

JSC «KazAgro» National Management Holding

Consolidated financial statements

*For the years ended 31 December 2015 and 2014
with independent auditors' report*

CONTENTS

INDEPENDENT AUDITORS' REPORT

Consolidated statement of financial position	1-2
Consolidated income statement	3
Consolidated statements of other comprehensive income	4
Consolidated statement of changes in equity	5-6
Consolidated statement of cash flows	7-8

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Principal activities	9
2. Basis of preparation	10
3. Summary of significant accounting policies	11
4. Significant accounting judgments and estimates	29
5. Segment information	31
6. Cash and cash equivalents	33
7. Amounts due from credit institutions	34
8. Derivative financial assets at fair value through profit or loss	34
9. Loans to customers	34
10. Finance lease receivables	36
11. Available-for-sale investment securities	37
12. Investments in associates and joint ventures	37
13. Accounts receivable	38
14. Advances paid	38
15. Inventory	38
16. Minimum level of grain	39
17. Assets held for finance lease	39
18. VAT and other taxes recoverable	39
19. Assets held for sale	39
20. Property, plant and equipment	40
21. Intangible assets	41
22. Amounts due to the Government of the Republic of Kazakhstan	41
23. Amounts due to credit institutions	42
24. Debt securities issued	44
25. Eurobonds issued	44
26. Trade accounts payable	44
27. Advances received	45
28. Taxation	45
29. Equity	48
30. Financial commitments and contingencies	49
31. Revenue from sale of goods and services	50
32. Cost of sales	50
33. Interest income	51
34. Interest expenses	51
35. Impairment charge for interest earning assets	51
36. Net gains/(losses) on derivative financial assets	51
37. Other income	52
38. Personnel and other operating expenses	52
39. Selling expenses	53
40. Net losses less gains from changes in deferred cash flows of loans to customers	53
41. Other impairment reversal/(charge)	53
42. Fiduciary management	53
43. Risk management	54
44. Fair value of financial instruments	63
45. Maturity analysis of financial assets and liabilities	68
46. Related party transactions	69
47. Capital adequacy	71
48. Subsequent events	72

Independent auditors' report

To the Shareholder and Board of Directors of the JSC "KazAgro" National Management Holding

We have audited the accompanying consolidated financial statements of JSC "KazAgro" National Management Holding and its subsidiaries ("the Group"), which comprise the consolidated statements of financial position as at 31 December 2015, 2014 and 2013, and the consolidated income statements, consolidated statements of other comprehensive income, of changes in equity and of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management of the Group is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



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Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of JSC "KazAgro" National Management Holding and its subsidiaries as at 31 December 2015, 2014 and 2013, and their consolidated financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards.

Ernst & Young LLP

[Signature]

Evgeny Zhemaletdinov
Auditor/General Director
Ernst & Young LLP

State audit license for audit activities on the
territory of the Republic of Kazakhstan: series
МФЮ-2 No. 0000003 issued by the Ministry of
Finance of the Republic of Kazakhstan
on 15 July 2005

25 April 2016

Auditor qualification certificate No. 0000553
dated 24 December 2003

CONSOLIDATED STATEMENT OF FINANCIAL POSITION**As at 31 December 2015 and 2014***(Thousands of tenge)*

	<i>Notes</i>	<i>2015</i>	<i>2014</i>	<i>2013</i>
Assets				
Cash and cash equivalents	6	85,372,051	90,009,940	55,824,066
Amounts due from credit institutions	7	415,544,147	330,331,589	115,853,307
Derivative financial assets at fair value through profit or loss	8	1,734,567	468,834	4,013,694
Loans to customers	9	248,897,835	207,870,454	199,737,802
Finance lease receivables	10	188,030,469	165,177,617	123,790,528
Investment securities available-for-sale	11	211,925	259,775	388,405
Investments in associates and joint ventures	12	3,660,559	3,161,482	2,935,039
Accounts receivable	13	55,651,631	39,067,294	66,158,694
Advances paid	14	12,675,782	11,147,742	20,567,975
Inventories	15	31,092,319	41,712,234	49,182,382
Minimum level of grain	16	16,783,105	14,200,727	13,338,568
Assets held for finance lease	17	8,100,326	12,490,870	13,158,059
VAT and other taxes recoverable	18	3,813,800	4,750,567	5,320,983
Current income tax assets	28	6,720,041	1,772,418	1,091,007
Deferred income tax assets	28	10,114,855	4,174,611	4,602,354
Assets held for sale	19	3,022,129	2,770,277	2,490,410
Investment property		721,960	444,811	458,498
Property and equipment	20	11,174,473	13,831,280	14,425,762
Goodwill		41,300	41,300	41,300
Intangible assets	21	806,722	767,877	669,750
Other assets		3,106,052	1,656,314	778,967
Total assets		1,107,276,048	946,108,013	694,827,550
Liabilities				
Amounts due to the Government of the Republic of Kazakhstan	22	40,741,427	30,041,698	15,855,139
Amounts due to credit institutions	23	50,716,012	104,784,418	64,577,132
Debt securities issued	24	134,154,273	121,326,411	117,254,491
Eurobonds issued	25	567,290,410	317,889,584	153,676,011
Trade accounts payable	26	7,661,762	9,267,128	8,449,842
Advances received	27	8,098,446	4,870,243	4,522,391
Current income tax liabilities	28	79,671	49,417	105,951
Deferred income tax liabilities	28	4,173,274	9,657,250	11,835,025
VAT and other taxes payable		3,039,864	2,645,457	2,030,192
Liabilities directly associated with assets held for sale		—	358,908	—
Other liabilities		1,876,028	1,053,598	1,546,859
Total liabilities		817,831,167	601,944,112	379,853,033

The notes on pages 9 through 72 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

As at 31 December 2015 and 2014

(Thousands of tenge)

	Notes	2015	2014	2013
Equity				
Share capital	29	287,816,731	287,816,731	267,816,731
Additional paid-in capital	29	124,984,940	75,468,506	67,743,159
Capitalization reserve	29	(10,974,734)	(10,974,734)	(10,974,734)
Foreign currency translation reserve		609,939	(176,161)	(450,949)
Revaluation reserve of investment securities available for sale		15,752	105,434	175,946
Reserve capital	29	10,008,217	9,069,412	7,788,321
Deemed distribution reserve	29	(26,752,342)	(21,783,345)	(17,028,754)
Retained earnings/(accumulated loss)		(96,298,236)	4,604,181	(142,326)
Total equity attributable to the Company's Shareholder		289,410,267	344,130,024	314,927,394
Non-controlling interest		34,614	33,877	47,123
Total equity		289,444,881	344,163,901	314,974,517
Total liabilities and equity		1,107,276,048	946,108,013	694,827,550
Information for Kazakhstan Stock Exchange				
Book value per common share	29	1,002.85	1,193.11	1,173.58

Signed and authorized for release on behalf of the Management Board of the Group:

Malelov N.T.

Chairman of the Board

Mukhamadiyeva A.S.

Deputy Chairman of the Board

Zhumabayeva S.R.

Chief Accountant

25 April 2016

The notes on pages 9 through 72 are an integral part of these consolidated financial statements.

CONSOLIDATED INCOME STATEMENT

For the years ended 31 December 2015 and 2014

(Thousands of tenge)

	Notes	2015	2014	2013
Revenue from sale of goods and services	31	48,360,094	60,112,369	51,371,498
Cost of sales	32	(34,864,978)	(36,679,936)	(41,140,363)
Gross profit		13,495,116	23,432,433	10,231,135
Interest income	33	86,473,222	50,018,783	32,614,735
Interest expenses	34	(34,927,203)	(27,007,644)	(18,303,202)
Net interest income		51,546,019	23,011,139	14,311,533
Impairment charge for interest earning assets	35	(11,533,909)	(7,356,236)	(6,036,475)
Net interest income after expenses on impairment of interest earning assets		40,012,110	15,654,903	8,275,058
Net gains/(losses) on derivative financial assets	36	1,304,981	1,020,498	(462,020)
Net losses from transactions in foreign currencies		(162,715,049)	(4,637,712)	(1,438,269)
Share of (loss)/profit of associates	12	(177,078)	89,786	693,712
Other income	37	6,991,247	4,902,566	2,889,228
Net other operating (loss)/income		(154,595,899)	1,375,138	1,682,651
Personnel expenses	38	(5,806,651)	(6,425,570)	(5,428,674)
Selling expenses	39	(6,262,497)	(10,080,832)	(6,751,205)
Net losses less gains from changes in deferred cash flows of loans to customers	40	(647,866)	(567,194)	(286,042)
Other operating expenses	38	(5,436,130)	(4,995,773)	(3,182,293)
Other impairment charge	41	(3,070,934)	(7,500,469)	(1,158,199)
Non-interest expenses		(21,224,078)	(29,569,838)	(16,806,413)
(Loss)/profit before income tax expense		(122,312,751)	10,892,636	3,382,431
Income tax benefit/(expense)	28	23,430,296	(4,778,695)	(1,697,032)
(Loss)/profit for the year		(98,882,455)	6,113,941	1,685,399
Attributable to:				
- Shareholder of the Company		(98,883,192)	6,127,187	1,782,159
- non-controlling interests		737	(13,246)	(96,760)
		(98,882,455)	6,113,941	1,685,399
Basic and diluted (loss)/earnings per share for the year (tenge)	29	(343.56)	22.06	6.77

Signed and authorized for release on behalf of the Management Board of the Group:

Malelov N.T.

Mukhamadiyeva A.S.

Zhunabayeva S.R.

25 April 2016

Chairman of the Board

Deputy Chairman of the Board

Chief Accountant

The notes on pages 9 through 72 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the years ended 31 December 2015 and 2014

(Thousands of tenge)

Notes	2015	2014	2013
(Loss)/profit for the year	(98,882,455)	6,113,941	1,685,399
Other comprehensive income/(loss)			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Unrealised (losses)/gains on investment securities available-for-sale	(89,682)	(70,512)	78,570
Foreign exchange differences	786,100	274,788	(757,930)
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	696,418	204,276	(679,360)
Total comprehensive (loss)/income for the year, net of income tax	(98,186,037)	6,318,217	1,006,039
Attributable to:			
- Shareholder of the Company	(98,186,774)	6,331,463	1,102,795
- non-controlling interests	737	(13,246)	(96,760)
	(98,186,037)	6,318,217	1,006,039

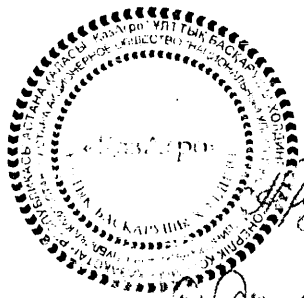
Signed and authorized for release on behalf of the Management Board of the Group:

Malelov N.T.

Mukhamadiyeva A.S.

Zhumabayeva S.R.

25 April 2016



Chairman of the Board

Deputy Chairman of the Board

Chief Accountant

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**Years ended 31 December 2015 and 2014***(Thousands of tenge)*

	<i>Attributable to the Shareholder of the Company</i>								<i>Total</i>	<i>Non-controlling interests</i>	<i>Total equity</i>
	<i>Share capital</i>	<i>Additional paid-in capital</i>	<i>Capitalization reserve</i>	<i>Foreign currency translation reserve</i>	<i>Revaluation reserve of investment securities available for sale</i>	<i>Reserve capital</i>	<i>Deemed distribution reserve</i>	<i>(Accumulated loss)/Retained earnings</i>			
31 December 2012	254,022,911	61,269,231	(10,974,734)	306,981	97,376	7,234,651	(13,311,088)	(1,224,035)	297,421,293	143,883	297,565,176
Profit for the year	—	—	—	—	—	—	—	1,782,159	1,782,159	(96,760)	1,685,399
Other comprehensive income/(loss) for the year	—	—	—	(757,930)	78,570	—	—	—	(679,360)	—	(679,360)
Total comprehensive (loss)/income for the year	—	—	—	(757,930)	78,570	—	—	1,782,159	1,102,799	(96,760)	1,006,039
Issue of share capital (Note 29)	13,793,820	—	—	—	—	—	—	—	13,793,820	—	13,793,820
Income from initial recognition of loans obtained from the Shareholder at below market rates (Note 29)	—	6,473,928	—	—	—	—	—	—	6,473,928	—	6,473,928
Deemed distribution reserve for the year (Note 29)	—	—	—	—	—	—	(3,717,666)	—	(3,717,666)	—	(3,717,666)
Dividends to the Company's Shareholder (Note 29)	—	—	—	—	—	—	—	(146,780)	(146,780)	—	(146,780)
Transfer to reserve capital (Note 29)	—	—	—	—	—	553,670	—	(553,670)	—	—	—
31 December 2013	267,816,731	67,743,159	(10,974,734)	(450,949)	175,946	7,788,321	(17,028,754)	(142,326)	314,927,394	47,123	314,974,517
Profit for the year	—	—	—	—	—	—	—	6,127,187	6,127,187	(13,246)	6,113,941
Other comprehensive income/(loss) for the year	—	—	—	274,788	(70,512)	—	—	—	204,276	—	204,276
Total comprehensive (loss)/income for the year	—	—	—	274,788	(70,512)	—	—	6,127,187	6,331,463	(13,246)	6,318,217
Issue of share capital (Note 29)	20,000,000	—	—	—	—	—	—	—	20,000,000	—	20,000,000
Gain on initial recognition of amounts due to the Shareholder at below market interest rates (Note 29)	—	7,725,347	—	—	—	—	—	—	7,725,347	—	7,725,347
Deemed distribution reserve for the year (Note 29)	—	—	—	—	—	—	(4,754,591)	—	(4,754,591)	—	(4,754,591)
Dividends to the Company's Shareholder (Note 29)	—	—	—	—	—	—	—	(99,589)	(99,589)	—	(99,589)
Transfer to reserve capital (Note 29)	—	—	—	—	—	1,281,091	—	(1,281,091)	—	—	—
31 December 2014	287,816,731	75,468,506	(10,974,734)	(176,161)	105,434	9,069,412	(21,783,345)	4,604,181	344,130,024	33,877	344,163,901

The notes on pages 9 through 72 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

Years ended 31 December 2015 and 2014

(Thousands of tenge)

	Attributable to the Shareholder of the Company										Non-controlling interests	Total equity
	Share capital	Additional paid-in capital	Capitalization reserve	Foreign currency translation reserve	Revaluation reserve of investment securities available for sale	Reserve capital	Deemed distribution reserve	Retained earnings/(ac cumulated loss)	Total			
31 December 2014	287,816,731	75,468,506	(10,974,734)	(176,161)	105,434	9,069,412	(21,783,345)	4,604,181	344,130,024	33,877	344,163,901	
(Loss)/profit for the year	-	-	-	-	-	-	-	(98,883,192)	(98,883,192)	737	(98,882,455)	
Other comprehensive income/(loss) for the year	-	-	-	786,100	(89,682)	-	-	-	696,418	-	696,418	
Total comprehensive (loss)/income for the year	-	-	-	786,100	(89,682)	-	-	(98,195,707)	(98,186,774)	737	(98,186,037)	
Gain on initial recognition of amounts due to the shareholder at below market interest rates (Note 29)	-	49,516,434	-	-	-	-	-	-	49,516,434	-	49,516,434	
Deemed distribution reserve for the year (Note 29)	-	-	-	-	-	-	(4,968,997)	-	(4,968,997)	-	(4,968,997)	
Dividends to the Company's Shareholder (Note 29)	-	-	-	-	-	-	-	(1,080,420)	(1,080,420)	-	(1,080,420)	
Transfer to reserve capital (Note 29)	-	-	-	-	-	938,805	-	(938,805)	-	-	-	
31 December 2015	287,816,731	124,984,940	(10,974,734)	609,939	15,752	10,008,217	(26,752,342)	(96,298,236)	289,410,267	34,614	289,444,881	

Signed and authorized for release on behalf of the Management Board of the Group:

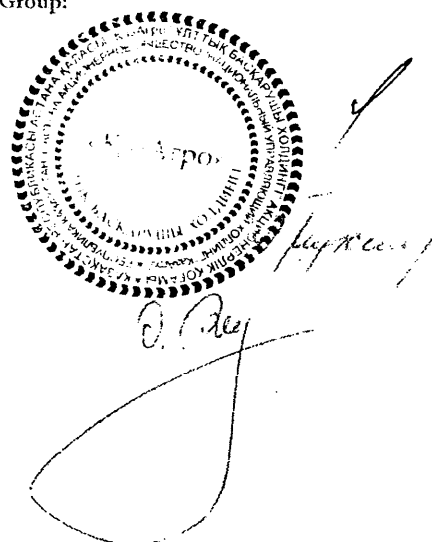
Maldov N.T.

Mukhamadiyeva A.S.

Zhumabayeva S.R.

25 April 2016

The notes on pages 9 through 72 are an integral part of these consolidated financial statements.



Chairman of the Board

Deputy Chairman of the Board

Chief Accountant

CONSOLIDATED STATEMENT OF CASH FLOWS**For the years ended 31 December 2015 and 2014***(Thousands of tenge)*

	<i>Notes</i>	<i>2015</i>	<i>2014</i>	<i>2013</i>
Cash flows from operating activities				
(Loss)/profit before income tax expense		(122,312,751)	10,892,636	3,382,431
<i>Adjustments for:</i>				
Depreciation and amortisation	20, 21	827,600	1,070,515	949,294
Share in loss/(profit) of associates and joint ventures	12	177,078	(89,786)	(693,712)
Accrued interest income	33	(86,473,222)	(50,018,783)	(32,614,735)
Accrued interest expenses	34	34,927,203	27,007,644	18,303,202
Impairment of interest earning assets	35	11,533,909	7,356,236	6,036,475
Other impairment charge	41	3,070,934	7,500,469	1,158,199
Net losses less gains from changes in deferred cash flows of loans to customers	40	647,866	567,194	286,042
Loss from discontinued operations		218,655		
Unrealised (gains)/losses on derivative financial assets	36	(1,265,844)	(432,490)	1,453,776
Unrealised expenses from foreign currencies		172,702,691	8,190,541	2,636,318
Cash from operating activities before changes in operating assets and liabilities		14,054,119	12,044,176	897,290
<i>Net (increase)/ decrease in operating assets:</i>				
Amounts due from credit institutions		28,234,648	(204,417,537)	(100,913,611)
Loans to customers		(43,770,548)	(7,113,590)	(51,357,569)
Finance lease receivables		(26,171,477)	(41,579,276)	(29,121,092)
Accounts receivable		(16,234,948)	22,241,940	8,781,530
Advances paid		(2,534,804)	7,220,687	(4,897,294)
Inventories		10,583,058	7,073,632	24,221,946
Minimum level of grain		(2,582,378)	(862,159)	97,057
Property held for financial lease		4,016,268	17,123	(3,958,452)
VAT and other taxes recoverable		936,767	570,416	(698,681)
Assets classified as held for sale		(887,764)	(20,732)	(1,771,099)
Other assets		(1,557,966)	(711,002)	(54,911)
<i>Net increase/ (decrease) in operating liabilities:</i>				
Trade accounts payable		(2,185,980)	781,432	1,761,890
Advances received		3,228,203	347,852	(243,026)
VAT and other taxes payable		394,407	615,265	707,847
Other liabilities		(165,319)	(949,172)	830,472
Net cash flows used in operating activities before income tax		(34,643,714)	(204,740,945)	(155,717,703)
Interest received		49,142,749	38,997,826	23,775,295
Interest paid		(26,676,189)	(16,401,431)	(12,542,677)
Income tax paid		(6,655,230)	(6,790,962)	(4,413,842)
Net cash flows used in operating activities		(18,832,384)	(188,935,512)	(148,898,927)

The notes on pages 9 through 72 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

For the years ended 31 December 2015 and 2014

(Thousands of tenge)

	Notes	2015	2014	2013
Cash flows from investing activities				
Proceeds from sale of property and equipment		2,507,722	290,431	291,230
Purchase of property and equipment	20	(1,856,820)	(1,103,902)	(846,696)
Investment securities available-for-sale		(41,832)	58,118	—
Decrease in cash due to reclassification of cash to investments in an associate		—	—	(175,662)
Purchase of intangible assets	21	(214,029)	(255,862)	(106,218)
Proceeds from sale of investments in associates		46,689	92,570	13,667
Dividends received		6,525	26,542	53,925
Net cash flows from/(used in) investing activities		448,255	(892,103)	(769,754)
Cash flows from financing activities				
Proceeds from shares issuance	29	—	20,000,000	13,793,820
Proceeds from issue of debt securities		106,026,774	8,891,898	1,936,112
Redemption of debt securities issued		(36,222,185)	(8,980,149)	(20,360,250)
Proceeds from eurobonds issuance		—	150,060,000	150,127,067
Redemption of eurobonds issued		—	—	(13,241)
Proceeds from due to the Government of the Republic of Kazakhstan		77,670,707	65,269,369	27,021,997
Redemption of amounts due to the Government of the Republic of Kazakhstan		(69,391,234)	(45,042,437)	(13,896,100)
Proceeds from due to the credit institutions		26,473,755	116,660,847	98,838,566
Redemption of amounts due to credit institutions		(95,982,647)	(81,904,054)	(116,875,401)
Dividends paid	29	(1,080,420)	(99,589)	(146,780)
Net cash flows from financing activities		7,494,750	224,855,885	140,425,790
Effect of changes in foreign exchange rates on cash and cash equivalents		6,251,490	(842,396)	652,371
Net change in cash and cash equivalents for the year		(4,637,889)	34,185,874	(8,590,520)
Cash and cash equivalents, beginning of the year		90,009,940	55,824,066	64,414,586
Cash and cash equivalents, ending of the year	6	85,372,051	90,009,940	55,824,066

Signed and authorized for release on behalf of the Management Board of the Group:

Malelov N.T.

Chairman of the Board

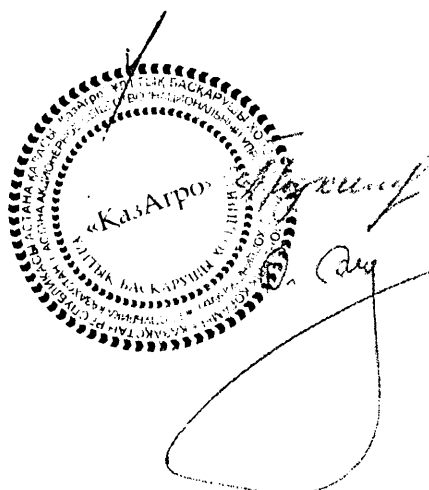
Mukhamadiyeva A.S.

Deputy Chairman of the Board

Zhumabayeva S.R.

Chief Accountant

25 April 2016



The notes on pages 9 through 72 are an integral part of these consolidated financial statements.

(Thousands of tenge)

1. Principal activities

National Managing Holding KazAgro JSC (hereinafter, “the Company”) was established in 2007 by the Government of the Republic of Kazakhstan in accordance with the laws of the Republic of Kazakhstan. The Company was established in accordance with the Order of the President of the Republic of Kazakhstan dated 11 December 2006 No. 220 “On certain issues related to development of agro-industrial complex” for the purpose of implementing the governmental policy related to generation and development of the competitive and export oriented agricultural industry.

The registered office of the Company is located at the following address: 24 Republic Ave, Astana, Republic of Kazakhstan.

These consolidated financial statements include financial statements of the Company and its subsidiaries (together the “Group”). The following subsidiaries are owned by the Group as at 31 December:

Name	Country	Type of activities	Year of establish- ment	Year of acqui- sition	Percentage of ownership		
					2015	2014	2013
National Company “Food Contract Corporation” JSC	Kazakhstan	Maintaining state grain reserves at the levels required to supply the population of Kazakhstan with grain and grain products, to maintain grain reserves at the required level and to ensure timely grain replenishment.	1995	2007	100.0%	100.0%	100.0%
KazAgroProduct JSC	Kazakhstan	Organisation of the livestock products purchase, production, processing and supply to export and domestic markets.	2001	2007	100.0%	100.0%	100.0%
KazAgroFinance JSC	Kazakhstan	Financing of enterprises in agricultural sector of the Republic of Kazakhstan.	1999	2007	100.0%	100.0%	100.0%
Agrarian Credit Corporation JSC	Kazakhstan	Implementation of state policy regarding financing the development of competitive businesses in the countryside	2001	2007	100.0%	100.0%	100.0%
Fund of Financial Support for Agriculture JSC	Kazakhstan	Implementation of state policies for expanding access to financial and credit resources for the rural population through the creation of institutional infrastructure of microcredit in rural areas for economic development of rural areas, social equality, increasing the income level of disadvantaged population, as well as assistance in development of insurance market, in particular the obligatory insurance of crop husbandry as an agent of the Government of the Republic of Kazakhstan.	1998	2007	100.0%	100.0%	100.0%
KazAgroGarant JSC	Kazakhstan	Implementation of state policy for growth in lending of agricultural sector, minimizing the risks of grain and cotton holders by expanding guarantee volumes on a non-commercial basis.	2003	2007	100.0%	100.0%	100.0%
KazAgroMarketing JSC	Kazakhstan	Implementation of state policies for the creation of a market infrastructure to promote agricultural products and services, which guarantees greater access for agricultural entities to data resources and consulting based on developed regional network of rural information centers, and modern technology.	2003	2007	100.0%	100.0%	100.0%

(Thousands of tenge)

1. Principal activities (continued)

The Group's principal activities include maintenance of state grain reserves at the levels required to supply the population of Kazakhstan with grain and grain products, timely grain replenishment, lending, and investing in finance leases to the agricultural sector, financing infrastructure for preparation, processing, storage and supply and distribution of agricultural products, financing non-agricultural entrepreneurship in rural areas and marketing research. Additionally the Group acts as a guarantor for compensation of losses related to storage of the grain.

As at 31 December, principal subsidiaries of the Company owned the following companies:

Name	Country of residence	Type of activities	Percentage of ownership		
			2015	2014	2013
Ak-Bidai Terminal JSC	Kazakhstan	Grain terminal	100,0%	75,10%	75,10%
Expert Agrarian Company LLP	Kazakhstan	Business review, provision of guarantees	100,0%	100,0%	100,0%
Astyk Koimalary LLP	Kazakhstan	Grain storage and processing	100,0%	100,0%	100,0%
Agrofirm Zhana-Ak Dala LLP	Kazakhstan	Storage and sale of tomatoes	100,0%	100,0%	99,9%
NurAgro LLP	Kazakhstan	Storage and sale of tomatoes and onions	100,0%	100,0%	100,0%
Astana Agro LLP	Kazakhstan	Production of agricultural products	100,0%	100,0%	100,0%
Rudnenskiy GMK LLP	Kazakhstan	Production of milk	100,0%	100,0%	100,0%
TOO «KazMeab»	Kazakhstan	Finance lease of cattle	100,0%	100,0%	100,0%
AgroKurylys Kazakhstan LLP	Kazakhstan	Construction of agricultural facilities	100,0%	100,0%	100,0%
Cotton Contract Corporation JSC	Kazakhstan	Raw cotton storage and processing	–	100,0%	100,0%
Agrofirm Zhana-Zher LLP	Kazakhstan	Production of agricultural products	–	94,18%	91,0%
Kazakhstan Maktasy JSC	Kazakhstan	Cotton and textile, export and domestic supply	–	100,0%	100,0%
Batumi Grain Terminal LLC	Georgia	Grain terminal	–	–	100,0%

The Group is also responsible for keeping accounting records and monitoring the quality, quantity and security of state grain resources.

As at 31 December 2015, investments in associates include the Group's share in 24 micro-credit organisations (in 2014: 32 organizations, in 2013: 37 organisations). The Group's ownership share in micro-credit organizations as at 31 December 2015 was 49.0% (in 2014 and 2013 years varied from 12.5% to 49.0%).

The founder and sole shareholder of the Company is the Republic of Kazakhstan represented by the Government of the Republic of Kazakhstan. In accordance with the Government Resolution of the Republic of Kazakhstan No. 1247, dated 23 December 2006, the ownership of the state package of shares of National Managing Holding KazAgro JSC was transferred to the Ministry of Agriculture.

On 7 December 2015, Group signed an agreement with Hungarian Export-Import Bank Plc. (Eximbank) on creation of the Kazakh-Hungarian private equity fund "Kazakhstan Hungarian Investment Private Equity Fund CV" / trade name "CCL Kazakhstan "Silk Road" Agriculture Growth Fund", with contribution in the total amount of 20,000,000 US dollars within 10 years, the total share will comprise 49.5%.

2. Basis of preparation**General**

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

These consolidated financial statements are presented in thousands of Kazakh Tenge (KZT), unless otherwise indicated.

These consolidated financial statements have been prepared under the historical cost convention, except for investment securities available for sale, biological assets and derivative financial assets which have been measured at fair value and inventory stated at cost at the lowest of cost and net realisable value.

(Thousands of tenge)

3. Summary of significant accounting policies

Changes in accounting policies

The Group has adopted the following amended IFRS which are effective for annual periods beginning on or after 1 January 2015:

Amendments to IAS 19 Defined Benefit Plans: Employee Contributions

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is not relevant to the Group, since none of the entities within the Group has defined benefit plans with contributions from employees or third parties.

Annual improvements 2010-2012 Cycle

These improvements are effective from 1 July 2014 and the Group has applied these amendments for the first time in these consolidated financial statements. They include:

IFRS 2 Share-based Payment

This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:

- A performance condition must contain a service condition
- A performance target must be met while the counterparty is rendering service
- A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group
- A performance condition may be a market or non-market condition
- If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

The above definitions are consistent with how the Group has identified any performance and service conditions which are vesting conditions in previous periods, and thus these amendments do not impact the Group's accounting policies.

IFRS 3 Business Combinations

The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IFRS 9 (or IAS 39, as applicable). This is consistent with the Group's current accounting policy, and thus this amendment does not impact the Group's accounting policy.

IFRS 8 Operating Segments

The amendments are applied retrospectively and clarifies that:

- An entity must disclose the judgments made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'
- The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

The Group has presented the reconciliation of segment assets to total assets in previous periods and continues to disclose the same in Note 5 in these consolidated financial statements as the reconciliation is reported to the chief operating decision maker for the purpose of her decision making.

IFRS 13 Short-term Receivables and Payables – Amendments to IFRS 13

This amendment to IFRS 13 clarifies in the Basis for Conclusions that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. This is consistent with the Group's current accounting policy, and thus this amendment does not impact the Group's accounting policy.

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset. The Group did not record any revaluation adjustments during the current period.

*(Thousands of tenge)***3. Summary of significant accounting policies (continued)****Changes in accounting policies (continued)***LAS 24 Related Party Disclosures*

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. This amendment is not relevant for the Group as it does not receive any management services from other entities.

Annual improvements 2011-2013 Cycle

These improvements are effective from 1 July 2014 and the Group has applied these amendments for the first time in these consolidated financial statements. They include:

IFRS 3 Business Combinations

The amendment is applied prospectively and clarifies for the scope exceptions within IFRS 3 that:

- Joint arrangements, not just joint ventures, are outside the scope of IFRS 3
- This scope exception applies only to the accounting in the financial statements of the joint arrangement itself

Group is not a joint arrangement, and thus this amendment is not relevant for the Group and its subsidiaries.

IFRS 13 Fair Value Measurement

The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 (or IAS 39, as applicable). The Group does not apply the portfolio exception in IFRS 13.

LAS 40 Investment Property

The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment is applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or business combination. In previous periods, the Group has relied on IFRS 3, not IAS 40, in determining whether an acquisition is of an asset or is a business acquisition. Thus, this amendment does not impact the accounting policy of the Group.

Meaning of effective IFRSs – Amendments to IFRS 1

The amendment clarifies in the Basis for Conclusions that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first IFRS financial statements. This amendment to IFRS 1 had no impact on the Group, since the Group is an existing IFRS preparer.

Basis of consolidation

Subsidiaries, which are those entities which are controlled by the Group, are consolidated. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated in full; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, accounting policies for subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

(Thousands of tenge)

3. Summary of significant accounting policies (continued)

Basis of consolidation (continued)

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction. Losses are attributed to the non-controlling interests even if that results in a deficit balance.

If the Group loses control over a subsidiary, it derecognises the assets (including goodwill) and liabilities of the subsidiary, the carrying amount of any non-controlling interests, the cumulative translation differences, recorded in equity; recognises the fair value of the consideration received, the fair value of any investment retained and any surplus or deficit in profit or loss and reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss.

Investments in associates and joint ventures

Associates are entities in which the Group generally has between 20% and 50% of the voting rights, or is otherwise able to exercise significant influence, but which it does not control or jointly control. Investments in associates are accounted for under the equity method and are initially recognized at cost, including goodwill. Subsequent changes in the carrying value reflect the post-acquisition changes in the Group's share of net assets of the associate. The Group's share of its associates' profits or losses is recognised in the consolidated income statement, and its share of movements in reserves is recognised in other comprehensive income. However, when the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless the Group is obliged to make further payments to, or on behalf of, the associate.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associate and joint venture are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is subsequently increased or decreased due to recognition of the Group's share in changes in net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. The income statement reflects the share of the Group in the financial results of operations of the associate or joint venture. Any change in other comprehensive income (OCI) of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The Group's share in profit or loss of the associate and joint venture is shown directly in the income statement beyond the operating profit. It represents profit or loss after tax and non-controlling interests in the subsidiaries of the joint venture or associate. The financial statements of the associate or joint venture are prepared for the same reporting period as the Group's financial statements.

When necessary, adjustments are made to bring the accounting policies in line with those of the Group. After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. As at each reporting date the Group determines if there is objective evidence that an investment in associate is impaired. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the loss in the "share of profit of associate and joint venture" in the consolidated income statement.

Upon loss of significant influence on the associate or joint venture, the Group measures and recognises its remaining investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Fair value measurement

The Group measures financial instruments, such as trading and available-for-sale securities, derivatives and non-financial assets such as investment property, at fair value at each balance sheet date. Fair values of financial instruments measured at amortised cost are disclosed in Note 45.

*(Thousands of tenge)***3. Summary of significant accounting policies (continued)****Fair value measurement (continued)**

Fair value is 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Financial assets*Initial recognition*

Financial assets in the scope of IAS 39 are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. The Group determines the classification of its financial assets upon initial recognition, and subsequently can reclassify financial assets in certain cases as described below.

Date of recognition

All regular way purchases and sales of financial assets are recognized on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated and effective hedging instruments. Gains or losses on financial assets held for trading are recognised within profit or loss.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Held-to-maturity investments are subsequently measured at amortised cost. Income and expenses are recorded within profit or loss upon impairment of investments as well as in the process of amortization.

(Thousands of tenge)

3. Summary of significant accounting policies (continued)

Financial assets (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not classified as trading securities or designated as investment securities available-for-sale. Such assets are carried at amortized cost using the effective interest method. Gains and losses are recognised in the profit or loss when such assets are derecognised or impaired, as well as through the amortisation process.

Financial assets available-for-sale

Available-for-sale financial assets represent non-derivative financial assets that are classified as available-for-sale or are not included in any of three preceding categories. After initial recognition available-for-sale financial assets are measured at fair value with gains or losses being recognised in other comprehensive income until the investment is derecognised or until the investment is determined to be impaired. At which time the cumulative gain or loss previously reported in other comprehensive income is reclassified to the consolidated income statement. However, interest calculated using the effective interest method is recognised in profit or loss.

Reclassification of financial assets

If a non-derivative financial asset classified as held for trading is no longer held for the purpose of selling in the near term, it may be reclassified out of the fair value through profit or loss category in one of the following cases:

- a financial asset that would have met the definition of loans and receivables above may be reclassified to loans and receivables category if the Group has the intention and ability to hold it for the foreseeable future or until maturity;
- other financial assets may be reclassified to available-for-sale or held-to-maturity categories only in rare circumstances.

A financial asset classified as available for sale that would have met the definition of loans and receivables may be reclassified to loans and receivables category if the Group has the intention and ability to hold it for the foreseeable future or until maturity.

Financial assets are reclassified at their fair value on the date of reclassification. Any gain or loss already recognised in profit or loss is not reversed. The fair value of the financial asset as at the date of reclassification becomes its new cost or amortised cost.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and amounts due from credit institutions that mature within ninety days of the date of origination and are free from contractual encumbrances.

Derivative financial instruments

In the normal course of business, the Group enters into various derivative financial instruments, including futures, forwards, swaps and options) on currency markets and capital markets. These financial instruments are held for trade and originally recorded at the fair value. The fair value is determined based on market quotations or estimation models based on the current market and contract value of respective basic instruments and other factors. Derivative financial instruments with positive fair value are recorded within assets and derivative financial instruments with negative fair value are recorded within liabilities. Gains and losses resulting from these instruments are included in the consolidated income statement as net gains/(losses) from trading securities or net gains/(losses) from foreign currencies (dealing), depending on the nature of the instrument.

Derivatives embedded in other financial instruments are treated as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contract, and the host contract is not itself held for trading or designated at fair value through profit or loss. The embedded derivatives separated from the host are carried at fair on the trading portfolio with changes in fair value recognised within profit or loss.

*(Thousands of tenge)***3. Summary of significant accounting policies (continued)****Borrowings**

Issued financial instruments or their components are classified as liabilities, where the substance of the contractual arrangement results in the Corporation having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity instruments. Such instruments include amounts due to the Government of the Republic of Kazakhstan, amounts due to credit institutions and debt securities issued.

After initial recognition, borrowings are subsequently measured at amortised cost using the effective interest method. Income and expenses are recorded within profit or loss upon derecognition of liabilities as well as in the process of amortization.

If the Group purchases its own debt, it is removed from the consolidated statement of financial position and the difference between the carrying amount of the liability and the consideration paid is recognised within profit or loss.

Rent*Finance – Group as lessor*

The Group recognises finance leases as assets and liabilities in the consolidated statement of financial position at the date of commencement of the lease term at amounts equal to the fair value of the leased property or, if lower, at the present value of the minimum lease payments. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease if determination of such a rate is possible. In other cases, the Group's incremental borrowing rate of interest is used. Initial direct costs are recorded within an asset. Lease payments are allocated between the liability repayments and finance charges. Finance charges are allocated over the lease term to reporting periods so as to ensure recording of expenses at a constant periodic interest rate accrued on balance of liabilities for each reporting period.

Costs directly relating to activities of lessee based on the finance lease agreement are recorded within leased assets.

Finance – Group as lessor

The Group recognises lease receivables at value equal to the net investment in the lease, starting from the date of commencement of the lease term. Finance income is based on a pattern reflecting a constant periodic rate of return on the net investment outstanding. Initial direct costs are recorded within the initial amount of lease receivables.

Operating lease – Group as lessee

Leases of assets under which the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under an operating lease are recognised as expenses on a straight-line basis over the lease term and included into other operating expenses.

Operating lease – Group as lessor

The Group presents assets subject to operating leases in the consolidated statement of financial position according to the nature of the asset. Lease income from operating leases is recognised within profit or loss on a straight-line basis over the lease term. The aggregate cost of incentives provided to lessees is recorded on a straight-line basis as reduction of lease income over the lease term. Initial direct costs incurred in connection with the operating lease agreement are added to the carrying amount of an asset, which is leased out.

Measurement of financial instruments at initial recognition

When financial instruments are recognised initially, they are measured at fair value, adjusted, in the case of instruments not at fair value through profit or loss, for directly attributable fees and costs.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price. If the Group determines that the fair value at initial recognition differs from the transaction price, then:

- if the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e., a Level 1 input) or based on a valuation technique that uses only data from observable markets, the Group recognises the difference between the fair value at initial recognition and the transaction price as a gain or loss;
- in all other cases, the initial measurement of the financial instrument is adjusted to defer the difference between the fair value at initial recognition and the transaction price. After initial recognition, the Group recognises the deferred difference as a gain or loss only when the inputs become observable, or when the instrument is derecognized.

(Thousands of tenge)

3. Summary of significant accounting policies (continued)

Measurement of financial instruments at initial recognition (continued)

Offsetting of financial assets

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. The right of set-off must not be contingent on a future event and must be legally enforceable in all of the following circumstances:

- in the normal course of business;
- in case of failure to discharge an obligation; and
- in case of insolvency or bankruptcy of an entity or any counteragent.

This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the consolidated statement of financial position.

Advances paid

Advances paid are stated at cost after deducting allowances for impairment losses for uncollectable amounts.

Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Amounts due from credit institutions, loans to customers and receivables

For amounts due from credit institutions, loans to customers and receivables carried at amortised cost, the Group first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has incurred, the amount of the loss is measured as the difference between the asset's carrying value and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the consolidated income statement. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans and receivables together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to the consolidated income statement.

The present value of the estimated future cash flows is discounted at the financial assets original effective interest rate. If a loan/receivable has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of the Group's internal credit grading system that considers credit risk characteristics such as asset type, industry, geographical location, collateral type, past-due status and other relevant factors.

*(Thousands of tenge)***3. Summary of significant accounting policies (continued)****Impairment of financial assets (continued)***Amounts due from credit institutions, loans to customers and receivables (continued)*

Future cash flows on a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the Group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the years on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. Estimates of changes in future cash flows reflect, and are directionally consistent with, changes in related observable data from year to year (such as changes in unemployment rates, property prices, commodity prices, payment status, or other factors that are indicative of incurred losses in the Group or their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Financial investments available-for-sale

For available-for-sale financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the consolidated income statement – is reclassified from other comprehensive income to the consolidated income statement. Impairment losses on equity investments are not reversed through the consolidated income statement; increases in their fair value after impairment are recognised in other consolidated comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortized cost. Future interest income is based on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded in the consolidated income statement. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the consolidated income statement, the impairment loss is reversed through the consolidated income statement.

Renegotiated loans and finance lease receivables

Where possible, the Group seeks to restructure loans rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions. The accounting treatment of such restructuring is as follows:

- If the currency of the loan/finance lease receivable has been changed the old loan/finance lease receivable is derecognised and the new loan/finance lease receivable is recognised.
- If the loan/finance lease receivable restructuring is not caused by the financial difficulties of the borrower/lessee the Group uses the same approach as for financial liabilities described below.
- If the loan/finance lease receivable restructuring is due to the financial difficulties of the borrower/lessee and the loan/finance lease receivable is impaired after restructuring, the Group recognizes the difference between the present value of the new cash flows discounted using the original effective interest rate and the carrying amount before restructuring in the provision charges for the period. In case loan/finance lease receivable is not impaired after restructuring the Group recalculates the effective interest rate.

Once the terms have been renegotiated, the loan /finance lease receivable is no longer considered past due. Management continuously reviews renegotiated loans/finance lease receivables to ensure that all criteria are met and that future payments are likely to occur. The loans/finance lease receivables continue to be subject to an individual or collective impairment assessment, calculated using the loan's original effective interest rate.

(Thousands of tenge)

3. Summary of significant accounting policies (continued)

Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- The Group has transferred its rights to receive cash flows from the asset, or retained the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; and
- the Group either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in consolidated income statement.

Financial guarantees

In the ordinary course of business, the Group gives financial guarantees, consisting of letters of credit, guarantees and acceptances. Financial guarantees are initially recognised in the consolidated financial statements at fair value, in 'Other liabilities', being the premium received. Subsequent to initial recognition, the Group's liability under each guarantee is measured at the higher of: the amortised premium and the best estimate of expenditure required to settle any financial obligation arising as a result of the guarantee.

Any increase in the liability relating to financial guarantees is taken to the consolidated income statement. The premium received is recognised in the consolidated income statement on a straight-line basis over the life of the guarantee.

Taxation

The current income tax charge is calculated in accordance with the regulations of the Republic of Kazakhstan.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the reporting date, in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the consolidated income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

*(Thousands of tenge)***3. Summary of significant accounting policies (continued)****Property and equipment**

Property and equipment are carried at cost excluding costs of day-to-day maintenance less accumulated depreciation and any accumulated impairment in value. Such cost includes the cost of replacing part of equipment when that cost is incurred if the recognition criteria are met.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Depreciation of an asset begins when it is available for use. Depreciation is calculated on a straight-line basis with the following depreciation rates:

	<i>Depreciation rates</i>
Buildings	2-7%
Motor vehicles	15-25%
Equipment and furniture	4-20%
Other	7-10%

Unit of production method is used to calculate the depreciation of technological complex on cotton processing and grain terminals.

An item of property and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of comprehensive income when the asset is derecognized.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end, and adjusted prospectively, if appropriate.

Costs related to repairs and renewals are charged when incurred and included in other operating expenses, unless they qualify for capitalization.

Land is carried at cost less impairment allowance.

Construction-in-progress represents property and equipment under construction awaiting installation and is stated at cost. Construction-in-progress includes cost of construction, equipment and other direct costs. Construction-in-progress is not amortized.

Investment property

Investment property is intended to derive rental income or increase the cost of capital and is not used by the Group as property and equipment.

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day to day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation. Investment property is depreciated on a straight-line basis over the period of useful life.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Gains or losses from disposal of investment property are recognized in the consolidated statement of comprehensive income in the year of disposal.

Transfers to (or from) investment property are only when there is a change in use. For a transfer from investment property to owner occupied property, the carrying amount is not changed because the Group uses the model of cost accounting for both categories: investment property and owner occupied property.

(Thousands of tenge)

3. Summary of significant accounting policies (continued)

Goodwill

Goodwill on an acquisition of a subsidiary is included in goodwill and other intangible assets. Goodwill on an acquisition of an associate is included in the investments in associates. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units), to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets

Intangible assets consist of software. Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Intangible assets have definite useful life. Intangible assets are amortised over the useful economic lives of 1 to 7 years and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Property held for financial lease

Property held for finance lease is stated at the lower of cost and net realisable value. Cost comprises charges incurred in bringing the property to its location and condition.

Minimum level of grain

The minimum level of grain is recorded at the lower of: cost or net realisable value. Minimum level of grain reserves as determined by the Resolution of the Government of the Republic of Kazakhstan No. 394 dated 28 March 2001 could not be used without special permission of the Government of the Republic of Kazakhstan.

Assets classified as held for sale

The Group classifies a non-current asset (or a disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the non-current asset (or disposal group) must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups) and its sale must be highly probable.

The sale qualifies as highly probable if the Group's management is committed to a plan to sell the non-current asset (or a disposal group). An active program to locate a buyer and complete the plan must have been initiated. Further, the non-current asset (or group of disposal) must have been actively marketed for a sale at price that is reasonable in relation to its current fair value. In addition, the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification of the non-current asset (or group of disposal) as held for sale.

The Group measures an asset (or disposal group) classified as held for sale at the lower of its carrying amount and fair value less costs to sell. The Group recognises an impairment loss for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell if events or changes in circumstance indicate that their carrying amount may be impaired.

Biological assets

The group recognises a biological asset when and only when:

- the Group controls the asset as a result of past event;
- it is probable that future economic benefits associated with the asset will flow to the Group; and
- the fair value or cost of the asset can be measured reliably.

A biological asset is measured on initial recognition and at the end of each reporting period at its fair value less costs to sell.

(Thousands of tenge)

3. Summary of significant accounting policies (continued)

Inventory

Inventories are valued at the lower of: cost and net realizable value. Costs comprise charges incurred in bringing inventory to its present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

The cost of all inventories, including grain and cotton is accounted for under FIFO method. Cost of grain according to individual grain receipts with indication of quality and year of harvest is accounted for using the method of specific identification of costs.

Allowances

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made.

Share capital

Ordinary shares are classified as equity. External costs directly attributable to the issue of new shares, other than on a business combination, are shown as a deduction from the proceeds in equity. Any excess of the fair value of consideration received over the par value of shares issued is recognised as additional paid-in capital.

Dividends

Dividends are recognized as a liability and deducted from equity at the reporting date only if they are declared before or on the reporting date. Dividends are disclosed when they are proposed before the reporting date or proposed or declared after the reporting date but before the consolidated financial statements are authorised.

Additional paid-in capital

When the Group receives loans and other financial support from its shareholder at below market interest rates, the difference between received cash consideration and fair value of loans or other financial support is recorded as additional paid in capital.

Capitalization reserve

The Group received common shares of its subsidiaries as contribution to the share capital of the Group. The difference between fair value of shares and the cost of shares transferred as at the date of transfer is recorded as consolidation provision.

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of functional currencies of the foreign subsidiaries to tenge, whose financial statements are included in these consolidated financial statements.

Reserve capital

In accordance with Group's policy, reserve capital is formed to cover general Group's risks, including deferred losses and other contingent risks and liabilities. Reserve capital is subject to distribution on the basis of decision of general shareholders meeting.

(Thousands of tenge)

3. Summary of significant accounting policies (continued)

Deemed distribution reserve

When the Group enters into a loan agreement at below market interest rates on behalf of its shareholder, the fair value of credit commitment is charged to retained earnings as deemed distribution to shareholder.

Contingent assets and liabilities

Contingent liabilities are not recognised in the consolidated statement of financial position but are disclosed unless the possibility of any outflow in settlement is remote. A contingent asset is not recognised in consolidated the statement of financial position but disclosed when an inflow of economic benefits is probable.

Fiduciary management

Assets held in trust or in a fiduciary capacity are not treated as assets of the Group and, accordingly, are not included in these consolidated financial statements.

Segment reporting

The Group's segmental reporting is based on the following operating segments: Financial services, grain cluster, cotton cluster and other.

Revenue and expense recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and sales taxes or duty. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

Interest and similar income and expenses

For all financial instruments measured at amortised cost and interest bearing securities classified as trading or available-for-sale, interest income or expense is recorded at the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses. The carrying amount of the financial asset or financial liability is adjusted if the Group revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original effective interest rate and the change in carrying amount is recorded as interest income or expense.

Once the recorded value of a financial asset or a group of similar financial assets has been reduced due to an impairment loss, interest income continues to be recognised using the original effective interest rate applied to the new carrying amount.

(Thousands of tenge)

3. Summary of significant accounting policies (continued)

Revenue and expense recognition (continued)

Fee and commission income

The Group earns fee and commission income from a diverse range of services it provides to its customers.

In accordance with the Rules established by Kazakh Government the Group is entitled to deduct a certain percent from revenue from the sale of the government grain reserves as a commission. In 2014 and 2013 the commission did not exceed 3% of the total proceeds from these sales. The commission is used for maintenance of office premises, employees' salary and to cover other expenses associated with purchase of goods and services to support the Group activities.

Loan commitment fees are deferred (together with any incremental costs) and recognised as an adjustment to the effective interest rate on the loan. If there is a possibility that due to loan commitment a credit arrangement will be signed, loan commitment fee is included in deferred income (together with corresponding direct costs), and subsequently is reflected as an adjustment of actual proceeds from a loan. When the probability to enter into credit arrangement under loan commitments is remote, loan commitment fees are recognised in the consolidated income statement during the remaining validity period of loan commitment. Upon expiration of loan commitment validity period, which is not resulted in loan issuance, loan commitment fees are recognised in the consolidated income statement on its expiration date. Fees for loan servicing are recognized upon rendering of services. Loan syndication fees are recognized in the consolidated income statement when such services have been provided. Other commissions are recognized upon rendering of services.

Rendering of services

Revenue from rendering of services is recognised by reference to the stage of completion. When the contract outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as reduction of related costs over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Dividend income

Revenue is recognised when the Groups' right to receive the payment is established.

Foreign currency translation

The consolidated financial statements are presented in Kazakhstani Tenge ("tenge" or "KZT", which is Group's functional and presentation currency. Transactions in foreign currencies are initially recorded in the functional currency, converted at the rate of exchange, ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. Gains and losses resulting from the translation of foreign currency transactions are recognised in the consolidated income statement as gains less losses from foreign currencies - translation differences.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

(Thousands of tenge)

3. Summary of significant accounting policies (continued)**Foreign currency translation (continued)**

Differences between the contractual exchange rate of a transaction in a foreign currency and the Kazakhstan Stock Exchange official exchange rate on the date of the transaction are included in gains less losses from dealing in foreign currencies. Below are the exchange rates used by the Group in preparation of these consolidated financial statements:

	31 December		
	2015	2014	2013
KZT/US dollars	339.47	182.35	153.61
KZT/EUR	371.31	221.97	211.17
KZT/RUR	4.65	3.17	4.69

The assets and liabilities of foreign operations are translated into Tenge at the rate of exchange prevailing at the reporting date and their consolidated income statements are translated at exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the consolidated income statement.

Weighted average currency exchange rates established by the Kazakhstan Stock Exchange ("KASE") are used as official currency exchange rates in the Republic of Kazakhstan. For foreign currencies, which are not quoted by the KASE, the exchange rates are calculated by the National Bank of Kazakhstan using the cross-rates to the US dollar ("USD" or "US dollar") in accordance with the quotations received from relevant sites of national banks.

Future changes in accounting policies***Standards and interpretations issued but not yet effective***

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting.

IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before 1 February 2015. The adoption of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities. The Group expects a significant impact on its equity due to adoption of IFRS 9 impairment requirements, but it will need to perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements to determine the extent of the impact.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 published in May 2014 establishes a new five-step model, which is applied to revenue from contracts with clients. Revenue from lease contracts, insurance contracts and originated with respect to financial instruments and other contractual rights and obligations relating to scope of application of IAS 17 Lease, IFRS 4 Insurance contracts and IAS 39 Financial instruments: recognition and measurement (or, in case of early application, IFRS 9 Financial instruments) accordingly is not within the scope of application of IFRS 15 and regulated by the respective standards.

According to IFRS 15, revenue is recognized in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue.

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

(Thousands of tenge)

3. Summary of significant accounting policies (continued)

Future changes in accounting policies (continued)

Standards and interpretations issued but not yet effective (continued)

IFRS 14 Regulatory Deferral Accounts

IFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of IFRS. The Group that adopt IFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its consolidated financial statements. IFRS 14 is effective for annual reporting periods beginning on or after 1 January 2016. The standard has no impact on the Group, since the Group is an existing IFRS preparer.

Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests

The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant IFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after 1 January 2016. Earlier application is permitted. These amendments are not expected to have any impact on the consolidated financial statements of the Group.

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016. Early application is permitted. These amendments are not expected to have any impact on the Group's consolidated financial statements given that the Group has not used a revenue-based method to depreciate its non-current assets.

Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants

The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of IAS 41. Instead, IAS 16 will apply. After initial recognition, bearer plants will be measured under IAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of IAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, IAS 20 Accounting for Government Grants and Disclosure of Government Assistance will apply. The amendments are retrospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group as the Group does not have any bearer plants.

*(Thousands of tenge)***3. Summary of significant accounting policies (continued)****Future changes in accounting policies (continued)*****Standards and interpretations issued but not yet effective (continued)****Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments address the acknowledged inconsistency between the requirements in IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. The amendments clarify that an investor recognises a full gain or loss on the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture. The amendments are applied prospectively to transactions occurring in annual periods beginning on or after 1 January 2016. Earlier application is permitted. These amendments are not expected to have any impact on the Group.

Amendments to IAS 1 Disclosure Initiative

The amendments to IAS 1 Presentation of Financial Statements clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

- The materiality requirements in IAS 1
- That specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated
- That entities have flexibility as to the order in which they present the notes to financial statements
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI. These amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Group.

Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception

The amendments address issues that have arisen in applying the investment entities exception under IFRS 10. The amendments to IFRS 10 clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.

Furthermore, the amendments to IFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. The amendments to IAS 28 allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries. These amendments must be applied retrospectively and are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Group.

Annual IFRS improvements: 2012-2014 cycle

These improvements are effective on or after 1 January 2016. These amendments are not expected to have a significant impact on the Group. They include the following amendments:

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations – Changes in methods of disposal

Assets (or disposal groups) are generally disposed of either through sale or through distribution to owners. The amendment to IFRS 5 clarifies that changing from one of these disposal methods to the other should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in IFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification. The amendment must be applied prospectively to changes in methods of disposal that occur in annual periods beginning on or after 1 January 2016, with earlier application permitted.

(Thousands of tenge)

3. Summary of significant accounting policies (continued)

Future changes in accounting policies (continued)

Standards and interpretations issued but not yet effective (continued)

Annual IFRS improvements: 2012-2014 cycle (continued)

IFRS 7 Financial Instruments: Disclosures – servicing contracts

IFRS 7 requires an entity to provide disclosures for any continuing involvement in a transferred asset that is derecognised in its entirety. The Board was asked whether servicing contracts constitute continuing involvement for the purposes of applying these disclosure requirements. The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. The Group must assess the nature of the fee and arrangement against the guidance for continuing involvement in paragraphs IFRS 7.B30 and IFRS 7.42C in order to assess whether the disclosures are required. The amendment becomes effective for annual periods beginning on or after 1 January 2016. Early application is permitted. The amendment is to be applied such that the assessment of which servicing contracts constitute continuing involvement will need to be done retrospectively. However, the required disclosures would not need to be provided for any period beginning before the annual period in which the entity first applies the amendments.

IFRS 7 Financial Instruments: Disclosures – Applicability of the offsetting disclosures to interim financial statements

In December 2011, IFRS 7 was amended to add guidance on offsetting of financial assets and financial liabilities. In the effective date and transition for that amendment IFRS 7 states that “An entity shall apply those amendments for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. However, the interim disclosure standard, IAS 34, does not reflect this requirement. It is not clear whether those disclosures are required in the condensed interim financial statements.

The amendment removes the phrase ‘and interim periods within those annual periods’, clarifying that these IFRS 7 disclosures are not required in the condensed interim financial report. The amendment becomes effective for annual periods beginning on or after 1 January 2016. Early application is permitted.

IAS 19 Employee Benefits – regional market issue regarding discount rate

The amendment to IAS 19 clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. The amendment must be applied for annual periods beginning on or after 1 January 2016, with earlier application permitted.

IAS 34 Interim Financial Reporting – Disclosure of information ‘elsewhere in the interim financial report’

The amendment states that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report). The Board specified that the other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. If users do not have access to the other information in this manner, then the interim financial report is incomplete. The amendment should be applied retrospectively for annual periods beginning on or after 1 January 2016, with earlier application permitted.

(Thousands of tenge)

4. Significant accounting judgments and estimates

Estimation of uncertainty

In the process of applying the Group's accounting policies, management has used its judgments and made estimates in determining the amounts recognised in the consolidated financial statements. The most significant use of judgements and estimates are as follows:

Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values.

The Group determines fair value of derivative financial instruments using valuation method, usually applied by market participants. As for embedded derivative instruments assumptions are made on the basis of market data adjusted for specific characteristics of the instrument. The Group uses Black-Scholes model to evaluate its financial instruments and assumptions used in valuation model (such as risk free rates and volatility coefficients), are determined on the basis of financial instruments with similar characteristics quoted at Bloomberg.

Allowance for loan and accounts receivable impairment

The Group regularly reviews its loans and receivables to assess impairment. The Group uses its experienced judgment to estimate the amount of any impairment loss in cases where a borrower is in financial difficulties and there are few available sources of historical data relating to similar borrowers. Similarly, the Group estimates changes in future cash flows based on the observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the group of loans and receivables. The Group uses its experienced judgment to adjust observable data for a group of loans or receivables to reflect current circumstances.

Collateral assessment

Management monitors market value of collateral on a regular basis. Management uses its experienced judgement or independent opinion to adjust the fair value of collateral to reflect current circumstances.

Taxation

Tax, currency and customs legislation of the Republic of Kazakhstan is subject to varying interpretations, and changes, which can occur frequently. Management's interpretation of such legislation as applied to the transactions and activity of the Group may be challenged by the relevant regional and republic authorities. As such, significant additional taxes, penalties and interest may be assessed. Fiscal periods remain open to review by the authorities in respect of taxes for five calendar years preceding the year of review. Under certain circumstances, reviews may cover longer periods.

Management believes that as at 31 December 2015, 2014 and 2013 its interpretation of the relevant legislation is appropriate and that the Group's tax, currency and customs positions will be sustained.

Management believes that it is probable that taxable profit will be available against which the deductible temporary differences, including unused tax losses can be utilised.

(Thousands of tenge)

4. Significant accounting judgements and estimates (continued)

Estimation uncertainty (continued)

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's or cash-generating unit's (CGU) recoverable amount is the higher of: fair value of the asset (CGU) less costs to sell and its value in use. Recoverable amount is determined for an individual asset, unless the asset generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. Discounted cash flow model is used when they are absent. Cash flows are based on the assumption of the most beneficial use of assets by independent market participants, i.e., other companies in the same industry, in the current economic environment. Such an approach involves the use of only those assumptions that would have been used by other independent market participants and it is not allowed to use assumptions or information that are unknown or for any reasons would have not recorded by other typical market participants. These calculations are corroborated by valuation multiples, quoted prices for publicly traded shares of subsidiaries or other available fair value indicators.

Impairment losses are recognised in the consolidated statement of comprehensive income in those expense categories consistent with the function of the impaired asset. For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated statement of comprehensive income unless the asset is carried at a revalued amount. In this case the reversal is treated as a revaluation increase.

Minimum government reserves of grain

In accordance with the Resolution of the Government of the Republic of Kazakhstan dated 28 March 2011 (hereinafter, the Resolution) and the trust management agreement, the Group is a sole agent managing the minimum state level of grain (Note 16). The management believes that the Group, based on the above documents, controls these reserves and derives all benefits from managing state grain and accordingly recognizes the minimum state level of grain as an asset in the consolidated statements of financial position. In accordance with the Resolution, the Group is responsible for the generation, storage, renewal, relocation and use of the state grain resources. The Group manages the state grain resources at its own discretion, within the framework of the Resolution, the trust management agreement and the Charter.

Deferred income tax

Deferred income tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. The Group has tax loss carry forwards amounting to KZT 26,898,049 thousand in 2015 (in 2014: KZT 133,611 thousand; in 2013: KZT 347,733 thousand). These losses primarily relate loan impairment charge and expire for tax purposes ten years from the date they are incurred (2014 and 2013: ten years).

Further details on taxes are disclosed in Note 28.

(Thousands of tenge)

5. Segment information

For management purposes, the Group is organised into three operating segments based on products and services as follows:

Financial services	Principally providing loans and leases to corporate and individual customers.
Grain and cotton cluster	Principally buying and selling grain and cotton.
Other	Marketing services, cattle farms, horticulture and other.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance, as explained in the table below, is measured differently from profit or loss in the consolidated financial statements. Income taxes are not managed on a group basis and are allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

The following tables present income and expenses and certain asset and liability information regarding the Group's operating segments.

<i>2015</i>	<i>Financial sector</i>	<i>Grain and cotton cluster</i>	<i>Other</i>	<i>Adjustments and eliminations</i>	<i>Total</i>
Revenue					
Revenue from sale of goods and services	–	41,733,432	6,626,662	–	48,360,094
Interest income	82,793,270	3,616,182	63,770	–	86,473,222
Other income	2,534,894	3,939,505	516,848	–	6,991,247
Total revenue	85,328,164	49,289,119	7,207,280	–	141,824,563
Cost of sales	–	(29,097,218)	(5,767,760)	–	(34,864,978)
Interest expenses	(28,924,461)	(6,002,742)	–	–	(34,927,203)
Impairment charge for interest earning assets	(11,533,909)	–	–	–	(11,533,909)
Personnel expenses	(4,409,285)	(973,397)	(423,969)	–	(5,806,651)
Other impairment charge	(887,866)	(1,448,786)	(734,282)	–	(3,070,934)
Net losses on derivative financial assets	1,304,981	–	–	–	1,304,981
Net (losses)/gains from foreign currency	(158,595,437)	(4,120,849)	1,237	–	(162,715,049)
Selling expenses	(2,077,653)	(4,177,835)	(7,009)	–	(6,262,497)
Net losses less gains from changes in deferred cash flows of loans to customers	(647,866)	–	–	–	(647,866)
Share of profit of associates	–	(178,371)	1,293	–	(177,078)
Other operating expenses	(3,854,792)	(1,336,055)	(245,283)	–	(5,436,130)
Segment results	(124,298,124)	1,953,866	31,507	–	(122,312,751)
Income tax expense	24,749,119	(1,253,537)	(65,286)	–	23,430,296
Profit for the year	(99,549,005)	700,329	(33,779)	–	(98,882,455)
Segment assets	965,593,196	118,703,983	24,611,250	(1,632,381)	1,107,276,048
Segment liabilities	(720,756,497)	(92,938,216)	(2,504,073)	(1,632,381)	(817,831,167)
Other segment information					
Capital expenditures	360,656	1,467,234	28,930	–	1,856,820

(Thousands of tenge)

5. Segment information (continued)

<i>2014</i>	<i>Financial sector</i>	<i>Grain and cotton cluster</i>	<i>Other</i>	<i>Adjustments and eliminations</i>	<i>Total</i>
Revenue					
Revenue from sale of goods and services	–	53,292,854	6,819,515	–	60,112,369
Interest income	45,255,855	4,577,231	185,697	–	50,018,783
Other income	1,782,420	2,433,957	686,189	–	4,902,566
Total revenue	47,038,275	60,304,042	7,691,401	–	115,033,718
Cost of sales	–	(29,266,828)	(7,413,108)	–	(36,679,936)
Interest expenses	(20,745,462)	(6,226,593)	(35,589)	–	(27,007,644)
Impairment charge for interest earning assets	(7,356,236)	–	–	–	(7,356,236)
Personnel expenses	(4,699,163)	(1,184,906)	(541,501)	–	(6,425,570)
Other impairment reversal/(charge)	(391,708)	(7,125,056)	16,295	–	(7,500,469)
Net losses on derivative financial assets	1,020,498	–	–	–	1,020,498
Net gains/(losses) from foreign currencies	(4,407,813)	(232,509)	2,610	–	(4,637,712)
Selling expenses	(1,967,520)	(8,111,791)	(1,521)	–	(10,080,832)
Net losses less gains from changes in deferred cash flows of loans to customers	(567,194)	–	–	–	(567,194)
Share of profit of associates	–	110,101	(20,315)	–	89,786
Other operating expenses	(3,376,847)	(1,241,569)	(377,357)	–	(4,995,773)
Segment results	4,546,830	7,024,891	(679,085)	–	10,892,636
Income tax expense	(2,633,099)	(2,016,624)	(128,972)	–	(4,778,695)
Profit for the year	1,913,731	5,008,267	(808,057)	–	6,113,941
Segment assets	763,224,572	124,529,129	59,986,693	(1,632,381)	946,108,013
Segment liabilities	(462,927,297)	(130,534,624)	(6,849,810)	(1,632,381)	(601,944,112)
Other segment information					
Capital expenditures	459,860	595,293	48,749	–	1,103,902

(Thousands of tenge)

5. Segment information (continued)

<i>2013</i>	<i>Financial sector</i>	<i>Grain and cotton cluster</i>	<i>Other</i>	<i>Adjustments and eliminations</i>	<i>Total</i>
Revenue					
Revenue from sale of goods and services	–	45,652,686	5,718,812	–	51,371,498
Interest income	27,925,946	4,465,800	222,989	–	32,614,735
Other income	1,288,582	1,376,967	223,679	–	2,889,228
Total revenue	29,214,528	51,495,453	6,165,480	–	86,875,461
 Cost of sales	 –	 (35,528,765)	 (5,611,598)	 –	 (41,140,363)
Interest expenses	(10,138,128)	(7,934,997)	(230,077)	–	(18,303,202)
Impairment charge for interest earning assets	(6,036,475)	–	–	–	(6,036,475)
Personnel expenses	(4,195,935)	(1,135,506)	(97,233)	–	(5,428,674)
Other impairment reversal/(charge)	(838,858)	(403,908)	84,567	–	(1,158,199)
Net losses on derivative financial assets	(462,020)	–	–	–	(462,020)
Net gains/(losses) from foreign currencies	(1,292,922)	(145,940)	593	–	(1,438,269)
Selling expenses	(1,954,537)	(4,793,687)	(2,981)	–	(6,751,205)
Net losses less gains from changes in deferred cash flows of loans to customers	(286,042)	–	–	–	(286,042)
Share in (loss)/ profit of associates	–	600,662	93,050	–	693,712
Other operating expenses	(1,691,527)	(833,273)	(657,493)	–	(3,182,293)
Segment results	2,318,084	1,320,039	(255,692)	–	3,382,431
 Income tax expense	 (1,514,381)	 (92,473)	 (90,178)	 –	 (1,697,032)
Profit for the year	803,703	1,227,566	(345,870)	–	1,685,399
 Segment assets	 493,754,516	 146,169,562	 56,519,800	 (1,616,328)	 694,827,550
Segment liabilities	(255,892,346)	(115,620,685)	(6,723,771)	(1,616,328)	(379,853,130)
 Other segment information					
Capital expenditures	398,416	336,632	111,648	–	846,696

6. Cash and cash equivalents

Cash and cash equivalents comprise the following:

	<i>2015</i>	<i>2014</i>	<i>2013</i>
Current accounts with credit institutions	85,369,370	90,007,703	55,817,458
Cash on hand	2,681	2,237	6,608
Cash and cash equivalents	85,372,051	90,009,940	55,824,066

As at 31 December 2015, the Group had concentration of cash balances represented by KZT 9,717,810 thousand or 11% of total balance due from one bank (2014: KZT 24,823,857 thousand or 28%; 2013: KZT 11,954,103 thousand or 21%).

(Thousands of tenge)

7. Amounts due from credit institutions

Amounts due from credit institutions comprise:

	2015	2014	2013
Loans to the second tier banks	366,177,323	236,490,144	–
Term deposits placed for more than 90 days	45,709,717	89,901,770	103,934,531
Cash in banks to cover letters of credit	3,825,712	4,043,957	12,023,058
	415,712,752	330,435,871	115,957,589
Less: impairment provision(Note 41)	(168,605)	(104,282)	(104,282)
Amounts due from credit institutions	415,544,147	330,331,589	115,853,307

As at 31 December 2015, time deposits with one bank were KZT 31,757,194 thousand or 69% of total amount of cash placed (2014: KZT 31,465,649 thousand or 35%; 2013: KZT 38,990,643 thousand or 34%).

8. Derivative financial assets at fair value through profit or losses

The table below shows the fair values of derivative financial instruments, recorded as assets or liabilities, together with their notional amounts.

	2015			2014			2013		
	Fair value			Fair value			Fair value		
	Notional principal	Asset	Liability	Notional principal	Asset	Liability	Notional principal	Asset	Liability
Options in US dollar	1,519,413	1,255,929	–	1,707,695	337,793	–	15,057,597	3,110,806	–
Options in Euro	659,093	478,638	–	747,435	131,041	–	3,251,374	902,888	–
	2,178,506	1,734,567	–	2,455,130	468,834	–	18,308,971	4,013,694	–

Options

Options are contractual agreements that convey the right, but not the obligation of a buyer either to buy or sell a specific amount of financial instruments at a fixed price at a specified date in future or at any time during a specified period.

As at 31 December 2015, 2014 and 2013, the Group had certain loans to customers and finance lease receivables that are foreign currency linked debt instruments with a floor feature, i.e. where interest and principal payments are linked to foreign currencies, in such a way, that the Group has an option to demand higher payments if the foreign currency specified in the contract will appreciate above a certain floor (floor is generally set at the level of spot rates prevailing on the loans issue date). At the same time, if the foreign currency rates will fall below the floor, interest and principal payments will remain at original level. The Group believes that the above feature comprises an embedded foreign currency option, an embedded derivative that should be separated from the host contract and recorded as a separate financial instrument measured at fair value through profit or loss in the consolidated financial statements.

9. Loans to customers

Loans to customers comprise:

	2015	2014	2013
Loans to customers	283,487,669	237,556,500	225,152,608
Loans to employees	4,197	4,162	4,162
Gross loans to customers	283,491,866	237,560,662	225,156,770
Less: allowance for impairment	(34,594,031)	(29,690,208)	(25,418,968)
Loans to customers	248,897,835	207,870,454	199,737,802

(Thousands of tenge)

9. Loans to customers (continued)**Allowance for impairment of loans to customers**

A reconciliation of the allowance for impairment of loans to customers is as follows:

	2015	2014	2013
At 1 January	29,690,208	25,418,968	22,903,263
Charge for the year (Note 35)	5,016,979	4,190,421	4,179,758
(Written off) / recovery	(113,156)	80,819	(1,664,053)
At 31 December	34,594,031	29,690,208	25,418,968
Individual impairment	28,270,192	18,798,617	16,723,376
Collective impairment	6,323,839	10,891,591	8,695,592
	34,594,031	29,690,208	25,418,968
Total amount of loans, individually determined to be impaired, before deducting any individually assessed impairment allowance	47,849,988	31,536,372	35,000,663

Interest income accrued on loans, for which individual impairment allowances have been recognized, for the year ended 31 December 2015, comprised KZT 2,950,358 thousand (in 2014: KZT 3,412,649 thousand; in 2013: KZT 3,144,837 thousand).

The Group writes-off loans with the approval of the Board of Directors and, in certain cases, with the respective decision of the Courts of the Republic of Kazakhstan.

Collateral and other credit enhancements

The amount and type of collateral required by the Group depends on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of types of collateral and valuation parameters.

The main types of collateral obtained are as follows:

- For loans to customers – charges over real estate properties, agricultural equipment, inventory and trade receivables, guarantees;
- For loans to employees – mortgages over residential properties.

Management monitors the market value of collateral, requests additional collateral in accordance with the underlying agreement, and monitors the market value of collateral obtained during its review of the adequacy of the allowance for loan impairment.

Concentration of loans to customers

As at 31 December 2015, the Group had a concentration of loans represented by KZT 30,363,260 thousand due from the ten largest third party entities (11% of gross loan portfolio) (2014: KZT 25,589,928 thousand or 11% of gross loan portfolio; 2013: KZT 28,943,441 thousand or 13% of gross loan portfolio). Loans in the amounts of KZT 283,487,669 thousand or 100% (2014: KZT 237,556,500 thousand or 100%; in 2013: KZT 224,741,038 thousand or 100%) were issued to customers operating in the agricultural industry.

*(Thousands of tenge)***10. Finance lease receivables**

An analysis of finance lease receivable as of 31 December 2015 is presented below:

	<i>Not later than 1 year</i>	<i>More than 1 year but less than 5 years</i>	<i>Over 5 years</i>	<i>Total</i>
Gross investment in finance leases	53,994,414	142,665,522	73,162,540	269,822,476
Unearned finance income on finance lease of future periods	(1,585,353)	(31,212,855)	(30,225,066)	(63,023,274)
Net investment in finance leases	52,409,061	111,452,667	42,937,474	206,799,202
Less: allowance for impairment	(3,981,500)	(10,658,016)	(4,129,217)	(18,768,733)
Finance lease receivables	48,427,561	100,794,651	38,808,257	188,030,469

The analysis of finance lease receivables at 31 December 2014 is presented below:

	<i>Not later than 1 year</i>	<i>More than 1 year but less than 5 years</i>	<i>Over 5 years</i>	<i>Total</i>
Gross investment in finance leases	46,001,954	118,032,851	66,099,593	230,134,398
Unearned finance income on finance lease of future periods	(1,483,205)	(25,064,002)	(26,000,836)	(52,548,043)
Net investment in finance leases	44,518,749	92,968,849	40,098,757	177,586,355
Less: allowance for impairment	(3,227,265)	(6,427,588)	(2,753,885)	(12,408,738)
Finance lease receivables	41,291,484	86,541,261	37,344,872	165,177,617

An analysis of finance lease receivable as of 31 December 2013 is presented below:

	<i>Not later than 1 year</i>	<i>More than 1 year but less than 5 years</i>	<i>Over 5 years</i>	<i>Total</i>
Gross investment in finance leases	31,278,624	90,547,022	51,045,691	172,871,337
Unearned finance income on finance lease of future periods	(1,659,250)	(19,014,966)	(19,163,670)	(39,837,886)
Net investment in finance leases	29,619,374	71,532,056	31,882,021	133,033,451
Less: allowance for impairment	(1,831,452)	(5,228,564)	(2,182,907)	(9,242,923)
Finance lease receivables	27,787,922	66,303,492	29,699,114	123,790,528

*(Thousands of tenge)***10. Finance lease receivables (continued)****Allowance for impairment of finance lease receivables**

A reconciliation of the allowance for impairment of finance lease receivables is as follows:

	2015	2014	2013
At 1 January	12,408,738	9,242,923	7,374,623
Charge for the year (Note 35)	6,516,930	3,165,815	1,856,717
(Written off) / recovered amounts	(156,935)	—	11,583
At 31 December	18,768,733	12,408,738	9,242,923
Individual impairment	12,763,488	6,849,368	5,098,166
Collective impairment	6,005,245	5,559,370	4,144,757
	18,768,733	12,408,738	9,242,923
Gross amount of finance lease receivables, individually determined to be impaired, before deducting any individually assessed impairment allowance	36,690,178	39,612,878	34,249,342

Concentration of financial lease receivables

As at 31 December 2015, concentration of finance lease receivables issued by the Group to the ten largest independent parties amounted to KZT 31,627,075 thousand or 15% of the aggregate finance lease portfolio (in 2014: KZT 27,153,736 thousand or 15%; in 2013: KZT 22,589,927 thousand or 17%).

11. Available-for-sale investment securities

Investment securities available-for-sale comprises:

	2015	2014	2013
Kazakhtelecom JSC shares	197,892	245,742	374,372
Delta Bank JSC shares	14,031	14,031	14,031
BTA Bank JSC shares	2	2	2
Available-for-sale investment securities	211,925	259,775	388,405

In 2015, the Group received dividends on ordinary shares of Kazakhtelecom JSC in the amount of KZT 6,525 thousand (2014: KZT 26,542 thousand; in 2013: KZT 53,925 thousand).

12. Investments in associates and joint ventures

Movement of investments in associates and joint ventures is presented as follows:

	2015	2014	2013
Investments in associates and joint ventures as at 1 January	3,161,482	2,935,039	269,031
Additions	53,950	9,300	2,338,563
Declared dividends	(117,206)	(126,542)	—
Share of net (loss) /profit of associates	(177,078)	89,786	693,712
Reclassification from assets held for sale	—	—	352,947
Share in the provision for foreign currency revaluation	786,100	277,857	(705,547)
Disposals	(46,689)	(23,958)	(13,667)
Investments in associates and joint ventures as at 31 December	3,660,559	3,161,482	2,935,039

*(Thousands of tenge)***13. Accounts receivable**

Accounts receivable comprise:

	2015	2014	2013
Trade receivables	60,578,841	47,222,087	63,859,698
Other accounts receivable	6,228,222	3,324,706	9,178,525
	66,807,063	50,546,793	73,038,223
Less: allowance for impairment (Note 41)	(11,155,432)	(11,479,499)	(6,879,529)
Accounts receivable	55,651,631	39,067,294	66,158,694

Concentration of accounts receivables

As at 31 December 2015, the Group had a concentration of account receivables represented by KZT 17,449,680 thousand due from the ten largest debtors or 32% of gross accounts receivables (2014: KZT 16,155,858 thousand or 45%; in 2013: KZT 25,836,880 thousand or 35%).

14. Advances paid

Advances paid comprise:

	2015	2014	2013
Advances for leasing equipment	7,582,830	5,650,724	8,584,136
Advances for grain	5,869,421	5,094,492	8,133,670
Advances for materials	2,293,103	2,380,664	2,564,584
Advances for services	210,295	11,252	27,306
Advances for equipment and for assembly works	—	—	444,577
Other	42,711	326,424	929,970
	15,998,360	13,463,556	20,684,243
Less: allowance for impairment (Note 41)	(3,322,578)	(2,315,814)	(116,268)
Advances paid	12,675,782	11,147,742	20,567,975

Concentration of advances paid

As at 31 December 2015, the Group had a concentration of advances paid represented by KZT 8,244,775 thousand due from the ten largest third party entities or 65% of gross advances paid (2014: KZT 7,638,727 thousand or 71%; in 2013: KZT 9,937,198 thousand or 48%).

15. Inventory

Inventories comprise:

	2015	2014	2013
Grain	29,524,368	37,765,032	44,762,817
Agriculture products	892,127	1,862,096	1,716,887
Work-in-process	3,704	2,880	300,042
Tomato paste stock	—	169,661	—
Cotton	—	597,248	1,186,081
Other inventories	672,120	1,315,317	1,216,555
Inventories	31,092,319	41,712,234	49,182,382

*(Thousands of tenge)***16. Minimum level of grain**

To ensure the food safety of population, in early 1990, the Government of the Republic of Kazakhstan formed a minimum state level of grain (hereinafter, “the minimum level of grain”). The volume of minimum level of grain was determined at the level of 500 thousand of tons. According to the trust management agreement dated 8 September 2003, the Group recognizes minimum level of grain in the consolidated statement of financial position since the Group bears all risks for the safety and recording as well as receives benefits of sale of this grain. As at 31 December 2015, 2014 and 2013, the Shareholder did not take a decision to transfer the minimum level of grain to a state institution, the State Inspection Commission of the Ministry of Agriculture, the state institution of the State Stockpiles Commission, or Ministry of Emergency. The Group will transfer grain when the controlling Shareholder takes a decision to transfer grain and determine the mechanisms of its transfer. The Group’s management believes that the grain transfer liability arises when the Government takes a decision. The Group has to replenish annually at least 30% minimum grain level. As at 31 December 2015, 2014 and 2013, the Group renewed the grain. As at 31 December 2015, the cost of minimum level of grain was KZT 16,783,105 thousand (31 December 2014: KZT 14,200,727 thousand; 31 December 2013: KZT 13,338,568 thousand).

17. Assets held for finance lease

Assets held for finance leases comprise:

	<i>2015</i>	<i>2014</i>	<i>2013</i>
Property and equipment held for finance leases	8,966,208	13,116,687	13,991,647
Other assets held for finance leases	15,394	22,427	12,608
	<u>8,981,602</u>	<u>13,139,114</u>	<u>14,004,255</u>
Less: allowance for impairment (Note 41)	(881,276)	(648,244)	(846,196)
Assets held for finance lease	<u>8,100,326</u>	<u>12,490,870</u>	<u>13,158,059</u>

18. VAT and other taxes recoverable

	<i>2015</i>	<i>2014</i>	<i>2013</i>
VAT recoverable	3,801,488	4,725,149	5,253,365
Other taxes recoverable	12,312	25,418	67,618
VAT and other taxes recoverable	<u>3,813,800</u>	<u>4,750,567</u>	<u>5,320,983</u>

19. Assets held for sale

Assets held for sale comprise:

	<i>2015</i>	<i>2014</i>	<i>2013</i>
Equipment	444,096	261,122	985,436
Land	645,442	1,310,788	1,061,705
Buildings	850,044	163,377	493,550
Investments in associates	304,809	10,500	73,931
Assets of Zhana-Zher LLP	—	1,005,872	—
Other assets held for sale	889,414	18,618	20,328
Less: allowance for impairment (Note 41)	(111,676)	—	(144,540)
	<u>3,022,129</u>	<u>2,770,277</u>	<u>2,490,410</u>

Reposessed collateral

In the course of ordinary business the Group reposesses collateral from borrowers on doubtful debts. Usually, such collateral includes immovable property and agricultural equipment.

(Thousands of tenge)

20. Property and equipment

The movements in property and equipment were as follows:

	<i>Land</i>	<i>Buildings</i>	<i>Vehicles</i>	<i>Construc- tion-in- progress</i>	<i>Equipment and furniture</i>	<i>Other</i>	<i>Total</i>
31 December 2012	217,613	10,911,018	1,779,672	2,354,623	6,600,643	1,101,590	22,965,159
Additions	919	34,217	70,688	248,921	394,825	97,126	846,696
Disposals	(200)	(73,215)	(61,987)	(5,348)	(146,067)	(152,227)	(439,044)
Internal transfers	22,486	(877)	4,423	(34,240)	4,740	3,468	—
Transfer to assets classified as held for sale	—	—	(11,406)	(132,665)	(349)	—	(144,420)
Transfer from assets classified as held for sale	—	—	—	—	—	(1,086)	(1,086)
Transfer to investment property	—	(397,412)	—	—	—	—	(397,412)
Reclassification in investments in associates and joint ventures	—	(1,550,843)	(20,083)	—	(678,425)	(49,635)	(2,298,986)
31 December 2013	240,818	8,922,888	1,761,307	2,431,291	6,175,367	999,236	20,530,907
Additions	1,862	1,847	107,673	539,661	399,011	53,848	1,103,902
Disposals	—	—	(106,184)	(173,293)	(259,833)	(26,340)	(565,650)
Internal transfers	—	300,038	2,488	(28,306)	(267,636)	(6,584)	—
Transfer to assets classified as held for sale	(146,682)	(237,761)	(251,079)	222	(59,516)	(218,426)	(913,242)
31 December 2014	95,998	8,987,012	1,514,205	2,769,575	5,987,393	801,734	20,155,917
Additions	112,489	1,213,371	85,515	34,976	348,683	61,786	1,856,820
Disposals	(21,551)	(23,965)	(81,654)	(142,769)	(253,713)	(61,466)	(585,118)
Internal transfers	—	204,168	1,659	(276,516)	50,978	19,711	—
Transfer to assets classified as held for sale	—	(85,659)	—	—	(179,630)	(3,899)	(269,188)
Disposals on disposed entities	(41,024)	(1,638,352)	(293,660)	—	(992,270)	(83,183)	(3,048,489)
31 December 2015	145,912	8,656,575	1,226,065	2,385,266	4,961,441	734,683	18,109,942
Accumulated depreciation and impairment							
31 December 2012	—	(1,259,690)	(659,165)	(1,319,499)	(1,990,658)	(495,226)	(5,724,238)
Depreciation charge	—	(210,713)	(141,824)	—	(420,026)	(69,734)	(842,297)
(Impairment)/reversal (Note 41)	—	4,800	—	—	—	108,519	113,319
Disposals	—	7,883	39,225	—	77,253	38,734	163,095
Transfer to assets classified as held for sale	—	—	8,440	—	—	—	8,440
Transfer to investment property	—	73,348	—	—	—	—	73,348
Reclassification in investments in associates and joint ventures	—	47,535	4,878	—	41,751	9,024	103,188
31 December 2013	—	(1,336,837)	(748,446)	(1,319,499)	(2,291,680)	(408,683)	(6,105,145)
Depreciation charge	—	(234,308)	(134,466)	—	(487,234)	(85,601)	(941,609)
Impairment (Note 41)	—	—	(270)	—	(11,470)	—	(11,740)
Disposals	—	1,395	73,197	26,497	177,165	25,794	304,048
Transfer to assets classified as held for sale	—	12,051	102,097	—	314,674	987	429,809
Internal transfers	—	(20,130)	—	(9,161)	19,859	9,432	—
31 December 2014	—	(1,577,829)	(707,888)	(1,302,163)	(2,278,686)	(458,071)	(6,324,637)
Depreciation charge	—	(185,139)	(75,301)	—	(329,809)	(68,706)	(658,955)
Impairment (Note 41)	—	(4,284)	(967)	(1,031,182)	(20,195)	(4,885)	(1,061,513)
Disposals	—	6,913	41,360	—	247,194	36,586	332,053
Disposals on disposed entities	—	226,781	164,835	—	315,245	70,722	777,583
Internal transfers	—	—	18,174	—	796	(18,970)	—
31 December 2015	—	(1,533,558)	(559,787)	(2,333,345)	(2,065,455)	(443,324)	(6,935,469)
Net book value							
31 December 2012	217,613	9,651,328	1,120,507	1,035,124	4,609,985	606,364	17,240,921
31 December 2013	240,818	7,586,051	1,012,861	1,111,792	3,883,687	590,553	14,425,762
31 December 2014	95,998	7,409,183	806,317	1,467,412	3,708,707	343,663	13,831,280
31 December 2015	145,912	7,123,017	666,278	51,921	2,895,986	291,359	11,174,473

As at 31 December 2015, the property and equipment in the amount of KZT 433,510 thousand were fully amortized and used by the Group (2014: KZT 424,916 thousand; in 2013: KZT 89,661 thousand).

*(Thousands of tenge)***21. Intangible assets**

The movements in intangible assets were as follows:

Cost	
31 December 2012	1,114,882
Additions	106,218
Disposals	(15,231)
31 December 2013	1,205,869
Additions	255,862
Disposals	(82,862)
31 December 2014	1,378,869
Additions	214,029
Disposals	(24,236)
31 December 2015	1,568,662
Accumulated amortization	
31 December 2012	(444,077)
Amortisation charge	(106,996)
Disposals	14,954
31 December 2013	(536,119)
Amortisation charge	(128,906)
Disposals	54,033
31 December 2014	(610,992)
Amortisation charge	(168,645)
Disposals	17,697
31 December 2015	(761,940)
Net book value	
31 December 2012	670,805
31 December 2013	669,750
31 December 2014	767,877
31 December 2015	806,722

As at 31 December 2015, 2014 and 2013, intangible assets were represented by computer software and licenses.

22. Amounts due to the Government of the Republic of Kazakhstan

The Group received loans from the Government of the Republic Kazakhstan to facilitate the development of the agricultural sector in the Republic of Kazakhstan. Due to specific requirements and limitations on the use of proceeds of those loans not many commercial banks participate in the program. The Group's Management believes that the interest rates on these loans are below market interest rates (Note 29).

Amounts due to the Government of the Republic of Kazakhstan consist of the following:

	<i>Maturity</i>	<i>Annual nominal interest rate</i>	<i>2015</i>	<i>2014</i>	<i>2013</i>
Local Government executive bodies	2015-2020	0.01-1.00%	33,642,985	23,375,321	10,821,329
Ministry of Agriculture of the Republic of Kazakhstan	2016	0.00%	7,078,500	6,606,598	4,946,942
Administration of business activities and industry in the Almaty region	2016	1.00%	19,942	21,998	55,267
Administration of business activities and industry in the Zhambyl region	2015	0.10%	–	37,781	31,601
Amounts due to the Government of the Republic of Kazakhstan			40,741,427	30,041,698	15,855,139

(Thousands of tenge)

23. Amounts due to credit institutions

Amounts due to credit institutions comprise:

<i>Bank</i>	<i>Currency</i>	<i>Maturity</i>	<i>Nominal interest rate per annum</i>	<i>2015</i>	<i>2014</i>	<i>2013</i>
Sberbank JSC	KZT	2013-2015	6.6%-7.0%	—	10,049,931	14,859,847
SB Sberbank of Russia JSC	KZT	2015	8.0%	—	5,043,800	2,042,032
Eurasian Development Bank JSC	KZT	2018-2019	7.5%-9.0%	—	3,822,675	2,749,461
Citibank Kazakhstan	KZT	2014	12 months LIBOR + 3%-4%	—	—	5,069,130
Islamic Bank Al Hilal	KZT	2014	7.0%	—	—	678,996
Amounts due to credit institutions in tenge				—	18,916,406	25,399,466
Islamic Development Bank	US dollar	2020-2021	0.41%-6.0%	10,851,632	6,866,090	6,248,351
Islamic Bank Al Hilal	US dollar	2016	LIBOR + 4.5%	10,204,327	—	—
Societe General Bank	US dollar	2020	LIBOR + 1.5%	7,689,484	—	—
Citibank Kazakhstan	US dollar	2016	LIBOR + 4.75%	6,789,400	—	2,611,370
Deer Credit, INC	US dollar	2018-2019	5.6%-5.9%	6,511,454	4,636,306	2,562,156
Russian Agricultural Bank	US dollar	2018-2019	4.9%	1,783,469	954,943	547,919
Deer Credit, INC	US dollar	2014-2018	LIBOR + 2.3%-2.5%	1,656,906	1,240,760	1,788,033
GazPromBank OJSC	US dollar	2019	4.3%	1,239,740	850,625	—
Bank Positiv Kazakhstan JSC	US dollar	2016	6.5%	1,111,323	—	—
CNH International SA	US dollar	2018	6.0%	553,034	415,229	451,041
UN	US dollar	2024	0.0%	82,598	212,878	133,615
Societe General Bank	US dollar	2014	4.0%	—	—	374,968
Citibank Kazakhstan	US dollar	2013-2015	3.3%-6.0%	—	5,014,625	7,031,597
Bank of America	US dollar	2014	LIBOR + 1.5%	—	—	498,396
Citibank N A Nassau Bahamas Branch	US dollar	2015	2.2%-2.5%	—	27,352,500	—
The Royal Bank of Scotland N.V.	US dollar	2015	2.4%	—	18,188,799	14,777,717
HSBC Bank PLC	US dollar	2015	2.2%	—	18,056,109	—
Other	US dollar	2015		—	141,726	—
Amounts due to credit institutions in US dollars				48,473,367	83,930,590	37,025,163
Landensbank Berlin A.G.	EUR	2013-2019	Euribor + 0.9%-1.35%	2,062,249	1,779,668	1,491,919
Landensbank Berlin A.G.	EUR	2016	6 months EURIBOR + 1%	180,396	—	—
Landensbank Berlin A.G.	EUR	2014	6 months EURIBOR + 1%	—	—	48,333
HSBC Bank	EUR	2014-2015	Euribor + 0.15%-0.17%	—	157,754	612,251
Amounts due to credit institutions in euro				2,242,645	1,937,422	2,152,503
Total amounts due to credit institutions				50,716,012	104,784,418	64,577,132

*(Thousands of tenge)***23. Amounts due to credit organizations (continued)**

Analysis by the types of attracted loans as at 31 December:

	2015	2014	2013
Fixed interest rate loans			
Loans from non-OECD banks	35,899,931	61,577,586	36,097,858
Loans from OECD banks	4,217,130	40,244,449	12,780,470
Total fixed interest rate loans	40,027,061	101,822,035	48,878,328
Floating interest rate loans			
Loans from OECD banks	3,899,551	3,178,182	4,438,932
Loans from non-OECD banks	6,789,400	—	11,520,750
Total floating interest rate loans	10,688,951	3,178,182	15,959,682
Less: Unamortized portion of loans	—	(215,799)	(260,878)
Total	50,716,012	104,784,418	64,577,132

Analysis by currencies:

	2015	2014	2013
Loans in Tenge			
Loans due to Kazakh banks	—	—	11,630,408
Loans due to foreign banks	—	18,916,406	13,769,058
	—	18,916,406	25,399,466
Loans in US dollars			
Loans due to Kazakh banks	40,572,644	5,014,625	2,611,370
Loans due to foreign banks	7,900,723	78,915,965	34,413,793
	48,473,367	83,930,590	37,025,163
Loans in Euro			
Loans due to foreign banks	2,242,645	1,937,422	2,152,503
	2,242,645	1,937,422	2,152,503
Amounts due to credit institutions	50,716,012	104,784,418	64,577,132

Financial covenants

In accordance with the terms of the loan agreements with foreign banks, the Group is required to comply with certain financial indicators. Particularly the Group is required to comply with the debt to equity ratio, as well as interest coverage ratio. As at 31 December 2015, 2014 and 2013, the Group complied with the covenants under agreements concluded with these banks.

(Thousands of tenge)

24. Debt securities issued

Debt securities issued comprise:

	<i>Maturity</i>	<i>Annual nominal interest rate</i>	<i>2015</i>	<i>2014</i>	<i>2013</i>
Kazakhstani bonds issued by National Management Holding KazAgro JSC	2025-2041	0.02%-8%	107,615,845	70,097,073	66,094,998
Kazakhstani bonds issued by National Company Food Contract Corporation JSC	2018	7.5%-9%	23,347,587	45,331,267	45,254,270
Kazakhstani bonds issued by KazAgroFinance JSC	2022	8%	3,096,150	3,021,272	—
Kazakhstani bonds issued by Agrarain Credit Corporation JSC	2015-2023	7%-8.5%	94,691	2,876,799	5,905,223
Debt securities issued			134,154,273	121,326,411	117,254,491

According to the Resolution of the Government of the Republic of Kazakhstan dated 25 November 2008 No. 1085, on 17 February 2009, KZT 120,000,000 thousand were allocated from the National Fund of the Republic of Kazakhstan to the Group for support and development of agricultural sector. Financing was made through private placement of the Group's bonds to the National Bank of the Republic of Kazakhstan with maturity within 2023 and with coupon interest rate at 0.02% per annum.

In accordance with the Minutes of the meeting of the Management Board of the National Fund of the Republic of Kazakhstan No 01-9.5 dated 30 December 2015, maturity of funds received from the National Fund of the Republic of Kazakhstan for support and development of agriculture sector in the amount of KZT 120,000,000 thousand was extended until 2041. Due to the significant changes in terms, the Group recalculated the fair value of debt securities as at 30 December 2015, and reflected the discount as additional paid-in capital in the amount of KZT 105,501,063 thousand and reversed an unamortized portion of the discount in the amount of KZT 45,656,986 thousand net of income tax.

25. Eurobonds issued

On 24 May 2013, the Company issued eurobonds for the purpose of general corporate needs in the amount of USD 1,000,000,000 within the bond Programme of issuing debt instruments within the limit of USD 2,000,000,000 with maturity in 2023, with nominal interest at the nominal rate of 4.625% p.a.

Within this Programme in May 2014, was issued the second tranche in the amount of 600,000,000 Euro at the nominal rate of 3.255% p.a. with maturity in 2019.

These eurobonds are listed on Irish Stock Exchange Limited and Kazakhstan Stock Exchange. As at 31 December 2015, the carrying value of issued debt securities was KZT 567,290,410 thousand (as at 31 December 2014: KZT 317,889,584 thousand; as at 31 December 2013: KZT 153,676,011 thousand).

26. Trade accounts payable

Trade accounts payable comprise:

	<i>2015</i>	<i>2014</i>	<i>2013</i>
Trade accounts payable to vendors	6,554,961	8,243,454	6,574,912
Trade accounts payable for grain supply	387,457	221,704	—
Trade accounts payable for storage services	—	248,940	638,325
Trade accounts payable to processors for incomplete grain supply	—	—	738,576
Other trade accounts payable	719,344	553,030	498,029
Trade accounts payable	7,661,762	9,267,128	8,449,842

*(Thousands of tenge)***27. Advances received**

Advances received comprise:

	2015	2014	2013
Prepayments for property held for finance leases	4,760,927	3,421,569	3,755,733
Advances received for grain	3,212,744	1,400,172	737,232
Other	124,775	48,502	29,426
Advances received	8,098,446	4,870,243	4,522,391

28. Taxation

The corporate income tax expense comprises:

	2015	2014	2013
Current tax expense	1,737,861	6,053,017	3,379,422
Deferred tax benefit - origination and reversal of temporary differences	(11,424,220)	(1,750,032)	(2,371,455)
Less: deferred tax recognised in equity	(11,136,860)	742,689	689,065
Adjustment of corporate tax for the prior periods	(2,607,077)	(266,979)	—
Income tax (benefit) / expense	(23,430,296)	4,778,695	1,697,032

Deferred tax recognized in equity is allocated as follows:

	2015	2014	2013
Deemed distribution reserve	1,242,249	(1,188,648)	(929,417)
Additional paid-in capital	(12,379,109)	1,931,337	1,618,482
Impact of income tax recognized in equity	(11,136,860)	742,689	689,065

The Company and its subsidiaries, other than Batumi Grain Terminal LLP are subject to taxation in the Republic of Kazakhstan. Batumi Grain Terminal LLP is subject to taxation in the Georgia. Kazakhstani legal entities have to file individual corporate income tax declarations. Standard corporate income tax rate comprised 20% for 2015, 2014 and 2013. The effective tax rate differs from the statutory income tax rates.

As at 31 December 2015, 2014 and 2013, the Group had current corporate income tax assets and liabilities as follows:

	2015	2014	2013
Current income tax assets	6,720,041	1,772,418	1,091,007
Current income tax liabilities	(79,671)	(49,417)	(105,951)
	6,640,370	1,723,001	985,056

Reconciliation between income tax expense in the consolidated financial statements and income before taxes multiplied by the statutory tax rate for the year ended 31 December, is as follows:

	2015	2014	2013
(Loss)/Income before income tax	(122,312,751)	10,892,636	3,382,431
Statutory tax rate	20%	20%	20%
Theoretical income tax expense at the statutory rate	(24,462,550)	2,178,527	676,486
Adjustment of corporate tax for the prior periods	(2,607,077)	(266,979)	—
Non-taxable income			
-income on finance lease receivables	(93,506)	(2,038,491)	(1,484,497)
-other income	273,740	(157,550)	(148,518)
Income from sale of available-for-sale investment securities	—	—	(258)
Non-deductible expenses			
- allowance for interest earning assets impairment	1,161,019	3,032,428	2,485,597
- allowance for non-interest earning assets impairment	810,930	1,259,711	39,680
Other non-deductible expenses	1,487,148	771,049	128,542
Income tax (benefit)/expense	(23,430,296)	4,778,695	1,697,032

(Thousands of tenge)

28. Taxation (continued)

Deferred tax assets and liabilities as at 31 December and their movements for the respective years comprise:

	<i>Origination and reversal of temporary differences</i>			<i>Origination and reversal of temporary differences</i>			<i>Origination and reversal of temporary differences</i>			2015
	2012	<i>In the income statement</i>	<i>In the statement of changes in equity</i>	2013	<i>In the income statement</i>	<i>In the statement of changes in equity</i>	2014	<i>In the income statement</i>	<i>In the statement of changes in equity</i>	
Tax effect of deductible temporary differences										
Tax losses carry-forward	1,641,205	(1,293,472)	—	347,733	(214,122)	—	133,611	26,764,438	—	26,898,049
Derivative financial assets	244,670	350,421	—	595,091	(688,858)	—	(93,767)	(253,146)	—	(346,913)
Loans to customers	2,202,158	1,420,840	(929,417)	2,693,581	(587,456)	(1,188,648)	917,477	(1,533,200)	1,242,249	626,526
Finance lease receivables	(239,298)	(238,158)	—	(477,456)	1,089,226	—	611,770	(94,269)	—	517,501
Accounts receivable	(196,156)	(514,915)	—	(711,071)	(84,451)	—	(795,522)	5,013	—	(790,509)
Amounts due to the Government	(12,619,462)	954,854	1,618,482	(10,046,126)	1,499,305	1,931,337	(6,615,484)	(1,429,330)	(12,379,109)	(20,423,923)
Amounts due to credit institutions	(98,155)	68,449	—	(29,706)	(64,408)	—	(94,114)	(33,492)	—	(127,606)
Property and equipment	(383,532)	(4,493)	—	(388,025)	(10,169)	—	(398,194)	(124,138)	—	(522,332)
Allowance for unused vacations	63,399	15,934	—	79,333	19,168	—	98,501	8,443	—	106,944
Impairment charge	(148,047)	148,047	—	—	(94,287)	—	(94,287)	256,793	—	162,506
Dynamic provisions	(698,375)	698,375	—	—	—	—	—	—	—	—
Provision on deferred income tax assets	—	—	—	—	—	—	—	(687,485)	—	(687,485)
Other	627,466	76,508	—	703,974	143,395	—	847,369	(318,547)	—	528,822
Net deferred income tax assets/(liabilities)	(9,604,127)	1,682,390	689,065	(7,232,672)	1,007,343	742,689	(5,482,640)	22,561,080	(11,136,860)	5,941,580
Deferred income tax assets	4,817,450	714,321	(929,417)	4,602,354	760,905	(1,188,648)	4,174,611	4,697,995	1,242,249	10,114,855
Deferred income tax liabilities	(14,421,577)	968,070	1,618,482	(11,835,025)	246,438	1,931,337	(9,657,250)	17,863,085	(12,379,109)	(4,173,274)

*(Thousands of tenge)***29. Equity**

Movements in shares outstanding, issued and fully paid were as follows:

	<i>Placement value per share (tenge)</i>	<i>Number of common shares issued</i>	<i>Total KZT 000</i>
At 31 December 2012		254,022,911	254,022,911
Increase in share capital	1,000	13,793,820	13,793,820
At 31 December 2013		267,816,731	267,816,731
Increase in share capital	1,000	20,000,000	20,000,000
At 31 December 2014		287,816,731	287,816,731
Increase in share capital	1,000	—	—
At 31 December 2015		287,816,731	287,816,731

As at 31 December 2015, total amount of authorized, issued and fully paid common shares comprised 287,816,731 shares (2014: 287,816,731 shares; in 2013: 267,816,731 shares).

Book value per common share

As at 31 December 2015, the Group's book value per one common share calculated in accordance with Kazakh Stock Exchange methodology is KZT 1,002.85 (2014: KZT 1,193.11; in 2013: KZT 1,173.58).

Dividends

At the General Meeting of the Shareholder held on 28 August 2015, the Company declared dividends for 2014 in the amount of KZT 1,080,420 thousand on common shares or KZT 3.75 per one share. Dividends for 2014 were fully paid in the amount of KZT 1,080,420 thousand on 1 September 2015. At the general meeting of Shareholder held on 25 July 2014, the Company declared dividends for the year ended 31 December 2013, in the amount of KZT 99,589 thousand on ordinary shares and paid them out on 28 July 2014. At the General Shareholder's meeting held on 27 August 2013, the Company declared dividends in respect of the year ended 31 December 2012, in the amount of KZT 146,780 thousand on common shares and paid them out 28 August 2013.

Additional paid-in capital

Upon initial recognition, the difference between the nominal amount of loans from the Government of the Republic of Kazakhstan and their fair value was recognized as Shareholder's contribution within additional paid-in capital of KZT 124,984,940 thousand as at 31 December 2015 (2014: KZT 75,468,506 thousand; in 2013: KZT 67,743,159 thousand). In 2015, such difference amounted to KZT 49,516,434 thousand less the tax (in 2014: KZT 7,725,347 thousand less the tax; in 2013: KZT 6,473,928 thousand less the tax).

Capitalization reserve

In April 2007, the Group received common shares of its subsidiaries as contribution to the share capital of the Group. As at the date of transfer the fair value of the shares was less than the cost of shares transferred. The difference in the amount of KZT 10,974,734 thousand was recorded as consolidation provision. There were no changes in this reserve during 2015, 2014 and 2013.

Reserve capital

In accordance with the Group's policy, reserve capital is formed to cover general risks, including deferred losses and other contingent risks and liabilities. Reserve capital is subject to distribution on the basis of decision of the Shareholder at the general meeting. In 2015, it was decided at the Shareholder's meeting to allocate KZT 938,805 thousand to generate the reserve capital (2014: KZT 1,281,091 thousand; in 2013: KZT 553,670 thousand), which amounted to KZT 10,008,217 thousand as at 31 December 2015 (in 2014: KZT 9,069,412 thousand; in 2013: KZT 7,788,321 thousand).

*(Thousands of tenge)***29. Equity (continued)****Deemed distribution reserve**

Upon initial recognition, the difference between the nominal cost of receivables paid using the funds from the Shareholder and the fair value of receivables is recognized as distributions to the Shareholder. During 2015, the Group recognized KZT 4,968,997 thousand less the tax as a portion of deemed distribution reserve for the year to the Shareholder (in 2014: KZT 4,754,591 thousand less the tax; in 2013: KZT 3,717,666 thousand, less the tax).

Earnings per share

Basic and diluted earnings per share are calculated by dividing the net income for the year attributable to common shareholders by the weighted average number of shares outstanding during the year.

The following table reflects the income and share data used in the basic earnings per share computations for the years ended 31 December:

	2015	2014	2013
Net (expense)/income attributable to Shareholder for basic and diluted (loss)/earnings per share from continuing operations	(98,883,192)	6,127,187	1,782,159
Weighted average number of common shares for basic and diluted earnings per share	287,816,731	277,795,808	263,150,840
Basic and diluted (loss)/earnings per share for the year (tenge)	(343.56)	22.06	6.77

No earnings per share dilutive instruments were outstanding as at and during the years ended 31 December 2015, 2014 and 2013.

30. Financial commitments and contingencies**Operating environment**

The Kazakhstan continues economic reforms and development of legal, tax and regulatory frameworks as required by a market economy. The stability of the Kazakhstani economy is largely dependent upon these reforms and developments and the effectiveness of economic, financial and monetary measures undertaken by the Government.

In 2015, decrease in prices of crude oil and devaluation of Kazakhstani tenge continued to negatively affect Kazakhstani economy. These factors along with other ones have led to decrease to the access to capital, increase of the cost of capital and the inflation rate as well as uncertainty regarding economic growth. The management of the Group believes it is taking appropriate measures to support the sustainability of the Group's business in the current circumstances.

However, further deterioration in the areas described above could have negative effect on the Group's operating results and financial position. Currently it is impossible to determine the exact effect.

Also, borrowers could also be affected by deterioration in liquidity that, in turn, affects their ability to settle their debt to the Group. The management of the Group believes it is taking appropriate measures to support the sustainability of the Group's business in the current circumstances. However, further deterioration in the areas described above could have negative effect on the Group's operating results and financial position.

Legal issues

In the ordinary course of business, the Group is subject to legal actions and complaints. Management believes that the ultimate liability, if any, arising from such actions or complaints will not have a material adverse effect on the financial condition or the results of future operations of the Group.

*(Thousands of tenge)***30. Financial commitments and contingencies (continued)****Taxation**

Kazakhstani commercial, and in particular, tax legislation contain regulations, interpretation of which could vary, and in certain cases the legislation could be amended with indirect retrospective impact. In addition, Group's management's interpretation of the legislation may differ from that of tax authorities, and in the result transactions carried out by the Group could be estimated by tax authorities in other way, and this could result in additional charge of taxes, fines and penalties. Group's management considers that all necessary tax accruals were fulfilled and, correspondingly, there were no any allowances charged in the statements. Tax periods remain open for five years.

Financial commitments and contingencies

As at 31 December, the Group's commitments and contingencies comprised the following:

	2015	2014	2013
Undrawn credit lines	35,842,537	66,113,212	48,136,443
Guaranteed grain and cotton receipts	20,810,396	24,370,451	693,792
Credit related commitments	56,652,933	90,483,663	48,830,235

31. Revenue from sale of goods and services

Revenue from sale of goods and services comprises:

	2015	2014	2013
Sale of grain	40,723,525	51,189,822	42,767,624
Rendering of services	1,677,020	1,753,958	1,831,287
Sale of cotton	1,009,907	2,103,032	2,885,062
Sale of wool	185,109	525,394	593,756
Sale of tomato paste	26,133	24,584	112,787
Sale of dairy products	9,822	170,742	238,190
Sale of flour	—	—	591,874
Other revenue	4,728,578	4,344,837	2,350,918
Revenue from sale of goods and services	48,360,094	60,112,369	51,371,498

32. Cost of sales

Cost of sales comprises:

	2015	2014	2013
Cost of grain sold	(28,189,259)	(29,266,828)	(32,790,055)
Cost of sales	(1,275,153)	(1,774,822)	(1,306,820)
Cost of cotton sold	(907,959)	(1,628,503)	(2,738,710)
Cost of wool	(172,077)	(484,486)	(548,846)
Cost of tomato paste sold	(96,504)	(64,074)	(779,026)
Cost of dairy products	(8,928)	(163,180)	(235,621)
Cost of flour	—	—	(612,608)
Cost of other sales	(4,215,098)	(3,298,043)	(2,128,677)
Cost of sales	(34,864,978)	(36,679,936)	(41,140,363)

(Thousands of tenge)

33. Interest income

Interest income comprises:

	2015	2014	2013
Interest income on loans to customers	30,518,093	20,200,484	16,121,914
Interest income on loans subsidized by the government	14,729,440	5,540,381	—
Income from changes in fair value of debt securities	12,535,442	—	—
Interest income from cash and cash equivalents	8,282,553	3,649,480	1,937,139
Interest income on amounts due from credit institutions	4,527,193	8,223,502	4,666,850
Other	599,047	122,303	132,743
Interest income on financial assets recorded at the amortized cost	71,191,768	37,736,150	22,858,646
Interest income on finance lease receivables	15,281,454	12,282,633	9,756,089
Interest income	86,473,222	50,018,783	32,614,735

In 2015, the Group recognized revenue from state grants of KZT 14,729,440 thousand (in 2014: KZT 5,540,381 thousand, in 2013: nil) or 7% per annum in tenge and 5% per annum in currency on loans issued to second-tier banks within the framework of the program of financial rehabilitation of agro-industrial complex entities based on the Order of the Minister of Agriculture of the Republic of Kazakhstan № 9-1/320 dated 9 April 2015, in 2015 based on the Resolution of the Government of the Republic of Kazakhstan № 379 on the approval of the Rules of subsidizing interest rates on lending and leasing obligations of agro-industrial complex entities (AIC) for financial recovery dated 18 April 2014.

34. Interest expenses

Interest expense comprises:

	2015	2014	2013
Interest expense on eurobonds issued	(15,619,735)	(11,238,102)	(4,267,295)
Interest expense on debt securities issued	(12,977,116)	(8,356,768)	(6,719,422)
Interest expense on amounts due to credit institutions	(3,315,343)	(5,470,988)	(5,108,171)
Interest expense on amounts due to the Government of the Republic of Kazakhstan	(2,434,395)	(1,692,695)	(1,576,372)
Other	(580,614)	(249,091)	(631,942)
Interest expenses	(34,927,203)	(27,007,644)	(18,303,202)

35. Impairment charge for interest earning assets

Impairment charge for interest earning assets comprises:

	2015	2014	2013
Finance lease receivables (Note 10)	(6,516,930)	(3,165,815)	(1,856,717)
Loans to customers (Note 9)	(5,016,979)	(4,190,421)	(4,179,758)
Impairment charge for interest earning assets	(11,533,909)	(7,356,236)	(6,036,475)

36. Net gains/(losses) on derivative financial assets

Net losses on derivative financial assets comprise:

	2015	2014	2013
Unrealised gains/(losses) on derivative financial assets	1,265,844	432,490	(1,453,776)
Realised gains on derivative financial assets	39,137	588,008	991,756
Net gains/(losses) on derivative financial assets	1,304,981	1,020,498	(462,020)

(Thousands of tenge)

37. Other income

Other income comprises:

	2015	2014	2013
Fines and penalties received	2,907,538	2,161,683	1,497,662
Agency services	988,364	762,828	519,748
Gain on reimbursement of losses from third parties	702,701	—	—
Fees and commissions received	520,717	337,470	—
Income from revaluation of biological assets	272,435	380,431	—
Dividend income	6,525	26,542	53,925
Gains/(losses) on sale of property and equipment	101	766	4,806
Income from sales of investment securities	—	390,773	98,606
Income from dealing transactions	—	99,300	—
Insurance services	—	58,303	57,585
Gains from initial recognition of loans from Islamic Development Bank	—	56,058	131,561
Other	1,592,866	628,412	525,335
Other income	6,991,247	4,902,566	2,889,228

38. Personnel and other operating expenses

Personnel and other operating expenses comprise:

	2015	2014	2013
Salaries and bonuses	(5,346,762)	(5,929,708)	(4,941,437)
Social security contribution	(459,889)	(495,862)	(487,237)
Personnel expenses	(5,806,651)	(6,425,570)	(5,428,674)
Lease	(741,303)	(657,962)	(361,851)
Taxes other than income tax	(638,139)	(657,802)	(289,392)
Depreciation and amortization	(599,118)	(487,717)	(391,660)
Professional services	(523,506)	(397,744)	(325,670)
Advertising and marketing expenses	(243,206)	(257,544)	(240,579)
Business trip and representation expenses	(223,738)	(257,632)	(183,172)
Repairs and maintenance expenses	(217,057)	(251,816)	(151,805)
Charitable donations	(203,496)	(69,841)	(85,406)
Materials	(187,072)	(292,216)	(145,288)
Communication	(144,379)	(157,948)	(105,589)
Third party services	(118,947)	(173,978)	(68,779)
Insurance	(114,936)	(99,521)	(84,057)
Bank fees	(89,081)	(105,184)	(96,590)
Utilities	(55,560)	(41,460)	(37,919)
Training	(43,782)	(32,373)	(35,613)
Other	(1,292,810)	(1,055,035)	(578,923)
Other operating expenses	(5,436,130)	(4,995,773)	(3,182,293)

(Thousands of tenge)

39. Selling expenses

Selling expenses comprise:

	2015	2014	2013
Salary and related taxes	(2,508,194)	(2,414,221)	(1,910,248)
Grain storage	(1,896,390)	(2,092,220)	(3,158,665)
Dispatching and forwarding services	(1,486,570)	(5,046,563)	(987,044)
Materials	(152,718)	(211,282)	(69,368)
Grain certification and analysis expenses	(85,935)	(140,937)	–
Depreciation and amortization	(5,554)	(12,516)	(36,076)
Marketing	–	–	(2,191)
Other selling expenses	(127,136)	(163,093)	(587,613)
Selling expenses	(6,262,497)	(10,080,832)	(6,751,205)

During 2015, material decrease in expenses associated with dispatching and forwarding services was due to decrease in export of grain.

40. Net losses less gains from changes in deferred cash flows of loans to customers

In the ordinary course of business, the Group reviews estimated proceeds from customers' loans by means granting a delay and a possibility of early repayment in connection with the events not associated with impairment of loans. The Group recalculates the carrying value by calculation of the present value of estimated future cash flows using the original effective interest rate. Effect of changes in the carrying amount is recognized within profit and loss. During 2015, the Group recorded losses of KZT 647,866 thousand on reviewed loans to customers (2014: KZT 567,194 thousand; 2013: KZT 286,042 thousand).

41. Other impairment reversal/(charge)

The movements in other impairment allowances were as follows:

	Accounts receivable	Advances paid	Assets held for sale	Assets held for finance lease	Property and equipment and intangible assets	Amounts in the second tier banks	Other assets	Total
31 December 2012	6,885,816	451,092	–	557,052	2,368,315	104,282	517,436	10,883,993
Charge/(reversal)	189,341	(252,897)	191,260	709,702	113,319	–	207,474	1,158,199
Write-offs	(195,628)	(81,927)	(46,720)	(420,558)	–	–	(8,863)	(753,696)
31 December 2013	6,879,529	116,268	144,540	846,196	2,481,634	104,282	716,047	11,288,496
Charge/(reversal)	5,074,159	2,199,546	–	286,371	11,740	–	(71,347)	7,500,469
Write-offs	(474,189)	–	–	(628,863)	–	–	(18,946)	(1,121,998)
Reclassification from assets held for sale	–	–	(144,540)	144,540	–	–	–	–
31 December 2014	11,479,499	2,315,814	–	648,244	2,493,374	104,282	625,754	17,666,967
Charge/(reversal)	249,700	1,006,764	111,676	374,276	1,061,513	64,323	202,682	3,070,934
Write-offs	(573,767)	–	–	(141,244)	–	–	(4,842)	(719,853)
31 December 2015	11,155,432	3,322,578	111,676	881,276	3,554,887	168,605	823,594	20,018,048

42. Fiduciary management**Loans from the Ministry of Finance of the Republic of Kazakhstan**

On the basis of the resolution of the Government of the Republic of Kazakhstan No. 1332 dated 24 December 1998 Concerning certain issues of Fund of Financial Support to Agricultural Sector JSC the Ministry of finance has transferred certain loans issued to farmers to the amount of KZT 11,882,900 thousand. The Group acts on behalf of the Ministry of Finance as a collection agent and is allowed to use proceeds from repayment of previously issued loans for lending purposes.

(Thousands of tenge)

42. Fiduciary management (continued)

Mortgage program in the rural area

Since 2010, the Group has been implementing this program together with the regional government authorities. The Group acts as an agent in granting mortgage in rural sector. The Group charges a management fee of 3% per annum of mortgage loan outstanding. During 2015, the Group disbursed on behalf of local executive bodies KZT 8,765,325 thousand (2014: KZT 8,739,656 thousand; 2013: KZT 6,971,594 thousand) and earned management fees of KZT 988,364 thousand (2014: KZT 762,828 thousand; 2013: KZT 519,748 thousand).

43. Risk management

Introduction

Risk is inherent in the Group's activities. The Group manages these risks through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability and each individual within the Group is accountable for the risk exposures relating to his or her responsibilities. The Group is exposed to credit risk, liquidity risk and market risk associated with non-trading activities. It is also subject to operating risks.

The independent risk control process does not include business risks such as changes in the environment, technology and industry. They are monitored through the Group's strategic planning process.

Risk management structure

The Board of Directors is ultimately responsible for identifying and controlling risks; however, there are separate independent bodies responsible for managing and monitoring risks.

Board of Directors

The Board of Directors is responsible for the overall risk management approach and for approving the risk strategies and principles.

Management Board

The Management Board has the responsibility to monitor the overall risk process within the Group.

(Thousands of tenge)

43. Risk management (continued)

Introduction (continued)

Risk management

The Risk Management Unit is responsible for implementing and maintaining risk related procedures to ensure an independent control process.

Risk controlling

The Risk Controlling Unit is responsible for monitoring compliance with risk principles, policies and limits, across the Group. Each business group has a decentralised unit which is responsible for the independent control of risks, including monitoring the risk of exposures against limits and the assessment of risks of new products and structured transactions. This unit also ensures the complete capture of the risks in risk measurement and reporting systems.

Group Treasury

Group Treasury is responsible for managing the Group's assets and liabilities and the overall financial structure. It is also primarily responsible for the funding and liquidity risks of the Group.

Internal audit

The objective of internal audit is to provide the Board of Directors with independent, objective and unbiased information based on audits performed throughout the year. Risk management processes throughout the Group are audited annually by the internal audit function that examines both the adequacy of the procedures and the Group's compliance with the procedures. Internal Audit discusses the results of all assessments with management, and reports its findings and recommendations to the Board of Directors.

Risk measurement and reporting systems

The Group's risks are measured using a method which reflects both the expected loss likely to arise in normal circumstances and unexpected losses, which are an estimate of the ultimate actual loss based on statistical models. The models make use of probabilities derived from historical experience, adjusted to reflect the economic environment. The Group also runs worst case scenarios that would arise in the event that extreme events which are unlikely to occur do, in fact, occur.

Monitoring and controlling risks is primarily performed based on limits established by the Group. These limits reflect the business strategy and market environment of the Group as well as the level of risk that the Group is willing to accept, with additional emphasis on selected industries. In addition the Group monitors and measures the overall risk bearing capacity in relation to the aggregate risk exposure across all risks types and activities.

Information compiled from all the businesses is examined and processed in order to analyse, control and identify early risks. This information is presented and explained to the Board of Directors, the Management Board, the Assets and Liabilities Management Committee, Credit Committee and the head of each business division. The report includes aggregate credit exposure, credit metric forecasts, hold limit exceptions, liquidity ratios and risk profile changes.

For all levels throughout the Group, specifically tailored risk reports are prepared and distributed in order to ensure that all business divisions have access to extensive, necessary and up-to-date information.

Regular reports are provided to the Management Board and all other relevant employees of the Group on the utilisation of market limits, proprietary investments and liquidity, plus any other risk developments.

Risk mitigation

As part of its overall risk management, the Group uses derivatives to manage exposures resulting from changes foreign currencies. The Group actively uses collateral to reduce its credit risks (see below for more detail).

(Thousands of tenge)

43. Risk management (continued)**Credit risk**

Credit risk is the risk that the Group will incur a loss because its customers, clients or counterparties failed to discharge their contractual obligations. The Group manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical and industry concentrations, and by monitoring exposures in relation to such limits.

The Group has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties, including regular collateral revisions. Counterparty limits are established by the use of a credit risk classification system, which assigns each counterparty a risk rating. Risk ratings are subject to regular revision. The credit quality review process allows the Group to assess the potential loss as a result of the risks to which it is exposed and take corrective action.

Derivative financial instruments

Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values, as recorded in the consolidated statement of financial position.

Credit-related commitments risks

The Group makes available to its customers guarantees which may require that the Group make payments on their behalf. Such payments are collected from customers based on the terms of the letter of credit. They expose the Group to similar risks to loans and these are mitigated by the same control processes and policies.

The maximum exposure to credit risk for the components of the consolidated statement of financial position, including derivatives, before the effect of mitigation through the use of master netting and collateral agreements, is best represented by their carrying amounts.

Where financial instruments are recorded at fair value, the carrying value represents the current credit risk exposure but not the maximum risk exposure that could arise in the future as a result of changes in values.

For more detail on the maximum exposure to credit risk for each class of financial instrument, references shall be made to the specific notes. The effect of collateral and other risk mitigation techniques is shown in Note 9.

Credit quality per class of financial assets

The credit quality of financial assets is managed by the Group's internal credit ratings. The table below shows the credit quality by class of asset for loan-related lines in the consolidated statement of financial position, based on the Group's credit rating system. The borrowers with good financial position and good debt service are included in the standard grade. Sub-standard grade comprises loans below standard grade. Standard grade loans and below standard grade loans are evaluated as collectively impaired.

2015	Standard grade	Sub- standard grade	Past due but not impaired	Individually impaired	Total
Cash and cash equivalents less cash on hand	85,369,370	—	—	—	85,369,370
Amounts due from credit institutions	415,544,147	—	—	64,323	415,608,470
Derivative financial assets	1,000,497	—	—	734,070	1,734,567
Loans to customers	115,300,701	97,269,691	23,071,486	47,849,988	283,491,866
Finance lease receivables	17,145,064	142,322,033	10,641,927	36,690,178	206,799,202
Accounts receivable	55,486,510	—	466,571	10,853,982	66,807,063
Total	689,846,289	239,591,724	34,179,984	96,192,541	1,059,810,538

(Thousands of tenge)

43. Risk management (continued)**Credit risk (continued)***Credit quality per class of financial assets (continued)*

2014	Standard grade	Sub-standard grade	Past due but not impaired	Individually impaired	Total
Cash and cash equivalents less cash on hand	90,007,703	—	—	—	90,007,703
Amounts due from credit institutions	330,227,307	—	—	104,282	330,331,589
Derivative financial assets	468,834	—	—	—	468,834
Loans to customers	118,730,843	67,162,560	20,090,887	31,576,372	237,560,662
Finance lease receivables	108,515,393	16,004,728	13,453,356	39,612,878	177,586,355
Accounts receivable	36,867,480	66,016	2,133,798	11,479,499	50,546,793
Total	684,817,560	83,233,304	35,678,041	82,773,031	886,501,936

2013	Standard grade	Sub-standard grade	Past due but not impaired	Individually impaired	Total
Cash and cash equivalents less cash on hand	55,817,458	—	—	—	55,817,458
Amounts due from credit institutions	115,853,307	—	—	104,282	115,957,589
Derivative financial assets	4,013,694	—	—	—	4,013,694
Loans to customers	133,002,220	47,723,863	9,018,454	35,000,663	224,745,200
Finance lease receivables	27,685,512	65,966,609	5,131,988	34,249,342	133,033,451
Accounts receivable	55,411,782	10,775,518	—	6,850,923	73,038,223
Total	391,783,973	124,465,990	14,150,442	76,205,210	606,605,615

It is the Group's policy to maintain accurate and consistent risk ratings across the credit portfolio. This facilitates focused management of the applicable risks and the comparison of credit exposures across all lines of business, geographic regions and products. The rating system is supported by a variety of financial analytics, combined with processed market information to provide the main inputs for the measurement of counterparty risk.

Ageing analysis of past due but not impaired assets per class of financial assets

2015	Less than 30 days	31-60 days	61-90 days	Over 90 days	Total
Loans to customers	6,394,081	6,132,183	1,005,702	9,539,520	23,071,486
Finance lease receivables	3,579,734	612,649	399,791	6,049,753	10,641,927
Total	9,973,815	6,744,832	1,405,493	15,589,273	33,713,413

2014	Less than 30 days	31-60 days	61-90 days	Over 90 days	Total
Loans to customers	6,678,736	6,776,535	1,255,393	5,380,223	20,090,887
Finance lease receivables	2,763,538	4,774,470	606,635	5,308,713	13,453,356
Total	9,442,274	11,551,005	1,862,028	10,688,936	33,544,243

*(Thousands of tenge)***43. Risk management (continued)****Credit risk (continued)***Ageing analysis of past due but not impaired assets per class of financial assets (continued)*

2013	<i>Less than 30 days</i>	<i>31-60 days</i>	<i>61-90 days</i>	<i>Over 90 days</i>	<i>Total</i>
Loans to customers	3,254,241	3,172,597	360,058	2,231,558	9,018,454
Finance lease receivables	335,248	803,836	857,209	3,135,695	5,131,988
Total	3,589,489	3,976,433	1,217,267	5,367,253	14,150,442

See Notes 9 and 10 for more detailed information with respect to the allowance for impairment of loans to customers and finance lease receivables.

Impairment assessment

The main considerations for the loan impairment assessment comprise: whether any payments of principal or interest are overdue by more than 90 days or there are any known difficulties in the cash flows of counterparties, credit rating downgrades, or infringement of the original terms of the contract. The Group addresses impairment assessment in two areas: individually assessed allowances and collectively assessed allowances.

Individually assessed allowances

The Group determines the allowances appropriate for each individually significant loan on an individual basis. Items considered when determining allowance amounts include: the sustainability of the counterparty's business plan; its ability to improve performance once a financial difficulty has arisen; projected receipts and the expected dividend payout should bankruptcy ensue; the availability of other financial support and the realisable value of collateral, and the timing of the expected cash flows. The impairment losses are evaluated at each reporting date, unless unforeseen circumstances require more careful attention.

Collectively assessed allowances

Allowances are assessed collectively for losses on loans to customers that are not individually significant and for individually significant loans where there is not yet objective evidence of individual impairment. Allowances are evaluated at each reporting date with each pool of loans receiving a separate review.

The collective assessment takes account of impairment that is likely to be present in the pool of loans even though there is no yet objective evidence of the impairment in an individual assessment. Impairment losses are estimated by taking into consideration the following information: historical losses on the portfolio, current economic conditions, the appropriate delay between the time a loss is likely to have been incurred and the time it will be identified as requiring an individually assessed impairment allowance, and expected receipts and recoveries once impaired. Management of the unit is responsible for determining the appropriate delay which can be last up to one year. Then allowance for impairment is tested by the credit management unit on compliance with the Group's policy.

(Thousands of tenge)

43. Risk management (continued)**Credit risk (continued)***Collectively assessed allowances (continued)*

The geographical concentration of Group's monetary assets and liabilities is set out below:

	2015					2014					2013				
	Republic of Kazakhstan	OECD	CIS	Other	Total	Republic of Kazakhstan	OECD	CIS	Other	Total	Republic of Kazakhstan	OECD	CIS	Other	Total
Assets															
Cash and cash equivalents	85,372,051	-	-	-	85,372,051	90,009,940	-	-	-	90,009,940	53,969,345	1,844,064	10,630	27	55,824,066
Amounts due from credit institutions	415,544,147	-	-	-	415,544,147	330,331,589	-	-	-	330,331,589	115,643,307	210,000	-	-	115,853,307
Derivative financial assets at fair value through profit or loss	1,734,567	-	-	-	1,734,567	468,834	-	-	-	468,834	4,013,694	-	-	-	4,013,694
Loans to customers	247,898,573	-	-	999,262	248,897,835	207,870,454	-	-	-	207,870,454	199,326,232	-	-	-	199,326,232
Finance lease receivables	188,030,469	-	-	-	188,030,469	165,177,617	-	-	-	165,177,617	123,790,528	-	-	-	123,790,528
Accounts receivable	54,900,897	-	-	750,734	55,651,631	39,067,294	-	-	-	39,067,294	65,672,608	486,086	-	-	66,158,694
	993,480,704	-	-	1,749,996	995,230,700	832,925,728	-	-	-	832,925,728	562,415,714	2,540,150	10,630	27	564,966,521
Liabilities															
Amounts due to the Government of the Republic of Kazakhstan	40,741,427	-	-	-	40,741,427	30,041,698	-	-	-	30,041,698	15,855,139	-	-	-	15,855,139
Debt securities issued	134,154,273	-	-	-	134,154,273	121,326,411	-	-	-	121,326,411	117,254,491	-	-	-	117,254,491
Eurobonds issued	-	567,290,410	-	-	567,290,410	-	317,889,584	-	-	317,889,584	-	153,676,011	-	-	153,676,011
Amounts due from credit institutions	18,105,050	27,401,093	3,023,209	2,186,660	50,716,012	47,460,856	55,517,994	1,805,568	-	104,784,418	20,772,222	43,256,991	547,919	-	64,577,132
Trade accounts payable	7,661,762	-	-	-	7,661,762	9,267,128	-	-	-	9,267,128	3,148,759	3,423,140	1,877,943	-	8,449,842
Other financial liabilities	84,835	-	-	-	84,835	471,143	-	-	-	471,143	535,757	-	-	-	535,757
	200,747,347	594,691,503	3,023,209	2,186,660	800,648,719	208,567,236	373,407,578	1,805,568	-	583,780,382	157,566,368	200,356,142	2,425,862	-	360,348,372
	792,733,357	594,691,503	(3,023,209)	(436,664)	194,581,981	624,358,492	373,407,578	(1,805,568)	-	249,145,346	404,849,347	197,815,992	(2,415,232)	27	204,618,149

(Thousands of tenge)

43. Risk management (continued)**Liquidity risk and funding management**

Liquidity risk is the risk that the Group will be unable to meet its payment obligations when they fall due under normal and stress circumstances. In order to limit this risk the management ensured availability of different funding sources in addition to the existing minimal amount of bank deposits. Management also controls assets with liquidity in mind, and monitors future cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure additional funding if required.

Analysis of financial liabilities by remaining contractual maturities

The tables below summarize the maturity profile of the Group's financial liabilities at 31 December, based on contractual undiscounted repayment obligations. Repayments which are subject to notice are treated as if notice were to be given immediately. However, the Group expects that many counterparties will not request repayment on the earliest date the Group could be required to pay.

Financial liabilities At 31 December 2015	Less than 3 months	Due later than 3 to 12 months	1 to 5 years	Over 5 years	Total
Amounts due to the Government of the Republic of Kazakhstan	109	7,300,613	40,660,548	–	47,961,270
Amounts due to credit institutions	1,569,261	27,379,553	28,497,112	471,766	57,917,692
Debt securities issued	1,115,500	13,532,094	105,918,393	340,162,385	460,728,372
Eurobonds issued	–	22,952,172	284,390,831	367,730,878	675,073,881
Trade accounts payable	1,081,197	6,580,565	–	–	7,661,762
Other financial liabilities	33,001	51,834	–	–	84,835
Total undiscounted financial liabilities	3,799,068	77,796,831	459,466,884	708,365,029	1,249,427,812

Financial liabilities At 31 December 2014	Less than 3 months	Due later than 3 to 12 months	1 to 5 years	Over 5 years	Total
Amounts due to the Government of the Republic of Kazakhstan	30,489	7,274,464	23,444,468	–	30,749,421
Amounts due to credit institutions	62,757,227	37,654,671	16,214,767	1,066,287	117,692,952
Debt securities issued	12,850	28,480,449	28,633,923	137,106,750	194,233,972
Eurobonds issued	–	12,768,509	192,689,469	203,428,116	408,886,094
Trade accounts payable	999,666	8,267,462	–	–	9,267,128
Other financial liabilities	–	471,143	–	–	471,143
Total undiscounted financial liabilities	63,800,232	94,916,698	260,982,627	341,601,153	761,300,710

Financial liabilities At 31 December 2013	Less than 3 months	Due later than 3 to 12 months	1 to 5 years	Over 5 years	Total
Amounts due to the Government of the Republic of Kazakhstan	–	5,312,861	10,884,229	–	16,197,090
Amounts due to credit institutions	9,528,628	83,878,950	16,976,250	900,863	111,284,691
Debt securities issued	12,000	6,978,083	57,479,123	120,120,000	184,589,206
Eurobonds issued	–	7,104,462	28,417,850	185,580,081	221,102,393
Trade accounts payable	1,862,244	6,587,598	–	–	8,449,842
Other financial liabilities	–	535,757	–	–	535,757
Total undiscounted financial liabilities	11,402,872	110,397,711	113,757,452	306,600,944	542,158,979

(Thousands of tenge)

43. Risk management (continued)**Liquidity risk and funding management (continued)***Analysis of financial liabilities by remaining contractual maturities (continued)*

The table below shows the contractual expiry by maturity of the Group's financial commitments and contingencies. Each undrawn commitment on lending is included in the time band containing the earliest date it can be drawn down. For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called.

	<i>Less than 3 months</i>	<i>Due later than 3 to 12 months</i>	<i>1 to 5 years</i>	<i>Over 5 years</i>	<i>Total (Note 30)</i>
2015	21,567,944	2,373,189	22,291,451	10,420,349	56,652,933
2014	9,170,834	54,158,996	25,363,237	1,790,596	90,483,663
2013	2,914,109	19,838,437	1,232,574	24,845,115	48,830,235

The Group expects that not all of the contingent liabilities or commitments will be drawn before expiry of the commitments. The Group's capability to repay its liabilities relies on its ability to realise an equivalent amount of assets within the same period of time.

The Group has received significant funds from Government of the Republic of Kazakhstan and credit institutions. Any significant withdrawal of these funds would have an adverse impact on the operations of the Group. Management believes that this level of funding will remain with the Group for the foreseeable future and that in the event of withdrawal of funds, the Group would be given sufficient notice so as to realise its liquid assets to enable repayment.

Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchanges. The market, non-trading risk is managed and monitored using sensitivity analysis.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The following table demonstrates the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, of the Group's income statement.

The sensitivity of the consolidated income statement is the effect of the assumed changes in interest rates on the net interest income for one year, based on the floating rate non-trading financial assets and financial liabilities held at 31 December.

<i>Currency</i>	<i>Increase in basis points 2015</i>	<i>Sensitivity of net interest income 2015</i>	<i>Sensitivity of equity 2015</i>
Euro	100	(70,097)	(70,097)
US dollar	100	(69,590)	(69,590)

<i>Currency</i>	<i>Increase in basis points 2014</i>	<i>Sensitivity of net interest income 2014</i>	<i>Sensitivity of equity 2014</i>
Euro	100	(11,471)	(11,471)
US dollar	100	12,892	12,892

(Thousands of tenge)

43. Risk management (continued)**Market risk (continued)***Interest rate risk (continued)*

<i>Currency</i>	<i>Increase in basis points 2013</i>	<i>Sensitivity of net interest income 2013</i>	<i>Sensitivity of equity 2013</i>
Euro	100	(10,367)	(10,367)
US dollar	100	5,261	5,261

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The tables below indicate the currencies to which the Group had significant exposure at 31 December on its non-trading monetary assets and liabilities and its forecast cash flows. The analysis calculates the effect of a reasonably possible movement of the currency rate against the KZT, with all other variables held constant on the income statement (due to the fair value of currency sensitive non-trading monetary assets and liabilities). The effect on equity does not differ from the effect on the income statement. A negative amount in the table reflects a potential net reduction in income statement or equity, while a positive amount reflects a net potential increase.

<i>Currency</i>	<i>Change in exchange rates in % 2015</i>	<i>Effect on profit before tax 2015</i>	<i>Change in exchange rates in % 2014</i>	<i>Effect on profit before tax 2014</i>	<i>Change in exchange rates in % 2013</i>	<i>Effect on profit before tax 2013</i>
US dollar	60	(72.718.867)	17	(10.934.914)	10	(8.427.965)
US dollar	(20)	24.239.623	(17)	10.499.989	30	(25.283.895)
Euro	60	(135.706.083)	18	(24.500.304)	10	561.128
Euro	(20)	45.235.360	(18)	24.511.691	30	1.683.385
Russian Rouble	40	(17.452)	34	167.744	—	—
Russian Rouble	(29)	12.652	(34)	(167.744)	—	—
Islamic Dinar	60	(2.677)	17	(248.595)	10	(151.840)
Islamic Dinar	(20)	892	(17)	248.595	30	(455.520)

Prepayment risk

Prepayment risk is the risk that the Group will incur a financial loss because its customers and counterparties repay or request repayment earlier or later than expected when interest rates fall.

If 10% of loan portfolio were to prepay at the beginning of the year, with all other variables held constant, the profit before tax for the year would be increased by KZT 903,431 thousand (2014: KZT 80,532 thousand; 2013: KZT 321,377 thousand).

If 10% of debt portfolio were to prepay at the beginning of the year, with all other variables held constant, the profit before tax for the year would be increased by KZT 2,173,571 thousand (2014: KZT 1,098,162 thousand; 2013: 351,363 thousand).

Operational risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or can lead to financial loss. The Group cannot expect to eliminate all operational risks, but a control framework and monitoring and responding to potential risks could be effective tools to manage the risks. Controls should include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, including the use of internal audit.

*(Thousands of tenge)***44. Fair value of financial instruments**

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: other models for which all inputs have a significant effect on the recorded fair value are observable, either directly or indirectly;
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

31 December 2015	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Derivative financial assets	—	1,734,567	—	1,734,567
Investment securities available-for-sale	211,925	—	—	211,925
Total financial assets measured at fair value	211,925	1,734,567	—	1,946,492
Assets whose fair value is disclosed				
Cash and cash equivalents	—	85,372,051	—	85,372,051
Amounts due from credit institutions	—	—	426,615,914	426,615,914
Loans to customers	—	—	237,379,060	237,379,060
Finance lease receivables	—	—	178,874,537	178,874,537
Accounts receivable	—	—	55,651,631	55,651,631
Total financial assets whose fair value is disclosed	—	85,372,051	898,521,142	983,893,193
Financial liabilities whose fair value is disclosed				
Amounts due to the Government of the Republic of Kazakhstan	—	—	38,136,650	38,136,650
Amounts due to credit institutions	—	—	50,394,847	50,394,847
Debt securities issued	—	128,942,308	—	128,942,308
Eurobonds issued	501,891,724	—	—	501,891,724
Trade accounts payable	—	—	7,661,762	7,661,762
Other liabilities	—	—	84,835	84,835
Total financial liabilities whose fair value is disclosed	501,891,724	128,942,308	96,278,094	727,112,126

(Thousands of tenge)

44. Fair values of financial instruments (continued)

<i>31 December 2014</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Financial assets measured at fair value				
Derivative financial assets	—	468,834	—	468,834
Investment securities available-for-sale	259,775	—	—	259,775
Total financial assets measured at fair value	259,775	468,834	—	728,609
Assets whose fair value is disclosed				
Cash and cash equivalents	—	90,009,940	—	90,009,940
Amounts due from credit institutions	—	—	330,331,589	330,331,589
Loans to customers	—	—	205,830,250	205,830,250
Finance lease receivables	—	—	160,697,384	160,697,384
Accounts receivable	—	—	39,067,294	39,067,294
Total financial assets whose fair value is disclosed	—	90,009,940	735,926,517	825,936,457
Financial liabilities whose fair value is disclosed				
Amounts due to the Government of the Republic of Kazakhstan	—	—	30,513,263	30,513,263
Amounts due to credit institutions	—	—	103,377,145	103,377,145
Debt securities issued	45,331,267	74,840,355	—	120,171,622
Eurobonds issued	271,671,850	—	—	271,671,850
Trade accounts payable	—	—	9,267,128	9,267,128
Other liabilities	—	—	471,143	471,143
Total financial liabilities whose fair value is disclosed	317,003,117	74,840,355	143,628,679	535,472,151

*(Thousands of tenge)***44. Fair values of financial instruments (continued)**

31 December 2013	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Derivative financial assets	—	4,013,694	—	4,013,694
Investment securities available-for-sale	388,405	—	—	388,405
Total financial assets measured at fair value	388,405	4,013,694	—	4,402,099
Assets whose fair value is disclosed				
Cash and cash equivalents	—	55,824,066	—	55,824,066
Amounts due from credit institutions	—	—	115,853,307	115,853,307
Loans to customers	—	—	189,091,725	189,091,725
Finance lease receivables	—	—	114,486,247	114,486,247
Accounts receivable	—	—	66,715,253	66,715,253
Total financial assets whose fair value is disclosed	—	55,824,066	486,146,532	541,970,598
Financial liabilities whose fair value is disclosed				
Amounts due to the Government of the Republic of Kazakhstan	—	—	15,826,398	15,826,398
Eurobonds issued	140,349,227	—	—	140,349,227
Amounts due to credit institutions	—	—	63,972,033	63,972,033
Debt securities issued	45,254,253	71,889,358	—	117,143,611
Other liabilities	—	—	535,757	535,757
Total financial liabilities whose fair value is disclosed	185,603,480	71,889,358	80,334,188	337,827,026

Financial instruments recorded at fair value

The following is a description of the determination of fair value for financial instruments which are recorded at fair value using valuation techniques. These incorporate the Group's estimate of assumptions that a market participant would make when valuing the instruments.

(Thousands of tenge)

44. Fair values of financial instruments (continued)*Derivatives*

The Group determines fair value using valuation method, usually applied by market participants. As for embedded derivative instruments assumptions are made on the basis of market data adjusted for specific characteristics of the instrument. The Group uses Black-Scholes model to evaluate its financial instruments and assumptions used in valuation model (such as risk free rates and volatility coefficients) quoted at Bloomberg.

Fair value of financial assets and liabilities not carried at fair value

Set out below is a comparison by class of the carrying amounts and fair values of the Group's financial instruments that are not carried at fair value in the consolidated financial statements. The table does not include the fair values of non-financial assets and non-financial liabilities.

	Carrying amount 2015	Fair value 2015	Unrecog- nized gain/(loss) 2015	Carrying amount 2014	Fair value 2014	Unrecog- nized gain/(loss) 2014	Carrying value 2013	Fair value 2013	Unrecog- nized gain/(loss) 2013
Financial assets									
Cash and cash equivalents	85,372,051	85,372,051	-	90,009,940	90,009,940	-	55,824,066	55,824,066	-
Amounts due from credit institutions	415,544,147	426,615,914	11,071,767	330,331,589	330,331,589	-	115,853,307	115,853,307	-
Loans to clients	248,897,835	237,379,060	(11,518,775)	207,870,454	205,830,250	(2,040,204)	199,326,232	189,091,725	(10,234,507)
Finance lease receivables	188,030,469	178,874,537	(9,155,932)	165,177,617	160,697,384	(4,480,233)	123,790,528	114,486,247	(9,304,281)
Accounts receivable	55,651,631	55,651,631	-	39,067,294	39,067,294	-	66,158,694	66,715,253	556,559
			<u>(9,602,940)</u>			<u>(6,520,437)</u>			<u>(18,982,229)</u>
Financial liabilities									
Amounts due to the Government of the Republic of Kazakhstan	40,741,427	38,136,650	2,604,777	30,041,698	29,524,041	517,657	15,855,139	15,826,398	28,741
Amounts due to credit institutions	50,716,012	50,394,847	321,165	104,784,418	103,377,145	1,407,273	64,577,132	63,972,033	605,099
Debt securities issued	134,154,273	128,942,308	5,211,965	121,326,411	120,171,622	1,154,789	117,254,491	117,143,611	110,880
Eurobonds issued	567,290,410	501,891,724	65,398,686	317,889,584	271,671,850	46,217,734	153,676,011	140,349,227	13,326,784
Trade accounts payable	7,661,762	7,661,762	-	9,267,128	9,267,128	-	8,449,842	8,449,842	-
Other financial liabilities	84,835	84,835	-	471,143	471,143	-	535,757	535,757	-
			<u>73,536,593</u>			<u>49,297,453</u>			<u>14,071,504</u>
Total unrecognised change in unrealized fair value			<u>63,933,653</u>			<u>(42,777,016)</u>			<u>(4,910,725)</u>

(Thousands of tenge)

44. Fair values of financial instruments (continued)

Methods of measurement and assumptions

The following describes the methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded at fair value in the consolidated financial statements.

Assets for which fair value approximates carrying value

For financial assets and financial liabilities that are liquid or having a short term maturity (less than three months) it is assumed that their fair value approximates to the carrying amount. This assumption is also applied to demand deposits and savings accounts without a specific maturity.

Fixed and variable rate financial instruments

For quoted debt instruments the fair values are determined based on quoted market prices. The fair values of unquoted debt instruments are estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

For assets whose fair value is disclosed in the financial statements, future cash flows are discounted using average market rate for financial instruments with similar maturities based on the statistics published by the NBRK. The indicated approach is used in determining the fair value of loans to clients and finance lease receivables.

In case of liabilities with fair values disclosed in the consolidated financial statements, future cash flows are discounted at the average market rate of financial instruments with similar maturities.

Future cash flows include repayment of principal and interest calculated at the interest rate provided in the agreement.

(Thousands of tenge)

45. Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities according to when they are expected to be recovered or settled. See Note 43 for the Group's contractual undiscounted repayment obligations.

	2015			2014			2013		
	Within one year	More than one year	Total	Within one year	More than one year	Total	Within one year	More than one year	Total
Assets									
Cash and cash equivalents	85,372,051	–	85,372,051	90,009,940	–	90,009,940	55,824,066	–	55,824,066
Amounts due from credit institutions	54,713,647	360,830,500	415,544,147	93,754,107	236,577,482	330,331,589	115,853,307	–	115,853,307
Derivative financial assets	1,608,230	126,337	1,734,567	409,046	59,788	468,834	1,962,849	2,050,845	4,013,694
Loans to customers	85,842,406	163,055,429	248,897,835	76,088,283	131,782,171	207,870,454	100,368,616	99,369,186	199,737,802
Finance lease receivables	48,427,561	139,602,908	188,030,469	41,662,451	123,515,166	165,177,617	27,787,922	96,002,606	123,790,528
Investment securities available-for-sale	211,925	–	211,925	259,775	–	259,775	388,405	–	388,405
Investments in associates	–	3,660,559	3,660,559	–	3,161,482	3,161,482	–	2,935,039	2,935,039
Accounts receivable	40,680,325	14,971,306	55,651,631	39,041,122	26,172	39,067,294	66,146,461	12,233	66,158,694
Advances paid	6,679,336	5,996,446	12,675,782	11,147,742	–	11,147,742	20,123,399	444,576	20,567,975
Inventories	31,092,319	–	31,092,319	41,712,234	–	41,712,234	49,162,596	19,786	49,182,382
Minimum level of grain	–	16,783,105	16,783,105	–	14,200,727	14,200,727	–	13,338,568	13,338,568
Property held for financial lease	8,100,326	–	8,100,326	12,490,870	–	12,490,870	13,158,059	–	13,158,059
VAT recoverable and other taxes recoverable	3,782,856	30,944	3,813,800	4,600,816	149,751	4,750,567	5,320,983	–	5,320,983
Current income tax assets	6,720,041	–	6,720,041	1,772,418	–	1,772,418	1,091,007	–	1,091,007
Deferred income tax assets	–	10,114,855	10,114,855	–	4,174,611	4,174,611	–	4,602,354	4,602,354
Assets held for sale	3,022,129	–	3,022,129	2,770,277	–	2,770,277	2,490,410	–	2,490,410
Investments in real estate	–	721,960	721,960	–	444,811	444,811	–	458,498	458,498
Property and equipment	–	11,174,473	11,174,473	–	13,831,280	13,831,280	–	14,425,762	14,425,762
Goodwill	–	41,300	41,300	–	41,300	41,300	–	41,300	41,300
Intangible assets	–	806,722	806,722	–	767,877	767,877	–	669,750	669,750
Other assets	1,440,153	1,665,899	3,106,052	339,646	1,316,668	1,656,314	132,421	646,546	778,967
	377,693,305	729,582,743	1,107,276,048	416,058,727	530,049,286	946,108,013	459,810,501	235,017,049	694,827,550

(Thousands of tenge)

45. Maturity analysis of assets and liabilities (continued)

	2015			2014			2013		
	Within one year	More than one year	Total	Within one year	More than one year	Total	Within one year	More than one year	Total
Liabilities									
Amounts due to the Government of the Republic of Kazakhstan	7,345,185	33,396,242	40,741,427	6,833,047	23,208,651	30,041,698	4,978,455	10,876,684	15,855,139
Amounts due to credit institutions	25,469,651	25,246,361	50,716,012	88,924,000	15,860,418	104,784,418	51,529,658	13,047,474	64,577,132
Eurobonds issued	—	567,290,410	567,290,410	—	317,889,584	317,889,584	—	153,676,011	153,676,011
Debt securities issued	125,454	134,028,819	134,154,273	12,302,408	109,024,003	121,326,411	3,483,447	113,771,044	117,254,491
Trade accounts payable	7,661,762	—	7,661,762	9,267,128	—	9,267,128	8,449,842	—	8,449,842
Advances received	8,098,446	—	8,098,446	4,857,744	12,499	4,870,243	4,522,391	—	4,522,391
Current income tax liabilities	79,671	—	79,671	49,417	—	49,417	105,951	—	105,951
Deferred income tax liabilities	—	4,173,274	4,173,274	—	9,657,250	9,657,250	—	11,835,025	11,835,025
VAT and other taxes payable	635,264	2,404,600	3,039,864	345,537	2,299,920	2,645,457	832,987	1,197,205	2,030,192
Liabilities directly associated with assets held for sale	—	—	—	358,908	—	358,908	—	—	—
Other liabilities	1,691,832	184,196	1,876,028	869,404	184,194	1,053,598	1,398,562	148,297	1,546,859
Total	51,107,265	766,723,902	817,831,167	123,807,593	478,136,519	601,944,112	75,301,293	304,551,740	379,853,033
Net position	326,586,040	(37,141,159)	289,444,881	292,251,134	51,912,767	344,163,901	384,509,208	(69,534,691)	314,974,517

46. Related party transactions

In accordance with IAS 24 *Related Party Disclosures*, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Related parties may enter into transactions which unrelated parties might not. Prices and terms of such transactions may differ from prices and terms of transactions between unrelated parties.

Republic of Kazakhstan, acting through the State Property Committee within the Ministry of Finance, controls the Group.

The Republic of Kazakhstan through its state agencies and other institutions directly and indirectly controls and has significant influence over a significant number of entities (together referred to as “entities associated with the state”). The Group enters into banking transactions with these entities such as attracting of loans and placement of cash and letter of credits

(Thousands of tenge)

46. Related party transactions (continued)

The outstanding balances of the operation with the Shareholder and other related parties comprise:

	2015				2014				2013			
	<i>Entities under common control</i>			<i>Key management personnel</i>	<i>Entities under common control</i>			<i>Key management personnel</i>	<i>Entities under common control</i>			<i>Key management personnel</i>
	<i>Parent</i>		<i>Associates</i>		<i>Parent</i>		<i>Associates</i>		<i>Parent</i>		<i>Associates</i>	
Loans to customers as at 1 January	—	4,289,597	5,447,823	—	—	—	5,173,522	—	—	—	4,901,382	—
Issued during the year	—	—	818	—	—	—	1,069,076	—	—	—	526,105	—
Repaid during the year	—	(4,289,597)	(262,420)	—	—	—	(813,667)	—	—	—	(294,367)	—
Interest accrued during the year	—	—	4,227	—	—	—	18,892	—	—	—	40,402	—
Loans to customers as at 31 December	—	—	5,190,448	—	—	—	5,447,823	—	—	—	5,173,522	—
Receivables for the guarantee fee	—	—	—	—	—	—	—	—	2,393	—	—	—

(Thousands of tenge)

46. Related party transactions (continued)

The outstanding balances of the operation with the Shareholder and other related parties comprise:

	2015				2014				2013			
	<i>Entities under common control</i>		<i>Key management personnel</i>		<i>Entities under common control</i>		<i>Key management personnel</i>		<i>Entities under common control</i>		<i>Key management personnel</i>	
	<i>Parent</i>	<i>Associates</i>			<i>Parent</i>	<i>Associates</i>			<i>Parent</i>	<i>Associates</i>		
Amounts due to the Government of the Republic of Kazakhstan and debt securities issued as at 1 January	76,694,930	11,635,009	—	—	71,033,200	10,133,584	—	—	68,796,637	743,505	—	—
Debt securities issued during the year	—	—	—	—	—	—	—	—	60,469,944	—	—	—
Accrued discount during the year	(59,844,077)	—	—	—	(671,420)	—	—	—	(1,213,787)	—	—	—
Loans received during the year	67,078,500	—	—	—	47,078,500	2,200,000	—	—	13,750,000	10,303,911	—	—
Interest accrued during the year	5,013	—	—	—	2,723	51,425	—	—	—	(8,110)	—	—
Loans repaid during the year	(67,082,677)	—	—	—	(45,284,652)	(750,000)	—	—	(75,688,851)	(551,206)	—	—
Unwinding of discount during the year	4,717,006	—	—	—	4,536,579	—	—	—	4,919,257	(354,516)	—	—
Amounts due to the Government of the Republic of Kazakhstan and debt securities issued as at 31 December	21,568,695	11,635,009	—	—	76,694,930	11,635,009	—	—	71,033,200	10,133,584	—	—
Dividends payable as at 1 January	—	—	—	—	—	—	—	—	—	—	—	—
Dividends declared during the year	—	—	—	—	99,589	—	—	—	146,780	—	—	—
Dividends paid during the year	—	—	—	—	(99,589)	—	—	—	(146,780)	—	—	—
Dividends payable as at 31 December	—	—	—	—	—	—	—	—	—	—	—	—
Undrawn credit lines	—	—	16,258	—	—	—	16,200	—	—	—	—	—
Salary and other payments to employees	—	—	—	(55,027)	—	—	—	(81,285)	—	—	—	(60,057)
Social security contribution	—	—	—	(5,454)	—	—	—	(8,092)	—	—	—	(5,979)
Revenues from fiduciary activities	—	—	—	—	—	762,828	—	—	—	519,748	—	—
Other income	265,196	213,862	186,650	—	361,633	15,141	348,884	—	388,348	—	95,779	—
Other expenses	—	892	5,697	—	2,000	892	10,358	—	—	—	—	—

For the year ended 31 December 2015, key management personnel comprised of four (2014: five and 2013: six) persons.

(Thousands of tenge)

47. Capital adequacy

The Group maintains an actively managed capital base to cover risks inherent in the business.

During 2015, 2014 and 2013, the Group had complied in full with all its capital requirements imposed by the legislation.

The primary objectives of the Group's capital management are to ensure that the Group complies with externally imposed capital requirements and that the Group maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholders' value.

Capital adequacy ratio established by FMSC

The FMSC requires companies engaged in certain types of banking activities to maintain a minimum Tier 1 capital adequacy ratio (k1) of 6% of total assets; minimum capital adequacy ratio (k1-2) of 6% of risk-weighted assets and contingent liabilities; and minimum total capital adequacy ratio (k1-3) of 12% of risk-weighted assets and contingent liabilities and operational risk. In 2015, 2014 and 2013, risk weighted assets of the Company were calculated in accordance with the FMSC requirements and derived from the financial statements of the subsidiaries prepared in accordance with Kazakhstan Auditing Standards. As at 31 December 2015, 2014 and 2013 the subsidiaries' capital adequacy ratios on this basis were as follows:

Agrarian Credit Corporation JSC

	2015	2014	2013
Tier 1 capital	87,315,602	87,349,189	68,531,607
Tier 2 capital	1,085,329	496,207	437,649
Investments in associates	(5,250)	(10,500)	(73,931)
Total regulatory capital	88,395,681	87,834,896	68,895,325
Total assets	143,969,419	105,651,231	123,214,515
Risk-weighted assets	142,871,092	104,518,486	123,214,515
Financial commitments and contingencies	15,046,188	13,576,917	13,493,645
Operational risk	4,232,651	3,476,372	2,806,683
Capital adequacy ratio k1	60.6%	82.5%	54.5%
Capital adequacy ratio (k1-2)	55.3%	74.0%	50.1%
Capital adequacy ratio (k1-3)	54.5%	72.3%	49.4%

National Company "Food Contract Corporation" JSC

	2015	2014	2013
Tier 1 capital	69,552,479	67,089,878	63,333,642
Tier 2 capital	—	—	—
Investments in associates	22,226,039	24,563,631	21,463,176
Total regulatory capital	91,778,518	91,653,509	84,796,818
Total assets	138,264,595	161,826,228	183,465,366
Risk-weighted assets and contingent liabilities	91,562,257	45,862,652	56,115,782
Operational risk	15,250,051	12,655,176	12,345,800
Capital adequacy ratio k1	49.6%	41.0%	34.5%
Capital adequacy ratio (k1-2)	89.7%	146.3%	112.9%
Capital adequacy ratio (k1-3)	52.2%	76.1%	61.9%

(Thousands of tenge)

47. Capital adequacy (continued)**Capital adequacy ratio established by FMSC (continued)***Fund of Financial Support for Agriculture JSC*

	2015	2014	2013
Tier 1 capital	35,782,328	33,308,836	29,300,202
Tier 2 capital	1,349,356	939,416	421,875
Investments in associates	(42,453)	(84,904)	(117,323)
Total regulatory capital	37,089,231	34,163,348	29,604,754
Total assets	73,987,968	52,657,964	35,586,663
Risk-weighted assets and contingent liabilities	67,583,162	52,657,964	35,586,663
Operational risk	721,639	431,135	364,967
Capital adequacy ratio (k1) – not less than 6%	48%	58%	73%
Capital adequacy ratio (k1-3) – not less than 12%	55%	64%	81%

KazAgroFinance JSC

	2015	2014	2013
Tier 1 capital	95,358,573	98,381,188	91,294,298
Tier 2 capital	–	3,173,258	3,005,682
Total regulatory capital	95,358,573	101,554,446	94,299,980
Total assets	285,298,280	256,437,027	206,561,389
Risk-weighted assets and contingent liabilities	271,111,965	272,816,747	214,074,975
Operational risk	5,969,930	4,765,441	4,046,790
Capital adequacy ratio (k1) – not less than 6%	33.4%	38.4%	44.20%
Capital adequacy ratio (k1-3) – not less than 12%	34.4%	36.6%	43.23%

48. Subsequent events

Term of the trust management agreement regarding state grain resources between the Ministry of Agriculture and the Group expired on 1 January 2016. According to the terms of the Agreement, in case of termination of the Agreement, all the trust (grain) is transferred to the government with the preparation of respective acceptance and delivery certificates, due to which acceptance and delivery certificates for trust property were sent to authorised bodies on 5 January 2016.

Also, on 4 December 2015, the Law “On introduction of amendments and additions in certain legal acts regarding state purchases”, which excludes such terms as “agent” and “state reserves of grain” from the Law “On grain” from 2 January 2016. The management of the Group believes that despite the change of legal form, such as abolishment of terms and expiry of the trust management agreement, the Group actually is still subject to risks associated with the ownership of minimum grain level.

On 8 January and 5 March 2016, the Group repaid the loans obtained from Bank Positiv Kazakhstan JSC in the amount of USD 3,274 thousand (equivalent to KZT 1,129,460 thousand) and Islamic bank AL Hilal JSC in the amount of USD 30,000 thousand (equivalent to KZT 10,356,600 thousand).

KazAstyKTrans LLP was liquidated on 2 February 2016 in accordance with the Order of the Ministry of Justice of the Republic of Kazakhstan No. 381 dated 2 February 2016.

On 3 February 2016, in accordance with the law of the Republic of Kazakhstan dated November 30 2015 On the Republican budget for 2016-2018, the funding was approved in at the amount of KZT 60,000,000 thousand under the program 023 “Crediting for National Managing Holding KazAgro JSC” to conduct transactions to support agro-industrial complex entities”.