“Bank of Astana” JSC

Financial Statements

for the year ended 31 December 2015

Contents

«КПМГ Аудит» жауапкершілігі шектеулі серіктестік
050051 Алматы, Достық д-лы 180,
Тел./факс 8 (727) 298-08-98, 298-07-08

KPMG Audit LLC
050051 Almaty, 180 Dostyk Avenue,
E-mail: company@kpmg.kz

Independent Auditors' Report

To the Board of Directors of "Bank of Astana" JSC

We have audited the accompanying financial statements of "Bank of Astana" JSC (the "Bank"), which comprise the statement of financial position as at 31 December 2015, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Ravshan Irmatov
Certified Auditor
of the Republic of Kazakhstan,
Auditor's Qualification Certificate
No. МФ-0000053 of 6 January 2012

Ashley Clarke
Audit Partner

KPMG Audit LLC

State License to conduct audit # 0000021 dated 6 December 2006 issued by the Ministry of Finance of the Republic of Kazakhstan

Assel Khairova
General Director of KPMG Audit LLC
acting on the basis of the Charter

27 April 2016

	Note	2015 KZT'000	2014 KZT'000
Interest income	4	14,672,532	7,443,541
Interest expense	4	(8,435,389)	(3,286,945)
Net interest income		**6,237,143**	**4,156,596**
Fee and commission income	5	1,172,248	531,425
Fee and commission expense	6	(162,536)	(54,385)
Net fee and commission income		**1,009,712**	**477,040**
Net foreign exchange gain	7	839,116	177,104
Net gain on financial instruments at fair value through profit or loss	14	919,944	25,801
Other operating income	8	229,171	467,207
Other operating expense	8	(356,044)	(272,842)
Operating income		**8,879,042**	**5,030,906**
Impairment losses	9	(3,352,972)	(1,119,097)
Personnel expenses	10	(1,652,356)	(1,430,021)
Other general administrative expenses	11	(1,700,461)	(1,025,149)
Profit before income tax		**2,173,253**	**1,456,639**
Income tax expense	12	(665,158)	(64,661)
Profit for the year		**1,508,095**	**1,391,978**
Other comprehensive income, net of income tax			
Items that are or may be reclassified subsequently to profit or loss:			
Revaluation reserve for available-for-sale financial assets:			
- Net change in fair value		(38,044)	215,269
Items that will not be reclassified to profit or loss:			
Revaluation reserve for land and buildings			
- Net change in fair value		(75,365)	376,827
Other comprehensive (loss) income for the year, net of income tax		**(113,409)**	**592,096**
Total comprehensive income for the year		**1,394,686**	**1,984,074**

The financial statements as set out on pages 5 to 65 were approved by the Management Board on 21 April 2016 and were signed on its behalf by:

Mailibayev Iskender Yedygeevich
Chairman of the Management Board

Musaeva Zeynab Rakhmatullayevna
Chief Accountant

The statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to, and forming part of, the financial statements.

	Note	2015 KZT'000	2014 KZT'000
ASSETS			
Cash and cash equivalents	13	51,996,783	34,102,608
Financial instruments at fair value through profit or loss	14	295,920	-
Available-for-sale financial assets	15	757,542	705,839
Loans and advances to banks and other financial institutions	16	13,340,011	7,477,346
Loans to customers	17	131,824,973	81,204,263
Property, equipment and intangible assets	18	2,276,113	1,763,510
Deferred tax asset	12	-	18,337
Other assets	19	23,179,127	2,167,492
Total assets		**223,670,469**	**127,439,395**
LIABILITIES			
Deposits and balances from banks and other financial institutions	20	45,844,884	13,844,448
Current accounts and deposits from customers	21	145,182,100	94,973,470
Subordinated bonds	22	7,022,664	-
Current tax liability		74,366	-
Deferred tax liability	12	39,537	-
Other liabilities	23	2,017,724	1,026,969
Total liabilities		**200,181,275**	**109,844,887**
EQUITY			
Share capital	24	20,785,466	16,285,466
Additional paid-in-capital		(112,895)	(112,895)
General reserve		957,976	957,976
Revaluation reserve for available-for-sale financial assets		(29,926)	8,118
Revaluation reserve for land and buildings		301,462	376,827
Retained earnings		1,587,111	79,016
Total equity		**23,489,194**	**17,594,508**
Total liabilities and equity		**223,670,469**	**127,439,395**

The statement of financial position is to be read in conjunction with the notes to, and forming part of, the financial statements.

	2015 KZT'000	2014 KZT'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest receipts	11,260,070	6,462,652
Interest payments	(8,188,225)	(3,065,111)
Fee and commission receipts	1,164,931	553,517
Fee and commission payments	(162,536)	(54,385)
Net receipts from financial instruments at fair value through profit and loss	624,024	25,801
Net receipts from foreign exchange	902,016	277,568
Other (payments)/receipts, net	(126,873)	261,722
Personnel payments	(1,641,423)	(1,403,676)
Other general administrative payments	(1,309,678)	(820,624)
(Increase)/decrease in operating assets		
Loans and advances to banks and other financial institutions	(5,432,649)	2,172,984
Loans to customers	(61,557,165)	(45,724,527)
Other assets	(5,616,914)	856,533
Increase in operating liabilities		
Deposits and balances from banks and other financial institutions	31,186,146	4,560,933
Current accounts and deposits from customers	42,534,827	32,633,767
Other liabilities	325,694	785,799
Net cash from/(used in) operating activities before income tax paid	**3,962,245**	**(2,477,047)**
Income tax paid	(608,283)	(33,000)
Cash flows from/(used in) operating activities	**3,353,962**	**(2,510,047)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of available-for-sale assets	(3,435,941)	(2,596,626)
Redemption of available-for-sale assets	3,517,656	8,066,117
Purchases of property, equipment and intangible assets	(748,908)	(1,223,303)
Sales of property, equipment and intangible assets	14,919	184,750
Cash flows (used in)/from investing activities	**(652,274)**	**4,430,938**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of share capital	4,500,000	3,500,000
Proceeds from issuance of debt securities	10,084,623	-
Repurchase of debt securities issued	(10,058,407)	-
Proceeds from issuance of subordinated bonds	6,999,000	-
Cash flows from financing activities	**11,525,216**	**3,500,000**
Net increase in cash and cash equivalents	**14,226,904**	**5,420,891**
Effect of changes in exchange rates on cash and cash equivalents	3,667,271	2,115,360
Cash and cash equivalents as at the beginning of the year	34,102,608	26,566,357
Cash and cash equivalents as at the end of the year (Note 13)	**51,996,783**	**34,102,608**

The statement of cash flows is to be read in conjunction with the notes to, and forming part of, the financial statements.

KZT'000	Share capital	Additional paid-in-capital	General reserve	Revaluation reserve for available-for-sale financial assets	Revaluation reserve for land and buildings	Retained earnings/ (accumulated losses)	Total
Balance as at 1 January 2014	**12,785,466**	**(112,895)**	**957,976**	**(207,151)**	**-**	**(1,312,962)**	**12,110,434**
Total comprehensive income							
Profit for the year	-	-	-	-	-	1,391,978	1,391,978
Other comprehensive income							
Items that are or may be reclassified subsequently to profit or loss:							
Net change in fair value of available-for-sale financial assets	-	-	-	215,269	-	-	215,269
Items that will not be reclassified to profit or loss:							
Revaluation of land and buildings	-	-	-	-	376,827	-	376,827
Total other comprehensive income	-	-	-	215,269	376,827	-	592,096
Total comprehensive income for the year	**-**	**-**	**-**	**215,269**	**376,827**	**1,391,978**	**1,984,074**
Transactions with owners, recorded directly in equity							
Shares issued (Note 24)	3,500,000	-	-	-	-	-	3,500,000
Total transactions with owners	**3,500,000**	**-**	**-**	**-**	**-**	**-**	**3,500,000**
Balance as at 31 December 2014	**16,285,466**	**(112,895)**	**957,976**	**8,118**	**376,827**	**79,016**	**17,594,508**
Total comprehensive income							
Profit for the year	-	-	-	-	-	1,508,095	1,508,095
Other comprehensive income							
Items that are or may be reclassified subsequently to profit or loss:							
Net change in fair value of available-for-sale financial assets	-	-	-	(38,044)	-	-	(38,044)
Items that will not be reclassified to profit or loss:							
Revaluation of land and buildings	-	-	-	-	(75,365)	-	(75,365)
Total other comprehensive loss	-	-	-	(38,044)	(75,365)	-	(113,409)
Total comprehensive income for the year	**-**	**-**	**-**	**(38,044)**	**(75,365)**	**1,508,095**	**1,394,686**
Transactions with owners, recorded directly in equity							
Shares issued (Note 24)	4,500,000	-	-	-	-	-	4,500,000
Total transactions with owners	**4,500,000**	**-**	**-**	**-**	**-**	**-**	**4,500,000**
Balance as at 31 December 2015	**20,785,466**	**(112,895)**	**957,976**	**(29,926)**	**301,462**	**1,587,111**	**23,489,194**

The statement of changes in equity is to be read in conjunction with the notes to, and forming part of, the financial statements.

1 Background

(a) Organisation and operations

"Bank of Astana" JSC (the "Bank") was established in the Republic of Kazakhstan as a joint stock company under the name Bank "Astana-finance" JSC in 2008. The principal activities are deposit taking and customer accounts maintenance, lending, issuing guarantees, cash and settlement operations and transactions with securities and foreign exchange. The activities of the Bank are regulated by the National Bank of the Republic of Kazakhstan (the "NBRK"). The Bank has general banking license number 1.1.257 dated 6 November 2009 and re-registered on 24 August 2011.

In accordance with the Decree of the National Bank of the Republic of Kazakhstan number 79 dated 1 July 2011 the Bank's license on deposit taking and customer account maintenance of individuals was revoked. As a result during the year ended 31 December 2011 the Bank closed all current accounts and deposits of individuals. On 31 March 2014 the Bank received license number 1.1.10 from the National Bank of the Republic of Kazakhstan on deposit taking and customer accounts maintenance of individuals and resumed these activities. On 10 March 2015 the Bank was re-registered as "Bank of Astana" JSC.

The Bank's registered office is located at 22, Koktem-2, Almaty, 050040, the Republic of Kazakhstan.

The Bank has five branches from which it conducts business throughout the Republic of Kazakhstan. The majority of the assets and liabilities are located in the Republic of Kazakhstan.

Bonds and ordinary shares issued by the Bank are listed on Kazakhstan Stock Exchange.

(b) Shareholders

As at 31 December 2014 and 2013, the following shareholders own the outstanding common shares:

Shareholders	31 December 2015 %	31 December 2014 %
Tokhtarov O.	68.74	19.46
Kashkinbaev T.	9.90	-
Other shareholders	21.36	-
"Astana Finance" JSC	-	50.25
Rakishev K.	-	30.29
	100.00	**100.00**

As at 31 December 2012 the Bank was wholly-owned by "Astana-finance" JSC (the "Company").

On 19 March 2010, the Agency on regulation and supervision of financial market and financial institutions signed a multilateral agreement with the Bank, "Astana-finance" JSC and other subsidiaries of the Company prohibiting certain intergroup transactions.

On 19 May 2010 the Company transferred 100% of its shareholding to the trust management of Sovereign Wealth Fund "Samruk Kazyna" JSC (the "Fund"). The Fund undertook to perform the Bank's shareholder functions on a temporary basis for the shortest of 12 months and the period up to the date the Company's restructuring plan is approved by the Kazakhstan court and all the actions agreed in the restructuring plan are implemented.

On 21 January 2013 "Astana Finance" JSC and two individuals, Mr. Rakishev K.H. and Mr. Tokhtarov O.T., signed an agreement on sale of 100% of shares of the Bank. On 3 May 2013 Astana Finance disposed 49% of its shareholding in the Bank, when the share sale deal was approved by the Committee on control and supervision of financial market and financial institutions, and new shareholders were granted the status of significant shareholders. The disposal of the remaining 51% of issued shares is being subject to satisfaction of the conditions precedent of the Company completing the restructuring. Management of the Bank determined that although "Astana Finance" JSC owned 51% of shares of the Bank as at 31 December 2013, it lost control over the Bank when new shareholders acquired 49% of the shares of the Bank on 3 May 2013. This is because the Company's status of a bank holding company has been previously revoked by the Committee and as a result the Company's voting rights are suspended.

1 Background, continued

(b) Shareholders, continued

On 31 December 2014 new shareholders purchased additional 100,000 shares of the Bank (see Note 24).

Taking into account the implementation of the provisions of the Restructuring Plan of JSC "Astana Finance" approved by NBRK and Specialised Interdistrict Economic Court of Almaty (the "Court") on 24 April 2015 and 27 April 2015, respectively, the Court decided to complete the restructuring on 2 June 2015. The restructuring was completed on 23 June 2015. As a result, Astana Finance JSC disposed of the remaining 51% to the individuals.

On 29 July 2015 Mr. Rakishev K.H. also fully disposed of his share of ownership by selling 2,362,792 ordinary shares to minority shareholders of the Bank.

On 16 November 2015 Mr. Tokhtarov O.T. purchased 7,200,000 ordinary shares of the Bank. On 4 December 2015 Mr. Tokhtarov O.T. sold 1,485,047 ordinary shares of the Bank to Mr. Kashkinbaev T.I.

(c) Kazakhstan business environment

The Bank's operations are primarily located in Kazakhstan. Consequently, the Bank is exposed to the economic and financial markets of Kazakhstan which display characteristics of an emerging market. The legal, tax and regulatory frameworks continue development, but are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments contribute to the challenges faced by entities operating in Kazakhstan. In addition, the recent significant depreciation of the Kazakhstan tenge, and the reduction in the global price of oil, have increased the level of uncertainty in the business environment.

The financial statements reflect management's assessment of the impact of the Kazakhstan business environment on the operations and the financial position of the Bank. The future business environment may differ from management's assessment.

2 Basis of preparation

(a) Statement of compliance

The accompanying financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS").

(b) Basis of measurement

The financial statements are prepared on the historical cost basis except that financial instruments at fair value through profit or loss, available-for-sale financial assets and land and buildings are stated at fair value.

(c) Functional and presentation currency

The functional currency of the Bank is the Kazakhstan Tenge (KZT) as, being the national currency of the Republic of Kazakhstan, it reflects the economic substance of the majority of underlying events and circumstances relevant to them.

The KZT is also the presentation currency for the purposes of these financial statements.

Financial information presented in KZT is rounded to the nearest thousand.

(d) Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results could differ from those estimates.

2 Basis of preparation, continued

(d) Use of estimates and judgments, continued

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies is described in the Note 17 – "Loans to customers" and Note 19 – "Other assets".

3 Significant accounting policies

The accounting policies set out below are applied consistently to all periods presented in these financial statements, and are applied consistently by the Bank.

(a) Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of the Bank entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value is determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments unless the difference is due to impairment in which case foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss; a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or qualifying cash flow hedges to the extent that the hedge is effective, which are recognised in other comprehensive income.

(b) Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, unrestricted balances (nostro accounts) held with the NBRK and other banks, and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value, and are used by the Bank in the management of short-term commitments. The mandatory reserve deposit with the NBRK is not considered to be a cash equivalent due to restrictions on its withdrawability. Cash and cash equivalents are carried at amortised cost in the statement of financial position.

(c) Financial instruments

(i) Classification

Financial instruments at fair value through profit or loss are financial assets or liabilities that are:

- acquired or incurred principally for the purpose of selling or repurchasing in the near term
- part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking
- derivative financial instruments (except for derivative that is a financial guarantee contract or a designated and effective hedging instruments) or,
- upon initial recognition, designated as at fair value through profit or loss.

3 Significant accounting policies, continued

(c) Financial instruments, continued

(i) Classification, continued

The Bank may designate financial assets and liabilities at fair value through profit or loss where either:

- the assets or liabilities are managed, evaluated and reported internally on a fair value basis
- the designation eliminates or significantly reduces an accounting mismatch which would otherwise arise or,
- the asset or liability contains an embedded derivative that significantly modifies the cash flows that would otherwise be required under the contract.

All trading derivatives in a net receivable position (positive fair value), as well as options purchased, are reported as assets. All trading derivatives in a net payable position (negative fair value), as well as options written, are reported as liabilities.

Management determines the appropriate classification of financial instruments in this category at the time of the initial recognition. Derivative financial instruments and financial instruments designated as at fair value through profit or loss upon initial recognition are not reclassified out of at fair value through profit or loss category. Financial assets that would have met the definition of loan and receivables may be reclassified out of the fair value through profit or loss or available-for-sale category if the entity has an intention and ability to hold it for the foreseeable future or until maturity. Other financial instruments may be reclassified out of at fair value through profit or loss category only in rare circumstances. Rare circumstances arise from a single event that is unusual and highly unlikely to recur in the near term.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those that the Bank:

- intends to sell immediately or in the near term
- upon initial recognition designates as at fair value through profit or loss
- upon initial recognition designates as available-for-sale or,
- may not recover substantially all of its initial investment, other than because of credit deterioration.

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Bank has the positive intention and ability to hold to maturity, other than those that:

- the Bank upon initial recognition designates as at fair value through profit or loss
- the Bank designates as available-for-sale or,
- meet the definition of loans and receivables.

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investments or financial instruments at fair value through profit or loss.

(ii) Recognition

Financial assets and liabilities are recognised in the statement of financial position when the Bank becomes a party to the contractual provisions of the instrument. All regular way purchases of financial assets are accounted for at the settlement date.

(iii) Measurement

A financial asset or liability is initially measured at its fair value plus, in the case of a financial asset or liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or liability.

3 Significant accounting policies, continued

(c) Financial instruments, continued

(iii) Measurement, continued

Subsequent to initial recognition, financial assets, including derivatives that are assets, are measured at their fair values, without any deduction for transaction costs that may be incurred on sale or other disposal, except for:

- loans and receivables which are measured at amortised cost using the effective interest
- held-to-maturity investments that are measured at amortised cost using the effective interest method
- investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured which are measured at cost.

All financial liabilities, other than those designated at fair value through profit or loss and financial liabilities that arise when a transfer of a financial asset carried at fair value does not qualify for derecognition, are measured at amortised cost.

(iv) Amortised cost

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment. Premiums and discounts, including initial transaction costs, are included in the carrying amount of the related instrument and amortised based on the effective interest rate of the instrument.

(v) Fair value measurement principles

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 in the principal, or in its absence, the most advantageous market to which the Bank has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Bank measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

When there is no quoted price in an active market, the Bank uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all the factors that market participants would take into account in pricing transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price, i.e., the fair value of the consideration given or received. If the Bank determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is supported wholly by observable market data or the transaction is closed out.

(vi) Gains and losses on subsequent measurement

A gain or loss arising from a change in the fair value of a financial asset or liability is recognised as follows:

- a gain or loss on a financial instrument classified as at fair value through profit or loss is recognised in profit or loss

3 Significant accounting policies, continued

(c) Financial instruments, continued

(vi) Gains and losses on subsequent measurement, continued

- a gain or loss on an available-for-sale financial asset is recognised as other comprehensive income in equity (except for impairment losses and foreign exchange gains and losses on debt financial instruments available-for-sale) until the asset is derecognised, at which time the cumulative gain or loss previously recognised in equity is recognised in profit or loss. Interest in relation to an available-for-sale financial asset is recognised in profit or loss using the effective interest method.

For financial assets and liabilities carried at amortised cost, a gain or loss is recognised in profit or loss when the financial asset or liability is derecognised or impaired, and through the amortisation process.

(vii) Derecognition

The Bank derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Bank neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Bank is recognised as a separate asset or liability in the statement of financial position. The Bank derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The Bank enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised.

In transactions where the Bank neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset, it derecognises the asset if control over the asset is lost.

In transfers where control over the asset is retained, the Bank continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred assets.

The Bank writes off assets deemed to be uncollectible.

(viii) Repurchase and reverse repurchase agreements

Securities sold under sale and repurchase ("repo") agreements are accounted for as secured financing transactions, with the securities retained in the statement of financial position and the counterparty liability included in amounts payable under repo transactions. The difference between the sale and repurchase price represents interest expense and is recognised in profit or loss over the term of the repo agreement using the effective interest method.

Securities purchased under agreements to resell ("reverse repo") are recorded as amounts receivable under reverse repo transactions. The difference between the purchase and resale prices represents interest income and is recognised in profit or loss over the term of the repo agreement using the effective interest method.

If assets purchased under an agreement to resell are sold to third parties, the obligation to return securities is recorded as a trading liability and measured at fair value.

(ix) Offsetting

Financial assets and liabilities are offset and the net amount reported in the 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 realise the asset and settle the liability simultaneously.

3 Significant accounting policies, continued

(d) Property and equipment

(i) Owned assets

Items of property and equipment are stated at cost less accumulated depreciation and impairment losses, except for land and buildings, which are stated at revalued amounts as described below

Where an item of property and equipment comprises major components having different useful lives, they are accounted for as separate items of property and equipment.

(ii) Revaluation

Land and buildings are subject to revaluation on a regular basis. The frequency of revaluation depends on the movements in the fair values of the land and buildings being revalued. A revaluation increase on a land and a building is recognised as other comprehensive income except to the extent that it reverses a previous revaluation decrease recognised in profit or loss, in which case it is recognised in profit or loss. A revaluation decrease on a land and a building is recognised in profit or loss except to the extent that it reverses a previous revaluation increase recognised as other comprehensive income directly in equity, in which case it is recognised in other comprehensive income.

(iii) Depreciation

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of the individual assets. Depreciation commences on the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and ready for use. Land is not depreciated. The estimated useful lives are as follows:

- buildings	10-100 years;
- furniture and equipment	7-10 years;
- vehicles	7 years;
- computer equipment	3-5 years;
- leasehold improvements	3-5 years.

(e) Intangible assets

Acquired intangible assets are stated at cost less accumulated amortisation and impairment losses.

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Amortisation is charged to profit or loss on a straight-line basis over the estimated useful lives of intangible assets. The estimated useful lives range from 2 to 5 years.

(f) Foreclosed assets

Foreclosed assets are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(g) Impairment

The Bank assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. If any such evidence exists, the Bank determines the amount of any impairment loss.

A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a loss event) and that event (or events) has had an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

3 Significant accounting policies, continued

(g) Impairment, continued

Objective evidence that financial assets are impaired can include default or delinquency by a borrower, breach of loan covenants or conditions, restructuring of financial asset or group of financial assets that the Bank would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, deterioration in the value of collateral, or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers in the group, or economic conditions that correlate with defaults in the group.

In addition, for an investment in an equity security available-for-sale a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

(i) Financial assets carried at amortised cost

Financial assets carried at amortised cost consist principally of loans and other receivables (loans and receivables). The Bank reviews its loans and receivables to assess impairment on a regular basis. The Bank first assesses whether objective evidence of impairment exists individually for loans and receivables that are individually significant, and individually or collectively for loans and receivables that are not individually significant. If the Bank determines that no objective evidence of impairment exists for an individually assessed loan or receivable, whether significant or not, it includes the loan or receivable in a group of loans and receivables with similar credit risk characteristics and collectively assesses them for impairment. Loans and receivables 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 on a loan or receivable has been incurred, the amount of the loss is measured as the difference between the carrying amount of the loan or receivable and the present value of estimated future cash flows including amounts recoverable from guarantees and collateral discounted at the loan or receivable's original effective interest rate. Contractual cash flows and historical loss experience adjusted on the basis of relevant observable data that reflect current economic conditions provide the basis for estimating expected cash flows.

In some cases the observable data required to estimate the amount of an impairment loss on a loan or receivable may be limited or no longer fully relevant to current circumstances. This may be the case when a borrower is in financial difficulties and there is little available historical data relating to similar borrowers. In such cases, the Bank uses its experience and judgment to estimate the amount of any impairment loss.

All impairment losses in respect of loans and receivables are recognised in profit or loss and are only reversed if a subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

When a loan is uncollectable, it is written off against the related allowance for loan impairment. The Bank writes off a loan balance (and any related allowances for loan losses) when management determines that the loans are uncollectible and when all necessary steps to collect the loan are completed.

(ii) Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by transferring the cumulative loss that is recognised in other comprehensive income to profit or loss as a reclassification adjustment. The cumulative loss that is reclassified from other comprehensive income to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in profit or loss. Changes in impairment provisions attributable to time value are reflected as a component of interest income.

3 Significant accounting policies, continued

(g) Impairment, continued

(ii) Available-for-sale financial assets, continued

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

(iii) Non financial assets

Other non financial assets, other than deferred taxes, are assessed at each reporting date for any indications of impairment. The recoverable amount of non financial assets is the greater of their fair value less costs to sell and value in use. 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. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. An impairment loss is recognised when the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

All impairment losses in respect of non financial assets are recognised in profit or loss and reversed only if there has been a change in the estimates used to determine the recoverable amount. Any impairment loss reversed is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(h) Provisions

A provision is recognised in the statement of financial position when the Bank has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(i) Credit related commitments

In the normal course of business, the Bank enters into credit related commitments, comprising undrawn loan commitments, letters of credit and guarantees, and provides other forms of credit insurance.

Financial guarantees are contracts that require the Bank to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

A financial guarantee liability is recognised initially at fair value net of associated transaction costs, and is measured subsequently at the higher of the amount initially recognised less cumulative amortisation or the amount of provision for losses under the guarantee. Provisions for losses under financial guarantees and other credit related commitments are recognised when losses are considered probable and can be measured reliably.

Loan commitments are not recognised, except for the followings:

- loan commitments that the Bank designates as financial liabilities at fair value through profit or loss
- if the Bank has a past practice of selling the assets resulting from its loan commitments shortly after origination, then the loan commitments in the same class are treated as derivative instruments

3 Significant accounting policies, continued

(i) Credit related commitments, continued

- loan commitments that can be settled net in cash or by delivering or issuing another financial instrument
- commitments to provide a loan at a below-market interest rate.

(j) Share capital

(i) Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

(ii) Dividends

The ability of the Bank to declare and pay dividends is subject to the rules and regulations of the Kazakhstan legislation.

Dividends in relation to ordinary shares are reflected as an appropriation of retained earnings in the period when they are declared.

(k) Taxation

Income tax comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items of other comprehensive income or transactions with shareholders recognised directly in equity, in which case it is recognised within other comprehensive income or directly within equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised on the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Bank expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences, unused tax losses and credits can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(l) Income and expense recognition

Interest income and expense are recognised in profit or loss using the effective interest method.

Loan origination fees, loan servicing fees and other fees that are considered to be integral to the overall profitability of a loan, together with the related transaction costs, are deferred and amortised to interest income over the estimated life of the financial instrument using the effective interest method.

Other fees, commissions and other income and expense items are recognised in profit or loss when the corresponding service is provided.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

3 Significant accounting policies, continued

(m) Segment reporting

The Bank's operations are highly integrated and constitute a single business segment for the purposes of IFRS 8 Operating Segments. The Bank's assets are concentrated primarily in the Republic of Kazakhstan, and the majority of the Bank's revenues and profit is derived from operations in, and connected with, the Republic of Kazakhstan. The Chief Operating Decision Maker, in the case of the Bank, the Chairman of the Management Board, only receives and reviews the information on the Bank as a whole.

(n) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective as at 31 December 2015, and are not applied in preparing these financial statements. Of these pronouncements, potentially the following will have an impact on the financial position and performance. The Bank plans to adopt these pronouncements when they become effective. The Bank has not yet analysed the likely impact of the new standard on its financial position or performance.

- IFRS 9 *Financial Instruments*, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The Bank recognises that the new standard introduces many changes to accounting for financial instruments and is likely to have a significant impact on the financial statements. The Bank has not analysed the impact of these changes yet. The Bank does not intend to adopt this standard early. The standard will be effective for annual periods beginning on or after 1 January 2018 and will be applied retrospectively with some exemptions.
- Various *Improvements to IFRS* are dealt with on a standard-by-standard basis. All amendments, which result in accounting changes for presentation, recognition or measurement purposes, will come into effect not earlier than 1 January 2016. The Bank has not yet analysed the likely impact of the improvements on its financial position or performance.

4 Net interest income

	2015 KZT'000	2014 KZT'000
Interest income		
Loans to customers	12,475,812	6,742,564
Cash and cash equivalents	1,679,788	133,293
Loans and advances to banks and other financial institutions	275,095	419,669
Available-for-sale financial assets	241,837	148,015
	14,672,532	**7,443,541**
Interest expense		
Current accounts and deposits from customers	(6,479,963)	(2,214,811)
Deposits and balances from banks and other financial institutions	(1,925,496)	(1,063,786)
Subordinated bonds and debt securities issued	(21,193)	-
Amounts payable under repurchase agreements	(8,737)	(8,348)
	(8,435,389)	**(3,286,945)**
	6,237,143	**4,156,596**

4 Net interest income, continued

Included within various line items under interest income for the year ended 31 December 2015 is a total of KZT 1,818,065 thousand (2014: KZT 1,028,797 thousand) accrued on impaired financial assets.

5 Fee and commission income

	2015 KZT'000	2014 KZT'000
Guarantee and letter of credit issuance	647,173	195,056
Cash transactions	208,947	150,275
Foreign exchange	117,065	90,249
Settlement	113,433	52,464
Loan origination fee	814	17,601
Other	84,816	25,780
	1,172,248	**531,425**

6 Fee and commission expense

	2015 KZT'000	2014 KZT'000
Credit transactions	98,965	11,469
Payment transfers	40,266	30,598
Brokerage services	18,579	7,411
Other	4,726	4,907
	162,536	**54,385**

7 Net foreign exchange gain

	2015 KZT'000	2014 KZT'000
Net gain from spot transactions	902,016	220,728
Net loss from revaluation of financial assets and liabilities	(62,900)	(43,624)
	839,116	**177,104**

8 Other operating income, net

	2015 KZT'000	2014 KZT'000
Other operating income		
Fines and penalties	198,307	451,960
Other	30,864	15,247
	229,171	**467,207**
Other operating expense		
Subscriptions and information services	(99,138)	(49,505)
Corporate events	(42,994)	-
Rating agencies services	(40,033)	(14,933)
Charity	(25,077)	-
Inventory write-offs	(21,764)	(34,417)
Fines and penalties	(12,938)	-
Net loss from sales of fixed assets	-	(67,357)
Legal executives services	-	(13,448)
Other	(114,100)	(93,182)
	(356,044)	**(272,842)**
	(126,873)	**194,365**

9 Impairment losses

	2015 KZT'000	2014 KZT'000
Loans to customers	2,969,281	1,016,942
Other assets	396,078	103,170
Loans and advances to banks and other financial institutions	(12,387)	(1,015)
	3,352,972	**1,119,097**

10 Personnel expenses

	2015 KZT'000	2014 KZT'000
Employee compensation	1,543,044	1,331,229
Payroll related taxes	109,312	98,792
	1,652,356	**1,430,021**

11 Other general administrative expenses

	2015 KZT'000	2014 KZT'000
Operating lease expense	415,419	271,486
Advertising and marketing	269,149	87,386
Depreciation and amortisation	221,386	129,744
Taxes other than on income	119,594	81,689
Insurance	112,837	81,447
Professional services	91,231	51,644
Repairs and maintenance	87,690	85,660
Utilities and cleaning services	50,004	49,464
Communications and information services	46,783	37,914
Security	43,830	39,429
Transportation	37,306	28,842
Travel expenses	19,169	33,687
Encashment services	18,157	11,683
Trainings	10,329	6,105
Representation	1,367	3,855
Other	156,210	25,114
	1,700,461	**1,025,149**

12 Income tax expense

	2015 KZT'000	2014 KZT'000
Current year tax expense	(470,373)	(33,000)
Current tax expense underprovided in prior years	(212,276)	-
Deferred taxation movement due to origination and reversal of temporary differences	17,491	(31,661)
Total income tax expense	**(665,158)**	**(64,661)**

In 2015 the applicable tax rate for current and deferred tax is 20% (2014: 20%).

Reconciliation of effective tax rate:

	2015 KZT'000	%	2014 KZT'000	%
Profit before income tax	**2,173,253**	**100**	**1,456,639**	**100**
Income tax at the applicable tax rate	(434,651)	(20)	(291,328)	(20)
(Non-deductible expenses)/non-taxable income	(18,231)	(1)	226,667	16
Underprovided in prior years	(212,276)	(10)	-	-
	(665,158)	**(31)**	**(64,661)**	**(4)**

Deferred tax asset and liability

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes give rise to net deferred tax assets as at 31 December 2015 and 2014. These deferred tax assets have been recognised in these financial statements. The future tax benefits will only be realised if profits will be available against which the unused tax losses can be utilised and there are no changes to the law and regulations that adversely affect the Bank's ability to claim the deductions in future periods.

The deductible temporary differences do not expire under current tax legislation.

12 Income tax expense, continued

Movements in temporary differences during the years ended 31 December 2015 and 2014 are presented as follows.

2015 KZT'000	**Balance 1 January 2015**	**Recognised in profit or loss**	**Recognised in other comprehensive income**	**Balance 31 December 2015**
Financial instruments at fair value through profit or loss	-	(59,184)	-	(59,184)
Property, equipment and intangible assets	(28,997)	(47,048)	(75,365)	(151,410)
Loans to customers	9,542	37,601	-	47,143
Other assets	366	41,472	-	41,838
Interest payable on deposits and balances from banks and other financial institutions	33,341	29,827	-	63,168
Interest payable on current accounts and deposits from customers	(229)	13,522	-	13,293
Vacation reserve	4,314	1,301	-	5,615
	18,337	**17,491**	**(75,365)**	**(39,537)**

2014 KZT'000	**Balance 1 January 2014**	**Recognised in profit or loss**	**Balance 31 December 2014**
Property, equipment and intangible assets	(2,572)	(26,425)	(28,997)
Loans to customers	17,854	(8,312)	9,542
Other assets	1,311	(945)	366
Interest payable on deposits and balances from banks and other financial institutions	6,365	26,976	33,341
Interest payable on current accounts and deposits from customers	19,947	(20,176)	(229)
Vacation reserve	7,093	(2,779)	4,314
	49,998	**(31,661)**	**18,337**

13 Cash and cash equivalents

	2015 KZT'000	2014 KZT'000
Cash on hand	**2,178,683**	**2,334,151**
Cash equivalents		
Nostro accounts with the NBRK	**39,575,056**	**27,261,758**
Nostro accounts with other banks		
- rated A- to A+	79,778	205,896
- rated from BB- to BB+	490,364	838,999
- rated from B- to B+	1,990,584	625,773
- not rated	-	1,864
Total nostro accounts with other banks	**2,560,726**	**1,672,532**
Term deposits with other banks		
- rated A- to A+	2,545,833	2,834,167
- rated from B- to B+	5,136,485	-
Total term deposits with other banks	**7,682,318**	**2,834,167**
Total cash equivalents	**49,818,100**	**31,768,457**
Total cash and cash equivalents	**51,996,783**	**34,102,608**

The credit ratings are presented by reference to the credit ratings of Fitch's credit ratings agency or analogues of similar international agencies.

None of cash and cash equivalents are impaired or past due.

As at 31 December 2015 the Bank has three banks (31 December 2014: two banks), whose balance exceeds 10% of equity. The gross value of these balances as at 31 December 2015 is KZT 47,257,374 thousand (2014: KZT 30,095,925 thousand).

Minimum reserve requirements

Minimum reserve requirements are calculated in accordance with regulations issued by the NBRK and should be maintained as average of cash on hand and balances on current account with the NBRK for the two week period calculated as certain minimum level of residents' and non-residents' customer deposits and current accounts balances as well as other Bank liabilities. As at 31 December 2015 the minimum reserve is KZT 2,309,547 thousand (31 December 2014: KZT 1,981,778 thousand).

14 Financial instruments at fair value through profit or loss

In November 2015, the Bank concluded a cross currency swap with Kazkommertsbank that matures in May 2016 to deliver KZT 5,814,540 thousand in exchange for USD 18,000 thousand. As at 31 December 2015, the fair value of this swap is KZT 295,920 thousand. The Bank estimates the fair value using exchange rate of KZT 339.47 per USD 1 based on available market information.

The corresponding unrealised gain from the change in fair value of the swap is included in the 'net gain on financial instruments at fair value through profit or loss' that amounts to KZT 919,944 thousand (2014: KZT 25,801 thousand) which also includes net realised gains on similar swap operations concluded during 2015 and a cross currency swap with NBRK concluded in 2014.

15 Available-for-sale financial assets

	2015 KZT'000	2014 KZT'000
Debt and other fixed-income instruments		
- Bonds of Ministry of Finance of RK rated BBB-	664,542	705,839
Equity instruments		
- Shares of Qazaq Banki	93,000	-
Total available-for-sale financial assets	**757,542**	**705,839**

The credit ratings are presented by reference to the credit ratings of Fitch's credit ratings agency or analogues of similar international agencies.

No available-for-sale financial assets are impaired or past due.

16 Loans and advances to banks and other financial institutions

	2015 KZT'000	2014 KZT'000
Deposits in banks		
- rated A- to A+	-	1,543,750
- rated from B- to B+	8,967,748	2,588,180
	8,967,748	**4,131,930**
Loans to other financial institutions		
- not rated	379,342	740,449
Gross loans to other financial institutions	**379,342**	**740,449**
Impairment allowance	(9,079)	(20,994)
Net loans to other financial institutions	**370,263**	**719,455**
Reverse repurchase agreements	4,002,000	2,625,961
	13,340,011	**7,477,346**

In December 2015 the Bank concluded a reverse repurchase agreement with a second-tier bank in the amount of KZT 4,002,000 thousand (2014: at auto-repo market in the amount of KZT 2,625,961 thousand).

Movement in the loan impairment allowance of loans and advances to banks and other financial institutions for the year ended 31 December 2015 is as follows:

	2015 KZT'000	2014 KZT'000
Balance at the beginning of the year	20,994	22,009
Net reversal	(12,387)	(1,015)
Effect of foreign currency translation	472	-
Balance at the end of the year	**9,079**	**20,994**

(a) Collateral accepted as security

As at 31 December 2015 treasury bills of the Ministry of Finance of the Republic of Kazakhstan with fair value of KZT 9,259,040 thousand (2014: KZT 2,857,937 thousand) were accepted as collateral for reverse repurchase agreements.

17 Loans to customers

	2015 KZT'000	2014 KZT'000
Loans to corporate customers		
Loans to large corporates	24,952,469	18,645,592
Loans to small and medium size companies	83,838,702	40,093,059
Total loans to corporate customers	**108,791,171**	**58,738,651**
Loans to retail customers		
Mortgage loans	6,052,367	1,608,598
Consumer loans	20,351,870	23,643,832
Auto loans	3,634	5,833
Other	4,673,867	1,375,115
Total loans to retail customers	**31,081,738**	**26,633,378**
Gross loans to customers	**139,872,909**	**85,372,029**
Impairment allowance	(8,047,936)	(4,167,766)
Net loans to customers	**131,824,973**	**81,204,263**

Movements in the loan impairment allowance by classes of loans to customers for the year ended 31 December 2015 are as follows:

	Loans to corporate customers KZT'000	Loans to retail customers KZT'000	Total KZT'000
Balance at the beginning of the year	4,077,542	90,224	4,167,766
Net charge	2,544,638	424,643	2,969,281
Recoveries	237,550	-	237,550
Write-offs	(221,590)	(260,246)	(481,836)
Effect of foreign currency translation	1,118,477	36,698	1,155,175
Balance at the end of the year	**7,756,617**	**291,319**	**8,047,936**

Movements in the loan impairment allowance by classes of loans to customers for the year ended 31 December 2014 are as follows:

	Loans to corporate customers KZT'000	Loans to retail customers KZT'000	Total KZT'000
Balance at the beginning of the year	4,898,416	60,104	4,958,520
Net charge	986,822	30,120	1,016,942
Write-offs	(1,815,359)	-	(1,815,359)
Effect of foreign currency translation	7,663	-	7,663
Balance at the end of the year	**4,077,542**	**90,224**	**4,167,766**

17 Loans to customers, continued

(a) Credit quality of loans to customers

The following table provides information on the credit quality of loans to customers as at 31 December 2015:

	Gross loans KZT'000	Impairment allowance KZT'000	Net loans KZT'000	Impairment allowance to gross loans, %
Loans to corporate customers				
Loans to large corporates				
Loans without individual signs of impairment	16,823,548	(226,971)	16,596,577	1.35
Impaired loans:				
- not past due	3,434,845	-	3,434,845	-
- overdue 90-179 days	2,327,330	(1,143,191)	1,184,139	49.12
- overdue more than 360 days	2,366,746	(1,455,093)	911,653	61.48
Total impaired loans	8,128,921	(2,598,284)	5,530,637	31.96
Total loans to large corporates	**24,952,469**	**(2,825,255)**	**22,127,214**	**11.32**
Loans to small and medium size companies				
Loans without individual signs of impairment	62,088,262	(1,173,258)	60,915,004	1.89
Impaired loans:				
- not past due	16,758,039	(2,892,164)	13,865,875	17.26
- overdue 30-89 days	3,519,971	(70,939)	3,449,032	2.02
- overdue 90-179 days	127,326	(127,326)	-	100.00
- overdue 180-360 days	232,258	-	232,258	-
- overdue more than 360 days	1,112,846	(667,675)	445,171	60.00
Total impaired loans	21,750,440	(3,758,104)	17,992,336	17.28
Total loans to small and medium size companies	**83,838,702**	**(4,931,362)**	**78,907,340**	**5.88**
Total loans to corporate customers	**108,791,171**	**(7,756,617)**	**101,034,554**	**7.13**

17 Loans to customers, continued

(a) Credit quality of loans to customers, continued

	Gross loans KZT'000	Impairment allowance KZT'000	Net loans KZT'000	Impairment allowance to gross loans, %
Loans to retail customers				
Mortgage loans				
- not past due	3,953,358	(1,671)	3,951,687	0.04
- overdue less than 30 days	1,202,886	(19,226)	1,183,660	1.60
- overdue 30-89 days	807,710	(46,486)	761,224	5.76
- overdue 90-179 days	23,978	-	23,978	-
- overdue more than 360 days	64,435	(9,242)	55,193	14.34
Total mortgage loans	**6,052,367**	**(76,625)**	**5,975,742**	**1.27**
Consumer loans				
- not past due	18,361,400	(16,208)	18,345,192	0.09
- overdue less than 30 days	947,436	(17,822)	929,614	1.88
- overdue 30-89 days	509,557	(43,953)	465,604	8.63
- overdue 90-179 days	267,708	(76,661)	191,047	28.64
- overdue 180-360 days	75,673	(50,537)	25,136	66.78
- overdue more than 360 days	190,096	(4,208)	185,888	2.21
Total consumer loans	**20,351,870**	**(209,389)**	**20,142,481**	**1.03**
Auto loans				
- not past due	3,634	-	3,634	-
Total auto loans	**3,634**	**-**	**3,634**	**-**
Other loans to retail customers				
- not past due	4,175,218	(1,654)	4,173,564	0.04
- overdue less than 30 days	434,899	(979)	433,920	0.23
- overdue 30-89 days	8,677	-	8,677	-
- overdue 90-179 days	14,210	-	14,210	-
- overdue 180-360 days	18,072	(1,140)	16,932	6.31
- overdue more than 360 days	22,791	(1,532)	21,259	6.72
Total other loans to retail customers	**4,673,867**	**(5,305)**	**4,668,562**	**0.11**
Total loans to retail customers	**31,081,738**	**(291,319)**	**30,790,419**	**0.94**
Total loans to customers	**139,872,909**	**(8,047,936)**	**131,824,973**	**5.75**

17 Loans to customers, continued

(a) Credit quality of loans to customers, continued

The following table provides information on the credit quality of the loans to customers as at 31 December 2014:

	Gross loans KZT'000	Impairment allowance KZT'000	Net loans KZT'000	Impairment allowance to gross loans, %
Loans to corporate customers				
Loans to large corporates				
Loans without individual signs of impairment	14,233,273	(58,744)	14,174,529	0.41
Impaired loans:				
- not past due	1,773,952	(1,098,150)	675,802	61.90
- overdue 90-179 days	8,904	(7,864)	1,040	88.32
- overdue 180-360 days	1,628,343	(200,888)	1,427,455	12.34
- overdue more than 360 days	1,001,120	(409,513)	591,607	40.91
Total impaired loans	4,412,319	(1,716,415)	2,695,904	38.90
Total loans to large corporates	**18,645,592**	**(1,775,159)**	**16,870,433**	**9.52**
Loans to small and medium size companies				
Loans without individual signs of impairment	33,735,209	(104,108)	33,631,101	0.31
Impaired loans:				
- not past due	3,821,495	(1,412,474)	2,409,021	36.96
- overdue less than 30 days	227,778	-	227,778	-
- overdue 30-89 days	340,252	-	340,252	-
- overdue 90-179 days	198,359	(29,100)	169,259	14.67
- overdue 180-360 days	523,031	(383,643)	139,388	73.35
- overdue more than 360 days	1,246,935	(373,058)	873,877	29.92
Total impaired loans	6,357,850	(2,198,275)	4,159,575	34.58
Total loans to small and medium size companies	**40,093,059**	**(2,302,383)**	**37,790,676**	**5.74**
Total loans to corporate customers	**58,738,651**	**(4,077,542)**	**54,661,109**	**6.94**

17 Loans to customers, continued

(a) Credit quality of loans to customers, continued

	Gross loans KZT'000	Impairment allowance KZT'000	Net loans KZT'000	Impairment allowance to gross loans, %
Loans to retail customers				
Mortgage loans				
- not past due	1,428,108	(4,702)	1,423,406	0.33
- overdue less than 30 days	68,192	(485)	67,707	0.71
- overdue 30-89 days	2,469	-	2,469	-
- overdue 90-179 days	22,975	(1,247)	21,728	5.43
- overdue 180-360 days	44,540	(7,016)	37,524	15.75
- overdue more than 360 days	42,314	(7,241)	35,073	17.11
Total mortgage loans	**1,608,598**	**(20,691)**	**1,587,907**	**1.29**
Consumer loans				
- not past due	23,201,254	-	23,201,254	-
- overdue less than 30 days	180,296	(7,695)	172,601	4.27
- overdue 30-89 days	47,350	(8,990)	38,360	18.99
- overdue 90-179 days	31,906	(16,417)	15,489	51.45
- overdue 180-360 days	30,293	(12,107)	18,186	39.97
- overdue more than 360 days	152,733	(19,985)	132,748	13.08
Total consumer loans	**23,643,832**	**(65,194)**	**23,578,638**	**0.28**
Auto loans				
- not past due	5,833	-	5,833	-
Total auto loans	**5,833**	**-**	**5,833**	**-**
Other loans to retail customers				
- not past due	1,259,161	-	1,259,161	-
- overdue less than 30 days	12,283	(169)	12,114	1.38
- overdue 30-89 days	55,881	-	55,881	-
- overdue 90-179 days	3,225	-	3,225	-
- overdue 180-360 days	8,597	-	8,597	-
- overdue more than 360 days	35,968	(4,170)	31,798	11.59
Total other loans to retail customers	**1,375,115**	**(4,339)**	**1,370,776**	**0.32**
Total loans to retail customers	**26,633,378**	**(90,224)**	**26,543,154**	**0.34**
Total loans to customers	**85,372,029**	**(4,167,766)**	**81,204,263**	**4.88**

During the years ended 31 December 2015 and 2014 the Bank issued consumer loans to individuals, which are collateralised by pledges of cash deposits. The amount of these loans as at 31 December 2015 is KZT 3,964,561 (31 December 2014: consumer loans: KZT 19,420,288 thousand, other loans: 629,675 thousand). These loans are short term with maturity of 12 months.

As at 31 December 2015 and 31 December 2014 included in the loan portfolio are renegotiated loans to corporate and retail customers that would otherwise be past due. Such restructuring activity is aimed at managing customer relationships and maximising collection opportunities. Renegotiated loans are included in the category of assets without individual signs of impairment in the tables above, unless the borrower fails to comply with the renegotiated terms.

17 Loans to customers, continued

(b) Key assumptions and judgments for estimating the loan impairment

(i) Loans to corporate customers

The Bank estimates loan impairment for loans to corporate customers based on an analysis of the future cash flows for loans with individual signs of impairment and based on its past loss experience for portfolios of loans for which no individual signs of impairment has been identified.

In determining the impairment allowance for loans to corporate customers, management makes the following key assumptions:

- annual loss rate of 1.35%-1.89% (2014: 0.31%-0.41%);
- a discount of between 20% and 40% to the originally appraised value if the property pledged is sold;
- a delay of 12 to 24 months in obtaining proceeds from the foreclosure of collateral.

Changes in these estimates could affect the loan impairment provision. For example, to the extent that the net present value of the estimated cash flows differs by one percent, the impairment allowance on loans to corporate customers as at 31 December 2015 would be KZT 1,010,346 thousand lower/higher (2014: KZT 546,611 thousand lower/higher).

(ii) Loans to retail customers

The Bank estimates loan impairment for loans to retail customers based on its past historical loss experience on each type of loan and an assessment of the expected recoverable amounts from underlying collateral. The significant assumptions used by management in determining the impairment losses for loans to retail customers include:

- loss migration rates are constant and can be estimated based on the historic loss migration pattern for the past 12 months;
- in respect of mortgage and consumer loans, a delay of 36 months in obtaining proceeds from the foreclosure of collateral, which is not compensated by related interest income, and a discount of 40% to the originally appraised value if the property pledged is sold through court procedures.

Changes in these estimates could affect the loan impairment provision. For example, to the extent that the net present value of the estimated cash flows differs by plus minus one percent, the impairment allowance on loans to retail customers as at 31 December 2015 would be KZT 307,904 thousand lower/higher (2014: KZT 265,432 thousand).

(c) Analysis of collateral

(i) Loans to corporate customers

Loans to corporate customers are subject to individual credit appraisal and impairment testing. The general creditworthiness of a corporate customer tends to be the most relevant indicator of credit quality of the loan extended to it. However, collateral provides additional security and the Bank generally requests corporate borrowers to provide it.

17 Loans to customers, continued

(c) Analysis of collateral, continued

(i) Loans to corporate customers, continued

The following table provides information on collateral securing loans to corporate customers, net of impairment, by types of collateral as at 31 December 2015 and 2014:

	2015 KZT'000	% of loan portfolio	2014 KZT'000	% of loan portfolio
Mixed	32,553,931	32.22	14,938,539	27.32
Real estate	17,768,016	17.59	6,520,581	11.93
Money coming in the future	10,703,778	10.59	8,663,472	15.85
Guarantee	8,724,555	8.64	2,286,802	4.18
Equipment	7,576,303	7.50	3,721,381	6.81
Land and rights of temporary land use	7,498,543	7.42	9,319,810	17.05
Construction in progress	3,447,017	3.41	153,503	0.28
Cash deposit	2,888,927	2.86	98,764	0.18
Grain	2,814,258	2.79	1,693,502	3.10
No collateral	2,766,313	2.74	2,339,078	4.28
Rights to claim to third parties	1,914,161	1.89	1,880,119	3.44
Goods in turnover	705,990	0.70	747,753	1.37
Securities	-	-	2,108,504	3.86
Other collateral	1,672,762	1.65	189,301	0.35
	101,034,554	**100.00**	**54,661,109**	**100.00**

The amounts shown in the table above represent the carrying value of the loans, and do not necessarily represent the fair value of the collateral. Mixed types of collateral include real estate, property complexes, equipment, vehicles, land, grain, guarantees, cash deposits and other. Loans with mixed type of collateral include cash deposits as collateral at the amount of KZT 2,422,309 thousand (2014: KZT 47,217 thousand).

Loans to corporate customers that are past due or impaired

Impaired or overdue loans to corporate customers are secured by collateral with a fair value of KZT 23,522,973 thousand (2014: KZT 6,855,479 thousand), excluding the effect of overcollateralisation.

Loans to corporate customers without individual signs of impairment

As at 31 December 2015 the fair value of cash balances, serving as collateral for loans to corporate customers, is KZT 2,888,927 thousand (2014: KZT 98,764 thousand).

For remaining loans to corporate customers with a net carrying amount of KZT 74,622,654 thousand (2014: KZT 47,706,866 thousand), which are neither past due nor impaired, the fair value of collateral was estimated at the inception of the loans and was not adjusted for subsequent changes to the reporting date. The recoverability of these loans is primarily dependent on the creditworthiness of the borrowers rather than the value of collateral, and the current value of the collateral does not impact the impairment assessment.

As at 31 December 2015, for loans to corporate customers with a carrying amount of KZT 19,195,923 thousand (2014: KZT 7,243,898 thousand) management estimates that the fair value of collateral is at least equal to their carrying amounts.

Repossessed collateral

During the year ended 31 December 2015, the Bank obtained certain assets by taking possession of collateral for loans to customers with a net carrying amount of KZT 1,257,928 thousand (31 December 2014: KZT 276,891 thousand).

17 Loans to customers, continued

(c) Analysis of collateral, continued

(ii) Loans to retail customers

Mortgage loans

Mortgage loans are secured by the underlying housing real estate.

Included in mortgage loans are loans with a net carrying amount of KZT 2,139,589 thousand (2014: KZT 983,548 thousand), which are secured by collateral with a fair value of less than the net carrying amount of the individual loans. The fair value of collateral for these loans amounts to KZT 1,601,141 thousand (2014: KZT 673,266 thousand).

For mortgage loans with a net carrying amount of KZT 3,836,153 thousand (2014: KZT 604,359 thousand) management believes that the fair value of collateral is at least equal to the carrying amount of individual loans at the reporting date.

The Bank updates the appraised values of collateral at inception of the loans to the current values considering the approximate changes in property values. The Bank obtains specific individual valuation of collateral at each reporting date in case there are indications of impairment.

During the year ended 31 December 2015 the Bank has purchased two portfolios of mortgage loans from "Investment Astana Group" JSC (formerly "BTA-Ipoteka" JSC). The transfer of the first pool of loans was finalised in December 2015, and mortgage loans with a carrying amount of KZT 3,935,467 thousand were included in mortgage loans as at 31 December 2015. In December 2015 the Bank has made prepayment of KZT 3,640,019 thousand for the second pool of mortgage loans. The transfer of the second pool was finalised on 29 January 2016, thus the amount of the aforementioned prepayment was included in other assets as at 31 December 2015 (Note 19).

Consumer loans

Consumer loans are secured by the underlying housing real estate. The Bank's policy is to issue consumer loans with a loan-to-value ratio (the ratio of market value of collateral to the loan amount) at the date of loan issuance of a maximum of 143% for loans to borrowers with confirmed sources of income and 200% for loans to borrowers with unconfirmed sources of income. Thus such consumer loans are collateralised by the real estate similar to the mortgage loans.

Included in consumer loans are loans with a net carrying amount of KZT 16,128,125 thousand (2014: KZT 22,082,784 thousand), which are secured by collateral with a fair value of less than the net carrying amount of the individual loans. The fair value of collateral for these loans amounts to KZT 8,881,378 thousand (2014: KZT 19,640,907 thousand), out of which 3,959,469 thousand (2014: KZT 18,118,842 thousand) are highly liquid deposits.

For consumer loans with a net carrying amount of KZT 4,014,356 thousand (2014: KZT 1,495,854 thousand) management believes that the fair value of collateral is at least equal to the carrying amount of individual loans at the reporting date.

The Bank updates the appraised values of collateral at inception of the loans to the current values considering the approximate changes in property values. The Bank obtains specific individual valuation of collateral at each reporting date in case there are indications of impairment.

Other loans

Included in other loans are loans with a net carrying amount of KZT 4,491,363 thousand (2014: KZT 1,128,587 thousand), which are secured by collateral with a fair value of less than the net carrying amount of the individual loans. The fair value of collateral for these loans amounts to KZT 164,415 thousand (2014: KZT 788,503 thousand).

For other loans with a net carrying amount of KZT 177,199 thousand (2014: KZT 242,189 thousand) management believes that the fair value of collateral is at least equal to the carrying amount of individual loans at the reporting date.

17 Loans to customers, continued

(c) Analysis of collateral, continued

(ii) Loans to retail customers, continued

Other loans, continued

The Bank updates the appraised values of collateral at inception of the loans to the current values considering the approximate changes in property values. The Bank obtains specific individual valuation of collateral at each reporting date in case there are indications of impairment.

(d) Industry and geographical analysis of the loan portfolio

Loans to customers were issued primarily to customers located within the Republic of Kazakhstan who operate in the following economic sectors:

	2015 KZT'000	2014 KZT'000
Loans to retail customers	31,081,738	26,633,378
Trade	28,971,406	17,230,814
Agriculture, forestry and timber	18,151,207	11,215,482
Rent	9,603,301	1,202,627
Logistics parks and transportation services	6,858,914	91,407
Mining/metallurgy	6,586,513	3,938,155
Legal services	6,411,693	507,166
Services related to construction and assembly	6,286,973	4,808,238
Manufacturing	5,886,415	2,168,972
Other services	4,584,835	2,501,571
Research and technology	3,939,042	523,031
Construction	4,112,103	3,958,245
Factoring companies	2,764,586	1,815,361
Real estate	1,762,890	336,054
Microcredit organisations	640,328	553,252
Other	2,230,965	7,888,276
	139,872,909	**85,372,029**
Impairment allowance	(8,047,936)	(4,167,766)
	131,824,973	**81,204,263**

(e) Significant credit exposures

As at 31 December 2015 the Bank has sixteen borrowers (2014: twelve borrowers), whose loan balances exceed 10% of equity. The gross value of these loans as at 31 December 2015 is KZT 57,824,025 thousand (2014: KZT 32,143,436 thousand).

(f) Loan maturities

The maturity of the loan portfolio is presented in Note 25 (d), which shows the remaining period from the reporting date to the contractual maturity of the loans. Due to the short-term nature of the loans issued by the Bank, it is likely that many of the loans will be prolonged at maturity. Accordingly, the effective maturity of the loan portfolio may be significantly longer than the term based on contractual terms.

18 Property, equipment and intangible assets

KZT'000	Land and buildings	Furniture and equipment	Vehicles	Computer equipment	Construction in progress	Leasehold improvements	Intangible assets	Total
Revalued amount/cost								
Balance at 1 January 2015	970,401	286,602	139,572	194,824	35,969	211,230	400,552	2,239,150
Additions	57,537	126,592	89,160	94,470	35,950	105,442	239,757	748,908
Disposals	(394)	(1,195)	(16,013)	-	-	-	-	(17,602)
Transfers	-	2,202	-	3,670	(5,872)	-	-	-
Balance at 31 December 2015	**1,027,544**	**414,201**	**212,719**	**292,964**	**66,047**	**316,672**	**640,309**	**2,970,456**
Depreciation and amortisation								
Balance at 1 January 2015	4,372	124,363	26,572	111,111	-	717	208,505	475,640
Depreciation and amortisation for the year	11,930	49,880	23,837	37,072	-	2,295	96,372	221,386
Disposals	(282)	(903)	(1,498)	-	-	-	-	(2,683)
Balance at 31 December 2015	**16,020**	**173,340**	**48,911**	**148,183**	-	**3,012**	**304,877**	**694,343**
Carrying amount								
At 31 December 2015	**1,011,524**	**240,861**	**163,808**	**144,781**	**66,047**	**313,660**	**335,432**	**2,276,113**

18 Property, equipment and intangible assets, continued

KZT'000	Land and buildings	Furniture and equipment	Vehicles	Computer equipment	Construction in progress	Leasehold improvements	Intangible assets	Total
Revalued amount/cost								
Balance at 1 January 2014	240,039	160,461	133,168	126,114	-	101	271,756	931,639
Additions	573,034	139,225	42,946	71,175	36,702	231,376	128,847	1,223,305
Revaluation	376,827	-	-	-	-	-	-	376,827
Disposals	(239,644)	(13,084)	(36,542)	(3,198)	-	(102)	(51)	(292,621)
Transfers	20,145	-	-	733	(733)	(20,145)	-	-
Balance at 31 December 2014	**970,401**	**286,602**	**139,572**	**194,824**	**35,969**	**211,230**	**400,552**	**2,239,150**
Depreciation and amortisation								
Balance at 1 January 2014	14,621	107,952	20,021	94,092	-	80	149,642	386,408
Depreciation and amortisation for the year	4,848	27,967	17,222	20,072	-	721	58,914	129,744
Disposals	(15,097)	(11,556)	(10,671)	(3,053)	-	(84)	(51)	(40,512)
Balance at 31 December 2014	**4,372**	**124,363**	**26,572**	**111,111**	**-**	**717**	**208,505**	**475,640**
Carrying amount								
At 31 December 2014	**966,029**	**162,239**	**113,000**	**83,713**	**35,969**	**210,513**	**192,047**	**1,763,510**

During 2015 land and buildings were not revalued as management performed an assessment of the property market and determined that the carrying amount of land and buildings was materially consistent with the fair value as determined at 31 December 2014.

During 2014, the Bank has purchased a building located in Almaty, Shevchenko Street, 80 for KZT 491,994 thousand. As at 28 July 2014 the building was revalued up to KZT 843,631 based on the results of an independent appraisal performed by "Independent Appraisal" LLC. The carrying value of buildings as at 31 December 2015, if the buildings would not have been revalued, would be KZT 634,698 thousand (2014: KZT 589,203 thousand).

The basis used for the appraisal is the market approach. The market approach is based on an analysis of the results of comparable sales of similar buildings. The average price per square meter of the similar buildings was KZT 572 thousand.

There are no capitalised borrowing costs related to the acquisition or construction of plant and equipment during 2015 (2014: nil).

19 Other assets

	2015 KZT'000	2014 KZT'000
Accounts receivable on sold loans	14,163,031	-
Prepayment for purchased loans to customers	3,640,019	-
Other accounts receivable	237,807	130,990
Accrued commission income	9,372	2,055
Total other financial assets	**18,050,229**	**133,045**
Foreclosed assets	1,697,847	593,181
Guarantee fees receivable	1,509,051	671,645
Prepayments	732,626	333,138
Capital expenditure	704,820	132,266
Prepaid taxes other than on income	427,283	316,849
Advances to employees	57,877	5,561
Materials and supplies	54,831	28,943
Other	294,180	137,992
Impairment allowance	(349,617)	(185,128)
Total other non-financial assets	**5,128,898**	**2,034,447**
Total other assets	**23,179,127**	**2,167,492**

During the year ended 31 December 2015, the Bank has sold one corporate and three small and medium sized companies' impaired loans, and two small and medium sized companies' and three retail customers' unimpaired loans to Standard Sport LLC, Special Finance Company Redire Company LLC, Ispolnenie.kz LLC and Debt Recovery Company LLC in the total amount of KZT 14,262,810 thousand. The accounts receivable contractually mature in 2016-2017. These accounts receivable bear an interest rate of 9% which will be repaid at the maturity. Management believes that these sales qualify for the derecognition criteria for financial assets, as all risks and rewards related to these assets were transferred to the buyers.

Prepayment for puchased loans to customers represent the prepayment for the second pool of mortgage loans purchased from "Investment Astana Group" JSC (Note 17 (c (ii))).

(a) Analysis of collateral

As at 31 December 2015, the abovementioned accounts receivable on sold loans were collateralised by the following collateral:

	2015 KZT'000
Real estate	9,074,225
Goods in turnover	1,174,042
Guarantee	368,757
Land and rights of temporary land use	655,908
No collateral	2,890,099
	14,163,031

The amounts shown in the table above represent the carrying value of the accounts receivable on sold loans, and do not necessarily represent the fair value of the collateral.

19 Other assets, continued

(b) Analysis of movements in the impairment allowance

Movements in the impairment allowance for the years ended 31 December 2015 and 2014 are as follows:

	2015 KZT'000	2014 KZT'000
Balance at the beginning of the year	185,128	497,345
Net charge	396,078	103,170
Write-off of previously written-off other assets	(231,589)	(415,387)
Balance at the end of the year	**349,617**	**185,128**

As at 31 December 2015, included in other assets are overdue receivables from third parties in the amount of KZT 49,819 thousand (2014: KZT 7,717 thousand) and KZT 121,180 thousand (2014: KZT 105,301 thousand), which are overdue for more than 90 days but less than one year and overdue for more than one year, respectively.

20 Deposits and balances from banks and other financial institutions

	2015 KZT'000	2014 KZT'000
Term deposits	32,443,247	3,955,694
Loans	13,357,308	9,888,754
Loro accounts	44,329	-
	45,844,884	**13,844,448**

Included above within loans are amounts received from JSC Entrepreneurship Development Fund "Damu" under the Program of conditional investment of funds in the second-tier banks for further lending to small and medium enterprises with a total balance of KZT 739,655 thousand (31 December 2014: KZT 706,154 thousand), the National Management Holding "Kaz-Agro" JSC under the agro-industrial financing program with a total balance of KZT 7,876,622 thousand (31 December 2014: KZT 8,982,500 thousand) and "Agrarnaya Kreditnaya Korporatsiya" JSC with a total balance of KZT 4,741,031 thousand (2014: nil). Included in term deposits are the deposits from Kazkommertsbank JSC of KZT 17,836,878 thousand (31 December 2014: KZT 2,735,250 thousand) and Development Bank of Kazakhstan JSC with a total balance of KZT 7,802,248 thousand (31 December 2014: nil).

21 Current accounts and deposits from customers

	2015 KZT'000	2014 KZT'000
Current accounts and demand deposits		
- Retail	1,532,682	194,190
- Corporate	44,921,637	59,935,209
Term deposits		
- Retail	25,752,984	6,566,703
- Corporate	72,974,797	28,277,368
	145,182,100	**94,973,470**

As at 31 December 2014, included in current accounts and demand deposits of corporate customers were current accounts of the Bank's previous shareholder, Astana Finance JSC, of KZT 30,079,370 thousand. During the year ended 31 December 2015, Astana Finance JSC withdrew KZT 29,891,051 thousand from its USD denominated current account for settelement of obligations in accordance with restructuring plan that was completed on 23 June 2015.

21 Current accounts and deposits from customers, continued

As at 31 December 2015, the Bank has sixteen customers (2014: ten customers), whose balances exceed 10% of equity. These balances as at 31 December 2015 amount to KZT 71,161,601 thousand (2014: KZT 69,152,249 thousand).

As at 31 December 2015, the Bank maintained customer deposit balances of KZT 2,803,587 thousand (31 December 2014: KZT 1,588,493 thousand) that serve as collateral for loans and off-balance credit instruments granted by the Bank.

As at 31 December 2015 included in term deposits from corporate customers are short term deposits with maturity from 3 to 12 months for the total amount of KZT 61,789,657 thousand (31 December 2014: KZT 19,082,083 thousand).

In accordance with the NBRK Resolution #157 dated 9 September 2015 "On approval of the payment of exchange rate differences on deposits of individuals, opened in local currency, due to the transition to a regime of freely floating exchange rate" losses caused by exchange rate (KZT/USD) differences will be compensated by the NBRK for individuals' KZT denominated deposits. Compensation applies only to those depositors who had balances as at 18 August 2015 in the amount up to one million KZT. If a depositor had several deposits with a balance of less than one million tenge each, the compensation is applied for all deposits. Furthermore, deposits need to remain in the banks up to 30 September 2016 and then the compensation will be paid taking into account the exchange rate at the time.

As the Bank acts as an intermediary for the payment of this compensation, potential obligations relating to this compensation estimated at KZT 11,888 thousand at the reporting date were not recognised in the statement of financial position as at 31 December 2015.

22 Subordinated bonds

	2015 KZT'000	2014 KZT'000
Bonds issued, nominal value	7,803,585	-
Discount	(804,332)	-
Accrued interest	23,411	-
	7,022,664	**-**

As at 31 December 2015 subrodinated bonds include bonds issued by the Bank which mature on 20 December 2025 and carry an annual interest rate of 12% (31 December 2014: none). In case of bankruptcy, the repayment of the subordinated bonds will be made after repayment in full of all other liabilities of the Bank.

23 Other liabilities

	2015 KZT'000	2014 KZT'000
Letters of credit and guarantees issued	1,033,567	552,597
Payables to employees	1,600	54
Accrued operating expenses	249,138	91,518
Total other financial liabilities	**1,284,305**	**644,169**
Prepayments on banking operations	89,414	10,413
Vacation reserve	72,745	61,812
Other taxes payable	415,280	158,281
Other non-financial liabilities	155,980	152,294
Total other non-financial liabilities	**733,419**	**382,800**
Total other liabilities	**2,017,724**	**1,026,969**

24 Share capital

(a) Issued capital

As at 31 December 2015, the authorised share capital comprised 32,000,000 shares (2014: 32,000,000 ordinary shares) and authorised, issued and fully paid share capital comprised 15,000,466 ordinary shares (2014: 7,800,466 ordinary shares). The shares do not have a par value. During the year ended 31 December 2015 7,200,000 ordinary shares (2014: 100,000 ordinary shares) were issued at KZT 625 per share (2014: KZT 35,000 per share).

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at annual and general meetings of the Bank.

(b) Revaluation reserve for available-for-sale financial assets

The revaluation reserve for available-for-sale financial assets comprises the cumulative net change in the fair value, until the assets are derecognised or impaired.

(c) Dividends

In accordance with Kazakhstan legislation the Bank's distributable reserves are limited to the balance of retained earnings as recorded in the Bank's statutory financial statements prepared in accordance with IFRS or profit for the year if there is an accumulated loss brought forward. A distribution cannot be made if this would result in negative equity or the Bank's insolvency. In accordance with the legislation of the Republic of Kazakhstan, as at the reporting date reserves available for distribution amounted to KZT 1,587,111 thousand (2014: KZT 1,391,978 thousand).

There were no dividends declared during the years ended 31 December 2015 and 2014.

25 Risk management

Management of risk is fundamental to the business of banking and is an essential element of the Bank's operations. The major risks faced by the Bank are those related to market risk, credit risk and liquidity risk.

(a) Risk management policies and procedures

The risk management policies aim to identify, analyse and manage the risks faced by the Bank, to set appropriate risk limits and controls, and to continuously monitor risk levels and adherence to limits. Risk management policies and procedures are reviewed regularly to reflect changes in market conditions, products and services offered and emerging best practice.

The Board of Directors has overall responsibility for the oversight of the risk management framework, overseeing the management of key risks and reviewing its risk management policies and procedures as well as approving significantly large exposures.

The Management Board is responsible for monitoring and implementation of risk mitigation measures and making sure that the Bank operates within the established risk parameters. The Head of the Risk Department is responsible for the overall risk management and compliance functions, ensuring the implementation of common principles and methods for identifying, measuring, managing and reporting both financial and non-financial risks. He reports directly to the Chairman of the Management Board and indirectly to the Board of Directors.

Credit, market and liquidity risks both at the portfolio and transactional levels are managed and controlled through a system of Credit Committees and an Asset and Liability Management Committee ("ALCO"). In order to facilitate efficient and effective decision-making, the Bank established a hierarchy of credit committees depending on the type and amount of the exposure.

Both external and internal risk factors are identified and managed throughout the organisation. Particular attention is given to identifying the full range of risk factors and determination of the level of assurance over the current risk mitigation procedures. Apart from the standard credit and market risk analysis, the Risk Department monitors financial and non-financial risks by holding regular meetings with operational units in order to obtain expert judgments in their areas of expertise.

(b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises currency risk, interest rate risk and other price risks. Market risk arises from open positions in interest rate, currency and equity financial instruments, which are exposed to general and specific market movements and changes in the level of volatility of market prices.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, whilst optimising the return on risk.

Overall authority for market risk is vested in the ALCO, which is chaired by the Chairman of the Management Board. Market risk limits are approved by ALCO based on recommendations of the Risk Department.

The Bank manages its market risk by setting open position limits in relation to financial instruments, interest rate maturity and currency positions and stop-loss limits. These are monitored on a regular basis and reviewed and approved by the Management Board.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Bank is exposed to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest margins may increase as a result of such changes but may also reduce or create losses in the event that unexpected movements occur.

25 Risk management, continued

(b) Market risk, continued

(i) Interest rate risk, continued

Interest rate gap analysis

Interest rate risk is managed principally through monitoring interest rate gaps. A summary of the interest gap position for major financial assets and liabilities is as follows:

KZT'000	Less than 3 months	3-6 months	6-12 months	1-5 years	More than 5 years	Non-interest bearing	Carrying amount
31 December 2015							
ASSETS							
Cash and cash equivalents	7,682,318	-	-	-	-	44,314,465	51,996,783
Financial instruments at fair value through profit or loss	-	-	-	-	-	295,920	295,920
Available-for-sale financial assets	2,473	16,717	191,587	453,765	-	93,000	757,542
Loans and advances to banks and other financial institutions	8,977,969	299,797	4,062,245	-	-	-	13,340,011
Loans to customers	44,430,346	20,095,884	24,664,739	34,577,810	8,056,194	-	131,824,973
	61,093,106	**20,412,398**	**28,918,571**	**35,031,575**	**8,056,194**	**44,703,385**	**198,215,229**
LIABILITIES							
Deposits and balances from banks and other financial institutions	22,347,281	13,128,603	2,850,000	5,152,333	2,366,667	-	45,844,884
Current accounts and deposits from customers	25,967,543	9,045,544	40,592,787	44,829,945	42,588	24,703,693	145,182,100
Subordinated bonds	-	23,411	-	-	6,999,253	-	7,022,664
	48,314,824	**22,197,558**	**43,442,787**	**49,982,278**	**9,408,508**	**24,703,693**	**198,049,648**
	12,778,282	**(1,785,160)**	**(14,524,216)**	**(14,950,703)**	**(1,352,314)**	**19,999,692**	**165,581**
31 December 2014							
ASSETS							
Cash and cash equivalents	2,834,167	-	-	-	-	31,268,441	34,102,608
Available-for-sale financial assets	-	-	-	705,839	-	-	705,839
Loans and advances to banks and other financial institutions	6,927,373	154,022	250,362	145,589	-	-	7,477,346
Loans to customers	40,013,432	12,043,132	8,760,307	16,077,279	4,310,113	-	81,204,263
	49,774,972	**12,197,154**	**9,010,669**	**16,928,707**	**4,310,113**	**31,268,441**	**123,490,056**
LIABILITIES							
Deposits and balances from banks and other financial institutions	1,402,944	2,735,250	1,300,100	4,006,154	4,400,000	-	13,844,448
Current accounts and deposits from customers	6,550,583	1,506,917	14,489,059	12,273,638	23,874	60,129,399	94,973,470
	7,953,527	**4,242,167**	**15,789,159**	**16,279,792**	**4,423,874**	**60,129,399**	**108,817,918**
	41,821,445	**7,954,987**	**(6,778,490)**	**648,915**	**(113,761)**	**(28,860,958)**	**14,672,138**

25 Risk management, continued

(b) Market risk, continued

(ii) Average interest rates

The table below displays average effective interest rates for interest bearing assets and liabilities as at 31 December 2015 and 2014. These interest rates are an approximation of the yields to maturity of these assets and liabilities.

	2015 Average effective interest rate, %		2014 Average effective interest rate, %	
	KZT	USD	KZT	USD
Interest bearing assets				
Cash and cash equivalents	-	6.28	50.00	-
Available-for-sale financial assets	5.43	-	5.43	-
Loans and advances to banks and other financial institutions				
- Loans	13.40	-	14.56	-
- Term deposits	8.88	5.00	50.00	5.00
- Reverse repurchase agreements	9.00	-	29.90	-
Loans to customers	14.14	10.79	13.76	7.68
Interest bearing liabilities				
Deposits and balances from banks and other financial institutions				
- Loans	8.86	-	9.84	-
- Term deposits	8.71	3.83	10.00	1.00
Current accounts and deposits from customers				
- Term deposits	11.46	3.42	13.56	7.58
Subordinated bonds	14.00	-	-	-

(iii) Interest rate sensitivity analysis

The management of interest rate risk based on interest rate gap analysis is supplemented by monitoring the sensitivity of financial assets and liabilities. An analysis of sensitivity of profit or loss and equity (net of taxes) to changes in interest rates (repricing risk) based on a simplified scenario of a 100 basis point (bp) symmetrical fall or rise in all yield curves and positions of interest-bearing assets and liabilities existing as at 31 December 2015 and 2014 is as follows:

	2015 KZT'000	2014 KZT'000
100 bp parallel fall	51,474	(318,968)
100 bp parallel rise	(51,474)	318,968

An analysis of sensitivity of profit or loss and equity as a result of changes in the fair value of financial assets available-for-sale due to changes in the interest rates based on positions existing as at 31 December 2015 and 2014 and a simplified scenario of a 100 basis point (bp) symmetrical fall or rise in all yield curves is as follows:

	2015		2014	
	Profit or loss KZT'000	Equity KZT'000	Profit or loss KZT'000	Equity KZT'000
100 bp parallel fall	-	14,220	-	21,479
100 bp parallel rise	-	(13,757)	-	(20,597)

25 Risk management, continued

(b) Market risk, continued

(iv) Currency risk

The Bank has assets and liabilities denominated in several foreign currencies.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency exchange rates. The Bank does not hedge its exposure to currency risk.

The following table shows the foreign currency exposure structure of financial assets and liabilities as at 31 December 2015:

	USD KZT'000	EUR KZT'000	Other currencies KZT'000	Total KZT'000
ASSETS				
Cash and cash equivalents	36,608,638	1,372,009	132,203	38,112,850
Loans and advances to banks and other financial institutions	4,966,791	-	-	4,966,791
Loans to customers	42,503,436	-	-	42,503,436
Other financial assets	12,008	-	-	12,008
Total assets	**84,090,873**	**1,372,009**	**132,203**	**85,595,085**
LIABILITIES				
Deposits and balances from banks and other financial institutions	10,198,742	-	-	10,198,742
Current accounts and deposits from customers	78,896,394	1,467,141	109,667	80,473,202
Other financial liabilities	27,891	-	-	27,891
Total liabilities	**89,123,027**	**1,467,141**	**109,667**	**90,699,835**
Net position	**(5,032,154)**	**(95,132)**	**22,536**	**(5,104,750)**
The effect of derivatives	**6,110,460**	**-**	**-**	**6,110,460**
Net position after derivatives	**1,078,306**	**(95,132)**	**22,536**	**1,005,710**

25 Risk management, continued

(b) Market risk, continued

(iv) Currency risk, continued

The following table shows the currency structure of financial assets and liabilities as at 31 December 2014:

	USD KZT'000	EUR KZT'000	Other currencies KZT'000	Total KZT'000
ASSETS				
Cash and cash equivalents	26,023,372	207,667	114,592	26,345,631
Loans and advances to banks and other financial institutions	2,588,180	-	-	2,588,180
Loans to customers	33,149,872	-	-	33,149,872
Total assets	**61,761,424**	**207,667**	**114,592**	**62,083,683**
LIABILITIES				
Deposits and balances from banks and other financial institutions	2,736,694	-	-	2,736,694
Current accounts and deposits from customers	60,847,107	256,686	96,193	61,199,986
Other financial liabilities	30,331	-	-	30,331
Total liabilities	**63,614,132**	**256,686**	**96,193**	**63,967,011**
Net position	**(1,852,708)**	**(49,019)**	**18,399**	**(1,883,328)**
The effect of derivatives	**2,713,050**	**-**	**-**	**2,713,050**
Net position after derivatives	**860,342**	**(49,019)**	**18,399**	**829,722**

An analysis of sensitivity of profit or loss for the year and equity to changes in foreign currency exchange rates based on positions existing as at 31 December 2015 and 2014 and a simplified scenario of a 10% change in USD and Euro to Kazakhstan Tenge exchange rates is as follows.

	2015 KZT'000	2014 KZT'000
20% appreciation of USD against KZT	172,529	137,655
5% depreciation of USD against KZT	(43,132)	(34,414)
20% appreciation of EUR against KZT	(15,221)	(7,843)
5% depreciation of EUR against KZT	3,805	1,961

(v) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. Other price risk arises when the Bank takes a long or short position in a financial instrument.

The Company's equity is affected by changes in the fair value of its equity investments included in available-for-sale financial assets. For example a 10% increase in the equity prices of the investments, would increase equity by KZT 9,300 thousand for the year ended 31 December 2015 (2014: Nil). A 10% decrease in these prices would have an equal and opposite effect.

25 Risk management, continued

(c) Credit risk

Credit risk is the risk of financial loss to the Bank if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Bank has policies and procedures for the management of credit exposures (both for recognised financial assets and unrecognised contractual commitments), including guidelines to limit portfolio concentration and the establishment of a Credit Committee, which actively monitors credit risk. The credit policy is reviewed and approved by the Board of Directors.

The credit policy establishes:

- procedures for review and approval of loan credit applications;
- methodology for the credit assessment of borrowers (corporate and retail);
- methodology for the evaluation of collateral;
- credit documentation requirements;
- procedures for the ongoing monitoring of loans and other credit exposures.

Corporate loan credit applications are originated by the relevant client managers. and are then passed on to the Loan Department, which is responsible for the corporate loan portfolio. Analysis Expert reports are based on a structured analysis focusing on the customer's business and financial performance. The loan credit application and the report are then independently reviewed by the Security Department, Legal Department, Direction of Collateral Expertise and Monitoring and the Risk Department which present their opinions and a second opinion is given accompanied by a verification that applicable law and internal regulatory documents credit policy requirements are met. The Credit Committee reviews the loan credit application on the basis of submissions by the Security Department, Loan Legal Department and the Risk Department. Having reviewed the application, the Credit Committee decides on approval or rejection of a loan. Individual transactions are also reviewed by the Legal, Accounting and Tax departments depending on the specific risks and pending final approval of the Credit Committee.

The Bank continuously monitors the performance of individual credit exposures and regularly reassesses the creditworthiness of its customers. The review is based on the customer's most recent financial statements and other information submitted by the borrower, or otherwise obtained by the Bank. The current market value of collateral is regularly assessed by either independent appraisal companies or internal specialists, and in the event of negative movements in market prices the borrower is usually requested to put up additional security.

Apart from individual customer analysis, the credit portfolio is assessed by the Risk Department with regard to credit concentration and market risks.

The maximum exposure to credit risk is generally reflected in the carrying amounts of financial assets on the statement of financial position and unrecognised contractual commitments. The impact of possible netting of assets and liabilities to reduce potential credit exposure is not significant.

25 Risk management, continued

(c) Credit risk, continued

The maximum exposure to credit risk from financial assets at the reporting date is as follows:

	2015 KZT'000	2014 KZT'000
ASSETS		
Cash equivalents	49,818,100	31,768,457
Financial instruments at fair value through profit or loss	295,920	-
Available-for-sale financial assets	664,542	705,839
Loans and advances to banks and other financial institutions	13,340,011	7,477,346
Loans to customers	131,824,973	81,204,263
Other financial assets	18,050,229	133,045
Total maximum exposure	**213,993,775**	**121,288,950**

Collateral generally is not held against claims under loans and advances to banks, except when securities are held as part of reverse repurchase and securities borrowing activities.

For the analysis of collateral held against loans to customers and concentration of credit risk in respect of loans to customers refer to Note 17.

The maximum exposure to credit risk from unrecognised contractual commitments at the reporting date is presented in Note 27.

As at 31 December 2015 the Bank has one counterparty (2014: one counterparty), the NBRK, credit risk exposure to whom exceeds 10% of maximum credit risk exposure. The credit risk exposure for this counterparty as at 31 December 2015 is KZT 39,575,056 thousand (2014: KZT 27,261,758 thousand).

(d) Liquidity risk

Liquidity risk is the risk that the Bank will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk exists when the maturities of assets and liabilities do not match. The matching and or controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to liquidity management. It is unusual for financial institutions ever to be completely matched since business transacted is often of an uncertain term and of different types. An unmatched position potentially enhances profitability, but can also increase the risk of losses.

The Bank maintains liquidity management with the objective of ensuring that funds will be available at all times to honor all cash flow obligations as they become due. The liquidity policy is reviewed and approved by the Board of Directors.

The Bank seeks to actively support a diversified and stable funding base comprising debt securities in issue, long-term and short-term loans from other banks, core corporate and retail customer deposits, accompanied by diversified portfolios of highly liquid assets, in order to be able to respond quickly and smoothly to unforeseen liquidity requirements.

The liquidity management policy requires:

- projecting cash flows by major currencies and considering the level of liquid assets necessary in relation thereto;
- maintaining a diverse range of funding sources;
- managing the concentration and profile of debts;
- maintaining debt financing plans;

25 Risk management, continued

(d) Liquidity risk, continued

- maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any interruption to cash flow;
- maintaining liquidity and funding contingency plans;
- monitoring liquidity ratios against regulatory requirements.

The Treasury Department receives information from business units regarding the liquidity profile of their financial assets and liabilities and details of other projected cash flows arising from projected future business. The Treasury Department then provides for an adequate portfolio of short-term liquid assets to be maintained, largely made up of short-term liquid trading securities, loans and advances to banks and other inter-bank facilities, to ensure that sufficient liquidity is maintained within the Bank as a whole.

The daily liquidity position is monitored and regular liquidity stress testing under a variety of scenarios covering both normal and more severe market conditions is performed by the Treasury Department. Under the normal market conditions, liquidity reports covering the liquidity position are presented to senior management on a weekly basis. Decisions on liquidity management are made by ALCO and implemented by the Treasury Department.

(i) Offsetting financial assets and financial liabilities

The disclosures set out in the tables below include financial assets and financial liabilities that:

- are offset in the Bank's statement of financial position or
- are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments, irrespective of whether they are offset in the statement of financial position.

The Bank receives and accepts collateral in the form of cash and marketable securities in respect of the following transactions:

- sale and repurchase, and reverse sale and repurchase agreements and
- loans to customers, securities lending and borrowing.

The securities received/given as collateral under sale and repurchase, and reverse sale and repurchase agreements can be pledged during the term of the transaction but must be returned on maturity of the transaction. The securities given as collateral under securities lending and borrowing cannot be pledged or sold during the term of the transaction and must be returned on maturity of the transaction. The terms also give each counterparty the right to terminate the related transitions upon the counterparty's failure to post collateral.

25 Risk management, continued

(d) Liquidity risk, continued

(i) Offsetting financial assets and financial liabilities, continued

The table below shows financial assets subject to offsetting, enforceable master netting arrangements and similar arrangements as at 31 December 2015:

Types of egifinancial assets/liabilities	Gross amounts of recognised financial assets/ liabilities	Gross amounts of recognised financial liabilities offset in the statement of financial position	Net amount of financial assets presented in the statement of financial position	Related amounts not offset in the statement of financial position: Financial instruments	Related amounts not offset in the statement of financial position: Cash collateral received	Net Amount
Reverse repurchase agreements	4,002,000	-	4,002,000	(4,002,000)	-	-
Loans to customers	131,824,973	-	131,824,973	-	(2,888,927)	128,936,046
Total financial assets	**135,826,973**	**-**	**135,826,973**	**(4,002,000)**	**(2,888,927)**	**128,936,046**
Current accounts and deposits from customers	(2,888,927)	-	(2,888,927)	-	2,888,927	-
Total financial liabilities	**(2,888,927)**	**-**	**(2,888,927)**	**-**	**2,888,927**	**-**

The table below shows financial assets subject to offsetting, enforceable master netting arrangements and similar arrangements as at 31 December 2014:

Types of financial assets/liabilities	Gross amounts of recognised financial assets/ liabilities	Gross amounts of recognised financial liabilities offset in the statement of financial position	Net amount of financial assets presented in the statement of financial position	Related amounts not offset in the statement of financial position: Financial instruments	Related amounts not offset in the statement of financial position: Cash collateral received	Net Amount
Reverse repurchase agreements	2,625,961	-	2,625,961	(2,625,961)	-	-
Loans to customers	81,204,263	-	81,204,263	-	(98,764)	81,105,499
Total financial assets	**83,830,224**	**-**	**83,830,224**	**(2,625,961)**	**(98,764)**	**81,105,499**
Current accounts and deposits from customers	(98,764)	-	(98,764)	98,764	-	-
Total financial liabilities	**(98,764)**	**-**	**(98,764)**	**98,764**	**-**	**-**

The gross amounts of financial assets and their net amounts as presented in the statement of financial position that are disclosed in the above tables are measured in the statement of financial position at amortised cost.

25 Risk management, continued

(d) Liquidity risk, continued

The maturity analysis for financial liabilities as at 31 December 2015 is as follows:

KZT'000	Demand and less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	More than 1 year	Total gross amount outflow	Carrying amount
Non-derivative liabilities							
Deposits and balances from banks and other financial institutions	7,669,932	14,886,232	13,745,157	3,241,339	9,676,545	49,219,205	45,844,884
Current accounts and deposits from customers	30,078,610	20,686,695	9,416,393	42,902,939	46,519,152	149,603,789	145,182,100
Subordinated bonds	-	-	235,318	228,039	8,540,313	9,003,670	7,022,664
Other financial liabilities	1,277,705	-	6,600	-	-	1,284,305	1,284,305
Total liabilities	**39,026,247**	**35,572,927**	**23,403,468**	**46,372,317**	**64,736,010**	**209,110,969**	**199,333,953**
Credit related commitments	**5,059,805**	-	-	-	-	**5,059,805**	**5,059,805**

25 Risk management, continued

(d) Liquidity risk, continued

The maturity analysis for financial liabilities as at 31 December 2014 is as follows:

KZT'000	Demand and less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	More than 1 year	Total gross amount outflow	Carrying amount
Non-derivative liabilities							
Deposits and balances from banks and other financial institutions	1,421,085	3,014,017	409,658	2,010,237	11,337,201	18,192,198	13,844,448
Current accounts and deposits from customers	66,676,932	5,143	1,555,935	15,342,804	13,543,184	97,123,998	94,973,470
Other financial liabilities	635,669	-	8,500	-	-	644,169	644,169
Total liabilities	**68,733,686**	**3,019,160**	**1,974,093**	**17,353,041**	**24,880,385**	**115,960,365**	**109,462,087**
Credit related commitments	**24,577,275**	-	-	-	-	**24,577,275**	**24,577,275**

25 Risk management, continued

(d) Liquidity risk, continued

The tables above show the undiscounted cash flows of non-derivative financial liabilities, including issued unrecognised loan commitments on the basis of their earliest possible contractual maturity.

In accordance with Kazakhstan legislation, depositors can withdraw their term deposits at any time, losing in most of the cases the accrued interest. In addition, during 2015 some corporate customer current account agreements at the amount of KZT 24,678,957 thousand were amended and maturity dates were added. These deposits and customer accounts are classified in accordance with their stated maturity dates. The amount of such deposits and customer accounts, by each time band, is as follows:

	2015 KZT'000	2014 KZT'000
Demand and less than 1 month	7,787,426	6,545,518
From 1 to 3 months	19,621,054	5,065
From 3 to 12 months	51,178,549	15,995,976
From 1 to 5 years	44,777,121	12,273,638
More than 5 years	42,588	23,874
	123,406,738	**34,844,071**

Management expects that the cash flows from certain financial assets and liabilities will be different from their contractual terms either because management has the discretionary ability to manage the cash flows or because past experience indicates that cash flows will differ from contractual terms. In the tables below the following financial assets and liabilities are presented on a discounted basis and are based on their expected cash flows.

25 Risk management, continued

(d) Liquidity risk, continued

The table below shows an analysis, by expected maturities, of the amounts recognised in the statement of financial position as at 31 December 2015:

KZT'000	Demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	More than 5 years	No maturity	Overdue	Total
Non-derivative assets								
Cash and cash equivalents	49,273,530	2,723,253	-	-	-	-	-	51,996,783
Available-for-sale financial assets	-	2,473	208,304	453,765	-	93,000	-	757,542
Loans and advances to banks and other financial institutions	47,824	8,930,145	4,362,042	-	-	-	-	13,340,011
Loans to customers	17,299,924	25,226,581	44,760,623	34,577,810	8,056,194	-	1,903,841	131,824,973
Property, equipment and intangible assets	-	-	-	-	-	2,276,113	-	2,276,113
Other assets	7,224,692	30,000	8,673,653	5,498,104	-	1,752,678	-	23,179,127
Derivative assets								
Financial instruments at fair value through profit or loss								
- outflow	-	-	(5,814,540)	-	-	-	-	(5,814,540)
- inflow	-	-	6,110,460	-	-	-	-	6,110,460
Total assets	**73,845,970**	**36,912,452**	**58,300,542**	**40,529,679**	**8,056,194**	**4,121,791**	**1,903,841**	**223,670,469**

25 Risk management, continued

(d) Liquidity risk, continued

KZT'000	Demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	More than 5 years	No maturity	Overdue	Total
Non-derivative liabilities								
Deposits and balances from banks and other financial institutions	7,657,632	14,689,649	15,978,603	5,152,333	2,366,667	-	-	45,844,884
Current accounts and deposits from customers	30,053,967	20,617,269	49,638,331	44,829,945	42,588	-	-	145,182,100
Subordinated bonds	-	-	23,411	-	6,999,253	-	-	7,022,664
Current tax liability	-	-	74,366	-	-	-	-	74,366
Deferred tax liability	-	-	-	39,537	-	-	-	39,537
Other liabilities	1,338,472	181,973	497,279	-	-	-	-	2,017,724
Total liabilities	**39,050,071**	**35,488,891**	**66,211,990**	**50,021,815**	**9,408,508**	**-**	**-**	**200,181,275**
Net position	**34,795,899**	**1,423,561**	**(7,911,448)**	**(9,492,136)**	**(1,352,314)**	**4,121,791**	**1,903,841**	**23,489,194**

25 Risk management, continued

(d) Liquidity risk, continued

The table below shows an analysis, by expected maturities, of the amounts recognised in the statement of financial position as at 31 December 2014:

KZT'000	Demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	More than 5 years	No maturity	Overdue	Total
Non-derivative assets								
Cash and cash equivalents	34,102,608	-	-	-	-	-	-	34,102,608
Available-for-sale financial assets	-	-	-	705,839	-	-	-	705,839
Loans and advances to banks and other financial institutions	5,710,662	1,216,711	404,384	-	145,589	-	-	7,477,346
Loans to customers	20,938,641	16,254,155	20,803,439	16,077,279	4,310,113	-	2,820,636	81,204,263
Property, equipment and intangible assets	-	-	-	-	-	1,763,510	-	1,763,510
Deferred tax asset	-	-	-	18,337	-	-	-	18,337
Other assets	893,772	1,609	649,987	-	-	622,124	-	2,167,492
Derivstive assets								
Financial instruments at fair value through profit or loss								
- outflow	-	-	(2,735,250)	-	-	-	-	(2,735,250)
- inflow	-	-	2,735,250	-	-	-	-	2,735,250
Total assets	**61,645,683**	**17,472,475**	**21,857,810**	**16,801,455**	**4,455,702**	**2,385,634**	**2,820,636**	**127,439,395**
Non-derivative liabilities								
Deposits and balances from banks and other financial institutions	1,416,890	2,966,020	1,530,769	4,630,769	3,300,000	-	-	13,844,448
Current accounts and deposits from customers	66,674,917	5,065	15,995,976	12,273,638	23,874	-	-	94,973,470
Other liabilities	644,138	162,711	220,120	-	-	-	-	1,026,969
Total liabilities	**68,735,945**	**3,133,796**	**17,746,865**	**16,904,407**	**3,323,874**	-	-	**109,844,887**
Net position	**(7,090,262)**	**14,338,679**	**4,110,945**	**(102,952)**	**1,131,828**	**2,385,634**	**2,820,636**	**17,594,508**

The amounts included in the "overdue" category represent only the portions of loans which are contractually overdue, and not the full balance.

26 Capital management

The NBRK sets and monitors capital requirements for the Bank.

During 2015 the NBRK fulfilled transition on international regulatory framework for banks Basel III. Hence new capital requirements for the Bank were set from 1 January 2015. Since then, the Bank defines as capital those items defined by statutory regulation as capital for credit institutions.

As at 31 December 2015, tier 1 capital is a total of basic and additional capital. Basic capital comprises ordinary share capital, share premium, current and prior periods' retained earnings and reserves created thereof, less treasury share capital, intangible assets including goodwill, and current and prior periods losses, deferred tax asset net of deferred tax liability and other revaluation reserves. Additional capital comprises of perpetual contracts and paid-in preference share capital less adjustments for the Bank's investment in its own perpetual financial instruments and treasury preference shares.

Tier 2 capital comprises subordinated debt in KZT less investments in subordinated debt of financial institutions the Bank holds 10% and more shares in.

Total capital is the sum of tier 1 and tier 2 capital.

There are a set of different limitations and classification criteria applied to the above listed total capital elements.

In accordance with the regulations set by the NBRK as at 31 December 2015 the Bank has to maintain total capital adequacy within the following coefficients:

- a ratio of basic capital to the sum of credit risk-weighted assets, contingent liabilities and derivative financial instruments and market risk-weighted assets and contingent liabilities and quantified operational risk (k1)
- a ratio of tier 1 capital to the sum of credit risk-weighted assets, contingent liabilities and derivative financial instruments and market risk-weighted assets and contingent liabilities and quantified operational risk (k1-2)
- a ratio of total capital to the sum of credit risk-weighted assets and contingent liabilities and derivative financial instruments, market risk-weighted assets, contingent assets and liabilities, and a quantitative measure of operational risk (k2).

As at 31 December 2015 the minimum level of ratios as applicable to the Bank are as follows:

- k1 – not less than 0.05
- k1-2 – not less than 0.06
- k2 – not less than 0.075.

As at 31 December 2014 the minimum level of ratios as applicable to the Bank are as follows:

- k1-1 – not less than 0.06
- k1-2 – not less than 0.06
- k2 – not less than 0.12.

26 Capital management, continued

The following table shows the composition of the capital position calculated in accordance with the FMSA requirements established by the Rules # 358 dated 30 September 2005 as at 31 December 2015 and 31 December 2014:

	2015 KZT'000 (Unaudited)	2014 KZT'000 (Unaudited)
Tier 1 capital		
Basic capital		
Share capital	20,785,466	16,285,466
Statutory additional paid-in capital	(14,083)	(14,083)
General reserve	957,976	957,976
Deferred tax liability related to revaluation of property and equipment	75,365	-
Statutory retained earnings – prior year	(38,133)	(1,466,338)
Statutory retained earnings – current year	1,494,875	-
Revaluation reserve for available-for-sale financial assets	(29,926)	-
Revaluation reserve for property and equipment	297,191	-
Statutory adjustments:		
Statutory intangible assets	(335,431)	(10,688)
Total tier 1 capital	**23,193,300**	**15,752,333**
Tier 2 capital		
Subordinated debt	6,999,253	-
Statutory retained earnings – current year	-	1,428,205
Revaluation reserve for available-for-sale financial assets	-	8,118
Revaluation reserve for property and equipment	-	376,827
Total tier 2 capital	**6,999,253**	**1,813,150**
Total capital	**30,192,553**	**17,565,483**
Total statutory assets less not invested funds accepted based on custody agreements	**Not applicable**	**127,421,058**
Risk-weighted assets, contingent liabilities and derivative financial instruments and operational risk		
Credit risk-weighted assets	181,135,957	94,528,855
Credit risk-weighted contingent liabilities	32,053,390	7,556,407
Credit risk-weighted derivative financial instruments	55,391	73,997
Market risk-weighted assets and contingent liabilities	1,637,709	1,018,344
Operational risk	2,362,080	1,779,372
Risk-weighted assets, contingent liabilities and derivative financial instruments and operational risk	**217,244,527**	**104,956,974**
k1 (31 December 2014: k1-1)	**0.107**	**0.124**
k1-2	**0.107**	**0.150**
k2	**0.139**	**0.167**

The Bank is also subject to minimum capital adequacy requirements calculated in accordance with NBRK established by covenants under borrowings of the Bank. The Bank complied with all externally imposed capital requirements as at 31 December 2015 and 31 December 2014.

27 Credit related commitments

The Bank has outstanding credit related commitments to extend loans. These credit related commitments take the form of approved loans and overdraft facilities.

The Bank provides financial guarantees and letters of credit to guarantee the performance of customers to third parties. These agreements have fixed limits and generally extend for up to five years.

The Bank applies the same credit risk management policies and procedures when granting credit commitments, financial guarantees and letters of credit as it does for granting loans to customers.

The contractual amounts of credit related commitments are set out in the following table by category. The amounts reflected in the table for credit related commitments assume that amounts are fully advanced. The amounts reflected in the table for guarantees and letters of credit represent the maximum accounting loss that would be recognised at the reporting date if counterparties failed completely to perform as contracted.

	2015 KZT'000	2014 KZT'000
Contracted amount		
Loan and credit line commitments	5,059,805	24,577,275
Guarantees	29,305,722	7,164,905
	34,365,527	**31,742,180**

The total outstanding contractual credit related commitments above do not necessarily represent future cash requirements, as these credit related commitments may expire or terminate without being funded.

Guarantees and letters of credit are collateralised by real estate, cash deposits, grain, guarantees of individuals and other collateral.

As at 31 December 2015 the Bank had three counterparties (31 December 2014: five), whose guarantee or loan commitments exceeded 10% of total equity. The gross value of these commitments as at 31 December 2015 is KZT 13,335,525 thousand (2014: KZT 12,301,034 thousand).

The Bank uses the same credit control and management policies in undertaking unrecognised commitments as it does for recognised operations.

28 Operating leases

As at 31 December 2015 and 2014 the Bank did not have significant non-cancellable operating lease rentals payable.

During the year of 2015 KZT 415,419 thousand was recognised as an expense in profit or loss in respect of operating leases (2014: KZT 271,486 thousand).

29 Contingencies

(a) Insurance

The insurance industry in the Republic of Kazakhstan is in a developing state and many forms of insurance protection common in other parts of the world are not yet generally available. The Bank does not have full coverage for its premises and equipment, business interruption, or third party liability in respect of property or environmental damage arising from accidents on its property or relating to operations. Until the Bank obtains adequate insurance coverage, there is a risk that the loss or destruction of certain assets could have a material adverse effect on operations and financial position.

(b) Litigation

In the ordinary course of business, the Bank 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.

(c) Taxation contingencies

The taxation system in the Republic of Kazakhstan continues to evolve and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are sometimes contradictory and subject to varying interpretation by different tax authorities. Taxes are subject to review and investigation by a number of authorities who have the authority to impose severe fines, penalties and interest charges. A tax year remains open for review by the tax authorities during the three subsequent calendar years; however, under certain circumstances a tax year may remain open longer. Recent events within the Republic of Kazakhstan suggest that the tax authorities are taking a more assertive position in their interpretation and enforcement of tax legislation.

These circumstances may create tax risks in the Republic of Kazakhstan that are substantially more significant than in other countries. Management believes that it has provided adequately for tax liabilities based on its interpretations of applicable Kazakhstan tax legislation, official pronouncements and court decisions. However, the interpretations of the relevant authorities could differ and the effect on the financial position, if the authorities were successful in enforcing their interpretations, could be significant.

30 Related party transactions

(a) Control relationships

As at 31 December 2015 the Bank is controlled by Mr. Tokhtarov O.T. (2014: by two individuals), who solely owns 68.74% of shares of the Bank (see Note 1) (2014: jointly own 49.75% of shares of the Bank).

30 Related party transactions, continued

(b) Transactions with the members of the Board of Directors and the Management Board

Total remuneration included in personnel expenses for the years ended 31 December 2015 and 2014 is as follows:

	2015 KZT'000	2014 KZT'000
Short term employee benefits	148,716	147,130
Post employment benefits	1,010	3,655
	149,726	**150,785**

The above amounts include cash and non-cash benefits in respect of the members of the Management Board and Board of Directors.

The outstanding balances and average interest rates as at 31 December 2015 and 2014 for transactions with the members of the Management Board and the Board of Directors are as follows:

	2015 KZT'000	Average interest rate	2014 KZT'000	Average interest rate
Statement of financial position				
Current accounts and deposits from customers	1,240,754	5.4%	107,969	3.5%

Amounts included in profit or loss in relation to transactions with the members of the Management Board and the Board of Directors for the year ended 31 December are as follows:

	2015 KZT'000	2014 KZT'000
Profit or loss		
Interest income	-	343
Interest expense	19,923	586

The outstanding balances and the related average interest rates as at 31 December 2015 and related profit or loss amounts of transactions for the year ended 31 December 2015 with other related parties are as follows.

	Shareholders		Other entities under control of shareholders		
	KZT'000	Average interest rate, %	KZT'000	Average interest rate, %	Total KZT'000
Statement of financial position					
LIABILITIES					
Current accounts and deposits from customers					
- Term deposits					
- in KZT	5,008	10.0%	1,272,500	13.0%	1,277,508
- in USD	935,262	4.0%	259,061	5.0%	1,194,323
- in EUR	4	3.0%	-	-	4
- Current accounts and demand deposits					
- in KZT	1	-	4,221	2.5%	4,222
- in USD	8,069	-	46	-	8,115
- in EUR	1,515	-	-	-	1,515
Profit or loss					
Interest expense	(14,309)	-	(18,038)	-	(32,347)

30 Related party transactions, continued

(c) Transactions with other related parties, continued

The outstanding balances and the related average interest rates as at 31 December 2014 and related profit or loss amounts of transactions for the year ended 31 December 2014 with other related parties are as follows.

	Shareholders		Other entities under control of shareholders		
	KZT'000	Average interest rate, %	KZT'000	Average interest rate, %	Total KZT'000
Statement of financial position					
ASSETS					
Cash and cash equivalents					
- in KZT	-	-	4,115	-	4,115
- in USD	-	-	612,418	-	612,418
- in EUR	-	-	858	-	858
- in RUB	-	-	449	-	449
Other assets	-	-	85,947	-	85,947
LIABILITIES					
Deposits and balances from banks and other financial institutions					
- Term deposits					
- in USD	-	-	2,736,694	1.0%	2,736,694
Current accounts and deposits from customers					
- Term deposits					
- in KZT	1,965	10.0%	81,552	9.1%	83,517
- in USD	165,885	4.0%	420,039	5.2%	585,924
- Current accounts and demand deposits					
- in KZT	614,685	-	1,798,522	-	2,413,207
- in USD	29,474,208	-	4,623,701	-	34,097,909
- in GBP	565	-	-	-	565
Profit or loss					
Interest expense	(968)	-	(7,984)	-	(8,952)

31 Financial assets and liabilities: fair values and accounting classifications

(a) Accounting classifications and fair values

The table below sets out the carrying amounts and fair values of financial assets and liabilities as at 31 December 2015:

KZT'000	Derivative financial instrument	Loans and receivables	Available-for-sale	Other amortised cost	Total carrying amount	Fair value
Cash and cash equivalents	-	51,996,783	-	-	51,996,783	51,996,783
Financial instruments at fair value through profit or loss	295,920		-	-	295,920	295,920
Available-for-sale financial assets	-		757,542	-	757,542	757,542
Loans and advances to banks and other financial institutions	-	13,340,011	-	-	13,340,011	13,340,011
Loans customers						
Loans to corporate customers	-	101,034,554	-	-	101,034,554	99,998,588
Loans to retail customers	-	30,790,419	-	-	30,790,419	31,623,931
Other financial assets	-	18,050,229	-	-	18,050,229	18,050,229
	295,920	**215,211,996**	**757,542**	**-**	**216,265,458**	**216,063,004**
Deposits and balances from banks and other financial institutions	-	-	-	45,844,884	45,844,884	44,061,994
Current accounts and deposits from customers	-	-	-	145,182,100	145,182,100	145,814,378
Subordinated bonds	-	-	-	7,022,664	7,022,664	7,022,664
Other financial liabilities	-	-	-	1,284,305	1,284,305	1,284,305
	-	**-**	**-**	**199,333,953**	**199,333,953**	**198,183,341**

31 Financial assets and liabilities: fair values and accounting classifications, continued

(a) Accounting classifications and fair values, continued

The table below sets out the carrying amounts and fair values of financial assets and liabilities as at 31 December 2014:

KZT'000	Loans and receivables	Available-for-sale	Other amortised cost	Total carrying amount	Fair value
Cash and cash equivalents	34,102,608	-	-	34,102,608	34,102,608
Available-for-sale financial assets	-	705,839	-	705,839	705,839
Loans and advances to banks and other financial institutions	7,477,346	-	-	7,477,346	7,477,346
Loans customers					
Loans to corporate customers	54,661,109	-	-	54,661,109	54,984,202
Loans to retail customers	26,543,154	-	-	26,543,154	26,646,677
Other financial assets	133,045	-	-	133,045	133,045
	122,917,262	**705,839**	**-**	**123,623,101**	**124,049,717**
Deposits and balances from banks and other financial institutions	-	-	13,844,448	13,844,448	13,844,448
Current accounts and deposits from customers	-	-	94,973,470	94,973,470	92,924,922
Other financial liabilities	-	-	644,169	644,169	644,169
	-	**-**	**109,462,087**	**109,462,087**	**107,413,539**

The estimates of fair value are intended to approximate 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. However given the uncertainties and the use of subjective judgment, the fair value should not be interpreted as being realisable in an immediate sale of the assets or settlement of liabilities.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments the Bank determines fair values using other valuation techniques.

The objective of valuation techniques is to arrive at a fair value determination that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The Bank uses widely recognised valuation models for determining the fair values of financial instruments. Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist and other valuation models. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date that would have been determined by market participants acting at arm's length.

31 Financial assets and liabilities: fair values and accounting classifications, continued

(c) Fair value hierarchy

The Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: inputs other than quotes prices included within Level 1 that are observable either directly (i.e, as prices) or indirectly (i.e, derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: inputs that are unobservable. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

As at 31 December 2015 and 2014 the Bank measured the fair value of available-for-sale assets and financial instruments at fair value through profit or loss using valuation technique based on observable inputs (Level 2).

The following table analyses the fair values of financial instruments not measured at fair value, by the level in the fair value hierarchy into which each fair value measurement is categorised as at 31 December 2015:

KZT'000	Level 1	Level 2	Level 3	Total fair values	Total carrying amount
Cash and cash equivalents	-	51,996,783	-	51,996,783	51,996,783
Loans and advances to banks and other financial institutions	-	13,340,011	-	13,340,011	13,340,011
Loans to customers	-	107,539,086	24,083,433	131,622,519	131,824,973
Other financial assets	-	18,050,229	-	18,050,229	18,050,229
	-	**190,926,109**	**24,083,433**	**215,009,542**	**215,211,996**
Deposits and balances from banks and other financial institutions	-	44,061,994	-	44,061,994	45,844,884
Current accounts and deposits from customers	-	145,814,378	-	145,814,378	145,182,100
Subordinated bonds	-	7,022,664	-	7,022,664	7,022,664
Other financial liabilities	-	1,284,305	-	1,284,305	1,284,305
	-	**198,183,341**	**-**	**198,183,341**	**199,333,953**

31 Financial assets and liabilities: fair values and accounting classifications, continued

(d) Fair value hierarchy, continued

The following table analyses the fair values of financial instruments not measured at fair value, by the level in the fair value hierarchy into which each fair value measurement is categorised as at 31 December 2014:

KZT'000	Level 1	Level 2	Level 3	Total fair values	Total carrying amount
Cash and cash equivalents	-	34,102,608	-	34,102,608	34,102,608
Loans and advances to banks and other financial institutions	-	7,477,346	-	7,477,346	7,477,346
Loans to customers	-	74,470,483	7,160,396	81,630,879	81,204,263
Other financial assets	-	133,045	-	133,045	133,045
	-	**116,183,482**	**7,160,396**	**123,343,878**	**122,917,262**
Deposits and balances from banks and other financial institutions	-	13,844,448	-	13,844,448	13,844,448
Current accounts and deposits from customers	-	92,924,922	-	92,924,922	94,973,470
Other financial liabilities	-	644,169	-	644,169	644,169
	-	**107,413,539**	**-**	**107,413,539**	**109,462,087**