

**JSC BANK CENTERCREDIT**

EXPLANATORY NOTE  
TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR 9 MONTHS ENDED 30 SEPTEMBER 2013

## 1. GENERAL INFORMATION ABOUT THE BANK

JSC Bank CenterCredit (hereinafter referred to as the 'Bank') is a joint stock company ('JSC'), which was incorporated in the Republic of Kazakhstan and started its operations in 1988. The Bank is regulated by the legislation of the Republic of Kazakhstan. The National Bank of the Republic of Kazakhstan (hereinafter 'the NBRK') and the Committee for Control and Supervision of the Financial Market and Financial Institutions of the National Bank of the Republic of Kazakhstan (hereinafter referred to as the 'Committee') are the authorized state bodies regulating the Bank. The Bank conducts its business under the license No 248 dated 13 December 2007, issued by the Agency of the Republic of Kazakhstan for Regulation and Supervision of the Financial Market and Financial Institutions. On 27 August 2008, Kookmin Bank (South Korea) acquired a 23 % interest in the Bank. As of 30 September 2013, Kookmin Bank holds 41.93 % of total issued shares of the Bank, and International Finance Corporation's ('IFC') ownership interest is 10% of the Bank's equity.

The Bank's primary business consists of commercial banking activities, trading with securities, loans, foreign currencies and derivative instruments, loan origination activities and guarantees.

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

The Bank's registered address is at 38 Al-Farabi avenue, Almaty, the Republic of Kazakhstan.

As of 30 September 2013, the Bank had 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 for the purpose of these consolidated financial statements:

Name	Country of operation	30 September 2013	31 December 2012	Type of operation
JSC APF Capital	Republic of Kazakhstan	75%	75%	Pension Fund Management
Center Leasing LLP	Republic of Kazakhstan	91%	91%	Finance lease of property
JSC BCC Invest	Republic of Kazakhstan	100%	100%	Brokerage and dealer activity
JSC BCC OUSA	Republic of Kazakhstan	100%	-	Buyout of bad and doubtful debt of the parent bank
Bank BCC-Moscow LLC	Russian Federation	100%	100%	Banking services
CenterCredit International B.V.	the Netherlands	100%	100%	Issuance of capital in the international financial markets

JSC Accumulative Pension Fund Capital (APF Capital) was founded in October 2011 as a closed joint-stock company in accordance with the legislation of the Republic of Kazakhstan. In December 2003, APF Capital was re-registered as a joint-stock company. APF Capital manages pension contribution inflows and accumulation on individual pension accounts pursuant to the legislative requirements of the Republic of Kazakhstan.

In September 2002, LLP Center Leasing was established as a limited liability partnership in accordance with the legislation of the Republic of Kazakhstan. The main activity of LLP Center Leasing is leasing operations, which are carried out in accordance with Article 10 of the Republic of Kazakhstan Law 'On Financial Leasing'. Article 10 states that a limited liability partnership is not required to obtain a license to perform leasing operations.

In May 1998, JSC BCC Invest was established as a limited liability partnership (previously named LLP «KIB ASSET MANAGEMENT») in accordance with the legislation of the Republic of Kazakhstan. On 26 September 2006, LLP «KIB ASSET MANAGEMENT» was re-registered as a joint-stock company. The main activity of JSC BCC Invest consists of management of assets of the mutual funds and investment portfolio management.

In August 2013, LLP BCC OUSA was approved as the limited liability partnership according to the Republic of Kazakhstan Law. The Company's primary operation is to acquire bad and doubtful assets of the parent bank and to manage them in accordance with the Resolution of the National Bank of the Republic of Kazakhstan No.86 dated 24.02.2012.

In August 2006, the Bank received permission from the FSA for establishment of its subsidiary LLC Bank BCC-Moscow. On 21 March 2008, LLC Bank BCC-Moscow obtained a license from the Central Bank of the Russian Federation. The main activity of LLC Bank BCC-Moscow consists of banking services.

CenterCredit International B.V. registered in January 2006 in Rotterdam, the Netherlands, as a special-purpose company, the primary operation of which to raise funds the international capital markets, was closed on 21.12.2012 in accordance with the Resolution of the Board of Directors of JSC Bank CenterCredit due to cessation of activity. Liquidation process pursuant to the law of the Netherland was completed in September, 2013.

As at 30 September 2013, the following shareholders owned individually more than 5% of the issued shares of the Group:

	30 September 2013 %	31 December 2012 %
Kookmin Bank	41.93	41.93
B.R. Baisseitov	25.10	25.10
IFC	10.00	10.00
Other (individually hold less than 5% of shares)	22.97	22.97
Total	100.00	100.00

## 2. BASIS OF FINANCIAL STATEMENTS PRESENTATION

### Accounting basis

These condensed interim consolidated financial statements of the Group have been prepared using accounting policy consistent with the International Financial Reporting Standards ('IFRS') and the International Accounting Standards ('IAS') 34 'Interim Financial Reporting'. Accordingly, certain information and disclosures normally required to be included in the notes to the annual consolidated financial statements, have been omitted or condensed. This condensed interim consolidated financial reporting should be read in conjunction with the consolidated financial statements and with the related notes to the consolidated financial statement of the Group for the year ended 31 December 2012.

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

The Group maintains its accounting records in accordance with the Accounting Policy authorized by the Resolution of the Board of Directors of the Group. These condensed interim consolidated statements, which are prepared based on accounting records, have been respectively adjusted to conform to the IFRS.

### Functional Currency

Items included in the condensed interim financial statements of each entity of the Group are measured using the currency that 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 Kazakhstani tenge ('KZT').

## 3. NET INTEREST INCOME

	Nine months ended 30 September 2013 (unaudited)	Nine months ended 30 September 2012 (unaudited)
Interest income comprises:		

Interest income on financial assets at amortized cost:		
- interest income on impaired financial assets	27,622	25,556
- interest income on unimpaired financial assets	32,941	26,904
Interest income on financial assets at fair value through profit or loss	3,445	2,701
<b>Total interest income</b>	<b>64,008</b>	<b>55,161</b>
Interest income on financial assets at amortized cost comprises:		
Interest on loans to customers and banks	58,492	50,184
Interest on investments held-to-maturity	1,241	883
Penalties on loans to customers and banks	610	233
Interest on due from banks	220	1,160
Total interest income on financial assets at amortized cost	60,563	52,460
Interest income on financial assets at fair value comprises:		
Interest on investments available for sale	2,103	1,900
Interest on investments initially recognized at fair value through profit or loss	1,341	801
Total interest income on financial assets at fair value	3,444	2,701
<b>Interest expense comprises:</b>		
Interest expenses on financial liabilities at amortized cost	37,291	41,089
<b>Total interest expense</b>	<b>37,291</b>	<b>41,089</b>
Interest expense on financial liabilities at amortized cost		
Interest on customer and bank accounts	25,813	25,735
Interest on debt securities issued	4,564	7,977
Interest on due to banks and financial institutions	4,739	5,184
Interest on subordinated bonds	2,175	2,193
Total interest expense on financial liabilities at amortized cost	37,291	41,089
<b>Net interest income before provisioning for impairment losses on interest bearing financial assets</b>	<b>26,717</b>	<b>14,072</b>

#### 4. ALLOWANCE FOR IMPAIRMENT LOSSES AND OTHER PROVISIONS

The details of movements in allowance for impairment losses on interest bearing assets are as follows:

	Consumer loans	Corporate loans	Credit card receivables	Total (Note 17)
<b>31 December 2011</b>	12,065	112,423	48	124,536
(Provisioning)/ recovery of provisions	(2,483)	10,378	(18)	7,877
Write-off of assets	(128)	(261)	-	(389)
Recovery of assets previously written off	385	28	-	413
Exchange difference	50	674	-	724
<b>30 September 2012</b>	<b>9,888</b>	<b>123,242</b>	<b>30</b>	<b>133,160</b>
<b>31 December 2012</b>	<b>14,290</b>	<b>123,088</b>	<b>42</b>	<b>137,420</b>
(Provisioning)/recovery of provisions	16,196	4,726	80	21,081
Write off of assets	(463)	(5,419)	-	(5,882)
Recovery of assets previously written off	1,633	577	-	2,210

Exchange rate difference	(98)	(438)	-	(536)
<b>30 September 2013</b>	<u>31,558</u>	<u>122,534</u>	<u>122</u>	<u>154,214</u>

The details of movements in allowances for impairment losses on other transactions are as follows:

	Investments held- to-maturity (Note 15)	Other assets (Note 18)	Guarantees and letters of credit (Note 22)	Total
<b>31 December 2011</b>	106	1,149	968	2,223
(Recovery of provisions)/provisioning	-	235	650	869
Write off of assets	(106)	(122)	-	(228)
Recovery of assets previously written off	(16)	-	-	-
Exchange difference	-	-	(26)	(26)
<b>30 September 2013</b>	<u>106</u>	<u>1,262</u>	<u>1,592</u>	<u>2,838</u>
<b>31 December 2012</b>	<u>106</u>	<u>1,242</u>	<u>1,779</u>	<u>3,127</u>
(Recovery of provisions)/provisioning	-	649	267	1382
Write off of assets	-	(332)	-	(332)
Recovery of assets previously written off	-	-	-	-
Exchange difference	-	-	(2)	(2)
<b>30 September 2013</b>	<u>106</u>	<u>1,559</u>	<u>2,044</u>	<u>3,709</u>

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

	Nine months ended 30 September 2013 (unaudited)	Nine months ended 30 September 2012 (unaudited)
Net gain on financial assets and liabilities at fair value through profit or loss	<u>223</u>	<u>(386)</u>
<b>Total net gain on financial assets and liabilities at fair value through profit or loss</b>	<u><u>223</u></u>	<u><u>(386)</u></u>
Net gain on financial assets and liabilities at fair value through profit or loss comprises:		
Unrealized (loss)/gain on fair value adjustment of trading financial assets	(2)	210
Realized (loss)/gain on trading operations	47	(852)
Realized (loss)/gain on operations with derivative financial instruments	92	184
Unrealized gain/(loss) on operations with derivative financial instruments	<u>86</u>	<u>72</u>
<b>Total net gain on financial assets and liabilities at fair value through profit or loss</b>	<u><u>223</u></u>	<u><u>(386)</u></u>

## 6 NET REALIZED GAIN/(LOSS) ON DISPOSAL AND IMPAIRMENT OF INVESTMENTS AVAILABLE-FOR-SALE

	Nine months ended 30 September 2013 (unaudited)	Nine months ended 30 September 2012 (unaudited)
Net realized gain/(loss) on investments available-for-sale	(38)	94
Gain/(loss) on impairment of investments available-for-sale	-	-
<b>Total net realized gain/(loss) from disposal and impairment of investments available-for-sale</b>	<u><u>(38)</u></u>	<u><u>94</u></u>

## 7. NET GAIN ON FOREIGN EXCHANGE OPERATIONS

	Nine months ended 30 September 2013 (unaudited)	Nine months ended 30 September 2012 (unaudited)
Dealing, net	3,025	8,300
Translation difference, net	203	(5,211)
<b>Total net gain on foreign exchange operations</b>	<u>3,228</u>	<u>3,089</u>

## 8. FEE AND COMMISSION INCOME AND EXPENSE

	Nine months ended 30 September 2013 (unaudited)	Nine months ended 30 September 2012 (unaudited)
<b>Fee and commission income received:</b>		
Settlement operations	3,237	3,180
Cash operations	3,752	3,198
Payment cards	2,755	2,585
Guarantees	2,682	2,244
Trust operations	2,258	1,519
Foreign exchange operations	740	737
Other	1,390	1,335
<b>Total fee and commission income received</b>	<u>16,814</u>	<u>14,798</u>
<b>Fee and commission expenses paid:</b>		
Settlement operations	672	551
Custody activity	551	472
Documentary operations	46	83
Foreign exchange operations	11	34
Brokerage services	59	55
Other	122	193
<b>Total fee and commission expenses paid</b>	<u>1,461</u>	<u>1,388</u>

## 9. OPERATING EXPENSES

	Nine months ended 30 September 2013 (unaudited)	Nine months ended 30 September 2012 (unaudited)
Staff costs	8,471	8,072
Rental expense	2,395	2,498
Deposit Insurance Fundaдov	2,094	2,179
Depreciation and amortization	1,751	1,551
Taxes (other than income tax)	2,280	1,507
Administrative expenses	1,177	1,075
Security and signaling system expenses	502	486
Telecommunications	475	469
Advertising expenses	469	325
Equipment maintenance and repair	207	206
Business trip expenses	190	188
Professional services	176	166
Representational expenses	35	44
Other expenses	972	587

21,194

19,353

## 10. INCOME TAX

The Group provides for taxes for the current period based on the tax accounts maintained and prepared in accordance with requirements of tax legislation of countries where the Bank and its subsidiaries operate.

The Group's most significant permanent tax differences include the non-tax deductibility of certain expenses such as official entertainment expenses and a tax free regime for certain income such as interest income on mortgage loans and income from operations with state securities and securities listed on the Kazakhstan Stock Exchange.

Tax effect from temporary differences as of 30 September 2013 and 31 December 2012 is as follows:

	30 September 2013	31 December 2012
Current income tax	96	279
Prior period adjustments	-	-
Expenses/(recovery) on deferred income tax	<u>1,241</u>	<u>(28)</u>
<b>Expenses/(recovery) on deferred income tax</b>	<u>1,337</u>	<u>(251)</u>

The tax rate used for calculation of the corporate income tax for nine months ended 30 September 2013 and year ended 31 December 2012 payable by legal entities on taxable profit under the tax law of the Republic of Kazakhstan, is 20%.

	30 September 2013 (unaudited)	31 December 2012 (unaudited)
<b>Deferred income tax assets/(liabilities)</b>		
Beginning of the year	2,036	2,008
Change in deferred tax assets/(liabilities)	<u>(1,241)</u>	<u>28</u>
End of the period	<u>795</u>	<u>2,036</u>

## 11. BOOK VALUE PER SHARE

The book value of one share per each class of shares as of 30 September 2013 and 31 December 2012 is as follows:

Class of shares	30 September 2013			31 December 2012		
	Shares outstanding (number of shares)	Amount for calculation of book value mln. KZT	Book value per share, KZT	Shares outstanding (number of shares)	Amount for calculation of book value mln. KZT	Book value per share, KZT
Common shares	162,456,800	73,812	454	162,155,381	73,230	452
Preference shares	39,249,255	<u>11,775</u>	300	39,249,255	<u>11,775</u>	300
		<u>85,587</u>			<u>85,005</u>	

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

The book value per common share is calculated as the ratio of the amount of net asset value of the Group for common shares to the total number of common shares as at the reporting date. The net asset value of the Group for common

shares is calculated as the total equity net of intangible assets and the amount of equity attributable to preference shares as at the reporting date.

Total number of common and preference shares is calculated as the total number of issued and outstanding shares net of shares repurchased by the Group as at the reporting date.

## 12. CASH AND CASH EQUIVALENTS

	30 September 2013 (unaudited)	31 December 2012
Deposits with financial institutions	147,966	109,269
Cash on hand	31,188	34,725
Cash in transit	8,245	5,129
	<hr/>	<hr/>
	187,399	149,123
Accrued interest	14	6
	<hr/>	<hr/>
<b>Total cash and cash equivalents</b>	<u>187,413</u>	<u>149,129</u>

Minimum reserve requirements are determined as a definite percentage of the weighted average balance of deposits and international borrowings in accordance with the requirements of the NBRK, and amounted to KZT 15,086 mln. and KZT 13,566 mln. as of 30 September 2013 and 31 December 2012, respectively. The Group was in compliance with the NBRK requirements as regards maintaining the weighted average balance with the NBRK and therefore, was entitled to use the amounts without any restrictions.

Deposits with financial institutions with the initial maturity equaling to or less than 3 months consist of:

	Interest rates (%)		30 September 2013 (unaudited)	31 December 2012
	min	max		
Term deposits with banks	0.02	7.00	147,966	109,269
Term deposits with the NBRK	-	-	-	-
			<hr/>	<hr/>
			147,966	109,269
Total accrued interest			14	6
			<hr/>	<hr/>
<b>Total due from financial institutions</b>			<u>147,980</u>	<u>109,275</u>

As of 30 September 2013 the Group had deposits with Societe Generale France; LBW Stuttgart, Germany; BNP Paribas, France, which in aggregate or individually exceeded 10% of the Group's equity.

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

Financial assets at fair value through profit or loss comprise::

	30 September 2013 (unaudited)	31 December 2012
Financial assets held for trading:		
Debt securities	24,859	20,976
Equity securities	372	284
	<hr/>	<hr/>
<b>Total financial assets held for trading</b>	25,231	21,260
Derivative financial instruments	4,005	3,918
	<hr/>	<hr/>



<b>Total financial assets at fair value through profit or loss</b>	29,236	25,178
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	30 September 2013 (unaudited)		31 December 2012	
	Nominal interest rate	Fair value	Nominal interest rate	Fair value
<b>Debt securities:</b>				
Government bonds of the Republic of Kazakhstan	4.80-7.80	8,443	3.70-6.00	8,109
Kazakhstani corporate bonds	5.70-13.00	5,888	7.00-13.00	6,276
Russian corporate bonds	6.90-12.25	9,072	3.15-11.25	5,817
Government bonds of the Republic of Kazakhstan International Corporate Bonds	7.00-8.15 -	1,456 -	6.88-7.10 -	774 -
<b>Total debt securities</b>		24,859		20,976

	30 September 2013 (unaudited)		31 December 2012	
	Ownership interest, %	Fair value	Ownership interest, %	Fair value
<b>Equity securities:</b>				
Shares of Kazakh Companies of the Republic of Kazakhstan	-	366	-	284
Shares of International Companies	-	6	-	-
<b>Total equity securities</b>		372		284

	Nominal amount	30 September 2013 (unaudited) Net fair value		Nominal amount	31 December 2012 Net fair value	
		Asset	Liability (Note 22)		Asset	Liability (Note 22)
<b>Derivative financial instruments:</b>						
<b>Foreign currency contracts</b>						
Swaps	31,182	3,959	21	35,046	3,786	95
Forwards	379	37	-	-	-	-
Embedded derivatives	49	9	-	857	132	-
<b>Total derivative financial instruments</b>		4,005	21		3,918	95

As at 30 September 2013, financial assets and liabilities reflected at fair value through profit and loss included Treasury bonds of the Ministry of Finance of the Republic of Kazakhstan of KZT 3 706 million, were pledged under repurchase agreements. All repurchase agreements as at 30 September mature before 8 October 2013.

The above table shows fair value of derivative financial instruments recorded as assets and liabilities, together with their notional principal amount. The notional principal amount is the amount of the underlying asset, rate or index that are used to calculate changes in the fair value of a derivative. The notional principal amount indicates the volume of a transaction as at the year end and is not indicative of the market or credit risks.

Derivatives often involve at their inception only a mutual exchange of promises with the minimum or no transfer of interest. However, these instruments frequently involve a high degree of leverage and are subject to high volatility.

Relatively small changes in the value of assets, interest rate or index underlying a derivative contract may have a significant impact on profit or loss of the Group.

#### 14. INVESTMENTS AVAILABLE-FOR-SALE

	30 September 2013 (unaudited)	31 December 2012
Debt securities	56,142	57,310
Equity securities	245	239
<b>Total investments available for sale</b>	<u>56,387</u>	<u>57,549</u>

	30 September 2013 (unaudited)		31 December 2012	
	Nominal interest rate	Fair value	Nominal interest rate	Fair value
<b>Debt securities:</b>				
Government bonds of the Republic of Kazakhstan	3.10-8.75	40,391	2.25-8.75	46,239
Kazakhstani corporate bonds	4.40-8.00	10,527	5.36-9.00	11,071
Russian corporate bonds	5.25-10.40	5,224	-	-
<b>Total debt securities</b>		<u>56,142</u>		<u>57,310</u>

	30 September 2013 (unaudited)		31 December 2012	
	Ownership interest	Fair value	Ownership interest	Fair value
<b>Equity securities:</b>				
Shares of Kazakh Companies	0.02-16.6	245	-	239
<b>Total equity securities</b>		<u>245</u>		<u>239</u>
<b>Total investments available for sale</b>		<u>56,387</u>		<u>57,549</u>

As of 30 September 2013 investments available for sale included Bonds of the Ministry of Finance of the Republic of Kazakhstan pledged under repurchase agreements amounting to KZT 16 181 mln. All repurchase agreements as at 30 September 2013 mature before 9 October 2013.

Interests accrued as of 30 September 2013 on debt securities, included into the investments available for sale, amounted to KZT 843 mln.

#### 15. INVESTMENTS HELD TO MATURITY

30 September 2013 (unaudited)	31 December 2012
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	Nominal interest rate	Amount	Nominal Interest rate	Amount
Government bonds of the Republic of Kazakhstan	4.30-8.75	11,433	4.30-8.75	19,061
Kazakhstani corporate bonds	5.89-13.00	8,818	5.01-13.00	5,877
Russian corporate bonds	5.03-5.03	1,086	5.03-9.63	1,241
International corporate bonds	6.07-6.07	295	5.05-5.05	300
		21,632		26,479
Less: allowance for impairment loss		(106)		(106)
<b>Total investments held to maturity</b>		<b>21,526</b>		<b>26,373</b>

As at 30 September 2013 investments available-for-sale included Treasury bonds of the Ministry of Finance of Republic of Kazakhstan of KZT 1960 million and KZT, were pledged under repurchase agreements. All repurchase agreements as at 30 September 2013 mature before 9 October 2013.

The details of movements in allowances for impairment losses on investments held to maturity for nine months ended 30 September 2013 and the year ended 31 December 2012, are disclosed in Note 4.

#### 16. DUE FROM BANKS

	30 September 2013 (unaudited)	31 December 2012
Due from banks	3,497	2,024
Accrued interest	12	12
<b>Total due from banks</b>	<b>3,509</b>	<b>2,036</b>

#### 17. LOANS TO CUSTOMERS AND BANKS

	30 September 2013 (unaudited)	31 December 2012
Loans to customers	879,518	866,044
Net investments in finance lease	5,640	5,947
Accrued interest	54,970	48,900
	940,128	920,891
Less: allowance for impairment losses	(154,214)	(137,420)
<b>Total loans to customers</b>	<b>785,914</b>	<b>783,471</b>
Loans to banks	6,604	5,617
Accrued interest	17	8
Less: allowance for impairment losses	-	-
<b>Total loans to banks</b>	<b>6,621</b>	<b>5,625</b>
<b>Loans under reverse repurchase agreements</b>	<b>294</b>	<b>-</b>
<b>Total loans to customers and banks</b>	<b>792,829</b>	<b>789,096</b>

The details of movements in allowance for impairment losses on loans to customers and bank for nine months ended 30 September 2013, and the year ended 31 December 2012 are disclosed in Note 4.

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

	<b>30 September 2013 (unaudited)</b>	<b>31 December 2012</b>
Loans collateralized by real estate and rights on them	693,856	671,391
Loans collateralized by inventories	99,601	100,118
Loans collateralized by equipment	54,404	52,415
Loans collateralized by corporate guarantees	45,428	43,765
Loans collateralized by other assets	18,684	30,738
Loans collateralized by cash	13,965	10,321
Unsecured loans	14,190	12,143
	<u>940,128</u>	<u>920,891</u>
Less: allowance for impairment losses	<u>(154,214)</u>	<u>(137,420)</u>
<b>Total loans to customers</b>	<u><u>785,914</u></u>	<u><u>783,471</u></u>

	<b>30 September 2013 (unaudited)</b>	<b>31 December 2012</b>
<b>Analysis by economy sectors:</b>		
Individuals	342,129	325,994
Trading	185,014	186,439
Industrial construction	68,341	61,832
Manufacturing	52,926	50,716
Food industry	48,600	49,269
Residential construction	44,647	49,464
Rent of real estate	43,524	43,632
Agriculture	40,390	36,542
Transportation and equipment maintenance services	26,395	26,432
Oil and Gas	20,336	22,377
Transport and telecommunication	17,093	12,653
Energy	8,865	8,620
Mass media	1,899	3,431
Others	39,969	43,490
	<u>940,128</u>	<u>920,891</u>
Less: allowance for impairment losses	<u>(154,214)</u>	<u>(137,420)</u>
<b>Total loans to customers</b>	<u><u>785,914</u></u>	<u><u>783,471</u></u>

Loans to individuals comprise the following loan products:

	<b>30 September 2013 (unaudited)</b>	<b>31 December 2012</b>
Mortgage loans	161,260	157,862
Consumer loans	108,919	106,386
Business development	64,677	56,853

Auto loans	7,273	4,893
	<u>342,129</u>	<u>325,994</u>
Less: allowance for impairment losses	<u>(31,680)</u>	<u>(16,203)</u>
<b>Total loans to individuals</b>	<u><u>310,449</u></u>	<u><u>309,791</u></u>

	30 September 2013 (unaudited)			31 December 2011		
	Carrying value before allowance for impairment losses	Allowance for impairment losses	Carrying value	Carrying value before allowance for impairment losses	Allowance for impairment losses	Carrying value
Loans to customers individually recognized to be impaired	293,495	(105,324)	188,171	293,076	(106,112)	186,964
Loans to customers collectively recognized to be impaired	141,903	(16,796)	125,107	177,552	(14,498)	163,053
Unimpaired loans	<u>504,730</u>	<u>(32,094)</u>	<u>472,636</u>	<u>450,263</u>	<u>(16,810)</u>	<u>433,454</u>
<b>Total</b>	<u><u>940,128</u></u>	<u><u>(154,214)</u></u>	<u><u>785,914</u></u>	<u><u>920,891</u></u>	<u><u>(137,420)</u></u>	<u><u>783,471</u></u>

As at 30 September 2013 and 31 December 2012 the Group entered into the finance lease agreements as a lessor. The interest rate inherent in leases is fixed as at the contract date for all of the lease terms.

As of 30 September 2013 and 31 December 2012, the components of net investments in finance lease were as follows:

	30 September 2013 (unaudited)	31 December 2012
Not later than one year	1,631	2,049
From one to five years	1,661	1,915
More than five years	<u>7,769</u>	<u>6,495</u>
Minimum lease payments	11,061	10,459
Less: unearned income	<u>(5,421)</u>	<u>(4,512)</u>
Net investments in finance lease	<u><u>5,640</u></u>	<u><u>5,947</u></u>
Current portion	1,631	2,049
Long-term portion	<u>4,009</u>	<u>3,898</u>
<b>Net investments in finance lease</b>	<u><u>5,640</u></u>	<u><u>5,947</u></u>

## 18. OTHER ASSETS

Other assets comprise:

	30 September 2013 (unaudited)	31 December 2012
<b>Other financial assets:</b>		
Receivables	2,390	2,155
Accrued commission	676	440

Western Union and other wire transfers	46	34
Other financial assets	-	31
	3,112	2,660
Less: allowance for impairment losses	(295)	(240)
<b>Total other financial assets:</b>	<b>2,817</b>	<b>2,420</b>
<b>Other non-financial assets:</b>		
Long-term assets held for sale	13,929	6,999
Taxes receivable, other than income tax	1,538	1,075
Advances paid	2,627	1,362
Inventory	138	204
	18,232	9,640
Less: allowance for impairment losses	(1,264)	(1,002)
<b>Total other non-financial assets</b>	<b>16,968</b>	<b>8,638</b>
<b>Total other assets</b>	<b>19,785</b>	<b>11,058</b>

The details of movements in allowances for impairment losses on other assets for three months ended 30 September 2013 and the year ended 31 December 2012 are disclosed in Note 4.

## 19. DUE TO BANKS AND FINANCIAL INSTITUTIONS

Item	Annual interest rate (%)		30 September 2013 (unaudited)	31 December 2012
	min	max		
Long-term loans from other banks and financial institutions	1.14	8.50	24,152	26,896
Loans from international credit organizations	4.18	4.90	1,550	14,245
Subordinated loan	LIBOR+4.5	LIBOR+6.5	23,055	25,538
Perpetual financial instruments	9.13	9.13	11,748	11,563
Short-term loans from other banks and financial institutions	1.59	5.50	7,595	5,961
Borrowings from the Republic of Kazakhstan Government and NBRK	5.50	5.50	171	262
Correspondent accounts of banks	-	-	15,733	348
Accumulated interest expense			949	1,094
			84,953	85,907
Loans under repurchase agreements	06	06	29,342	20,269
<b>Total due to banks and financial investments</b>			<b>114,295</b>	<b>106,176</b>

The perpetual non-cumulative financial instruments were issued by the Bank in March 2006 with an option to repay in full, but not partially, at any day of interest payment starting from 3 March 2016 at the par value of 100 mln. USD. The date of interest payment is 3 March and 3 September annually.

Interest and principal on loans received from the banks are repayable quarterly, semiannually and at the end of the term, depending on the agreed repayment schedule.

Interest expense on subordinated loan is repayable semiannually, and principal is repayable at the end of the term.

In the event of bankruptcy or liquidation of the Group, the repayment of this debt is to be made after the Group repays the Group's liabilities to all other creditors.

As of 30 September 2013 and 31 December 2012, the Group had long-term loans received from the International Finance Corporation, USA and JSC Entrepreneurship Development Fund DAMU, that in aggregate and individually exceeded 10% of the Group's equity.

As of 30 September 2013 and 31 December 2012, the fair value of assets pledged and carrying value of liabilities under repurchase agreements were as follows:

	30 September 2013 (unaudited)		31 December 2012	
	Carrying value of loans	Fair value of collateral	Carrying value of loans	Fair value of collateral
NBRK Notes	-	-	8,001	8,421
Bonds of the Ministry of Finance of the Republic of Kazakhstan	21,950	23,477	9,072	9,765
Government Bonds of Russian Federation	7,116	7,116	759	774
Bonds of JSC Rosselhozbank			657	751
Bonds of JSC Agricultural Credit Corporation			177	211
Bonds of banks	256	340	1,603	1,896
Corporate bonds of Republic of Kazakhstan	20	29	-	-
<b>Total</b>	<u>29,342</u>	<u>30,962</u>	<u>20,269</u>	<u>21,818</u>

## 20. CUSTOMER AND BANK ACCOUNTS

	30 September 2013 (unaudited)	31 December 2012
<b>Recorded at amortized cost:</b>		
Customer accounts	824,232	772,387
Banks accounts	3,275	11,885
	<u>827,507</u>	<u>784,272</u>
Accrued interest	7,475	6,278
<b>Total customer and banks accounts</b>	<u>834,982</u>	<u>790,550</u>

	30 September 2013 (unaudited)	31 December 2012
Term deposits	564,369	524,058
Demand deposits	259,863	248,329
	<u>824,232</u>	<u>772,387</u>
Accrued interest	7,463	5,477
<b>Total customer accounts</b>	<u>831,695</u>	<u>777,864</u>

	30 September 2013 (unaudited)	31 December 2012
<b>Analysis by economy sectors :</b>		
Private sector	313,552	368,710
Agriculture	5,206	6,759
Social services	211,988	162,924
Construction	46,794	58,297
Transportation and communication	4,898	15,756
Manufacturing	19,093	8,754
Insurance	72,926	36,581
Metallurgy	4,734	9,756
Research and development	9,081	9,104
Fuel	38,097	14,732
Trade	33,224	37,499
Other	72,102	48,992
<b>Total customer accounts</b>	<u>831,695</u>	<u>777,864</u>

Banks accounts as at 30 September 2013 and 31 December 2012 are as follows:

	30 September 2013  (unaudited)	31 December 2012
Term deposits	3,138	11,600
Demand deposits	137	285
	<hr/>	<hr/>
Accrued interest	3,275	11,885
	12	801
	<hr/>	<hr/>
<b>Total banks accounts</b>	<b>3,287</b>	<b>12,686</b>
	<hr/> <hr/>	<hr/> <hr/>

## 21. DEBT SECURITIES ISSUED

	Currency	Issue date (dd/mm/yy)	Maturity date (dd/mm/yy)	Interest rate, %	30 September 2013 (unaudited)	31 December 2012
International bonds	USD	30/01/2007- 22/03/2011	07/05/2013- 30/01/2014	8.63-12.50	55,336	55,713
Bonds issued in Kazakhstan	KZT	29/12/2004- 27/12/2005	29/12/2014	6.50-7.60	7,685	7,676
International bonds	JPY	-	-	6.24	-	11,043
Bonds issued in Russia	USD	18/08/2011	30/05/2013	1.00	19	675
Bonds issued in Russia	RUR	-	-	-	-	15
					<hr/>	<hr/>
					47,688	63,423
Accrued interest					715	1,781
<b>Total debt securities issued</b>					<b>48,403</b>	<b>65,204</b>
					<hr/> <hr/>	<hr/> <hr/>

Interest expense on debt securities issued is repayable semiannually.

## 22. OTHER LIABILITIES

	30 September 2013 (unaudited)	31 December 2012
<b>Other financial liabilities:</b>		
Other operations settlements	4,165	2,085
Derivative financial instruments (Note 13)	48	95
Accrued fee and commission expenses	382	261
	<hr/>	<hr/>
	4,595	2,441
<b>Other non-financial liabilities:</b>		
Taxes payable, other than income tax	1,436	1,072
Allowances for guarantees and letters of credit (Note 4)	2,044	1,779
Other non-financial liabilities	380	228
	<hr/>	<hr/>
<b>Total other liabilities</b>	<b>8,455</b>	<b>5,520</b>
	<hr/> <hr/>	<hr/> <hr/>

## 23. SUBORDINATED BONDS



	CCY	Issue date (dd/mm/yy)	Maturity date (dd/mm/yy)	Annual interest rate %	30 September 2013 (unaudited)	31 December 2012
Floating rate	KZT	31.05.2005- 27.11.2009	31.05.2015- 11.11.2023	7.60-8.00	35,505	26,961
Fixed rate	KZT	27.06.2008	27.06.2018	11.00	5,997	5,994
					<u>41,502</u>	<u>32,955</u>
Accrued interest expense					<u>1,234</u>	<u>294</u>
<b>Total subordinated bonds</b>					<u><u>42,736</u></u>	<u><u>33,249</u></u>

Interest expense on subordinated bonds is repayable semiannually; the principal is repayable at the end of the term.

In the event of bankruptcy or liquidation of the Group, the repayment of this debt is to be made after the Group repays the Group's liabilities to all other creditors.

## 24. SHARE CAPITAL

As at 30 September 2013 the share capital of the Bank is as follows:

	Authorized share capital	Unissued share capital	Repurchased shares	Total share capital
Common shares	260,750,745	(98,293,945)	(90,263)	162,366,527
Preference shares	39,249,255	-	-	39,249,255

As at 31 December 2012, the Bank' share capital was as follows:

	Authorized share capital	Unissued share capital	Repurchased shares	Total share capital
Common shares	260,750,745	(98,293,945)	(301,419)	162,155,381
Preference shares	39,249,255	-	-	39,249,255

According to the Republic of Kazakhstan Law 'On Joint-Stock Companies', dividends are paid in the form of money or securities of the Bank provided that the decision on dividend payment was made at the general meeting of shareholders of the Bank. In accordance with the Articles of Association of the Bank, dividends on common shares shall be paid based on the results of the year.

Preference shares carry no voting rights and may not be repurchased by the Bank. The holders of preference shares have pre-emptive rights to holders of common shares to receive dividends. The conversion of preference shares is made upon the decision of the Board of Directors. The guaranteed amount of dividends per preference share is KZT0.01.

	Nine months, ended 30 September 2013 (unaudited)	The year ended 31 December 2012
Preference shares, beginning of the period	39,249,255	39,249,255
Preference shares issued	-	-

<b>Preference shares, end of the period</b>	39,249,255	39,249,255
<b>Common shares, beginning of the period</b>	162,155,381	162,225,170
Common shares issued	-	-
Repurchase of own shares	(256,764)	(1,178,837)
Sale of repurchased shares	467,910	1,109,048
<b>Common shares, end of the period</b>	162,366,527	162,155,381





## Taxation

Due to the fact that the commercial legislation and tax legislation of the Republic of Kazakhstan in particular, may be open to more than one interpretations, as well as due to the practice of tax authorities to pass arbitrary judgments on taxpayer's activity matters, in case of some concrete actions, based on interpretation of the law in relation to activity of the Group on the part of Management, would be challenged by tax authorities, it can lead to accrual of additional taxes, penalties and fines. The Group believes that it has already made all tax payments, and therefore no provision has been made in the consolidated financial statements.

Tax periods remain open to review by the tax authorities for five years. However, tax authorities may perform additional reviews, if considered necessary. In accordance with judicial rulings, the period of review can be alerted, if the court acknowledges the fact of interdiction to conduct the tax review by tax authorities.

## Pension payments

In accordance with the laws of the Republic of Kazakhstan and Russian Federation all employees of the Group have pension benefit rights. As at 30 September 2013 and 31 December 2012 the Group was not liable for any supplementary pension payments, post-retirement health care, insurance benefits or other retirement indemnities to its current or former employees.

			
<b>V.S. Lee</b> Chairman of the Management Board		<b>Oh Ki Hong</b> Managing Director	<b>A.T. Nurgaliyeva</b> Chief Accountant