sale investment securities	2,499	1,736	29,305	158,184	149,133	340,857
Held to maturity investments	3,942	252	3,167	1,848	33,822	43,031
Loans to customers	190,364	191,570	1,374,761	263,516	97,272	2,117,483
Other financial assets	4,764	798	1,627	4	33	7,226
	<u>1,635,037</u>	<u>212,882</u>	<u>1,518,949</u>	<u>516,469</u>	<u>289,876</u>	<u>4,173,213</u>
FINANCIAL LIABILITIES:						
Amounts due to customers	1,363,143	210,129	1,234,998	78,188	84,763	2,971,221
Amounts due to credit institutions	38,095	178	1,409	9,466	95,687	144,835
Financial liabilities at fair value through profit or loss	3,296	-	-	-	-	3,296
Debt securities issued	4,160	8,985	3,399	364,152	220,288	600,984
Other financial liabilities	17,363	1,249	711	287	5	19,615
	<u>1,426,057</u>	<u>220,541</u>	<u>1,240,517</u>	<u>452,093</u>	<u>400,743</u>	<u>3,739,951</u>
Net position	<u>208,980</u>	<u>(7,659)</u>	<u>278,432</u>	<u>64,376</u>	<u>(110,867)</u>	
Accumulated gap	<u>208,980</u>	<u>201,321</u>	<u>479,753</u>	<u>544,129</u>	<u>433,262</u>	

	31 December 2015					
	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
FINANCIAL ASSETS:						
Cash and cash equivalents	1,404,000	680	-	-	-	1,404,680
Obligatory reserves	36,373	2,864	20,677	4,522	3,953	68,389
Financial assets at fair value through profit or loss	8,271	8,058	86,331	74,410	-	177,070
Amounts due from credit institutions	6,735	49	21,413	8,364	8,432	44,993
Available-for-sale investment securities	1,786	3,197	42,015	156,592	174,930	378,520
Loans to customers	145,257	217,322	1,443,491	258,976	111,023	2,176,069
Other financial assets	3,666	1,375	1,159	3	23	6,226
	<u>1,606,088</u>	<u>233,545</u>	<u>1,615,086</u>	<u>502,867</u>	<u>298,361</u>	<u>4,255,947</u>
FINANCIAL LIABILITIES:						
Amounts due to customers	1,512,389	157,208	1,251,201	38,008	84,925	3,043,731
Amounts due to credit institutions	65,353	140	1,142	8,879	92,744	168,258
Financial liabilities at fair value through profit or loss	5,593	-	-	-	-	5,593
Debt securities issued	4,973	3,802	7,366	202,178	379,206	597,525
Other financial liabilities	10,671	315	1,551	183	11	12,731
	<u>1,598,979</u>	<u>161,465</u>	<u>1,261,260</u>	<u>249,248</u>	<u>556,886</u>	<u>3,827,838</u>
Net position	<u>7,109</u>	<u>72,080</u>	<u>353,826</u>	<u>253,619</u>	<u>(258,525)</u>	
Accumulated gap	<u>7,109</u>	<u>79,189</u>	<u>433,015</u>	<u>686,634</u>	<u>428,109</u>	

Assets and liabilities are recorded on the basis of their contractual maturity and payment schedules. The Group possesses a right to unilaterally call back part of long-term loans provided to customers in ten months period after proper notification would be issued by the Group.

A significant portion of the Group's liabilities is represented by customer term deposits, current accounts of corporate and retail customers, and bonds.

Management believes that although a substantial portion of current accounts and customer deposits are on demand and mature in less than one month, diversification of these deposits by number and type of depositors, and the past experience of the Group indicate that these deposits provide a long-term and stable source of funding for the Group. Therefore, an essential part of current accounts is considered as stable resources for the purposes of liquidity analysis and management.

Currency Risk

The Group is exposed to currency risk. Currency risk arises from open positions in foreign currencies and adverse movements of market exchange rates that may have a negative impact on the financial performance of the Group.

ALMC controls currency risk by management of the open currency position based on the estimations of KZT devaluation and other macroeconomic indicators, which gives the Group an opportunity to minimize losses from significant currency rates fluctuations of national and foreign currencies.

The Treasury Department performs daily monitoring of the Group's open currency position with the aim to comply with the requirements of the regulatory authority.

The Group is exposed to the effects of fluctuation in the prevailing foreign currency exchange rates (primarily USD) on its financial position, results of operations and cash flows, which are monitored daily. ALMC sets limits on the level of exposure by currencies within the authority approved by the Board of Directors. These limits also comply with the minimum requirements of the regulator authority.

The Group's principal cash flows are generated in KZT and USD. As a result, potential movements in the exchange rate between KZT and USD will affect the carrying values of the Group's USD denominated monetary assets and liabilities. Currency risk is assessed in relation to the consolidated statement of financial position and off-balance sheet positions. Current Group's sensitivity to fluctuations in exchange rates is acceptable due to the fact that the off balance sheet items significantly neutralize the statement of financial position.

The Group's exposure to foreign currency exchange rate risk is as follows:

	31 March 2016 (unaudited)						
	USD	EURO	RUR	Other	TOTAL foreign currencies	KZT	TOTAL
FINANCIAL ASSETS:							
Cash and cash equivalents	891,002	38,998	10,596	15,406	956,002	429,334	1,385,336
Obligatory reserves	43,271	1,709	282	1,223	46,485	18,341	64,826
Financial assets at fair value through profit or loss	8,159	-	-	109	8,268	168,235	176,503
Amounts due from credit institutions	7,326	-	-	2	7,328	30,623	37,951
Available-for-sale investment securities	207,742	1,844	1,021	-	210,607	130,250	340,857
Held to maturity investments	34,927	-	792	3,401	39,120	3,911	43,031
Loans to customers	724,782	5,386	25,901	14,733	770,802	1,346,681	2,117,483
Other financial assets	636	53	56	290	1,035	6,191	7,226
	<u>1,917,845</u>	<u>47,990</u>	<u>38,648</u>	<u>35,164</u>	<u>2,039,647</u>	<u>2,133,566</u>	<u>4,173,213</u>
FINANCIAL LIABILITIES							
Amounts due to customers	1,905,915	62,871	6,423	11,911	1,987,120	984,101	2,971,221
Amounts due to credit institutions	14,228	379	2,159	1,764	18,530	126,305	144,835
Financial liabilities at fair value through profit or loss	-	4	-	-	4	3,292	3,296
Debt securities issued	370,893	-	-	-	370,893	230,091	600,984
Other financial liabilities	4,021	95	326	350	4,792	14,823	19,615
	<u>2,295,057</u>	<u>63,349</u>	<u>8,908</u>	<u>14,025</u>	<u>2,381,339</u>	<u>1,358,612</u>	<u>3,739,951</u>
Net position – on balance	<u>(377,212)</u>	<u>(15,359)</u>	<u>29,740</u>	<u>21,139</u>	<u>(341,692)</u>	<u>774,954</u>	<u>433,262</u>
Net position – off-balance	<u>427,093</u>	<u>16,028</u>	<u>(21,712)</u>	<u>(13,704)</u>	<u>407,705</u>	<u>(240,902)</u>	
Net position	<u>49,881</u>	<u>669</u>	<u>8,028</u>	<u>7,435</u>	<u>66,013</u>	<u>534,052</u>	

	USD	EURO	RUR	31 December 2015 Other	TOTAL foreign currencies	KZT	TOTAL
FINANCIAL ASSETS:							
Cash and cash equivalents	1,246,957	46,458	17,737	25,328	1,336,480	68,200	1,404,680
Obligatory reserves	52,945	1,149	233	970	55,297	13,092	68,389
Financial assets at fair value through profit or loss	1,000	-	-	-	1,000	176,070	177,070
Amounts due from credit institutions	14,829	-	-	-	14,829	30,164	44,993
Available-for-sale investment securities	211,261	1,784	904	654	214,603	163,917	378,520
Loans to customers	671,755	5,986	15,653	12,430	705,824	1,470,245	2,176,069
Other financial assets	44	48	56	195	343	5,883	6,226
	<u>2,198,791</u>	<u>55,425</u>	<u>34,583</u>	<u>39,577</u>	<u>2,328,376</u>	<u>1,927,571</u>	<u>4,255,947</u>
FINANCIAL LIABILITIES							
Amounts due to customers	2,247,718	54,362	6,085	12,511	2,320,676	723,055	3,043,731
Amounts due to credit institutions	22,732	545	1,952	1,332	26,561	141,697	168,258
Financial liabilities at fair value through profit or loss	-	2	-	-	2	5,591	5,593
Debt securities issued	364,241	-	-	-	364,241	233,284	597,525
Other financial liabilities	853	72	151	315	1,391	11,340	12,731
	<u>2,635,544</u>	<u>54,981</u>	<u>8,188</u>	<u>14,158</u>	<u>2,712,871</u>	<u>1,114,967</u>	<u>3,827,838</u>
Net position – on balance	<u>(436,753)</u>	<u>444</u>	<u>26,395</u>	<u>25,419</u>	<u>(384,495)</u>	<u>812,604</u>	<u>428,109</u>
Net position – off-balance	<u>462,886</u>	<u>37</u>	<u>(14,441)</u>	<u>(21,338)</u>	<u>427,144</u>	<u>(252,186)</u>	
Net position	<u><u>26,133</u></u>	<u><u>481</u></u>	<u><u>11,954</u></u>	<u><u>4,081</u></u>	<u><u>42,649</u></u>	<u><u>560,418</u></u>	

30. SEGMENT ANALYSIS

The Group is managed and reported on the basis of three main operating segments – corporate banking, small and medium enterprises banking and retail banking. These segments are strategic business units that offer different products and services and are managed separately.

Retail banking represents private banking services, private customer current accounts, savings, deposits, investment savings products, custody, credit and debit cards, consumer loans and mortgages, cash and foreign currency related services to individuals.

Corporate banking represents bank services to corporate clients and financial organizations including current accounts, deposits, overdrafts, loans and other credit facilities, documentary operations and guarantees, trade finance products, interbank operations, as well as cash services and foreign exchange transactions.

SME banking represents bank services to SME clients including current accounts, deposits, overdrafts, loans and other credit facilities, documentary operations and guarantees, foreign exchange transactions and trade finance products.

Other represents capital market services.

Unallocated amounts are account balances and classes of transactions, which are not allocated to particular segment, not initiated by any business function and relate to the current activity of the Group. Unallocated assets include fixed assets, intangible assets, non-current assets held for sale, cash on hand and other unallocated assets. Unallocated liabilities include deferred tax liabilities and other unallocated liabilities. Unallocated income includes other income from main and nonoperating activities and insurance income. Unallocated expenses include provision on account receivables, operating overhead expenses, insurance expenses and income tax.

The segment information below is based on financial information used for performance evaluation by the Bank's Chairperson of the Management Board, the Group's chief operating decision maker, in accordance with IFRS 8. The Group's Management reviews discrete financial information for each segment, including evaluation of operating results, assets and liabilities.

There were no transactions between business segments during the three months ended 31 March 2016 and 2015.

Segment information for the main reportable business segments of the Group as at 31 March 2016 and 2015 and for the three months then ended is set out below:

	Retail banking	Corporate banking	SME banking	Other	Unallocated	Total
As at 31 March 2016 and for the three months then ended						
External revenues	43,586	31,138	9,864	5,581	5,584	95,753
Total revenues	<u>43,586</u>	<u>31,138</u>	<u>9,864</u>	<u>5,581</u>	<u>5,584</u>	<u>95,753</u>
Total revenues comprise:						
- Interest income	25,683	33,476	7,666	6,436	-	73,261
- Fee and commission income	9,997	1,467	1,452	467	73	13,456
- Net gain/(loss) from financial assets and liabilities at fair value through profit or loss	7,906	(3,805)	746	(1,549)	(304)	2,994
- Net realized gain from available-for-sale investment securities	-	-	-	227	-	227
- Insurance underwriting income and other income	-	-	-	-	5,815	5,815
Total revenues	<u>43,586</u>	<u>31,138</u>	<u>9,864</u>	<u>5,581</u>	<u>5,584</u>	<u>95,753</u>
- Interest expense	(15,420)	(23,016)	(1,424)	(2,101)	-	(41,961)
- (Impairment charge)/recovery of provisions	(1,500)	(1,718)	(1,046)	(137)	(103)	(4,504)
- Fee and commission expense	(2,967)	(87)	(73)	(10)	(66)	(3,203)
- Net loss on foreign exchange operations	(21,739)	17,711	(1,021)	3,747	859	(443)
- Operating expenses	(10,411)	(1,076)	(1,726)	(1,200)	(3,145)	(17,558)
- Provisions	-	6	(119)	17	(14)	(110)
- Insurance claims incurred, net of reinsurance	-	-	-	-	(4,809)	(4,809)
Segment result	<u>(8,451)</u>	<u>22,958</u>	<u>4,455</u>	<u>5,897</u>	<u>(1,694)</u>	<u>23,165</u>
Income before income tax expense						23,165
Income tax expense						<u>(4,874)</u>
Net income						<u><u>18,291</u></u>
Total segment assets	532,638	2,887,464	251,167	395,665	320,328	4,387,262
Total segment liabilities	1,518,916	1,935,818	257,339	558	132,726	3,845,357
Other segment items:						
Capital expenditures					(8,119)	(8,119)
Depreciation and amortization					(1,659)	(1,659)

	Retail banking	Corporate banking	SME banking	Other	Unallocated	Total
As at 31 March 2015 and for the three months then ended						
External revenues	24,841	35,175	6,720	5,735	6,150	78,621
Total revenues	<u>24,841</u>	<u>35,175</u>	<u>6,720</u>	<u>5,735</u>	<u>6,150</u>	<u>78,621</u>
Total revenues comprise:						
- Interest income	20,991	24,673	6,681	5,320	-	57,665
- (Impairment charge)/recovery of provisions	(4,901)	7,861	(1,310)	-	12	1,662
- Fee and commission income	8,751	1,543	1,349	415	12	12,070
- Net gain from financial assets and liabilities at fair value through profit or loss	-	1,098	-	-	-	1,098
- Insurance underwriting income and other income	-	-	-	-	6,126	6,126
Total revenues	<u>24,841</u>	<u>35,175</u>	<u>6,720</u>	<u>5,735</u>	<u>6,150</u>	<u>78,621</u>
- Interest expense	(8,881)	(11,593)	(516)	-	-	(20,990)
- Fee and commission expense	(2,016)	(53)	(38)	(8)	(56)	(2,171)
- Net realized loss from available-for-sale investment securities	-	(1,204)	-	-	-	(1,204)
- Net loss on foreign exchange operations	(224)	(166)	154	-	-	(236)
- Operating expenses	(8,801)	(1,234)	(1,697)	(174)	(4,102)	(16,008)
- Provisions	-	17	(65)	-	(1)	(49)
- Insurance claims incurred, net of reinsurance	-	-	-	-	(4,503)	(4,503)
Segment result	<u>4,919</u>	<u>20,942</u>	<u>4,558</u>	<u>5,553</u>	<u>(2,512)</u>	<u>33,460</u>
Income before income tax expense						33,460
Income tax expense					(6,488)	<u>(6,488)</u>
Net income						<u><u>26,972</u></u>
Total segment assets	462,720	1,518,756	203,020	340,097	262,711	2,787,304
Total segment liabilities	868,387	1,121,411	214,339	2,351	79,921	2,286,409
Other segment items:						
Capital expenditures					(1,664)	(1,664)
Depreciation and amortization					(1,604)	(1,604)

Geographical information

Information for the main geographical areas of the Group is set out below as at 31 March 2016 and 31 December 2015 and for the three-months ended 31 March 2016 and 2015.

	Kazakhstan	OECD	Non-OECD	Total
31 March 2016 (unaudited)				
Total assets	4,058,584	230,282	98,396	4,387,262
31 December 2015				
Total assets	4,101,191	262,578	91,169	4,454,938
Three months ended				
31 March 2016 (unaudited)				
External revenues	92,121	835	2,797	95,753
Capital expenditure	(8,119)	-	-	(8,119)
Three months ended				
31 March 2015 (unaudited)				
External revenues	77,043	108	1,470	78,621
Capital expenditure	(1,664)	-	-	(1,664)

External revenues, assets and credit related commitments have generally been allocated based on domicile of the counterparty. Cash on hand, property and equipment and capital expenditure have been allocated based on the country in which they are physically held.

31. FAIR VALUES OF FINANCIAL INSTRUMENTS

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

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

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

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes unlisted equity securities.

Financial assets and financial liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurements. Management assessment of the significance of a particular input to the fair value measurements requires judgment, and may affect the valuation of the assets and liabilities being measured and their placement within the fair value hierarchy.

The Group considers that the accounting estimate related to valuation of financial instruments where quoted markets prices are not available is a key source of estimation uncertainty because: (i) it is highly susceptible to change from period to period because it requires management to make assumptions about interest rates, volatility, exchange rates, the credit rating of the counterparty, valuation adjustments and specific feature of the transactions and (ii) the impact that recognizing a change in the valuations would have on the assets reported on its consolidated statement of financial position as well as its profit/(loss) could be material.

The tables below summarize the Group's financial assets and liabilities held at fair value by valuation methodology at 31 March 2016 and 31 December 2015, before any allowances for impairment losses:

Financial Assets/Liabilities	Fair value hierarchy			Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	31 March 2016	31 December 2015				
Non-derivative financial assets at fair value through profit or loss (Note 7)	8,774	1,757	Level 1	Quoted bid prices in an active market.	Not applicable	Not applicable
Derivative financial assets at fair value through profit or loss (Note 7)	622	1,509	Level 2	Discounted cash flows. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period).	Not applicable	Not applicable
Derivative financial assets at fair value through profit or loss (Note 7)	167,107	173,804	Level 3	Future cash flows in USD discounted using LIBOR rate obtained from available sources. Future cash flows in KZT discounted using internal rate of return, which was calculated based on LIBOR and foreign exchange rates obtained from available sources. The difference between net present values of these discounted cash flows should be equal to zero at initial recognition. Discounted cash flows.	KZT implied rate	The greater KZT implied rate – the smaller fair value
Derivative financial liabilities at fair value through profit or loss (Note 7)	3,296	5,593	Level 2	Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period).	Not applicable	Not applicable
Non-derivative available-for-sale investment securities (Note 9)	338,708	378,174	Level 1	Quoted bid prices in an active market.	Not applicable	Not applicable
Non-derivative available-for-sale investment securities included in bonds of foreign organizations (Note 9)	165	248	Level 2	Discounted cash flows. Future cash flows discounted using LIBOR adjusted for credit risk of the issuer obtained from available sources.	Not applicable	Not applicable
Non-derivative available-for-sale investment securities – unquoted equity securities (Note 9)	1,984	98	Level 3	Valuation model based on internal rating model.	Percentage discount	The greater discount - the smaller fair value

There were no transfers between Level 1 and 2 during the three months ended 31 March 2016 and 2015.

	Financial assets at fair value through profit or loss (Level 3)	Available-for- sale investment securities Unquoted equity securities (Level 3)
31 December 2014	7,776	1,924
Gains or losses	2,364	39
Redemption/sale	-	(61)
31 March 2015	10,140	1,902
31 December 2015	173,804	98
Gains or losses	(6,697)	19
Transfers	-	1,867
31 March 2016	167,107	1,984

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

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

Amounts due from and to credit institutions

For assets and liabilities maturing within one month, the carrying amount approximates fair value due to the relatively short-term maturity of these financial instruments. For the assets and liabilities maturing in over one month, the fair value was estimated as the present value of estimated future cash flows discounted at the appropriate year-end market rates.

Loans to customers

The estimate was made by discounting the scheduled future cash flows of the individual loans through the estimated maturity using prevailing market rates at the respective period-end.

Amounts due to customers

Interest rates charged to customers closely approximate market interest rates and accordingly, the carrying amounts approximate fair values.

Debt securities issued

Market values have been used to determine the fair value of debt securities traded on an active market. For other debt securities, the fair value was estimated as the present value of estimated future cash flows discounted at the period-end market rates.

The following table sets out the carrying amount and fair values of financial assets and liabilities not carried at their fair values:

	31 March 2016 (unaudited)		31 December 2015	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Amounts due from credit institutions	37,951	37,880	44,993	45,058
Loans to customers	2,117,483	1,940,110	2,176,069	2,106,902
Held to maturity investments	43,031	43,102	-	-
Financial liabilities				
Amounts due to customers	2,971,221	2,967,415	3,043,731	3,197,750
Amounts due to credit institutions	144,835	169,894	168,258	193,863
Debt securities issued	600,984	597,016	597,525	611,607

	31 March 2016 (unaudited)			Total
	Level 1	Level 2	Level 3	
Financial assets				
Amounts due from credit institutions	-	37,880	-	37,880
Loans to customers	-	-	1,940,110	1,940,110
Held to maturity investments	43,102	-	-	43,102
Financial liabilities				
Amounts due to customers	-	2,967,415	-	2,967,415
Amounts due to credit institutions	-	169,894	-	169,894
Debt securities issued	597,016	-	-	597,016

	31 December 2015			Total
	Level 1	Level 2	Level 3	
Financial assets				
Amounts due from credit institutions	-	45,058	-	45,058
Loans to customers	-	-	2,106,902	2,106,902
Financial liabilities				
Amounts due to customers	-	3,197,750	-	3,197,750
Amounts due to credit institutions	-	193,863	-	193,863
Debt securities issued	611,607	-	-	611,607

The carrying amounts of cash equivalents, obligatory reserves, other financial assets and other financial liabilities approximates fair value due to the short-term nature of such financial instruments.

32. RELATED PARTY TRANSACTIONS

Related parties or transactions with related parties are assessed in accordance with IAS 24 “Related Party Disclosures”. Related parties may enter into transactions which unrelated parties might not. Transactions between related parties are generally effected on the same terms, conditions and amounts as transactions between unrelated parties.

Considering each possible related party not only their legal status is taken into account but also the substance of the relationship between these parties.

The Group had the following balances outstanding as at 31 March 2016 and 31 December 2015 with related parties:

	31 March 2016 (unaudited)		31 December 2015	
	Related party balances	Total category as per financial statements caption	Related party balances	Total category as per financial statements caption
Loans to customers before allowance for impairment losses	3,299	2,425,847	3,537	2,481,183
- <i>the Parent</i>	-		8	
- <i>entities with joint control or significant influence over the entity</i>	3,169		3,426	
- <i>key management personnel of the entity or its Parent</i>	118		90	
- <i>other related parties</i>	12		13	
Allowance for impairment losses	(13)	(308,364)	(47)	(305,114)
- <i>the Parent</i>	-		(1)	
- <i>entities with joint control or significant influence over the entity</i>	(13)		(46)	
Amounts due to customers	319,271	2,971,221	181,164	3,043,731
- <i>the parent</i>	134,578		116,204	
- <i>entities with joint control or significant influence over the entity</i>	12,473		12,525	
- <i>key management personnel of the entity or its parent</i>	9,381		9,818	
- <i>other related parties</i>	162,839		42,617	

Included in the interim consolidated income statement and in the interim consolidated statement of other comprehensive income for the three months ended 31 March 2016 and 2015 are the following amounts which arose due to transactions with related parties:

	Three months ended 31 March 2016 (unaudited)		Three months ended 31 March 2015 (unaudited)	
	Related party transactions	Total category as per financial statements caption	Related party transactions	Total category as per financial statements caption
Interest income	93	73,261	124	57,665
- <i>entities with joint control or significant influence over the entity</i>	90		122	
- <i>key management personnel of the entity or its parent</i>	3		-	
- <i>other related parties</i>	-		2	
Interest expense	(2,081)	(41,961)	(753)	(20,990)
- <i>the Parent</i>	(1,775)		(656)	
- <i>entities with joint control or significant influence over the entity</i>	(5)		-	
- <i>key management personnel of the entity or its Parent</i>	(91)		(59)	
- <i>other related parties</i>	(210)		(38)	
	Three months ended 31 March 2016 (unaudited)		Three months ended 31 March 2015 (unaudited)	
	Related party transactions	Total category as per financial statements caption	Related party transactions	Total category as per financial statements caption
Key management personnel compensation:	163	10,436	109	9,309
- <i>short-term employee benefits</i>	163		109	

33. EVENTS AFTER THE REPORTING DATE

On 22 April 2016, the annual shareholders meeting, the shareholders made a decision not to declare dividends on common shares and to declare dividends on preferred shares in the total amount of KZT 338 million. The approved period for preferred shares dividend payment is from 11 to 20 May 2016. Actual payment was made on 11 May 2016.

On 25 April 2016, the Bank made a repayment of KZT 4,000 million 10-year subordinated reverse inflation indexed local bond issued in accordance with the legislation of the Republic of Kazakhstan, bearing a coupon of 15% minus inflation rate.