

**JOINT STOCK COMPANY
BANK CENTERCREDIT**

**EXPLANATORY NOTE TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2015**

1. GENERAL INFORMATION ON THE BANK

Bank CenterCredit JSC ('the Bank') is a Joint Stock Company ('JSC'), which was established and started operating in the territory of the Republic of Kazakhstan since 1988. The Bank's activity is regulated by the legislation of the Republic of Kazakhstan. Authorized state authorities in relation to the bank are the National Bank of the Republic of Kazakhstan ('NBK'). The Bank conducts its business under license No. 248 dated December 13, 2007. On 27 August 2008 Kookmin Bank (South Korea) acquired 23% of ordinary shares of the Bank. As at 31 December 2014, Kookmin Bank holds 41.93% of total shares issued by the Bank, and International Finance Corporation's ('IFC') ownership interest accounts for 10% of the Bank's total share capital issued.

The Bank's core activity consists of commercial banking activities, transactions with securities, loans, foreign currencies and derivative instruments, loan and guarantees granting.

The Bank is a member of Kazakhstan Deposit Insurance Fund ('KDIF').

The Bank's registered office is 38, Al-Farabi Ave, Almaty, Republic of Kazakhstan;

As at 31 March 2015 and 31 March 2014, the Bank has 20 branches in the Republic of Kazakhstan.

The Bank is a parent company of a banking group ('the Group'), which consists of the following subsidiaries consolidated in the condensed interim financial statements:

Name	Country of operation	31 March 2015	31 March 2014	Type of activity
Center Leasing LLP	Republic of Kazakhsan	90.75%	90.75%	Financial leasing
BCC Invest JSC	Republic of Kazakhsan	95.19%	100%	Brokerage and dealer activity
BCC-OUSA LLP	Republic of Kazakhsan	100%	100%	Distressed assets management
Bank BCC-Moscow LLP	Russian Federation	100%	100%	Banking services

Center Leasing LLP was founded in September 2002 as limited liability partnership in accordance with the legislation of the Republic of Kazakhstan. Center Leasing LLP's core activity includes leasing operations which are carried out in accordance with Article 10 of the Law on Financial Leasing of the Republic of Kazakhstan.

BCC Invest JSC was founded in May 1998 as limited liability partnership (former KIB ASSET MANAGEMENT LLP) in accordance with the legislation of the Republic of Kazakhstan. On 26 September 2006, KIB ASSET MANAGEMENT LLP was re-registered into joint-stock company. The core activities of BCC Invest JSC include mutual funds assets management and investment portfolio management.

In August 2006, the Bank received permission from Agency on Financial Supervision for establishment of its subsidiary - Bank BCC-Moscow LLP. On 21 March 2008, Bank BCC-Moscow LLP received its license from the Central Bank of Russian Federation. The core activity of Bank BCC-Moscow LLP includes banking services.

In December 2011, Kazakhstan adopted the Law of the Republic of Kazakhstan on the Introduction of Amendments and Supplements to Certain Legislative Acts of the Republic of Kazakhstan regarding the Regulation of Banking Activities and Financial Institutions with respect to Risk Mitigation, stipulating creation by second-tier banks of special subsidiaries which would purchase bank's non-working (distressed) assets and manage them. On 21 August 2014, special distressed assets management subsidiary of the Bank – BCC-OUSA LLP was registered by Ministry of Justice of the Republic of Kazakhstan.

As at 31 March 2015 and 2014, the following shareholders who owned individually more than 5% of the issued shares of the Group are as follows:

	31 March 2015 %	31 March 2014 %
Kookmin Bank	41.93	41.93
Baiseitov B.R.	25.60	25.11
IFC	10.00	10.00
Others (others individually owing less than 5% of shares)	22.47	22.96
Total	100.00	100.00

2. BASIS FOR THE PRESENTATION OF FINANCIAL STATEMENTS

Significant accounting policies

These interim condensed consolidated financial statements of the Group have been prepared using the accounting policies compliant with International Financial Reporting Standards ('IFRS') and International Accounting Standards ('IAS') 34 "Interim Financial Statements". Accordingly, certain information and disclosures normally required to be included in the notes to the annual consolidated financial statements, have been omitted or condensed. These interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and with the related notes to the consolidated financial statements of the Group for the year ended 31 December 2014.

These interim condensed consolidated financial statements are presented in millions Kazakhstani tenge ('KZT millions') unless otherwise specified. The interim condensed consolidated financial statements have been prepared on the accrual basis of accounting under the historical cost convention, except for investments available-for-sale, financial assets at fair value through profit or loss and derivative financial instruments measured at fair value.

The Group maintains accounting records in accordance with the Accounting Policy approved by the Resolution of the Board of Directors of the Group. These interim condensed consolidated financial statements prepared on the basis of accounting records has been appropriately adjusted with a view to bring it in line with IFRS.

Functional currency

Items included in the interim condensed financial statements of each entity of the Group are measured using the currency that the best reflects the economic substance of the underlying events and circumstances relevant to that entity. (the 'functional currency'). The functional currency of the Group is the Kazakhstan tenge ('KZT').

3. NET INTEREST INCOME

	Three months ended 31 March 2015 (unaudited)	Three months ended 31 March 2014 (unaudited)
Interest income:		

Interest income on financial assets recorded at amortized cost:		
- interest income on impaired financial assets	16,707	8,070
-interest income on unimpaired financial assets	3,296	12,650
Interest income on financial assets at fair value through profit or loss	<u>1,234</u>	<u>1,178</u>
Total interest income	<u>21,237</u>	<u>21,898</u>
Interest income on financial assets recorded at amortized cost:		
Interest on loans to customers and banks	20,183	17,626
Interest on investments held to maturity	114	265
Penalties on loans to customers and banks	(309)	2,766
Interest on due from banks	<u>15</u>	<u>63</u>
Total interest income on financial assets recorded at amortized cost	<u>20,003</u>	<u>20,720</u>
Interest income on financial assets at fair value:		
Interest on investments available for sale	834	729
Interest on investments initially recognized at fair value through profit or loss	<u>400</u>	<u>449</u>
Total interest income on financial assets at fair value	<u>1,234</u>	<u>1,178</u>
Total interest income	<u>21,237</u>	<u>21,898</u>
Interest expense:		
Interest expenses on financial liabilities recorded at amortized cost	<u>12,473</u>	<u>11,027</u>
Total interest expense	<u>12,473</u>	<u>11,027</u>
Interest expense on financial liabilities recorded at amortized cost:		
Interest on due to customers and banks	7,952	7,207
Interest on debt securities issued	788	622
Interest on due to banks and financial institutions	2,541	2,155
Interest on subordinated bonds	<u>1,192</u>	<u>1,043</u>
Total interest expenses on financial liabilities recorded at amortized cost	<u>12,473</u>	<u>11,027</u>
Net interest income before provision for impairment losses on interest bearing assets	<u><u>8,764</u></u>	<u><u>10,871</u></u>

4. ALLOWANCE FOR IMPAIRMENT LOSS AND OTHER PROVISIONS

The movements in allowance for impairment losses on interest bearing assets were as follows:

	Corporate loans	Medium business	Repurchase agreements	Mortgage loans	Consumer loans	Car loans	Business loans to individuals	Total
31 December 2013	140,270	14,719	-	18,325	15,503	1,206	7,205	197,228
(Creation)recovery of provisions	6,493	(9,951)	-	13,198	(1,131)	(93)	(360)	8,156
Recovery of uncollectable debts previously written-off	159	-	-	-	-	-	13	172
Effect from revaluation of loans nominated in foreign currency	7,747	803	-	2,327	205	54	641	11,777
Disposal of loans	-	-	-	-	-	-	-	-
Write-off of uncollectable debts	-	-	-	-	-	-	-	-
Sale of subsidiary	-	-	-	-	-	-	-	-
Unwinding effect*	-	-	-	-	-	-	-	-
31 March 2014	154,669	5,571	-	33,850	14,577	1,167	7,499	217,333
31 December 2014	117,368	12,404	-	3,556	2,824	40	12,844	149,036
(Creation)recovery of provisions	12,641	(4,831)	-	(547)	1,421	0	(4,196)	4,488
Recovery of uncollectable debts previously written-off	-	-	-	25	-	-	-	25
Effect from revaluation of loans nominated in foreign currency	1,829	26	-	167	(775)	2	70	1,319
Disposal of loans	-	-	-	-	-	-	-	-
Write-off of uncollectable debts	(2,241)	(188)	-	(458)	(143)	(11)	(195)	(3,236)
Sale of subsidiary	-	-	-	-	-	-	-	-
Unwinding effect*	(2,911)	(113)	-	(552)	(451)	(1)	(249)	(4,277)
31 March 2015	126,686	7,298	-	2,191	2,876	30	8,274	147,355

The movements in provision for impairment losses on other transactions were as follows:

	Other assets (Note 18)	Guarantees and letters of credit (Note 22)	Total
31 December 2013	1,891	1,780	3,671
(Recovery)/creation of provisions	1,117	740	1,857
Write-off of assets	42	-	42
Recovery of assets previously written off	-	-	-
Exchange rate difference	(331)	499	168
31 March 2014	<u>2,719</u>	<u>3,019</u>	<u>5,738</u>
31 December 2014	2,291	1,894	4,185
(Recovery)/creation of provisions	(445)	453	8
Write-off of assets	(17)	-	(17)
Recovery of assets previously written off	0	-	-
Exchange rate difference	2	18	20
31 March 2015	<u>1,831</u>	<u>2,365</u>	<u>4,196</u>

5. NET GAIN ON TRANSACTIONS WITH FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	Three months ended 31 March 2015 (unaudited)	Three months ended 31 March 2014 (unaudited)
Net gain on financial assets and liabilities at fair value through profit or loss	440	825
Total net gain on transactions with financial assets and liabilities at fair value through profit or loss	<u>440</u>	<u>825</u>
Net gain on financial assets and liabilities at fair value through profit or loss includes:		
Unrealized (loss)/gain from fair value adjustment of trading financial assets	668	746
Realized (loss)/gain on trading transactions	(3)	26
Realized (loss)/gain on operations with derivative financial instruments	73	30
Unrealized gain/(loss) on operations with derivative financial instruments	(298)	23
Total net gain on operations with financial assets and liabilities at fair value through profit or loss	<u>440</u>	<u>825</u>

6. NET REALIZED GAIN / (LOSS) FROM DISPOSAL AND IMPAIRMENT LOSSES ON INVESTMENTS AVAILABLE-FOR-SALE

	Three months ended 31 March 2015 (unaudited)	Three months ended 31 March 2014 (unaudited)
Net realized gain / (loss) on investments available-for-sale	(50)	47
Gain/(loss) from impairment loss on investments available-for-sale	-	-
Total net realized gain / (loss) from disposal and impairment loss on investments available-for-sale	<u>(50)</u>	<u>47</u>

7. NET GAIN ON FOREIGN EXCHANGE OPERATIONS

	Three months ended 31 March 2015 (unaudited)	Three months ended 31 March 2014 (unaudited)
Dealing operations, net	1,298	4,568
Translation differences, net	(2,725)	(3,824)
Total net gain from transactions with foreign currency	<u>(1,427)</u>	<u>744</u>

8. FEE AND COMMISSION INCOME AND EXPENSE

	Three months ended 31 March 2015 (unaudited)	Three months ended 31 March 2014 (unaudited)
Fee and commission income:		
Settlements	1,119	1,038
Cash operations	1,055	1,141
Payment cards	908	881
Guarantees granting	642	785
Trust operations	11	13
Foreign currency operations	238	241
Internet-banking services	142	-
Custodian activities	66	-
Documentary operations	27	-
Other	164	401
Total fee and commission income	<u>4,372</u>	<u>4,500</u>
Fee and commission expense:		
Settlements	244	245
Documentary operations	31	17
Custodian activities	34	-
Foreign currency operations	4	48
Purchase and sale of securities	13	-
Brokerage services	-	-
Other	28	123
Total fee and commission expense	<u>354</u>	<u>433</u>

9. OPERATING EXPENSES

	Three months ended 31 March 2015 (unaudited)	Three months ended 31 March 2014 (unaudited)
Salary	3,047	2,482
Rent expenses	449	507
Deposit Insurance Fund expenses	640	631
Depreciation and amortization	527	503
Taxes (other than income tax)	534	479
Administrative expenses	400	320
Security and signaling system expenses	183	148
Telecommunications	141	120
Advertising costs	48	14
Repair and maintenance of equipment	80	47
Travel expenses	45	30

Professional services expenses	41	25
Representation costs	-	-
Other expenses	294	295
	<u> </u>	<u> </u>
Total operating expenses	<u>6,429</u>	<u>5,601</u>

10. INCOME TAX

The Group carries out calculations of current taxes based on tax accounting data maintained in accordance with the requirements of tax regulations of countries where the bank and its subsidiaries operate.

Tax rate applied for the calculation of corporate income tax for the three months ended 31 March 2015 is 20% payable by legal entities on the taxable income according to tax legislation of the Republic of Kazakhstan.

	31 March 2015 (unaudited)	31 December 2014 (audited)
Deferred income tax assets / (liabilities)		
Beginning of the year	(236)	1,132
Changes in deferred tax assets / (liabilities)	<u>(2)</u>	<u>(1,368)</u>
End of the period	<u>(238)</u>	<u>(236)</u>

11. BOOK VALUE PER SHARE

The book value of one share per each types of shares as of 31 March 2015 and 31 December 2014 is as follows:

Type of shares	31 March 2015			31 December 2014		
	Outstanding shares (number of shares)	Amount for calculatiioin of book value, KZT million	Book value of one share, KZT	Outstanding shares (number of shares)	Amount for calculatiioin of book value, KZT million	Book value of one share, KZT
Ordinary shares	162,061,517	72,492	447	162,021,348	71,914	444
Preference shares	39,249,255	<u>11,775</u>	300	39,249,255	<u>11,775</u>	300
		<u>84,267</u>			<u>83,689</u>	

The book value per preference share is calculated as ratio of equity attributable to preference shares to total number of preference shares as of reporting date.

The book value per ordinary share is calculated as ratio of sum of the Group's net assets for ordinary shares to total number of ordinary shares as of reporting date. Net assets of the Group for ordinary shares are calculated as the sum of total equity less intangible assets and equity attributable to preference shares as of reporting date.

Total number of ordinary and preference shares is calculated as total number of issued outstanding shares less shares bought back by the Group as of reporting date.

12. CASH AND CASH EQUIVALENTS

	31 March 2015 (unaudited)	31 декабря 2014 (audited)
Deposits with financial institutions	97,766	94,215
Cash on hand	33,713	32,130
Cash in transit	8,229	3,604
Deposits restricted in use	-	-
	<u>139,708</u>	<u>129,949</u>
Accrued interest	3	-
	<u>3</u>	<u>-</u>
Total cash and cash equivalent	<u><u>139,711</u></u>	<u><u>129,949</u></u>

Minimum reserve requirements are determined as certain percent of average weighted balance of deposits and international borrowings in accordance with the requirements of NBK and as at 31 March 2015 and 31 December 2014 amounted to KZT 16,131 million and KZT 17,321 million respectively. The Group has observed the requirements of NBK with regard to maintenance of average weighted balance with NBK and thus had the right to use funds without any restrictions.

Deposits with financial institutions with initial maturity equal or less than 3 months consist of the following:

	Interest rates (%)		31 March 2015 (unaudited)	31 December 2014 (audited)
	min	max		
Term deposits with banks	0,00%	8,00%	97,766	94,215
Term deposits with NBK			-	-
			<u>97,766</u>	<u>94,215</u>
Total accrued interest			<u>3</u>	<u>-</u>
Total deposits with financial institutions			<u><u>97,769</u></u>	<u><u>94,215</u></u>

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

Financial assets at fair value through profit or loss held-for-trading comprise:

	31 March 2015 (unaudited)	31 December 2014 (audited)
Financial assets held-for-trading:		
Debt securities	19,427	20,407
Equity securities	636	646
Total financial assets held-for-trading	<u>20,063</u>	<u>21,053</u>
Derivative financial instruments	<u>3,782</u>	<u>3,244</u>
Total financial assets at fair value through profit or loss	<u><u>23,845</u></u>	<u><u>24,297</u></u>

	31 March 2015 (unaudited)		31 December 2014 (audited)	
	Nominal interest rate	Fair value	Nominal interest rate	Fair value
Debt securities:				
Government bonds of the Republic of Kazakhstan	4.80-7.80	8,681	4.80-7.80	8,638
Kazakhstan corporate bonds	4.63-13.00	6,154	4.63-13.00	6,364

	31 March 2015 (unaudited)		31 December 2014 (audited)	
	Nominal interest rate	Fair value	Nominal interest rate	Fair value
Russian corporate bonds	9.2-18.5	3,398	7.75-12.60	4,398
Government bonds of Russian Federation	6.88-8.15	1,194	6.88-8.15	1,007
International corporate bonds		-		-
Others		-		-
Total debt securities		<u>19,427</u>		<u>20,407</u>

	31 March 2015 (unaudited)		31 December 2014 (audited)	
	Ownership interest	Fair value	Ownership interest	Fair value
Equity securities:				
Shares of Kazakhstan companies	-	636	-	645
Shares of International corporations	-	<u>-</u>	-	<u>1</u>
Total equity securities		<u>636</u>		<u>646</u>

	31 March 2015 (unaudited)			31 December 2014 (audited)		
	Nominal amount	Fair value		Nominal amount	Fair value	
		Asset	Liability		Asset	Liability
Derivative financial instruments:						
Foreign currency contracts						
Swaps	6,562	3,782	4	181,335	3,244	144
Embedded derivatives						
Total derivative financial instruments		<u>3,782</u>	<u>4</u>		<u>3,244</u>	<u>144</u>

The table above shows the fair value of derivative financial instruments booked as assets and liabilities with their notional principal amount. The notional principal amount is the amount of reference asset, rate or index on the basis of which the change in fair value of derivative instrument is measured. The notional principal amount indicates the volume of transactions at the end of year and is not an indicator of market or credit risks.

At the time of execution of derivative financial instruments they often represent only mutual exchange of promises with transfer of minimum interest or without it. At the same time, these instruments often imply high usage of borrowed funds and are exposed to high volatility.

Relatively insignificant change in value of assets, interest rate or index, underlying derivative contract, may considerably affect the profit or loss of the Group.

14. INVESTMENTS AVAILABLE-FOR-SALE

	31 March 2015 (unaudited)	31 December 2014 (audited)
Debt securities	51,528	54,439
Equity securities	<u>142</u>	<u>137</u>
Total investments available-for-sale	<u>51,670</u>	<u>53,576</u>

	31 March 2015 (unaudited)		31 December 2014 (audited)	
	Nominal interest rate	Fair value	Nominal interest rate	Fair value
Debt securities:				
Government bonds of the Republic of Kazakhstan	3.3-8.75	31,434	3.30-8.75	32,705
Kazakhstan corporate bonds	3.26-8.80	15,220	7.00-8.90	16,397
Russian corporate bonds	4.22-8.15	4,874	4.22-12.00	4,337
Total debt securities		<u>51,528</u>		<u>53,439</u>

	31 March 2015 (unaudited)		31 December 2014 (audited)	
	Ownership interest	Fair value	Ownership interest	Fair value
Equity securities:				
Shares of Kazakhstan companies	-	132	-	126
Shares of International companies		<u>10</u>		<u>11</u>
Total equity securities		<u>142</u>		<u>137</u>
Total investments available-for-sale		<u><u>51,670</u></u>		<u><u>53,576</u></u>

15. INVESTMENTS HELD-TO-MATURITY

	31 March 2015 (unaudited)		31 December 2014 (audited)	
	Nominal interest rate	Amount	Nominal interest rate	Amount
Government bonds of the Republic of Kazakhstan	4.40-8.1	1,568	4.40-8.10	6,440
Kazakhstan corporate bonds	7.40-13.0	925	7.40-13.00	2,906
Russian corporate bonds				
International corporate bonds	4.64	293	6.10	298
Total investments held-to-maturity		<u>2,786</u>		<u>9,644</u>

16. DUE FROM BANKS

	31 March 2015 (unaudited)	31 December 2014 (audited)
Due from banks	14,487	8,348
Accrued interest	<u>-</u>	<u>-</u>
Total due from banks	<u><u>14,487</u></u>	<u><u>8,348</u></u>

17. LOANS TO CUSTOMERS AND CLIENTS

	31 March 2015 (unaudited)	31 December 2014 (audited)
Loans granted to customers	898,018	913,729
Net investments in finance lease	4,832	4,841
Accrued interest	51,282	53,361
	<u>954,132</u>	<u>971,931</u>
Less allowance for impairment losses	(147,351)	(148,995)
Total loans to customers	<u>806,781</u>	<u>822,936</u>
Loans to banks	2,630	4,680
Accrued interest	5	18
Less allowance for impairment losses	(4)	(41)
Total loans to banks	<u>2,631</u>	<u>4,657</u>
Loans under reverse repurchase agreements	710	1,809
Accrued interest	5	-
Total loans to customers and banks	<u>810,127</u>	<u>829,402</u>

Movement in allowances for impairment losses on loans to customers and banks for the three months ended 31 March 2015, and 31 December 2014, is disclosed in Note 4.

The table below summarizes the amount of loans to customers secured by different types of collateral, rather than fair value of the collateral itself:

	31 March 2015 (unaudited)	31 December 2014 (audited)
Loans collateralized by real estate and real estate rights	694,227	708,156
Loans collateralized by goods in turnover	80,996	79,049
Loans collateralized by equipment	49,667	49,850
Loans collateralized by corporate guarantees	55,434	56,315
Loans collateralized by other assets	40,498	35,031
Loans collateralized by cash	13,873	18,833
Unsecured loans	19,437	24,697
	<u>954,132</u>	<u>971,931</u>
Less allowance for impairment losses	(147,351)	(148,995)
Total loans to customers	<u>806,781</u>	<u>822,936</u>

	31 March 2015 (unaudited)	31 December 2014 (audited)
Analysis by sector:		
Individuals	363,691	371,488
Trading	148,494	154,025
Industrial construction	77,176	76,453
Manufacturing	49,392	49,330
Rent of real estate	60,065	56,873
Food industry	46,837	47,510
Residential construction	56,889	58,268
Agriculture	44,262	45,576
Transportation and equipment maintenance	25,321	27,656
Oil and gas	14,135	13,463

Transport and telecommunications	11,970	12,187
Energy	10,050	10,112
Mass media	909	998
Other	44,941	47,992
	<hr/>	<hr/>
	954,132	971,931
Less allowance for impairment losses	<u>(147,351)</u>	<u>(148,995)</u>
Total loans to customers	<u>806,781</u>	<u>822,936</u>

Loans to individuals comprise the following products:

	31 March 2015 (unaudited)	31 December 2014 (audited)
Mortgage loans	160,851	164,991
Consumer loans	119,042	120,755
Business development	77,887	79,259
Car loans	<u>5,911</u>	<u>6,483</u>
	363,691	371,488
Less allowance for impairment losses	<u>(13,371)</u>	<u>(18,190)</u>
Total loans to individuals	<u>350,320</u>	<u>353,298</u>

As at 31 March 2015 and 31 December 2014, the Group granted loans totaling KZT 241,695million and KZT 242,835million respectively, which individually and in aggregate exceeded 10% of the Group's equity.

As at 31 March 2015 and 31 December 2014, significant amount of loans (98% and 98% of total portfolio) was granted to companies operating in the territory of the Republic of Kazakhstan, which represents a significant geographical concentration in one region.

As at 31 March 2015 and 31 December 2014, the composition of loans to customers included loans amounting KZT 69,375 million and KZT 62,250 million respectively, conditions of which were revised. Otherwise these loans would have been past due or impaired.

	31 March 2015 (unaudited)		31 December 2014 (audited)			
	Book value before allowances for impairment losses	Allowances for impairment loss	Book value	Book value before allowances for impairment losses	Allowances for impairment loss	Book value
Loans to customers that are considered to be impaired individually	289,727	(116,686)	173,041	293,068	(114,056)	179,012
Loans to customers that are considered to be impaired on a collective basis	72,443	(10,608)	61,835	69,186	(14,495)	54,691
Unimpaired loans	<u>591,962</u>	<u>(20,057)</u>	<u>571,905</u>	<u>609,677</u>	<u>(20,444)</u>	<u>589,233</u>
Total	<u>954,132</u>	<u>(147,351)</u>	<u>806,781</u>	<u>971,931</u>	<u>(148,995)</u>	<u>822,936</u>

Analysis of credit quality of outstanding loan granted to corporate customers as at 31 March 2015 is as follows:

Corporations As at 31 March 2015	Loans before allowances for impairment loss	Allowances for impairment loss	Loans less allowances for impairment loss	Ratio of allowances for impairment loss to loans before allowances for impairment loss
Individually impaired				
Undue	175,020	(66,073)	108,947	37,75%
Past due:				
Up to 30 days	34,093	(17,389)	16,704	51,00%
From 31 to 60 days	12,638	(6,575)	6,063	52,03%
From 61 to 90 days	10,041	(872)	9,169	8,68%
From 91 to 180 days	4,104	(1,077)	3,027	26,24%
More than 180 days	53,292	(24,505)	28,787	45,98%
Total individually impaired loans	289,188	(116,491)	172,697	40,28%
Collectively impaired				
Undue	5,826	(96)	5,730	1,65%
Past due:				
Up to 30 days	2,073	(107)	1,966	5,16%
From 31 to 60 days	695	(41)	654	5,90%
From 61 to 90 days	-	-	-	0,00%
From 91 to 180 days	-	-	-	0,00%
More than 180 days	193	-	193	0,00%
Total collectively impaired loans	8,787	(244)	8,543	2,78%
Unsecured loans				
Undue	220,750	(8,418)	212,332	3,81%
Past due:				
Up to 30 days	12,549	(254)	12,295	2,02%
From 31 to 60 days	5,275	(339)	4,936	6,43%
From 61 to 90 days	490	(82)	408	16,73%
From 91 to 180 days	-	-	-	0,00%
More than 180 days	-	-	-	0,00%
Total unsecured loans	239,064	(9,093)	229,971	3,80%
Total corporations	537 039	(125 828)	411 211	23,43%

Analysis of credit quality of outstanding loan granted to medium business as at 31 March 2015 is as follows:

Small and medium-sized business	Loans before allowances for impairment loss	Allowances for impairment loss	Loans less allowances for impairment loss	Ratio of allowances for impairment loss to loans before allowances for impairment loss
As at 31 March 2015				
Individually impaired				
Undue	-	-	-	0,00%
Past due:				
Up to 30 days	-	-	-	0,00%
From 31 to 60 days	-	-	-	0,00%
From 61 to 90 days	-	-	-	0,00%
From 91 to 180 days	-	-	-	0,00%
More than 180 days	188	(105)	83	55,85%
Total individually impaired loans	188	(105)	83	55,85%
Collectively impaired				
Undue	944	(318)	626	33,69%
Past due:				
Up to 30 days	227	(56)	171	24,67%
From 31 to 60 days	-	-	-	0,00%
From 61 to 90 days	114	(7)	107	6,14%
From 91 to 180 days	14	(3)	11	21,43%
More than 180 days	6,355	(3,352)	3,003	52,75%
Total collectively impaired loans	7,654	(3,736)	3,918	48,81%
Unsecured loans				
Undue	35,043	(1,269)	33,774	3,62%
Past due:				
Up to 30 days	2,209	(57)	2,152	2,58%
From 31 to 60 days	954	(43)	911	4,51%
From 61 to 90 days	407	(42)	365	10,32%
From 91 to 180 days	904	(115)	789	12,72%
More than 180 days	6,043	(2,785)	3,258	46,09%
Total unsecured loans	45,560	(4,311)	41,249	9,46%
Total small and medium-sized business	53,402	(8,152)	45,250	15,27%

Analysis of credit quality of mortgage loans as at 31 March 2015 is as follows:

Mortgage loans As at 31 March 2015	Loans before allowances for impairment loss	Allowances for impairment loss	Loans less allowances for impairment loss	Ratio of allowances for impairment loss to loans before allowances for impairment loss
Individually impaired				
Undue	-	-	-	0,00%
Past due:				
Up to 30 days	-	-	-	0,00%
From 31 to 60 days	-	-	-	0,00%
From 61 to 90 days	-	-	-	0,00%
From 91 to 180 days	-	-	-	0,00%
More than 180 days	-	-	-	0,00%
Total individually impaired loans	-	-	-	0,00%
Collectively impaired				
Undue	2,260	(14)	2,246	0,62%
Past due:				
Up to 30 days	1,476	(12)	1,464	0,81%
From 31 to 60 days	112	(2)	110	1,79%
From 61 to 90 days	160	(2)	158	1,25%
From 91 to 180 days	764	(4)	760	0,52%
More than 180 days	17,194	(1,287)	15,907	7,49%
Total collectively impaired loans	21,966	(1,321)	20,645	6,01%
Unsecured loans				
Undue	116,749	(105)	116,644	0,09%
Past due:				
Up to 30 days	7,799	(9)	7,790	0,12%
From 31 to 60 days	2,186	(9)	2,177	0,41%
From 61 to 90 days	1,582	(9)	1,573	0,57%
From 91 to 180 days	1,352	(9)	1,343	0,67%
More than 180 days	9,271	(729)	8,542	7,86%
Total unsecured loans	138,939	(870)	138,069	0,63%
Total mortgage loans	160,905	(2,191)	158,714	1,36%

Analysis of credit quality of consumer loans as at 31 March 2015 is as follows:

Consumer loans As at 31 March 2015	Loans before allowances for impairment loss	Allowances for impairment loss	Loans less allowances for impairment loss	Ratio of allowances for impairment loss to loans before allowances for impairment loss
Individually impaired				
Undue	-	-	-	0,00%
Past due:				
Up to 30 days	-	-	-	0,00%
From 31 to 60 days	-	-	-	0,00%
From 61 to 90 days	-	-	-	0,00%
From 91 to 180 days	-	-	-	0,00%
More than 180 days	351	(90)	261	25,64%
Total individually impaired loans	351	(90)	261	25,64%
Collectively impaired				
Undue	6,691	(98)	6,593	1,46%
Past due:				
Up to 30 days	1,897	(7)	1,890	0,37%
From 31 to 60 days	125	(1)	124	0,80%
From 61 to 90 days	122	(2)	120	1,64%
From 91 to 180 days	560	(5)	555	0,89%
More than 180 days	12,449	(1,193)	11,256	9,58%
Total collectively impaired loans	21,844	(1,306)	20,538	5,98%
Unsecured loans				
Undue	73,299	(333)	72,966	0,45%
Past due:				
Up to 30 days	6,747	(20)	6,727	0,30%
From 31 to 60 days	2,159	(12)	2,147	0,56%
From 61 to 90 days	1,451	(15)	1,436	1,03%
From 91 to 180 days	1,629	(30)	1,599	1,84%
More than 180 days	11,507	(1,070)	10,437	9,30%
Total unsecured loans	96,792	(1,480)	95,312	1,53%
Total consumer loans	118,987	(2,876)	116,111	2,42%

Analysis of credit quality of car loans as at 31 March 2015 is as follows:

Car loans	Loans before allowances for impairment loss	Allowances for impairment loss	Loans less allowances for impairment loss	Ratio of allowances for impairment loss to loans before allowances for impairment loss
As at 31 March 2015				
Individually impaired				
Undue	-	-	-	0,00%
Past due:	-	-	-	0,00%
Up to 30 days	-	-	-	0,00%
From 31 to 60 days	-	-	-	0,00%
From 61 to 90 days	-	-	-	0,00%
From 91 to 180 days	-	-	-	0,00%
More than 180 days	-	-	-	0,00%
Total individually impaired loans	-	-	-	0,00%
Collectively impaired				
Undue	15	-	15	0,40%
Past due:				
Up to 30 days	-	-	-	0,00%
From 31 to 60 days	1	-	1	1,76%
From 61 to 90 days	-	-	-	0,00%
From 91 to 180 days	1	-	1	1,76%
More than 180 days	19	(1)	18	5,26%
Total collectively impaired loans	36	(1)	35	3,05%
Unsecured loans				
Undue	5,417	(17)	5,400	0,31%
Past due:				
Up to 30 days	168	(1)	167	0,60%
From 31 to 60 days	61	-	61	0,49%
From 61 to 90 days	32	-	32	0,83%
From 91 to 180 days	85	(1)	84	1,18%
More than 180 days	112	(11)	101	8,93%
Total unsecured loans	5 875	(30)	5 845	0,50%
Total car loans	5 911	(31)	5 881	0,52%

Analysis of credit quality of loans granted for business development as at 31 March 2015 is as follows:

Business development As at 31 March 2015	Loans before allowances for impairment loss	Allowances for impairment loss	Loans less allowances for impairment loss	Ratio of allowances for impairment loss to loans before allowances for impairment loss
Individually impaired				
Undue	-	-	-	0,00%
Past due:				
Up to 30 days	-	-	-	0,00%
From 31 to 60 days	-	-	-	0,00%
From 61 to 90 days	-	-	-	0,00%
From 91 to 180 days	-	-	-	0,00%
More than 180 days	-	-	-	0,00%
Total individually impaired loans	-	-	-	0,00%
Collectively impaired				
Undue	1,105	(67)	1,038	6,06%
Past due:				
Up to 30 days	86	-	86	0,00%
From 31 to 60 days	-	-	-	0,00%
From 61 to 90 days	111	(2)	109	1,80%
From 91 to 180 days	55	(24)	31	43,64%
More than 180 days	10,799	(3,907)	6,892	36,18%
Total collectively impaired loans	12,156	(4,000)	8,156	32,91%
Unsecured loans				
Undue	49,947	(1,149)	48,798	2,30%
Past due:				
Up to 30 days	3,740	(36)	3,704	0,96%
From 31 to 60 days	917	(20)	897	2,18%
From 61 to 90 days	737	(38)	699	5,16%
From 91 to 180 days	1,135	(87)	1,048	7,67%
More than 180 days	9,256	(2,943)	6,313	31,80%
Total unsecured loans	65,732	(4,273)	61,459	6,50%
Total business development	77,888	(8,273)	69,615	10,62%

As at 31 March 2015 and 31 December 2014, the Group entered into finance lease agreements. The interest rate for leases is fixed at the date of contract for all of the lease terms.

As at 31 March 2015 and 31 December 2014, components of net investments in finance lease are presented as follows:

	31 March 2015 (unaudited)	31 December 2014 (audited)
Not later than one year	542	551
From one year to five years	2,460	2,515
More than five years	<u>10,353</u>	<u>10,443</u>
Minimum payments under finance lease contracts	13,355	13,509
Less deferred income	<u>(8,523)</u>	<u>(8,668)</u>
Creation of provision for impairment loss	-	-
Net investments in finance lease	<u>4,832</u>	<u>4,841</u>
Current portion	69	71
Long-term portion	<u>4,763</u>	<u>4,770</u>
Net investment in finance lease before allowance for impairment losses	4,832	4,841
Less allowance for impairment losses	<u>(102)</u>	<u>(19)</u>
Net investments in finance lease, net of allowance for impairment	<u>4,730</u>	<u>4,822</u>

Fair value of assets pledged and book value of reverse repurchase agreements as at 31 March 2015 and 31 December 2014 are presented as follows:

	31 March 2015 (unaudited)		31 December 2014 (audited)	
	Book value of loans	Fair value of collateral	Book value of loans	Fair value of collateral
Bonds of the Ministry of Finance of the Republic of Kazakhstan	715	764	1,799	1,971
NBRK notes	-	-	10	12
Total	<u>715</u>	<u>764</u>	<u>1,809</u>	<u>1,983</u>

18. OTHER ASSETS

	31 March 2015 (unaudited)	31 December 2014 (audited)
Other financial assets:		
Receivables	5,439	4,463
Accrued commission	2,752	2,243
Western Union and other wireless transfers	265	131
Other financial assets	<u>-</u>	<u>-</u>

Less allowance for impairment losses	8,456 (1,656)	6,837 (1,608)
Total other financial assets:	<u>6,800</u>	<u>5,229</u>
Other non-financial assets:		
Long-term assets held-for-sale	3,857	3,866
Exempt property	5,388	7,502
Taxes receivable, except for income tax	733	1,435
Advances paid	335	339
Inventory	30	50
	<u>10,343</u>	<u>13,192</u>
Less allowance for impairment losses	<u>(175)</u>	<u>(683)</u>
Total other non-financial assets	<u>10,168</u>	<u>12,509</u>
Total other assets	<u>16,968</u>	<u>17,738</u>

Movement in allowances for impairment losses on other assets for the three months ended 31 March 2015, and the three months ended 31 March 2014, is disclosed in Note 4.

19. DUE TO BANKS AND FINANCIAL INSTITUTIONS

Item	Annual interest rate (%)		31 March 2015 (unaudited)	31 December 2014 (audited)
	min	max		
Long-term loans from other banks and financial institutions	1.02	8.50	56,550	50,489
Loans from international credit institutions	-	-	4,941	-
Subordinated loan	LIBOR+4.5	LIBOR+6.5	4,693	4,559
Perpetual financial instruments	9.13	9.13	13,768	13,600
Short term loans from other banks and financial institutions	3,54	7	607	970
Borrowed funds from the Government of the Republic of Kazakhstan and NBK	5.50	5.50	30,148	30,148
Correspondent account of banks	-	-	5,870	706
Accrued interest expense			867	2,540
			<u>117,444</u>	<u>103,012</u>
Loans under repurchase agreements	12	12	29,942	14,868
Total due to banks and financial institutions			<u>147,386</u>	<u>117,880</u>

Loan borrowed in the first quarter of 2014 from NBK in the amount of KZT 30,000 million at 5.5% per annum with the maturity of one year was extended till December 2015.

The perpetual financial instruments were issued by the Bank in March 2006 with the right to repay in whole, but not in part, on any interest payment date from and including 3 March 2016 at face value of USD 80.8 million.

Interest and principal of funds and loans due to banks are repayable either quarterly, semiannually or at the end of term, depending on the agreed repayment schedule.

Interest on subordinated loan is repayable semiannually; principal is repayable at the end of the term, in 2015.

As at 31 March 2015, the Group received long-term loans from JSC Kazakhstan Development Bank in the amount of KZT 4,000 million at 2.0% per annum maturing in 2035.

	31 March 2015 (unaudited)	31 December 2014 (audited)
Analysis by economy sectors:		
Individuals	327,790	335,607
Social services	141,189	127,767
Construction	67,956	75,143
Education and health	49,673	38,908
Trading	31,136	37,971
Insurance and pension fund	28,794	31,618
Transportation and communication	27,734	27,620
Energy	12,679	9,334
Manufacturing	9,454	10,196
Metallurgy	7,508	9,791
Research and engineering	7,360	6,334
Agriculture	6,968	7,253
Oil and gas	5,684	6,567
Fuel	4,822	3,823
State administration	4,719	30,859
Entertaining services	3,653	3,445
Chemical industry	2,769	4,088
Machinery	1,362	1,331
Others	21,377	30,756
Total customer accounts	<u>762,627</u>	<u>798,411</u>

Bank accounts as at 31 March 2015 and 31 December 2014 are presented as follows:

	31 March 2015 (unaudited)	31 December 2014 (audited)
Term deposits	2,100	9,600
Demand deposits	<u>1</u>	<u>1</u>
	2,101	9,601
Accrued interest	<u>46</u>	<u>284</u>
Total bank accounts	<u><u>2,147</u></u>	<u><u>9,885</u></u>

21. DEBT SECURITIES ISSUED

	Currency	Issue date (dd/mm/yy)	Maturity date (dd/mm/yy)	Interest rate, %	31 March 2015 (unaudited)	31 December 2014 (audited)
International bonds	USD	16.08.2005-	27.12.2015-			
Kazakhstan bonds	KZT	26.04.2014	16.03.2022	7.50-8.50	30,450	30,382
International bonds	JPY	-	-	-	-	-
Russia bonds	USD	-	-	-	-	-
Russia bonds	RUR	-	-	-	-	-
					<u>30,450</u>	<u>30,382</u>
Accrued interest					<u>924</u>	<u>480</u>
Total debt securities issued					<u><u>31,374</u></u>	<u><u>30,862</u></u>

Interest expense on debt securities issued is payable semiannually.

22. OTHER LIABILITIES

	31 March 2015 (unaudited)	31 December 2014 (audited)
Other financial liabilities:		
Settlements on other operations	2,547	3,091
Allowances for guarantees and letters of credit	2,365	1,894
Derivative financial instruments	4	144
Accrued fee expenses	493	370
Liabilities under guarantees issued	<u>2,612</u>	<u>2,033</u>
	8,021	7,532
Other non-financial liabilities:		
Taxes payable, except for income tax	935	1,391
Other non-financial liabilities	<u>586</u>	<u>607</u>
Total other liabilities	<u><u>9,542</u></u>	<u><u>9,530</u></u>

The movements in allowances for guarantees and other liabilities for the three months ended 31 March 2015 and 31 December 2014, are disclosed in Note 4.

23. SUBORDINATED BONDS

	Curren cy	Issue date (dd/mm/yy)	Maturity date (dd/mm/yy)	Interest rate, %	31 March 2015 (unaudited)	31 December2014 (audited)
Floating rate	Тенге	31/05/2005	31/05/2015	7.90-9.50	38,986	38,964
Fixed rate	Тенге	27/06/2008	27/11/2024	11.00	<u>14,463</u> <u>53,449</u>	<u>14,484</u> <u>53,448</u>
Accrued interest expense					<u>1,638</u>	<u>564</u>
Total subordinated bonds					<u><u>55,087</u></u>	<u><u>54,012</u></u>

Interest expense on subordinated bonds is payable semiannually, principal is payable at the end of term.

In the event of bankruptcy or liquidation of the Group, repayment of debt on subordinated loans is subordinated to the repayments of the Group's liabilities to all other creditors.

24. SHARE CAPITAL

As at 31 March 2015, the Bank's share capital consisted of the following:

	Authorized share capital	Capital authorized and not issued	Repurchased shares	Total share capital
Ordinary shares	260,750,745	(98,293,945)	(395,283)	162,061,517
Preference shares	39,249,255	-	-	39,249,255

As at 31 March 2015, the Bank's share capital consisted of the following:

	Authorized and issued share capital (KZT million)	Repurchased shares	Total
Ordinary shares	58,016	3	58,019
Preference shares	11,775	-	11,775
Total	69,791	3	69,794

As at 31 December 2014, the Bank's share capital consisted of the following:

	Authorized share capital	Capital authorized and not issued	Repurchased shares	Total share capital
Ordinary shares	260,750,745	(98,293,945)	(435,452)	162,021,348
Preference shares	39,249,255	-	-	39,249,255

As at 31 December 2014, the Bank's share capital consisted of the following:

	Authorized and issued share capital (KZT million)	Repurchased shares	Total
Ordinary shares	58,051	(35)	58,016
Preference shares	11,775	-	11,775
Total	69,826	(35)	69,791

All ordinary shares belong to one class, carry one vote and have no nominal value.

As at 31 March 2015 and 31 March 2014, repurchased ordinary shares amounted to KZT 395 million.

According to the Law of the Republic of Kazakhstan on Joint Stock Companies, dividends are repayable by cash or the Bank's securities provided that decision on dividend payout was made at the annual meeting of the Bank's shareholders. In accordance with the Bank's Charter, dividend payout on ordinary shares is made on the basis of financial performance for the year.

Preference shares shall not have the right to vote, may not be repurchased by the Bank. Owners of preference shares have preferential rights before ordinary shares owners to receive dividends. Conversion of preference shares is performed based on the decision of the Board of Directors.

	31 March 2015 (unaudited)	31 December 2014 (audited)
	Number (thousands)	Number (thousands)
Preference shares, beginning of the period	39,249	39,249
Preference shares issued	-	-
Preference shares, end of the period	39,249	39,249
Ordinary shares, beginning of the period	162,021	162,289
Repurchase of treasury shares	(335)	(1,062)
Sale of treasury shares	375	794
Ordinary shares, end of the period	162,061	162,021

Taxation

Commercial legislation of the Republic of Kazakhstan and countries where the Group operates, including tax legislation, may allow more than one interpretation. In addition, there is a risk of tax authorities making arbitrary judgments with regard to business activities. In the case of tax authorities disputing the Management's judgments regarding the Group's operating activity, additional taxes, penalties and fees may occur.


Such uncertainty may relate to the valuation of financial instruments, valuation of provision for impairment losses and determination of market pricing level on deals. Additionally such uncertainty may relate to the tax authorities' valuation of temporary differences on the provision and recovery of the provision for impairment losses on loans to customers and receivables, as an underestimation of the taxable base. The management of the Group believes that it has accrued all tax amounts due and therefore no allowance has been made in the interim condensed consolidated financial statements.

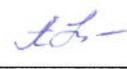
Pension payments

In accordance with legislation of the Republic of Kazakhstan and Russian Federation, all workers of the Group have the right to a pension. As at 31 March 2015 and 31 December 2014, the Group had no liabilities to its current and former workers on additional pension payments, payment of medical services after retirement, insurance payments or other benefits when retiring.

Lee V.S.
Chairman




Yang Jin Hwan
Managing Director


A.T. Nurgalieva
Chief Accountant