

**Explanatory notes to financial statements for the period ended as of September 30, 2014**  
**“Bank RBK” JSC**

**1. Introduction**

Bank RBK JSC was established as commercial bank and as a joint stock company and was set up in accordance with the requirements of the legislation of the Republic of Kazakhstan. The Bank is incorporated and domiciled in the Republic of Kazakhstan.

The Bank operates since March 1992 and was established as a private bank Meken. In April 1996, the Bank was transformed into Alash-Bank Closed Joint Stock Company. In May 2005, the Bank was re-registered as a joint stock company in accordance with the legislation of the Republic of Kazakhstan. 22 August 2005 the Bank was renamed as Kazakhstan Innovation Commercial Bank JSC or KAZINCOMBANK JSC. 23 September 2011 the Bank was renamed as Bank RBK JSC.

In 2014 there were changes in shareholding structure. The list of the shareholders owning 5 and more percent of total placed ordinary shares as of 30 September 2014 and 31 December 2013 presented below:

Shareholders	<u>30 September 2014</u>	<u>31 December 2013</u>
	Share, %	Share, %
Farid Lyukhudzyaev	11,0%	11,0%
G.K. Zhauarova	-	11,0%
M.M. Utepbergenov	-	9,0%
INTERTRANS C.A.,LLP	-	8,9%
VELTON, LLP	-	8,9%
G.S. Kim	-	8,4%
T.T. Dzhumayev	-	8,3%
E.V. Mamedov	-	8,3%
D.A. Mazhitova	-	5,2%
B.N.Ablazimov	9,9%	-
E.N.Dostybayev	9,9%	-
A.S.Ermembetov	9,9%	-
D.A.Idrisov	9,9%	-
B.A.Nazarbaev	9,0%	-
K.K.Sharipbayev	9,0%	-
Others with a share of less than 5%	31,4%	21,0%
<b>Total</b>	<b>100%</b>	<b>100%</b>

The list of the shareholders owning 5 and more percent from total of placed preference shares as of 30 September 2014 and 31 December 2013 presented below:

Shareholders	<u>30 September 2014</u>	<u>31 December 2013</u>
	Share %	Share %
CITY GARANT INVESTMENTS, LLP	44,2%	44,2%
VELTON, LLP	22,2%	22,2%
NORTH WIND, LLP	11,1%	11,1%
ALEMTRADINGKOMMERZ, LLP	11,1%	11,1%
GEFEST KOMMERZ, LLP	11,1%	11,1%
Others with a share of less than 5%	0,3%	0,3%
<b>Total</b>	<b>100%</b>	<b>100%</b>

## 1 Introduction (continued)

**Core Business.** The Bank's core business is to provide commercial and retail banking operations in the Republic of Kazakhstan. The Bank operates under a banking license, re-issued 26 September 2013 by the Committee for the Control and Supervision of Financial Market and Financial Organizations of the National Bank of the Republic of Kazakhstan (the "NBRK"). As of 30 September 2014 the Bank had 6 branches (2013: 6) and 7 offices (2013: 7). The Bank's registered address is: Adi Sharipov street 84, Almaty, Republic of Kazakhstan.

## 2 Economic Environment in which the Bank Operates

The Bank operates in the Republic of Kazakhstan. Accordingly, the Bank is exposed to risks specific to RK economic and financial market. Legal and tax systems and regulatory framework are being developed, however they are subject to various interpretations and frequent changes, which together with other legal and finance barriers, increase the difficulties faced by entities operating in Kazakhstan. The accompanying financial information reflects the Bank management's assessment of possible effect of current business environment on the Bank's performance and financial position. Subsequent development of business environment may differ from the Management's assessment

## 3 Basis of Preparation

**Statement of Compliance.** This interim condensed financial information has been prepared in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting. It does not include all the information required for complete annual financial statements and figures herein should be considered together with the figures of the financial statements for the year ended 31 December 2013 since this interim condensed financial information is meant as update of the financial information presented in the financial statements for the previous period.

**Measurement Basis.** This interim condensed financial information prepared on the historical cost basis, except for financial instruments carried at fair value through profit or loss and financial assets available for sale carried at fair value, and PP&E carried at revalued amount.

**Presentation currency.** This interim condensed financial information is presented in Kazakhstan tenge (hereinafter "tenge or KZT").

**Use of Judgments, Estimates and Assumptions.** Preparation of interim condensed financial information requires the management to use estimates and assumptions affecting the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities as at the preparation date of interim condensed financial information, as well as reported amounts of income and expenses for the reporting period. Though these estimates are based on the management's knowledge of current events and actions, actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on a regular basis. Changes in accounting estimates are recognized in the reporting period in which those estimates were reviewed as well as in future periods.

## 4 Summary of Significant Accounting Policies

When preparing this interim condensed financial information, the Bank applied the same accounting policies and calculation procedures, as were used to prepare the annual financial statements of the Bank for the year ended 31 December 2013.

## 5 Cash and Cash Equivalents

(in KZT thousands)

	<u>30 September 2014</u>	<u>31 December 2013</u>
<b>Cash on hand</b>	<b>7 618 241</b>	<b>7 779 567</b>
<b>Cash balances with NBRK</b>	<b>6 839 850</b>	<b>15 360 537</b>
<b>Nostro accounts with other banks</b>		
- with a credit rating "A+" to "A-"	17 287 014	6 256 066
- with a credit rating "BBB" to "BBB-"	33 390	80 094
- with a credit rating "BB" to "BB-"	343 709	216 744
- with a credit rating "B+" to "B-"	22 242	280 303
- no rating	4 231	-
<b>Total nostro accounts with other banks</b>	<b>17 690 586</b>	<b>6 833 207</b>
<b>Total cash and cash equivalents</b>	<b>32 148 677</b>	<b>29 973 311</b>

As at 30 September 2014 statutory provisions included to NBRK account balances amounted to KZT 6 589 483 thousand (31 December 2013 – KZT 3 864 964 thousand).

The credit ratings are according to the scale the credit agency “Fitch”, “Standard & Poor's”. None of the items “Cash and cash equivalents” is not impaired or past due.

As of September 30, 2014 the Bank has share in one banks which individually exceeded 10% of the capital with total balance of KZT 17 014 889 thousand (31 December 2013 - one bank with the remainder of KZT 4 681 163 thousand).

## 6 Loans and Advances to Customers

<i>(in KZT thousands)</i>	<b>30 September 2014</b>	<b>31 December 2013</b>
Corporate loans	231 124 088	119 173 227
Loans to individuals	58 888 300	29 030 075
<b>Loans and advances to customers before provision for impairment</b>	<b>290 012 388</b>	<b>148 203 302</b>
Provision for loan impairment	(8 924 843)	(4 956 583)
<b>Total loans and advances to customers</b>	<b>281 087 545</b>	<b>143 246 719</b>

The information about changes in the provision for impairment by class of loans to customers for the nine months ended 30 September 2014 is presented below:

<i>(in KZT thousands)</i>	<b>Corporate loans</b>	<b>Retail Loans</b>	<b>Total</b>
<b>At 1 January 2014</b>	<b>(4 353 112)</b>	<b>(603 471)</b>	<b>(4 956 583)</b>
Net creation of provision	(4 591 864)	(380 072)	(4 971 936)
Write-off of receivables against provision	1 163 794	251	1 164 045
Foreign exchange difference	(159 089)	(1 280)	(160 369)
<b>Provision for loan impairment at 30 September 2014</b>	<b>(7 940 271)</b>	<b>(984 572)</b>	<b>(8 924 843)</b>

The information about changes in the provision for impairment by class of loans to customers for the nine months ended 30 September 2013 is presented below:

<i>(in KZT thousands)</i>	<b>Corporate loans</b>	<b>Retail Loans</b>	<b>Total</b>
<b>At 1 January 2013</b>	<b>(1 788 613)</b>	<b>(216 973)</b>	<b>(2 005 586)</b>
Net creation of provision	(2 181 750)	(249 022)	(2 430 772)
Foreign exchange difference	(10 894)	1 131	(9 763)
<b>Provision for loan impairment at 30 September 2013</b>	<b>(3 981 257)</b>	<b>(464 864)</b>	<b>(4 446 121)</b>

Below is the analysis of loans by credit quality as at 30 September 2014:

<i>(in thousands of Tenge)</i>	<b>Loans before provision for impairment</b>	<b>Provision for individually impaired loans</b>	<b>Provision for collectively impaired loans</b>	<b>Total provision for impairment</b>	<b>Loans net of provision for impairment</b>
<b>Not overdue</b>	<b>250 179 932</b>	<b>(1 757 589)</b>	<b>(1 202 290)</b>	<b>(2 959 880)</b>	<b>247 220 053</b>
Loans to large size entities	60 923 405	(1 193 147)	(181 256)	(1 374 403)	59 549 002
Loans to small and medium size entities	134 808 125	(564 432)	(797 842)	(1 362 274)	133 445 851
Consumer and other loans to individuals	54 448 403	(11)	(223 192)	(223 203)	54 225 199
<b>Overdue</b>	<b>39 832 455</b>	<b>(5 834 749)</b>	<b>(130 214)</b>	<b>(5 964 963)</b>	<b>33 867 492</b>
Loans to large size entities	6 151 232	(1 274 019)	-	(1 274 019)	4 877 213
Loans to small and medium size entities	29 241 327	(3 830 312)	(99 264)	(3 929 576)	25 311 751
Consumer and other loans to individuals	4 439 897	(730 418)	(30 950)	(761 368)	3 678 529
<b>Total</b>	<b>290 012 388</b>	<b>(7 592 339)</b>	<b>(1 332 504)</b>	<b>(8 924 843)</b>	<b>281 087 545</b>

## 6 Loans and Advances to Customers (continued)

Below is the analysis of loans by credit quality as at 31 December 2013:

<i>(in thousands of Tenge)</i>	Loans before provision for impairment	Provision for individually impaired loans	Provision for collectively impaired loans	Total provision for impairment	Loans net of provision for impairment
<b>Not overdue</b>	<b>136 717 043</b>	<b>(467 944)</b>	<b>(1 072 662)</b>	<b>(1 540 606)</b>	<b>135 176 437</b>
<b>Loans to large size entities</b>	58 946 281	(467 944)	(516 307)	(984 251)	57 962 030
Loans to small and medium size entities	51 214 598	-	(521 833)	(521 833)	50 692 765
Consumer and other loans to individuals	26 556 164	-	(34 522)	(34 522)	26 521 642
<b>Overdue</b>	<b>11 486 259</b>	<b>(3 023 412)</b>	<b>(392 565)</b>	<b>(3 415 977)</b>	<b>8 070 282</b>
Loans to large size entities	1 192 027	-	(4 664)	(4 664)	1 187 363
Loans to small and medium size entities	7 820 321	(2 815 611)	(26 753)	(2 842 364)	4 977 957
Consumer and other loans to individuals	2 473 911	(207 801)	(361 148)	(568 949)	1 904 962
<b>Total</b>	<b>148 203 302</b>	<b>(3 491 356)</b>	<b>(1 465 227)</b>	<b>(4 956 583)</b>	<b>143 246 719</b>

The following provides information about collateral as of 30 September 2014:

<i>(in KZT thousands)</i>	Corporate loans	Retail Loans	Total	%
<b>Unsecured loans</b>	<b>491 375</b>	<b>1 755 470</b>	<b>2 246 846</b>	<b>0,8%</b>
<b>Loans secured on:</b>				
- assets receivable under the contracts	72 938 820	4 196 748	77 135 568	23,7%
- real estate	23 430 084	47 537 844	70 967 928	24,5%
- third party guarantees	43 445 376	1 561 778	45 007 154	15,5%
- goods for sale and goods receivable in the future	67 292 125	-	67 292 125	23,2%
- cash	10 868 637	3 528 437	14 397 074	5,0%
- combined collateral	7 706 131	8 999	7 715 130	2,7%
- transport	177 169	292 948	470 118	0,2%
- other assets	4 774 371	6 075	4 780 446	4,6%
<b>Total loans and advances to customers</b>	<b>231 124 088</b>	<b>58 888 300</b>	<b>290 012 388</b>	<b>100%</b>

As at 30 September 2014, total cash collateral amounts to KZT 11 564 839 thousand for loans to corporate customers, and KZT 3 799 670 thousand for loans to individuals.

The following table provides information about collateral as of 31 December 2013:

<i>(in KZT thousands)</i>	Corporate loans	Retail Loans	Total	%
<b>Unsecured loans</b>	<b>336 259</b>	<b>1 686 249</b>	<b>2 022 508</b>	<b>1,4%</b>
<b>Loans secured on:</b>				
- assets receivable under the contracts	9 778 635	-	9 778 635	6,6%
- real estate	20 239 757	21 961 615	42 201 372	28,5%
- third party guarantees	28 162 228	3 350 408	31 512 636	21,3%
- goods for sale and goods receivable in the future	5 842 658	-	5 842 658	3,9%
- cash	3 699 678	1 533 999	5 233 677	3,5%
- combined collateral	3 197 210	72 684	3 269 894	2,2%
- transport	34 656	239 366	274 022	0,2%
- other assets	47 882 146	185 754	48 067 900	32,4%
<b>Total loans and advances to customers</b>	<b>119 173 227</b>	<b>29 030 075</b>	<b>148 203 302</b>	<b>100%</b>

## 6 Loans and Advances to Customers (continued)

As at 31 December 2013, total cash collateral amounts to KZT 4 732 973 thousand for loans to corporate customers, and KZT 1 420 438 thousand for loans to individuals.

The following table shows the structure of risk concentration of client's loan portfolio by industries

<i>(in KZT thousands)</i>	30 September 2014		31 December 2013	
	Amount	%	Amount	%
Administration and support services	4 232 926	1%	2 330 635	29%
Mining industry	9 171 233	3%	8 523 150	20%
Real estate operations	5 820 235	2%	3 261 931	14%
Processing industry	21 871 725	8%	20 496 589	6%
Wholesale and retail trade; repair of motor vehicles and motorcycles	111 374 963	38%	42 590 335	6%
Construction	31 213 881	11%	7 434 437	6%
Loans for Individuals	58 888 300	20%	29 030 075	5%
Agriculture, forestry and fishery	5 050 113	2%	4 471 790	3%
Other industries	11 606 309	4%	5 139 630	3%
Transport, warehousing	10 070 010	3%	9 572 618	2%
Information and communication activities	1 421 887	0%	904 870	2%
Accommodation and meals	1 151 341	0%	637 532	0%
Arts, entertainment and leisure activities	86 713	0%	15 802	0%
Financial and insurance services	1 659 275	1%	4 111 203	0%
Public health and social service	844 112	-	666 191	0%
Electric power supply, gas supply and air conditioning	302 331	-	100 325	0%
Education	108 364	-	31 218	3%
<b>Total loans and advances to customers (before provision for loan impairment)</b>	<b>290 012 388</b>	<b>100%</b>	<b>148 203 302</b>	<b>100%</b>

The following is detailed information on Construction and Transactions with fixed property:

	30 September 2014	%	Highly liquid collateral	31 December 2013	%	Highly liquid collateral
<b>By aims and cash collateral:</b>						
<b>Construction</b>	<b>31 213 881</b>	<b>100%</b>	<b>9 974 734</b>	<b>7 434 437</b>	<b>100%</b>	<b>2 521 734</b>
- costs on current assets	10 610 379	34%	330 158	4 378 350	59%	2 189 720
- other aims	9 534 046	31%	7 421 645	320 357	4%	22 042
- funds to new construction and reconstruction of facilities	7 612 037	24%	2 200 889			
- funds to acquire PP&E (except for lease)	3 457 419	11%	22 042	2 735 730	37%	309 972
<b>Transactions with fixed property:</b>	<b>5 820 235</b>	<b>100%</b>	<b>-</b>	<b>3 261 931</b>	<b>100%</b>	<b>-</b>
- costs on current assets	88 834	2%		18 622	0%	
- other aims	4 293 633	74%			0%	
- funds to new construction and reconstruction of facilities	1 437 768	25%		2 960 107	91%	
- funds to acquire PP&E (except for lease)	-			283 202	9%	

## 6 Loans and Advances to Customers (continued)

<i>(in KZT thousands)</i>	30 September 2014		31 December 2013	
	Amount	%	Amount	%
<b>Loans to individuals</b>				
Consumer loans	54 449 818	92,5%	25 737 572	89%
<i>including those secured on real property</i>	43 341 064	-	18 825 434	
Mortgages	4 278 030	7%	3 136 181	11%
Auto loans	160 451	0%	156 322	1%
<b>Total loans to individuals</b>	<b>58 888 300</b>	<b>100%</b>	<b>29 030 075</b>	<b>100%</b>

As at 30 September 2014 the Bank has 16 borrowers or groups of related borrowers (31 December 2013: 18), the loans whereof are of more than 10% of the capital. Total loan balances of borrowers specified as at 30 September 2014 was KZT 93 405 665 thousand (31 December 2013- KZT 59 820 580 thousand).

To assess impairment of loans and advances to customers, the Bank adopts the following key assumptions and judgments:

- As part of loan portfolio, individually significant loans (the amount outstanding is more than KZT 200 000 thousand) are emphasized when determining a provision for impairment.
- Individually insignificant impaired loans of legal entities are accounted for separately.
- Loans which are neither individually significant nor have impairment indicators are grouped based on similarity of credit risk characteristics and are jointly reviewed for impairment.
- The review is made by corporate (by branches) and retail customers.
- In order to identify indicators of impairment, the Bank performs complex analysis of a financial position of corporate customers. If there are no objective impairment indicators, collective impairment ratio of similar credit risk group shall be applied to individually significant loans.
- Collective impairment ratio is calculated on the basis of historical data on the Bank and is determined using migratory Roll-Rate model.

The interest rate analysis of customer accounts is disclosed in Note 14. The relevant information on related parties is disclosed in Note 18.

## 7 Financial Assets Available for Sale

<i>(in KZT thousands)</i>	30 September 2014	31 December 2013
<b>Government securities of RK</b>		
Government securities of the Ministry of Finance of the Republic of Kazakhstan	31 999 305	34 705 664
NBRK notes	2 991 579	1 999 308
Securities of SOVEREIGN WEALTH FUND "SAMRUK KAZYNA" JSC	279 495	303 585
<b>Total government securities of RK</b>	<b>35 270 379</b>	<b>37 008 557</b>
<b>Government securities of foreign states</b>		
Securities of international financial institutions	1 540 820	1 937 845
Securities of foreign states	5 901 475	1 682 622
<b>Total government securities of foreign states</b>	<b>7 442 295</b>	<b>3 620 467</b>
<b>Corporate bonds</b>	<b>4 438 419</b>	<b>5 481 265</b>
<b>Total debt securities</b>	<b>47 151 093</b>	<b>46 110 289</b>

## 7 Financial Assets Available for Sale (continued)

The analysis of debt securities by credit quality as of 30 September 2014:

<i>(in KZT thousands)</i>	Government securities of the MFRK	NBRK notes	Securities of SWF "SAMRUK KAZYNA" JSC	Securities of international financial institutions	Securities of foreign states	Corporate bonds	Total
<b>Neither past due nor impaired</b>							
Fitch Ratings: "AAA"	-	-	-	564 507	3 962 167	-	4 526 674
Fitch Ratings: "BBB"	-	-	-	-	-	1 800 250	1 800 250
Fitch Ratings: "BBB+"	31 999 305	2 991 579	-	-	-	150 535	35 141 419
Fitch Ratings: "BBB-"	-	-	-	-	-	677 799	677 799
Moody's: "Baa1"	-	-	-	-	1 939 308	-	1 939 308
Moody's: "Baa3"	-	-	-	-	-	570 237	570 237
Moody's: "A3"	-	-	-	976 313	-	-	976 313
Moody's: "Ba3"	-	-	-	-	-	498 780	498 780
Standard & Poor's: "BBB+"	-	-	279 495	-	-	-	279 495
Standard & Poor's: "BB+"	-	-	-	-	-	740 818	740 818
<b>Total neither past due nor impaired</b>	<b>31 999 305</b>	<b>2 991 579</b>	<b>279 495</b>	<b>1 540 820</b>	<b>5 901 475</b>	<b>4 438 419</b>	<b>47 151 093</b>

The analysis of debt securities by credit quality as of 31 December 2013:

<i>(in KZT thousands)</i>	Government securities of the MFRK	NBRK notes	Securities of SWF "SAMRUK KAZYNA" JSC	Securities of international financial institutions	Securities of foreign states	Corporate bonds	Total
<b>Neither past due nor impaired</b>							
Fitch Ratings: "AAA"	-	-	-	939 772	-	-	939 772
Fitch Ratings: "BBB"	-	-	-	-	-	2 135 230	2 135 230
Fitch Ratings: "BBB-"	-	-	-	-	-	329 891	329 891
Moody's: "Baa1"	-	-	-	-	1 682 622	1 010 802	2 693 424
Moody's: "Baa3"	-	-	-	-	-	1 531 105	1 531 105
Moody's: "A3"	-	-	-	998 073	-	-	998 073
Moody's: "Ba3"	-	-	-	-	-	474 237	474 237
Standard & Poor's: "BBB+"	34 705 664	1 999 308	303 585	-	-	-	37 008 557
<b>Total neither past due nor impaired</b>	<b>34 705 664</b>	<b>1 999 308</b>	<b>303 585</b>	<b>1 937 845</b>	<b>1 682 622</b>	<b>5 481 265</b>	<b>46 110 289</b>

## 8 Customer Accounts

<i>(in KZT thousands)</i>	<u>30 September 2014</u>	<u>31 December 2013</u>
<b>State and public organisations</b>		
- Current/settlement accounts	89 388 033	38 058 757
- Term deposits	69 444 815	34 813 912
- Deposits which are collateral for liabilities	342 870	463 792
<b>Other legal entities</b>		
- Current/settlement accounts	17 430 294	34 740 926
- Term deposits	56 300 531	36 651 790
- Deposits which are collateral for liabilities	10 271 616	15 341 187
- Other deposits	25 640	6 005
<b>Individuals</b>		
- Current/demand accounts	3 207 444	1 775 818
- Term deposits	47 643 991	30 333 384
- Deposits which are collateral for liabilities	13 257 868	1 733 566
- Other deposits	801 750	2 277
<b>Total customer accounts</b>	<u>308 114 852</u>	<u>193 921 414</u>

As at 30 September 2014, the Bank had 16 customers with balances over 10% of the Bank's capital (31 December 2013: 19). Total balance of those customers was KZT 180 159 042 thousand (31 December 2013: KZT 110 163 830 thousand).

## 9 Debt Securities Issued and Subordinated Loans

On 15 March 2013 NBRK Committee for control and supervision of the financial market and financial organizations registered first issue of bonds and second issue of subordinated bonds within the Bank's First Bond Program.

As at 30 September 2014 regarding first and third issue of bonds, registered coupon debenture bonds were placed for the amount of KZT 6 970 000 and 2 600 000 thousand respectively, with maturity of 3 years. Regarding second issue, registered coupon subordinated debenture bonds were placed for the amount of KZT 4 962 230 thousand, with maturity of 7 years.

Those bonds have nominal interest rates of 8.0% - 9.5% per annum with respect to coupon bonds and subordinated bonds, respectively. With due account for discount and accrued interest coupon bonds make KZT 9 822 647 thousand, and accordingly, subordinated bonds make KZT 5 154 392 thousand.

<i>(in KZT thousands)</i>	<u>30 September 2014</u>	<u>31 December 2013</u>
<b>Issued debt securities</b>		
Issued registered coupon bonds	9 822 647	7 055 362
<b>Total Issued debt securities</b>	<u>9 822 647</u>	<u>7 055 362</u>

<i>(in KZT thousands)</i>	<u>30 September 2014</u>	<u>31 December 2013</u>
<b>Subordinated debt</b>		
Issued Subordinated debt securities	5 154 392	5 036 377
<b>Total Subordinated debt</b>	<u>5 154 392</u>	<u>5 036 377</u>

## 10 Share Capital

The following is the share capital structure as at 30 September 2014 and 31 December 2013:

<i>(in KZT thousands, except for number of shares)</i>	<u>Shares outstanding (thousand pcs)</u>	<u>Ordinary shares</u>	<u>Preference shares</u>
<b>At 1 January 2013</b>	1 450 000	10 000 000	4 500 000
Share issue	-	-	-
<b>At 31 December 2013</b>	1 450 000	10 000 000	4 500 000
Share issue	2 000 000	20 000 000	-
<b>At 30 September 2014</b>	<u>3 450 000</u>	<u>30 000 000</u>	<u>4 500 000</u>



As at 30 September 2014 declared share capital of the Bank includes 3 500 000 ordinary and 500 000 preference shares. At the reporting date, KZT 30 000 000 thousand for ordinary and KZT 4 500 000 thousand for preference shares were paid.

As at 30 September 2014 and 31 December 2013, nominal value of one ordinary share with one vote makes KZT 10 000. Nominal value of one preference share also makes KZT 10 000.

## 11 Dividends

In the reporting period dividends on preference shares of KZT 306 000 thousand at the rate of KZT 680 per preference share (30 June 2013: KZT 360 000 thousand) were declared and paid, including KZT 5 thousand which is payment for the guaranteed dividend amount at the rate of KZT 0.01 per share.

## 12 Earnings per share

The book value of one ordinary and preferred share shall be calculated by the Bank in accordance with Appendix No.6 to the Listing rules approved by decision of the Stock Exchange Board of “Kazakhstan Stock Exchange” JSC (Minutes of the meeting No.22 dated 04 October 2010)

Book value of one ordinary and one preferred share as of September 30, 2014 and December 31, 2013 is stated below:

	<u>30 September 2014</u>	<u>31 December 2013</u>
<b>Calculation of book value of an ordinary share</b>		
Assets	365 328 646	222 773 479
Intangible assets	(270 173)	(267 354)
Liabilities	(327 413 202)	(206 422 506)
Authorized capital stock, Preferred shares	(4 500 000)	(4 500 000)
<b>Net assets for ordinary shares</b>	<b>33 145 271</b>	<b>11 583 619</b>
Number of ordinary shares in pieces	3 000 000	1 000 000
<b>Book value of one ordinary share, in tenge</b>	<b>11 048</b>	<b>11 584</b>
<b>Calculation of book value of preferred share</b>		
Authorized capital stock, Preferred shares	4 500 000	4 500 000
<b>Capital of preferred shareholders</b>	<b>4 500 000</b>	<b>4 500 000</b>
Number of preferred shares in pieces	450 000	450 000
<b>Book value of one preferred share, in tenge</b>	<b>10 000</b>	<b>10 000</b>

Calculation of basic earning per one share held by shareholders is provided below:

<i>in thousand tenge, unless otherwise indicated</i>	<u>30 September 2014</u>	<u>30 September 2013</u>
<b>Income for the year</b>	<b>1 901 613</b>	<b>1 043 373</b>
Minus dividends which may be paid to preferred shareholders in case of full income distribution	355 500	333 000
Net income due to holders of common stocks	1 546 113	710 373
Average-weighted number of common stocks for calculation of basic and diluted earnings per share	2 171 000	1 000 000
Basic and diluted earnings per share for incomes due to Banks shareholders (in tenge per share)	712	710

### 13 Interest Income and Expense

<i>(in KZT thousands)</i>	<b>30 September 2014</b>	<b>30 September 2013</b>
<b>Interest income</b>		
Loans and advances to customers	20 792 846	9 536 241
Financial assets available for sale	1 482 878	852 453
Reverse REPO transaction	212 004	44 747
Correspondent accounts with other banks	1 439	5 029
Due from other banks	36 848	18 713
<b>Total interest income</b>	<b>22 526 015</b>	<b>10 457 183</b>
<b>Interest expense</b>		
Loans from entities performing selected banking activities	18 111	0
Deposits of other banks	29 028	0
Term deposits	11 184 516	4 604 535
REPO transactions	1 716	17 468
Debt securities issued	575 293	239 082
Subordinated debt	353 721	7 667
<b>Total interest expense</b>	<b>12 162 385</b>	<b>4 868 752</b>
<b>Net interest income</b>	<b>10 363 630</b>	<b>5 588 431</b>

### 14 Administrative and Other Operating Expenses

<i>(in KZT thousands)</i>	<b>30 September 2014</b>	<b>30 September 2013</b>
Personnel expenses	2 786 787	1 847 111
Advertising and marketing services	734 302	296 332
Depreciation and amortization	367 586	238 999
Operating lease expenses	254 618	168 992
Security expenses	237 661	141 056
Professional services	142 013	109 574
Taxes other than income taxes	209 519	98 070
Contributions to the Deposits Guarantee Fund	235 350	1 772
Expenditures for PP&E repairs and maintenance	25 821	-
Expenditures on maintenance of leased and administrative buildings	60 266	36 354
Communication service	52 107	31 393
Transportation costs	45 471	26 175
Business trip expenses	51 195	17 168
Repair expenses	22 680	11 114
Stationery	12 739	10 651
Entertainment expenses	7 022	4 445
Insurance expense	6 639	2 645
Trainings of employees	3 825	2 102
Other	213 651	263 126
<b>Total administrative and other operating expenses</b>	<b>5 469 252</b>	<b>3 307 079</b>

### 15 Segment Analysis

The main format for segment reporting of the Bank is to provide information on operating segments.

Operating segments are components that engage in business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the operating decision makers and for which discrete financial information is available. Responsible for making operational decisions is a person or group of persons who allocate resources and assesses the performance for the entity.

Functions of the operation of making decision performed by the Bank's Board. The Board regularly uses for operational decision making and resource allocation financial information based on IFRS.

*Description of products and services from which each reportable segment derives its revenue*

Bank's operations are organized in three major business segments:

**Corporate banking**, being direct debit instruments, current accounts, deposits, overdrafts, credits and other credit instruments, currency and derivative products.

**Retail Banking**, being private bank services, private current accounts of the clients, savings, deposits and consumer credits.

**Investment activities** on assets and liabilities required to maintain liquidity, the Bank's financing requirements, management of asset and liability

The following table presents segment information on assets of reportable segments for the nine months ended 30 September 2014:

<i>(in KZT thousands)</i>	<b>Corporate banking</b>	<b>Private banking services</b>	<b>Investment banking</b>	<b>Total</b>
<b>Assets</b>				
Due from other banks		-	1 023 364	1 023 364
Loans and advances to customers	223 183 817	57 903 728	-	281 087 545
Financial assets available for sale	-	-	47 151 093	47 151 093
Other financial assets	139 006	92 655		231 661
<b>Total segment assets</b>	<b>223 322 823</b>	<b>57 996 383</b>	<b>48 174 457</b>	<b>329 493 663</b>
<b>Liabilities</b>				
Customer accounts	243 203 799	64 911 053	-	308 114 852
Bank accounts	-	-	1 029 068	1 029 068
Loans from banks and financial institutions	2 018 111	-	-	2 018 111
Issued debt securities	-	-	9 822 647	9 822 647
Subordinated debt	-	-	5 154 392	5 154 392
Other financial liabilities	392 092	21 428	-	413 520
<b>Total segment liabilities</b>	<b>245 614 002</b>	<b>64 932 481</b>	<b>16 006 107</b>	<b>326 552 590</b>

The following table presents segment information on assets of reportable segments for the year ended 31 December 2013:

<i>(in KZT thousands)</i>	<b>Corporate banking</b>	<b>Private banking services</b>	<b>Investment banking</b>	<b>Total</b>
<b>Assets</b>				
Due from other banks	-	-	470 298	470 298
Loans and advances to customers	114 820 115	28 426 604	-	143 246 719
Financial assets available for sale	-	-	46 110 289	46 110 289
Other financial assets	76 228	54 295	100 030	230 553
<b>Total segment assets</b>	<b>114 896 343</b>	<b>28 480 899</b>	<b>46 680 617</b>	<b>190 057 859</b>
<b>Liabilities</b>				
Customer accounts	160 076 369	33 845 045	-	193 921 414
Payables to banks	40	-	-	40
Issued debt securities	-	-	7 055 362	7 055 362
Subordinated debt	-	-	5 036 377	5 036 377
Other financial liabilities	83 789	(658)	-	83 131
<b>Total segment liabilities</b>	<b>160 160 198</b>	<b>33 844 387</b>	<b>12 091 739</b>	<b>206 096 324</b>

## 15 Segment Analysis (continued)

The following table presents segment information based on operating results for the nine months ended 30 September 2014:

<i>(in KZT thousands)</i>	<b>Corporate banking</b>	<b>Private banking services</b>	<b>Investment banking</b>	<b>Elimination</b>	<b>Total</b>
Interest income	15 803 154	4 989 692	1 733 169	-	22 526 015
Interest expense	(8 410 834)	(2 773 682)	(977 869)	-	(12 162 385)
Internal interest income / expense	1 903 978	826 305	(935 075)	(1 795 208)	0
<b>Net interest income</b>	<b>9 296 298</b>	<b>3 042 315</b>	<b>(179 775)</b>	<b>(1 795 208)</b>	<b>10 363 630</b>
Net creation of provision for loan impairment	(4 591 864)	(380 072)	-	-	(4 971 936)
<b>Net interest income after provision for loan impairment</b>	<b>4 704 434</b>	<b>2 662 243</b>	<b>(179 775)</b>	<b>(1 795 208)</b>	<b>5 391 694</b>
Fee and commission income from reportable segments	1 494 370	88 952	-	-	1 583 322
Fee and commission expense from reportable segments	(42 165)	(25 743)	(39 073)	-	(106 981)
Gains from trading in foreign currencies	366 905	195 188	88 479	-	650 572
Loss from operations with financial assets available for sale			6 129	-	6 129
<b>Segment result</b>	<b>6 523 544</b>	<b>2 920 640</b>	<b>(124 240)</b>	<b>(1 795 208)</b>	<b>7 524 736</b>

The following table presents segment information based on operating results for the nine months ended 30 September 2013:

<i>(in KZT thousands)</i>	<b>Corporate banking</b>	<b>Private banking services</b>	<b>Investment banking</b>	<b>Elimination</b>	<b>Total</b>
Interest income	7 985 305	1 550 932	920 946	-	10 457 183
Interest expense	(2 921 812)	(1 332 308)	(614 632)	-	(4 868 752)
Internal interest income / expense	862 270	899 920	(26 340)	(1 735 850)	-
<b>Net interest income</b>	<b>5 925 763</b>	<b>1 118 544</b>	<b>279 974</b>	<b>(1 735 850)</b>	<b>5 588 431</b>
Net creation of provision for loan impairment	(2 183 037)	(247 734)	-	-	(2 430 772)
<b>Net interest income after provision for loan impairment</b>	<b>3 742 726</b>	<b>870 810</b>	<b>279 974</b>	<b>(1 735 850)</b>	<b>3 157 659</b>
Fee and commission income from reportable segments	887 009	101 302	8 317	-	996 628
Fee and commission expense from reportable segments	(13 016)	(9 349)	(30 707)	-	(53 072)
Gains from trading in foreign currencies	314 926	5 271	(18 645)	-	301 552
Other operating income			66 945	-	66 945
<b>Segment result</b>	<b>4 931 645</b>	<b>968 034</b>	<b>305 884</b>	<b>(1 735 850)</b>	<b>4 469 712</b>

## 15 Segment Analysis (continued)

Below is the information of income, assets and liabilities of reportable segments.

<i>(in KZT thousands)</i>	<b>30 September 2014</b>	<b>31 December 2013</b>
<b>Total segment assets</b>	<b>329 493 663</b>	<b>190 057 859</b>
Fixed assets	2 887 784	2 269 292
Cash and cash equivalents	32 148 677	29 973 311
Other assets	798 522	473 017
<b>Total assets</b>	<b>365 328 646</b>	<b>222 773 479</b>
<b>Total segment liabilities</b>	<b>326 552 590</b>	<b>206 096 324</b>
Deferred tax liability	162 714	92 714
Other liabilities	697 898	233 468
<b>Total liabilities</b>	<b>327 413 202</b>	<b>206 422 506</b>

<i>(in KZT thousands)</i>	<b>30 September 2014</b>	<b>30 September 2013</b>
<b>Total segment result</b>	<b>7 524 736</b>	<b>4 576 035</b>
Other operating income	251 102	-
Administrative and other operating expenses	(5 469 252)	(3 307 079)
Net creation of provisions for impairment of other assets	(114 552)	(11 054)
<b>Profit before tax</b>	<b>2 192 034</b>	<b>1 257 902</b>
Income tax expense	(290 421)	(214 530)
<b>Profit for the period</b>	<b>1 901 613</b>	<b>1 043 372</b>

All income of the Bank is generated in Kazakhstan. Geographical areas of the Bank activities according to the balance are presented in Note 14 to this financial information by reference to the contractor's actual location, i.e. on the basis of economic risk rather than legal risk of the contractor.

## 16 Financial Risk Management

Risk management underlies the banking and is the essential part of the Bank's activities. The Bank's risk management function is carried out in respect of financial risks (credit, market, geographical, currency, liquidity and interest rate), operational risks and legal risks. The main objectives of the financial risk management function are to identify risk limits, and then ensure these limits. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures to minimise operational and legal risks.

### Credit risk.

The Bank is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Bank developed policies and procedures for management of credit risk, including the setting of limits on the concentration of the portfolio and the establishment of credit committees, which actively monitor the credit risk of the Bank. The Bank's Credit Policy is considered and approved by the Board of Directors.

### Market risk.

The Bank is exposed to market risks. Market risks arise from open positions in (a) currency, (b) interest rate, all of which are exposed to general and specific market movements. Management sets limits on the value of risk that may be accepted, which is monitored on a daily basis. The Bank carries out stress testing of the market risk sensitivity on a monthly basis, which allows to prevent losses exceeding the established limits in case of more significant changes in the market.

## 16 Financial Risk Management (continued)

### Currency risk.

Currency risk is a risk of expenses (losses) resulting from changes in foreign currency exchange rates in the implementation of the Bank's operation. The risk of expenses (losses) arises due to revaluation of the Bank's positions by currencies in value terms. The Bank has assets and liabilities in different foreign currencies.

The Bank manages currency risk by setting limits on open positions in financial instruments, maturity and currency that are monitored on a regular basis, reviewed and approved by the authorized body of the Bank.

The Bank controls compliance with the established limits by currencies on daily basis. The table below shows general analysis of the Bank's currency risk as of 30 September 2014:

<i>(in KZT thousands)</i>	<b>Monetary financial assets</b>	<b>Monetary financial liabilities</b>	<b>Net balance sheet position</b>
Tenge	257 358 703	(223 505 693)	33 853 010
US Dollars	102 974 664	(101 755 544)	1 219 120
Euros	1 147 293	(1 160 064)	(12 771)
Russian Roubles	101 859	(94 704)	7 155
Pound Sterling	47 736	(34 504)	13 233
Other	12 085	(2 082)	10 003
<b>Total</b>	<b>361 642 340</b>	<b>(326 552 590)</b>	<b>35 089 750</b>

The table below shows general analysis of the Bank's currency risk as of 31 December 2013:

<i>(in KZT thousands)</i>	<b>Monetary financial assets</b>	<b>Monetary financial liabilities</b>	<b>Net balance sheet position</b>
Tenge	181 465 654	(167 769 458)	13 696 196
US Dollars	37 433 925	(37 240 293)	193 632
Euros	982 550	(956 973)	25 577
Russian Roubles	121 123	(121 938)	(815)
Pound Sterling	27 798	(7 662)	20 136
Other	707	-	707
<b>Total</b>	<b>220 031 757</b>	<b>(206 096 324)</b>	<b>13 935 433</b>

The above analysis includes only monetary assets and liabilities. The Bank believes that investments in equities and non-monetary assets are not considered to give rise to any material currency risk.

### Interest rate risk.

The Bank takes risks to the effects of adverse fluctuations in market interest rates on its financial position and cash flows. Interest margins may increase as a result of such changes but may reduce or create losses in the event that unexpected movements arise.

The Bank monitors interest rates on financial instruments. The table below summarizes interest rates based on the reports reviewed by key leaders of the Bank:

## 16 Financial Risk Management (continued)

<i>In % p.a.</i>	30 September 2014		
	KZT	USD	Other
<b>Assets</b>			
Cash and cash equivalents	0,00%	0,01%	0,08%
Loans and advances to customers	14,33%	11,35%	8,22%
Financial assets available for sale	5,38%	3,27%	0,00%
<b>Liabilities</b>			
Customer accounts	7,82%	5,04%	2,08%
- term deposits of legal entities	7,42%	3,90%	3,10%
- term deposits of individuals	9,74%	5,84%	1,91%

<i>In % p.a.</i>	31 December 2013		
	KZT	USD	Other
<b>Assets</b>			
Cash and cash equivalents	-	0,11%	0,21%
Loans and advances to customers	14,38%	13,69%	5,05%
Financial assets available for sale	3,83%	3,24%	2,37%
<b>Liabilities</b>			
Customer accounts	6,50%	5,40%	2,50%
- term deposits of legal entities	6,00%	2,50%	2,20%
- term deposits of individuals	9,40%	6,50%	2,70%

### Liquidity risk.

Liquidity risk is defined as the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Bank is exposed to daily calls on its available cash resources from overnight deposits, current accounts, maturing deposits, loan draw downs, guarantees and derivative financial instruments settled by cash. The Bank does not maintain cash resources to the need of one-time meet all of these as the basis of long experience, it is a sufficient degree of accuracy to predict the level of funds required to meet the obligation. The Asset and Liability is managed of liquidity risk.

The Bank's Asset and Liability Committee manages liquidity risk, Treasury Department monitors a daily liquidity position; to ensure adequate liquidity at the Bank, Risk Department makes regular stress tests of liquidity position for various options covering both standard and less favorable market conditions.

The following table shows the distribution of liabilities as at 30 September 2014 and 31 December 2013 to the contractual period remaining in maturity date. The amounts in the table are the contractual undiscounted cash flows, as well as the total amount of commitments to loan issue. Such undiscounted cash flows differ from the amount included in the balance sheet because the balance sheet amount is based on discounted cash flows. In cases when the amount payable is not fixed, the amount is determined by reference to the conditions existing at the balance sheet date. Foreign currency payments are translated using the spot exchange rate at the balance sheet date.

## 16 Financial Risk Management (continued)

The maturity analysis in accordance with contract terms of financial instruments as of 30 September 2014 is as follows:

<i>(in KZT thousands)</i>	<b>On demand and less than 1 month</b>	<b>From 1 to 3 months</b>	<b>From 3 to 12 months</b>	<b>From 12 months to 5 years</b>	<b>More than 5 years</b>	<b>Total</b>
<b>Liabilities</b>						
Customer accounts	118 944 895	14 270 142	123 812 368	51 003 338	84 109	308 114 852
Bank accounts	1 029 068					1 029 068
Loans from other banks and organizations	18 111				2 000 000	2 018 111
Issued debt securities		282 969		9 539 678		9 822 647
Subordinated debt		193 803			4 960 589	5 154 392
Other financial liabilities	413 520					413 520
<b>Total financial liabilities</b>	<b>120 405 594</b>	<b>14 746 914</b>	<b>123 812 368</b>	<b>60 543 016</b>	<b>7 044 698</b>	<b>326 552 590</b>
Undrawn credit lines	55 688 704	-	-	-	-	55 688 704
Guarantees issued	1 008 507	2 206 559	8 425 117	9 892 235	-	21 532 418
<b>Total credit related commitments</b>	<b>56 697 211</b>	<b>2 206 559</b>	<b>8 425 117</b>	<b>9 892 235</b>	<b>-</b>	<b>77 221 122</b>

The maturity analysis in accordance with contract terms of financial instruments as of 31 December 2013 is as follows:

<i>(in KZT thousands)</i>	<b>On demand and less than 1 month</b>	<b>From 1 to 3 months</b>	<b>From 3 to 12 months</b>	<b>From 12 months to 5 years</b>	<b>More than 5 years</b>	<b>Total</b>
<b>Liabilities</b>						
Customer accounts	79 022 766	16 758 705	56 688 449	41 306 307	145 187	193 921 414
Payables to banks	40	-	-	-	-	40
Issued debt securities	-	-	89 836	6 965 526	-	7 055 362
Subordinated debt	-	-	75 950	-	4 960 427	5 036 377
Other financial liabilities	83 131	-	-	-	-	83 131
<b>Total financial liabilities</b>	<b>79 105 937</b>	<b>16 758 705</b>	<b>56 854 235</b>	<b>48 271 833</b>	<b>5 105 614</b>	<b>206 096 324</b>
Undrawn credit lines	24 761 630	-	-	-	-	24 761 630
Guarantees issued	5 662 915	613 499	6 465 949	13 241 455	-	25 983 818
<b>Total credit related commitments</b>	<b>30 424 545</b>	<b>613 499</b>	<b>6 465 949</b>	<b>13 241 455</b>	<b>-</b>	<b>50 745 448</b>



## 16 Financial Risk Management (continued)

The management believes that cash flows from certain assets and liabilities may differ from those specified in contracts either due to the management's authority to manage cash flows or due to the fact that past experience indicates that timing of cash flows from those financial assets and liabilities may differ from those specified in contracts.

The Bank does not use the above undiscounted maturity analysis to manage liquidity. Instead, the Bank monitors expected maturities, which may be summarized as follows as of 30 September 2014:

<i>(in KZT thousands)</i>	<b>On demand and less than 1 month</b>	<b>From 1 to 3 months</b>	<b>From 3 to 12 months</b>	<b>From 12 months to 5 years</b>	<b>More than 5 years</b>	<b>Total</b>
Cash and cash equivalents	32 148 677					32 148 677
Due from other banks	1 023 364					1 023 364
Loans and advances to customers	18 943 556	20 073 981	145 206 676	76 391 430	20 471 902	281 087 545
Financial assets available for sale	47 151 093					47 151 093
Other financial assets	211 099	1 692	12 887	5 741	242	231 661
<b>Total financial assets</b>	<b>99 477 789</b>	<b>20 075 673</b>	<b>145 219 563</b>	<b>76 397 171</b>	<b>20 472 144</b>	<b>361 642 340</b>
Customer accounts	118 944 895	14 270 142	123 812 368	51 003 338	84 109	308 114 852
Bank accounts	1 029 068					1 029 068
Loans from other banks and organizations	18 111				2 000 000	2 018 111
Issued debt securities		282 969		9 539 678		9 822 647
Subordinated debt		193 803			4 960 589	5 154 392
Other financial liabilities	413 520					413 520
<b>Total financial liabilities</b>	<b>120 405 594</b>	<b>14 746 914</b>	<b>123 812 368</b>	<b>60 543 016</b>	<b>7 044 698</b>	<b>326 552 590</b>
<b>Net gap at 30 September 2014</b>	<b>(20 927 805)</b>	<b>5 328 759</b>	<b>21 407 195</b>	<b>15 854 155</b>	<b>13 427 446</b>	<b>35 089 750</b>
<b>Cumulative gap at 30 September 2014</b>	<b>(20 927 806)</b>	<b>(15 599 047)</b>	<b>5 808 148</b>	<b>21 662 303</b>	<b>35 089 749</b>	<b>20 187 534</b>

Excess of "on demand" liabilities and "up to 30 days" liabilities over the amount of relevant assets (a gap) is due to current accounts of the clients.

The Bank management believes that regardless of a material share of funds of the clients with "on demand" and "up to 30 days" status, diversification of those funds by the number and type of depositors as well as the Bank's past experience indicate that those funds form a long-term and stable source of funding for the Bank's operations due to steady balances.

## 16 Financial Risk Management (continued)

The Bank management believes that match and/or controllable mismatch of placement and maturity as well as interest rates on assets and liabilities is a fundamental aspect of managing the Bank.

Based on the above managing experience and for the purposes of liquidity risk management, the Bank management has set limits on cumulative negative timing gap between assets and liabilities of the Bank with due account for a possible mobilization of liquid assets.

The analysis by expected maturities may be summarised as follows as of 31 December 2013:

<i>(in KZT thousands)</i>	<b>On demand and less than 1 month</b>	<b>From 1 to 3 months</b>	<b>From 3 to 12 months</b>	<b>From 12 months to 5 years</b>	<b>More than 5 years</b>	<b>Total</b>
Cash and cash equivalents	29 973 311	-	-	-	-	29 973 311
Due from other banks	470 298	-	-	-	-	470 298
Loans and advances to customers	17 569 341	21 908 970	59 290 243	35 811 656	8 666 509	143 246 719
Financial assets available for sale	46 110 289	-	-	-	-	46 110 289
Other financial assets	128 678	23	708	1 104	100 040	230 553
<b>Total financial assets</b>	<b>94 251 917</b>	<b>21 908 993</b>	<b>59 290 951</b>	<b>35 812 760</b>	<b>8 766 549</b>	<b>220 031 170</b>
Customer accounts	79 022 766	16 758 705	56 688 449	41 306 307	145 187	193 921 414
Payables to banks	40	-	-	-	-	40
Issued debt securities	-	-	89 836	6 965 526	-	7 055 362
Subordinated debt	-	-	75 950	-	4 960 427	5 036 377
Other financial liabilities	83 131	-	-	-	-	83 131
<b>Total financial liabilities</b>	<b>79 105 937</b>	<b>16 758 705</b>	<b>56 854 235</b>	<b>48 271 833</b>	<b>5 105 614</b>	<b>206 096 324</b>
<b>Net gap at 31 December 2013</b>	<b>15 145 980</b>	<b>5 150 288</b>	<b>2 436 716</b>	<b>(12 459 073)</b>	<b>3 660 935</b>	<b>13 934 846</b>
<b>Cumulative gap at 31 December 2013</b>	<b>15 145 980</b>	<b>20 296 268</b>	<b>22 732 984</b>	<b>10 273 911</b>	<b>13 934 846</b>	<b>13 934 846</b>

Cumulative gap for all terms is positive.

## 17 Capital Management

The Bank actively manages the capital adequacy level for the purpose of protection against the risks specific to the Bank activity. Capital adequacy is controlled by NBRK.

The main objective of managing the capital consists in ensuring the Bank's compliance with external requirements for the capital and maintenance of a high credit rating and standards of the capital adequacy, necessary for implementation and maximizing the shareholder value.

The Bank manages the structure of the capital and corrects it in the light of changes in economic terms and characteristics of risk of activities performed. In comparison with last year, there were no changes in objectives, policies and procedures of capital management; however, the Board of Directors pays attention to this issue on a regular basis.

Under the current capital requirements established by the NBRK, banks must maintain a ratio of Tier 1 capital and assets (K1) not less than 6 per cent (2013: 6 percent), and the ratio of total regulatory capital to assets, risk-weighted (K2) not lower than 12 percent (2013: 12 percent).

As of 30 September 2014 the prudential regulations established by the NBRK are performed by the compliance (unaudited). As at 30 June, the Bank ratios were the following: k1.1 – 9,8%, k1.2 – 11,8%, k2 – 14,1%.

## 18 Contingent Liabilities

### *Legal Proceedings*

The Bank may be a potential target of various legal proceedings as a result of its operations. As at the reporting date the Bank was not involved in any legal proceedings, therefore no provision was formed for the loss resulting from legal proceedings.

### *Credit related commitments.*

The Bank has obligations on granting credit resources. The Bank provides financial guarantees and opens letters of credit in order to secure obligations of the clients to the third parties.

When providing contingent liabilities, financial guarantees and letters of credit, the Bank applies the same policies and risk management procedures as when granting the credits to the clients.

Commitments to extend credit represent unused portions of authorizations to extend credit in the form of loans, guarantees or letters of credit. With respect of commitments to extend credit, the Bank is potentially exposed to loss in an amount which equals to the total unused commitments.

However, the likely amount of loss is less than the total unused commitments since most commitments to extend credit are contingent upon customers maintaining specific credit standards.

The Bank monitors the term to maturity of credit related commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

Outstanding credit related commitments are as follows:

<i>(in KZT thousands)</i>	<b>30 September 2014</b>	<b>31 December 2013</b>
Undrawn credit lines	55 688 704	24 761 630
<i>including cash-secured</i>	17 364	60 883
Guarantees issued	21 532 418	25 983 818
<i>including cash-secured</i>	12 975 110	6 140 606
<b>Total credit related commitments</b>	<b>77 221 122</b>	<b>50 745 448</b>

Total highly liquid collaterals for guarantees as at 30 September 2014 amounted to KZT 7 940 946 thousand.

Many of obligations specified may be terminated without their partial or full execution. Therefore, the obligations stated above, do not represent expected cash outflow. As at 30 September 2014 and 31 December 2013 the Bank had no customers commitments whereof exceed 10% of total commitments.

## 19 Fair Value of Financial Instruments

The following are the carrying amount and fair value of financial assets and liabilities as at 30 September 2014:

<i>(in KZT thousands)</i>	<b>Loans and receivables</b>	<b>Available-for-sale</b>	<b>Other, carried at amortized cost</b>	<b>Carrying amount</b>	<b>Fair value</b>
<b>Assets</b>					
Cash and cash equivalents	32 148 677		-	32 148 677	32 148 677
Due from other banks	1 023 364		-	1 023 364	1 023 364
Loans and advances to customers	281 087 545		-	281 087 545	281 360 424
Financial assets available for sale		47 151 093	-	47 151 093	47 151 093
Other financial assets	231 661	-	-	231 661	231 661
<b>Total assets</b>	<b>314 491 247</b>	<b>47 151 093</b>	<b>-</b>	<b>361 642 340</b>	<b>361 915 219</b>
<b>Liabilities</b>					
Customer accounts	-	-	308 114 852	308 114 852	308 114 852
Bank accounts	-	-	1 029 068	1 029 068	1 029 068
Loans from banks and financial institutions	-	-	2 018 111	2 018 111	2 018 111
Issued debt securities	-	-	9 822 647	9 822 647	9 852 969
Subordinated debt	-	-	5 154 392	5 154 392	5 156 033
Other financial liabilities	-	-	413 520	413 520	413 520
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>326 552 590</b>	<b>326 552 590</b>	<b>326 584 553</b>

The following are the carrying amount and fair value of financial assets and liabilities as at 31 December 2013:

<i>(in KZT thousands)</i>	<b>Loans and receivables</b>	<b>Available-for-sale</b>	<b>Other, carried at amortized cost</b>	<b>Carrying amount</b>	<b>Fair value</b>
<b>Assets</b>					
Cash and cash equivalents	29 973 311	-	-	29 973 311	29 973 311
Due from other banks	470 298	-	-	470 298	470 298
Loans and advances to customers	143 246 719	-	-	143 246 719	143 484 939
Financial assets available for sale	-	46 110 289	-	46 110 289	46 110 289
Other financial assets	130 523	-	100 030	230 553	230 553
<b>Total assets</b>	<b>173 820 851</b>	<b>46 110 289</b>	<b>100 030</b>	<b>220 031 170</b>	<b>220 269 390</b>
<b>Liabilities</b>					
Customer accounts	-	-	193 921 414	193 921 414	193 921 414
Payables to banks	-	-	40	40	40
Issued debt securities	-	-	7 055 362	7 055 362	7 059 836
Subordinated debt	-	-	5 036 377	5 036 377	5 038 180
Other financial liabilities	-	-	83 131	83 131	83 131
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>206 096 324</b>	<b>206 096 324</b>	<b>206 102 601</b>

## 19 Fair Value of Financial Instruments (continued)

Fair value is the amount for which a financial instrument could be exchanged in a current transaction between the stakeholders, other than a forced sale or liquidation. The best confirmation of fair value is a quoted price for a financial instrument in an active market. Fair value of a financial instrument was estimated by the Bank by reference to available market information, if any, and appropriate valuation techniques. However, interpretation of market information to measure fair value requires the use of judgments. The Kazakhstan economy continues to display specific features inherent to emerging markets, and economic environment still restricts the amounts of activity on financial markets.

Market quotations may be outdated or may reflect sales at cut prices and thus may not be indicative of fair value of financial instruments. To measure fair value of financial instruments the management uses all available market information and applies judgments.

The following are fair value hierarchy levels for financial instruments at fair value:

<i>(in KZT thousands)</i>	<b>30 September 2014</b>	<b>31 December 2013</b>
<b>Financial assets</b>	<b>Active market</b>	<b>Active market</b>
	<b>quotations (Level 1)</b>	<b>quotations (Level 1)</b>
<b>Investment securities available for sale</b>		
Government securities of the RK Ministry of Finance	31 999 305	34 705 664
NBRK notes	2 991 579	1 999 308
Securities of SOVEREIGN WEALTH FUND "SAMRUK KAZYNA" JSC	279 495	303 585
Securities of international financial institutions	1 540 820	1 937 845
Foreign securities	5 901 475	1 682 622
Corporate bonds	4 438 419	5 481 265
<b>Total financial assets at fair value</b>	<b>47 151 093</b>	<b>46 110 289</b>

**Methods and assumptions used in measuring the fair value.** Fair value is the amount for which a financial instrument could be exchanged in a current transaction between the stakeholders, other than a forced sale or liquidation. The best confirmation of fair value is a quoted price for a financial instrument in an active market. If there are no quoted prices in an active market, the Bank uses various evaluation techniques.

**Financial instruments at fair value.** Investment securities available for sale are carried in the balance sheet at fair value. The fair value is measured by reference to quoted market prices.

**Cash and cash equivalents** are carried at amortized cost, which is approximately equal to their current fair value.

**Loans and receivables carried at amortized cost.** Fair values of instruments with floating interest rate are usually equal to their carrying amounts. Estimated fair value of instruments with fixed interest rate is based on the discounted cash flow method using current interest rates on the market of borrowed funds for new instruments assuming similar credit risk and similar maturity.

**Customer deposits.** Customer deposits are carried at amortized cost. The fair value is measured on the basis of average market prices.

**Derivative financial instruments.** All derivative financial instruments are carried at fair value as assets, if the fair value of those instruments is positive, and as liabilities if the fair value is negative. The fair value is measured by reference to available market prices.

## 20 Related Party Transactions

Parties shall be considered related if they are under joint control, if one of them is in the position to control the other or render significant influence on operational and financial decisions made by the other party. In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely the legal form.

As of 30 September 2014 and 31 December 2013, the outstanding balances with related parties were as follows:

	30 September 2014			31 December 2013				
	% rate	Shareholders	Board members	Others	% rate	Shareholders	Board members	Others
(in KZT thousands, unless otherwise stated)								
Total loans and advances to customers - KZT	11%-21%	223 515	20 866	1 375 909	8%-21%	223 515	-	1 460 557
Total loans and advances to customers - EUR	5%	-	5 082	-	-	-	-	-
Total loans and advances to customers - USD	22%	-	29	-	-	-	-	-
Provision for loan impairment	-	1 026	107	520 472	-	299	-	25 990
Customer accounts, current accounts	-	45 309	17 713	113 012	-	19 895	28 519	306 595
Customer accounts, deposits - KZT	5,5%-10%	77 283	9 045	781 947	3%-10%	23 284	28 733	1 740 389
Customer accounts, deposits - USD	4%-7%	67 852	1 992 166	397 670	4,5%-7%	18 658	1 763 500	609 300
Customer accounts, deposits - EUR	2%	-	-	69 459	2%	-	-	27 615
Undrawn credit lines in KZT	14,5%	-	-	151 667	5%-22%	-	43 467	30 622
Undrawn credit lines in USD	7,5%;22%	9 095	9 066	-	-	-	-	-
Undrawn credit lines in EUR	5%	-	27 082	-	-	-	-	-

The following are income and expense items with related parties for the six months ended 30 September 2014 and for the year ended 31 December 2013:

	30 September 2014			30 September 2013		
	Shareholders	Board members	Others	Shareholders	Board members	Others
(in KZT thousands)						
Interest income	20 116	1 262	162 832	11 861	-	115 490
Interest expense	7 540	105 464	67 011	12 436	69 827	30 496
Administrative and other operating expenses, including:	-	145 178	-	-	105 543	-
Remuneration of the Board of Directors	-	86 511	-	-	68 715	-
Remuneration of the Management Board	-	58 667	-	-	36 828	-

Chairman of the Board

I.S.Mazhinov

Chief Accountant

A.A. Dauletbekova

