

JOINT STOCK COMPANY KAZKOMMERTSBANK

**Condensed Interim Consolidated
Financial Information (Unaudited)**
For the three months ended 31 March 2014

JOINT STOCK COMPANY KAZKOMMERTSBANK

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JOINT STOCK COMPANY KAZKOMMERTSBANK

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION FOR THE THREE MONTHS ENDED 31 MARCH 2014 (UNAUDITED)

Management is responsible for the preparation of the condensed interim consolidated financial information that presents fairly the consolidated financial position of the Joint Stock Company Kazkommertsbank ("the Bank") and its subsidiaries ("the Group") as at 31 March 2014 and the results of its operations for the three month period then ended, as well as cash flows and changes in equity for the three month period then ended, in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34").

In preparing the condensed interim consolidated financial information, management is responsible for:

- Properly selecting and applying accounting policies;
- Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Providing additional disclosures when compliance with the specific requirements in IAS 34 are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's consolidated financial position and financial performance; and
- Making an assessment of the Group's ability to continue as a going concern.

Management is also responsible for:

- Designing, implementing and maintaining an effective and sound system of internal controls, throughout the Group;
- Maintaining proper accounting records that disclose, with reasonable accuracy at any time, the consolidated financial position of the Group, and which enable them to ensure that the condensed interim consolidated financial information of the Group complies with IAS 34;
- Maintaining accounting records in compliance with legislation of the Republic of Kazakhstan;
- Taking such steps as are reasonably available to them to safeguard the assets of the Group; and
- Detecting and preventing fraud and other irregularities.

The condensed interim consolidated financial information of the Group for the three months ended 31 March 2014 was approved by the Management Board of JSC Kazkommertsbank on 5 May 2014.

On behalf of the Management Board of the Bank:


Zhussupova N.A.
Chairperson of the Board

5 May 2014
Almaty


Shoibekova G.K.
Chief Accountant

5 May 2014
Almaty

INDEPENDENT AUDITOR'S REPORT ON THE REVIEW OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

To the Shareholders and Board of Directors of JSC Kazkommertsbank:

We have reviewed the accompanying condensed interim consolidated financial information of JSC Kazkommertsbank and its subsidiaries ("the Group") which comprises the interim consolidated statement of financial position as at 31 March 2014 and the related interim consolidated statement of profit or loss and interim consolidated statement of comprehensive income for the three months then ended, the interim consolidated statements of changes in equity and cash flows for the three months ended 31 March 2014, and a summary of significant accounting policies and selected explanatory information. Management of the Group is responsible for the preparation and presentation of this condensed interim consolidated financial information in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting. Our responsibility is to express a conclusion on this condensed interim consolidated financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of condensed interim consolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial information is not prepared, in all material respects, in accordance with IAS 34, Interim Financial Reporting.

Deloitte, LLP


5 May 2014
Almaty

JOINT STOCK COMPANY KAZKOMMERTSBANK

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE THREE MONTHS ENDED 31 MARCH 2014 (UNAUDITED)

	Three months ended 31 March 2014 (unaudited) (KZT million)	Three months ended 31 March 2013 (unaudited) (KZT million)
NET PROFIT FOR THE PERIOD	<u>3,994</u>	<u>7,020</u>
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified subsequently to profit or loss:		
Net gain resulting on revaluation of property	53	5
	<u>53</u>	<u>5</u>
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations	2,235	(528)
Net (loss)/gain resulting on revaluation of available-for-sale investments during the period	(98)	252
Reclassification adjustment relating to available-for-sale investments disposed of in the period	33	(59)
Net (loss)/gain on cash flow hedges	(40)	496
Income tax effect	(25)	(146)
	<u>2,105</u>	<u>15</u>
OTHER COMPREHENSIVE INCOME AFTER INCOME TAX	<u>2,158</u>	<u>20</u>
TOTAL COMPREHENSIVE INCOME	<u><u>6,152</u></u>	<u><u>7,040</u></u>
Attributable to:		
Ordinary shareholders of the Parent	4,959	6,152
Preference shareholders of the Parent	1,074	802
Non-controlling interest	119	86
TOTAL COMPREHENSIVE INCOME	<u><u>6,152</u></u>	<u><u>7,040</u></u>

On behalf of the Management Board of the Bank:


Zhussupova N.
Chairperson of the Board

5 May 2014
Almaty


Shoinbekova G.K.
Chief Accountant

5 May 2014
Almaty

The notes on pages 10-26 form an integral part of this condensed interim consolidated financial information.

JOINT STOCK COMPANY KAZKOMMERTSBANK

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2014 (UNAUDITED)

	Notes	31 March 2014 (unaudited) (KZT million)	31 December 2013 (KZT million)
ASSETS:			
Cash and balances with national (central) banks	10	196,732	191,687
Precious metals		3,093	2,491
Financial assets at fair value through profit or loss	11	114,007	121,855
Loans and advances to banks and other financial institutions		149,648	139,743
Loans to customers	12, 16	2,068,714	1,900,993
Investments available-for-sale		20,693	21,249
Investments held to maturity		5,752	6,503
Investment property		46,043	38,849
Property, equipment and intangible assets		32,803	32,688
Deferred income tax assets	8	885	1,730
Other assets		140,518	128,504
TOTAL ASSETS		2,778,888	2,586,292
LIABILITIES AND EQUITY			
LIABILITIES:			
Loans and advances from banks and other financial institutions		104,546	97,955
Customer accounts	13, 16	1,796,151	1,682,035
Financial liabilities at fair value through profit or loss	11	2,455	2,296
Debt securities issued	14	296,712	253,311
Other borrowed funds		14,029	15,437
Provisions		19,667	19,811
Dividends payable		251	6
Other liabilities		24,566	18,074
		2,258,377	2,088,925
Subordinated debt		142,129	125,160
Total liabilities		2,400,506	2,214,085
EQUITY:			
Equity attributable to equity holders of the Parent:			
Issued and outstanding share capital		9,002	8,999
Share premium reserve		194,696	194,676
Property and equipment revaluation reserve		5,452	5,779
Other reserves		167,410	161,050
Total equity attributable to equity holders of the Parent		376,560	370,504
Non-controlling interest		1,822	1,703
Total equity		378,382	372,207
TOTAL LIABILITIES AND EQUITY		2,778,888	2,586,292

On behalf of the Management Board of the Bank:

Zhussupova N.A.
Chairperson of the Board

5 May 2014
Almaty



Shoinbekova G.K.
Chief Accountant

5 May 2014
Almaty

The notes on pages 10-26 form an integral part of this condensed interim consolidated financial information.

JOINT STOCK COMPANY KAZKOMMERTSBANK

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THREE MONTHS ENDED 31 MARCH 2013 (UNAUDITED)

	Share capital	Treasury shares	Share premium reserve	Property and equipment revaluation reserve	Investments available-for-sale fair value (deficit)/reserve ¹	Cumulative translation reserve ¹	Hedging reserve ¹	Statutory reserves ¹	Retained earnings ¹	Total equity attributable to equity holders of the Parent	Non-controlling interest	Total equity
	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)
31 December 2012	9,044	(36)	194,721	5,808	(98)	122	591	802	108,001	318,955	1,315	320,269
Net profit	-	-	-	-	-	-	-	-	6,912	6,912	108	7,020
Other comprehensive income	-	-	-	5	146	(506)	397	-	-	42	(22)	20
Total comprehensive income	-	-	-	5	146	(506)	397	-	6,912	6,954	86	7,040
Transfer to statutory reserve	-	-	-	-	-	-	-	7,022	(7,022)	-	-	-
Repurchase of treasury shares	-	2	(21)	-	-	-	-	-	-	(19)	-	(19)
Release of property and equipment revaluation reserve due to depreciation and disposal of previously revalued assets	-	-	-	(126)	-	-	-	-	126	-	-	-
31 March 2013	<u>9,044</u>	<u>(34)</u>	<u>194,700</u>	<u>5,687</u>	<u>48</u>	<u>(384)</u>	<u>988</u>	<u>7,824</u>	<u>108,017</u>	<u>325,890</u>	<u>1,401</u>	<u>327,290</u>

JOINT STOCK COMPANY KAZKOMMERTSBANK

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED) FOR THE THREE MONTHS ENDED 31 MARCH 2014 (UNAUDITED)

	Share capital	Treasury shares	Share premium reserve	Property and equipment revaluation reserve	Investments available-for-sale fair value deficit ¹	Cumulative translation reserve ¹	Hedging reserve ¹	Retained earnings ¹	Total equity attributable to equity holders of the Parent	Non-controlling interest	Total equity
	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)
31 December 2013	9,044	(45)	194,676	5,779	(153)	(808)	901	161,110	370,504	1,703	372,207
Net profit	-	-	-	-	-	-	-	3,880	3,880	114	3,994
Other comprehensive income	-	-	-	53	(98)	2,230	(32)	-	2,153	5	2,158
Total comprehensive income	-	-	-	53	(98)	2,230	(32)	3,880	6,033	119	6,152
Sale of treasury shares	-	3	20	-	-	-	-	-	23	-	23
Release of property and equipment revaluation reserve due to depreciation and disposal of previously revalued assets	-	-	-	(380)	-	-	-	380	-	-	-
31 March 2014 (unaudited)	<u>9,044</u>	<u>(42)</u>	<u>194,696</u>	<u>5,452</u>	<u>(251)</u>	<u>1,422</u>	<u>869</u>	<u>165,370</u>	<u>376,560</u>	<u>1,822</u>	<u>378,382</u>

¹The amounts included within the Investments available-for-sale fair value (deficit)/reserve, Cumulative translation reserve, Hedging reserve and Retained earnings, in the above table, are included within "Other reserves" in the interim consolidated statement of financial position.



On behalf of the Management Board of the Bank:

Zhusupova N.A.
Chairperson of the Board

5 May 2014
Almaty

Shoinbekova G.K.
Chief Accountant

5 May 2014
Almaty

The notes on pages 10-26 form an integral part of this condensed interim consolidated financial information.

JOINT STOCK COMPANY KAZKOMMERTSBANK

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THREE MONTHS ENDED 31 MARCH 2014 (UNAUDITED)

	Three months ended 31 March 2014 (unaudited) (KZT million)	Three months ended 31 March 2013 (unaudited) (KZT million)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Interest received from financial assets at fair value through profit or loss	1,056	1,399
Interest received on loans and advances to banks and other financial institutions	440	464
Interest received from loans to customers	35,896	40,232
Interest received from investments available-for-sale	678	184
Interest received from investments held to maturity	91	66
Interest paid on loans and advances from banks and other financial institutions	(1,098)	(596)
Interest paid on customer accounts	(19,299)	(17,764)
Interest paid on debt securities issued	(6,978)	(5,967)
Interest paid on other borrowed funds	(368)	(434)
Interest paid on subordinated debt	(1,330)	(1,353)
Fee and commission received	7,293	6,624
Fee and commission paid	(2,618)	(2,241)
Other income received	543	2,540
Operating expenses paid	(7,411)	(7,013)
Cash inflow from operating activities before changes in operating assets and liabilities	6,895	16,141
Changes in operating assets and liabilities (Increase)/decrease in operating assets:		
Funds deposited with National Bank of the Republic of Kazakhstan	(3,748)	(3,410)
Funds deposited with Central Bank of Russian Federation	(150)	577
Funds deposited with National Bank of the Kyrgyz Republic	(16)	(24)
Funds deposited with National Bank of Tajikistan	(29)	(26)
Precious metals	(603)	(850)
Financial assets at fair value through profit or loss	5,218	(27,115)
Loans and advances to banks and other financial institutions	28,629	8,483
Loans to customers	4,607	38,619
Other assets	(3,838)	(4,857)
Increase/(decrease) in operating liabilities:		
Loans and advances from banks and other financial institutions	3,174	(43,015)
Customer accounts	(50,671)	136,161
Other liabilities	5,765	3,901
Cash (outflow)/inflow from operating activities before taxation	(4,767)	124,585
Income tax paid	(278)	(2,101)
Net cash (outflow)/ inflow from operating activities	(5,045)	122,484

JOINT STOCK COMPANY KAZKOMMERTSBANK

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED) FOR THE THREE MONTHS ENDED 31 MARCH 2014 (UNAUDITED)

	Three months ended 31 March 2014 (unaudited) (KZT million)	Three months ended 31 March 2013 (unaudited) (KZT million)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, equipment and intangible assets	(1,141)	(1,290)
Proceeds on sale of property and equipment	327	15
Dividends received	1,103	5
Proceeds from sale of investments available-for-sale	9,659	1,888
Purchase of investments available-for-sale	(9,455)	(1,509)
Purchase of investment property	(5,495)	-
Purchase of investments held to maturity	-	(100)
Proceeds on maturity of investments held to maturity	912	180
	<u>(4,090)</u>	<u>(811)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repurchase of treasury shares	-	(19)
Proceeds from treasury shares	23	-
Proceeds from debt securities issued	6	207
Repurchase and repayment of debt securities issued	(520)	(480)
Repayment of other borrowed funds	(1,495)	(1,421)
	<u>(1,986)</u>	<u>(1,713)</u>
Effect of changes in foreign exchange rate on cash and cash equivalents	23,779	(50)
NET INCREASE IN CASH AND CASH EQUIVALENTS	12,658	119,910
CASH AND CASH EQUIVALENTS, beginning of period (Note 10)	<u>264,395</u>	<u>178,245</u>
CASH AND CASH EQUIVALENTS, end of period (Note 10)	<u><u>277,053</u></u>	<u><u>298,155</u></u>

On behalf of the Management Board of the Bank:


Zhusupova N.A.
Chair person of the Board

5 March 2014
Almaty


Shoinbekova G.K.
Chief Accountant

5 March 2014
Almaty

The notes on pages 10-26 form an integral part of this condensed interim consolidated financial information.

JOINT STOCK COMPANY KAZKOMMERTSBANK

SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION FOR THE THREE MONTHS ENDED 31 MARCH 2014 (UNAUDITED)

1. ORGANISATION

Joint Stock Company (“JSC”) Kazkommertsbank (“the Bank”, or “Kazkommertsbank”) is a Joint Stock Company and has operated in the Republic of Kazakhstan since 1990. The Bank’s activities are regulated by the National Bank of the Republic of Kazakhstan (“the NBRK”) and by the Committee for control and supervision of financial market and financial organizations of the NBRK (“the FMSC”) in accordance with the license No. 48 dated 27 December 2007. The Bank’s primary business consists of commercial banking activities, operations with securities, foreign currencies and derivative instruments, originating loans and guarantees.

The registered office of the Bank is located at: 135Zh, Gagarin Str., Almaty, 050060, the Republic of Kazakhstan.

As at 31 March 2014 and 31 December 2013, the Bank has 23 branches in the Republic of Kazakhstan.

Kazkommertsbank is the Parent company of the banking group (“the Group”). The subsidiaries consolidated in the condensed interim consolidated financial information for the three months ended 31 March 2014 are consistent with those presented in the consolidated financial statements for the year ended 31 December 2013:

Name	Country of operation	Proportion or ownership interest/voting rights		Type of operation
		31 March 2014 (unaudited)	31 December 2013	
JSC Kazkommerts Securities	Republic of Kazakhstan	100%	100%	Securities market transactions
LLP Processing Company	Republic of Kazakhstan	100%	100%	Payment card processing and other related services
Kazkommerts International B.V.	Kingdom of Netherlands	100%	100%	Raising funds for the Bank on international capital markets
Kazkommerts Finance II B.V.	Kingdom of Netherlands	100%	100%	Raising funds for the Bank on international capital markets
Kazkommerts Capital II B.V.	Kingdom of Netherlands	100%	100%	Raising funds for the Bank on international capital markets
JSC OCOPAIM GRANTUM Asset Management	Republic of Kazakhstan	100%	100%	Investment management of pension assets
JSC Life Insurance Company Kazkommerts Life	Republic of Kazakhstan	100%	100%	Life insurance
CJSC Kazkommertsbank Tajikistan	Republic of Tajikistan	100%	100%	Commercial bank
JSC Insurance Company Kazkommerts-Policy	Republic of Kazakhstan	100%	100%	Insurance
OJSC Commercial Bank Moskommertsbank	Russian Federation	100%	100%	Commercial bank
KUSA-KKB-1 LLP	Republic of Kazakhstan	100%	-	Management of distressed assets
KUSA KKB-2 LLP	Republic of Kazakhstan	100%	-	Management of distressed assets
OJSC Kazkommertsbank Kyrgyzstan	Kyrgyz Republic	95.75%	95.75%	Commercial bank
JSC Grantum APF	Republic of Kazakhstan	82.52%	82.52%	Pension fund

2. BASIS OF PRESENTATION

Accounting basis

The condensed interim consolidated financial information of the Group has been prepared in accordance with International Accounting Standard (“IAS”) 34, Interim Financial Reporting (“IAS 34”). Accordingly, certain information and disclosures normally required to be included in the notes to the annual consolidated financial statements have been omitted or condensed. The condensed interim consolidated financial information should be read in conjunction with the consolidated financial statements and with selective notes to the consolidated financial statements of the Group for the year ended 31 December 2013.

The preparation of the condensed interim consolidated financial information in conformity with IAS 34 requires management of the Group to make estimates and assumptions that affect the reported amounts of assets and liabilities of the Group, and disclosure of contingent assets and liabilities at the reporting date, and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates that are particularly susceptible to change relate to the allowance for impairment of loans and receivables and determination of the fair value of financial instruments.

The condensed interim consolidated financial information reflects all adjustments that, in the opinion of management of the Group, are necessary for a fair presentation of the results of operations for the interim period. All such adjustments to the financial information are of a normal, recurring nature. Because the results from common banking activities are closely related and responsive to changes in market conditions, the results for any interim period are not necessarily indicative of the results that can be expected for the year.

Functional currency

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

3. SIGNIFICANT ACCOUNTING POLICIES

In preparing this condensed interim consolidated financial information the Group has applied the same accounting policies and methods of computation as those applied in the annual consolidated financial statements of the Group for the year ended 31 December 2013. There were no changes in accounting policies during the three months ended 31 March 2014, except for the accounting policies and impact of the adoption of the Standards and Interpretations described below.

New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the condensed interim consolidated financial information are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2013, except for the adoption of new standards and interpretations effective as at 1 January 2014, which are relevant for interim financial reporting.

IFRS 10, IFRS 12 and IAS 27 *Investment Entities* (Amendment)

These amendments have no impact to the Group, since none of the entities in the Group qualifies to be an investment entity under IFRS 10.

**IAS 32 *Offsetting Financial Assets and Financial Liabilities*
(Amendment)**

These amendments have no impact on the Group.

**IAS 39 *Novation of Derivatives and Continuation of Hedge Accounting*
(Amendment)**

These amendments have no impact to the Group as the Group has not novated its derivatives during the current or prior periods.

**IAS 36 *Recoverable Amount Disclosures for Non-Financial Assets*
(Amendment)**

These amendments have no impact on the Group.

4. NET INTEREST INCOME

	Three months ended 31 March 2014 (unaudited) (KZT million)	Three months ended 31 March 2013 (unaudited) (KZT million)
Interest income comprise:		
Interest income on financial assets recorded at amortized cost:		
- interest income on homogenous and individually assessed watch assets	42,907	46,820
- interest income on impaired financial assets	5,411	2,546
- interest income on unimpaired financial assets	6,244	7,007
Interest income on financial assets at fair value through profit or loss	1,227	1,476
Interest income on investments available-for-sale	-	214
Total interest income	55,789	58,063
Interest income on financial assets recorded at amortized cost comprise:		
Interest on loans to customers	53,998	55,805
Interest on loans and advances to banks and other financial institutions	473	507
Interest on investments held to maturity	91	61
Total interest income on financial assets recorded at amortized cost	54,562	56,373
Interest income on financial assets at fair value through profit or loss:		
Interest income on financial assets held-for-trading	1,227	1,476
Total interest income on financial assets at fair value through profit or loss	1,227	1,476
Interest income on investments available-for-sale	-	214
Total interest income	55,789	58,063
Interest expense comprise:		
Interest expense on financial liabilities recorded at amortized cost	28,466	27,931
Total interest expense	28,466	27,931
Interest expense on financial liabilities recorded at amortized cost comprise:		
Interest on customer accounts	18,892	18,561
Interest on debt securities issued	5,397	5,857
Interest on subordinated debt	2,152	2,175
Interest on loans and advances from banks and other financial institutions	1,532	866
Preference share dividends	226	173
Other interest expense	267	299
Total interest expense on financial liabilities recorded at amortized cost	28,466	27,931
Net interest income before provision for impairment losses on interest bearing assets	27,323	30,132

5. ALLOWANCE FOR IMPAIRMENT LOSSES ON INTEREST BEARING ASSETS

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

	Loans and advances to banks and other financial institutions (KZT million)	Loans to customers (KZT million) (Note 12)	Investments available-for- sale (KZT million)	Total (KZT million)
31 December 2012	280	923,287	186	923,753
(Recovery)/additional provision recognized	(153)	17,869	(39)	17,677
Write-off of assets	-	(20,368)	-	(20,368)
Foreign exchange difference	-	(472)	-	(472)
31 March 2013 (unaudited)	<u>127</u>	<u>920,316</u>	<u>147</u>	<u>920,590</u>
31 December 2013	171	978,753	186	979,110
Additional provision recognized	-	9,774	-	9,774
Write-off of assets	-	(1,976)	-	(1,976)
Foreign exchange difference	25	114,263	-	114,288
31 March 2014 (unaudited)	<u>196</u>	<u>1,100,814</u>	<u>186</u>	<u>1,101,196</u>

6. NET LOSS ON FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	Three months ended 31 March 2014 (unaudited) (KZT million)	Three months ended 31 March 2013 (unaudited) (KZT million)
Net loss on financial assets and liabilities held-for-trading comprise:		
Net loss on operations with derivative financial instruments	(3,264)	(5,675)
Unrealized (loss)/ gain on fair value adjustment	(872)	1,015
Realized gain on trading operations	16	247
Net loss on financial assets and liabilities at fair value through profit or loss	<u>(4,120)</u>	<u>(4,413)</u>

7. OPERATING EXPENSES

	Three months ended 31 March 2014 (unaudited) (KZT million)	Three months ended 31 March 2013 (unaudited) (KZT million)
Staff costs	4,253	4,255
Depreciation and amortization	748	730
Taxes, other than income tax	592	399
Property and equipment maintenance	527	541
Lease	511	519
Bank card services	228	206
Security	193	204
Communications costs	161	153
Advertising costs	127	254
Legal services	101	-
Other expenses	718	514
	<u>8,159</u>	<u>7,775</u>

8. INCOME TAX

The Group provides for taxes based on the tax accounts maintained and prepared in accordance with the tax regulations of countries where the Bank and its subsidiaries operate; such tax accounts may differ from IFRS.

Relationships between tax expenses and accounting profit for the three months ended 31 March 2014 and 2013 are explained as follows:

	Three months ended 31 March 2014 (unaudited) (KZT million)	Three months ended 31 March 2013 (unaudited) (KZT million)
Profit before income tax	<u>5,166</u>	<u>8,827</u>
Tax at the statutory tax rate (20%)	1,033	1,765
Tax effect of permanent differences:		
- tax exempt income	(804)	(1,055)
- non-deductible expense	943	1,097
Income tax expense	<u>1,172</u>	<u>1,807</u>
Current income tax expense	352	2,298
Deferred income tax expense/ (benefit)	820	(491)
Income tax expense	<u>1,172</u>	<u>1,807</u>

The corporate income tax rate in the Republic of Kazakhstan was 20% during the three months ended 31 March 2014 and 2013.

	Three months ended 31 March 2014 (unaudited) (KZT million)	Year ended 31 December 2013 (KZT million)
Deferred income tax assets		
As at beginning of the period	1,730	4,220
Decrease of deferred tax asset recognized in the statement of profit or loss	(820)	(2,413)
Change in hedging reserve	8	(78)
Change in available-for-sale reserve	(33)	7
Change in deferred tax liability from revaluation of property and equipment	-	(6)
	<u>885</u>	<u>1,730</u>
As at end of the period	<u>885</u>	<u>1,730</u>

9. EARNINGS PER SHARE

Basic and diluted earnings per share are calculated by dividing the net income attributable to equity holders of the Parent by the weighted average number of participating shares outstanding during the period.

Dividend payments per ordinary shares cannot exceed the dividends per share on preference shares for the same period. Therefore, net profit for the period is allocated to the ordinary shares and the preference shares in accordance with their legal and contractual dividend rights to participate in undistributed earnings:

	Three months ended 31 March 2014 (unaudited) (KZT million)	Three months ended 31 March 2013 (unaudited) (KZT million)
Basic and diluted earnings per share		
Net profit attributable to equity holders of the Parent	3,880	6,912
Less: additional dividends that would be paid on full distribution of profit to the preferred shareholders	(332)	(796)
Net profit attributable to ordinary shareholders	3,548	6,116
Weighted average number of ordinary shares for basic and diluted earnings per share	<u>777,863,403</u>	<u>777,775,150</u>
Earnings per share – basic and diluted (KZT)	<u>4.56</u>	<u>7.86</u>

The book value per share for each type of shares as at 31 March 2014 and 31 December 2013 is as follows:

Type of shares	Outstanding shares	31 March 2014 (unaudited)		31 December 2013		
		Net asset value (KZT million)	Book value per share, KZT	Outstanding shares	Net asset value (KZT million)	Book value per share, KZT
Ordinary shares	777,835,164	370,026	475.71	777,777,907	363,958	467.95
Preferred shares	122,407,798	14,652	119.70	122,135,445	13,097	107.24
		<u>384,678</u>			<u>377,055</u>	

The number of outstanding ordinary and preferred shares is calculated net of treasury shares.

According to amendments enacted to the Kazakhstan Stock Exchange (“the KASE”) Listing Rules effective from 25 August 2010, listed companies are required to present book value per share (ordinary and preferred) in their financial statements. The Management of the Group believes that the book value per share is calculated in accordance with the methodology in the KASE Listing Rules.

10. CASH AND BALANCES WITH NATIONAL (CENTRAL) BANKS

	31 March 2014 (unaudited) (KZT million)	31 December 2013 (KZT million)
Cash on hand	44,748	46,339
Balances with the national (central) banks	<u>151,984</u>	<u>145,348</u>
	<u>196,732</u>	<u>191,687</u>

Cash and cash equivalents for the purposes of the interim consolidated statement of cash flows are comprised of the following:

	31 March 2014 (unaudited) (KZT million)	31 December 2013 (KZT million)	31 March 2013 (unaudited) (KZT million)
Cash and balances with national (central) banks	196,732	191,687	230,461
Loans and advances to banks with original maturities less than 3 months	126,586	115,030	111,562
Less funds deposited with the National Bank of the Republic of Kazakhstan (“the NBRK”)	(43,751)	(40,003)	(41,216)
Less funds deposited with the Central Bank of Russian Federation (“the CBR”)	(2,252)	(2,102)	(2,397)
Less funds deposited with the National Bank of the Kyrgyz Republic (“the NBKR”)	(155)	(139)	(157)
Less funds deposited with the National Bank of Tajikistan (“the NBT”)	(107)	(78)	(98)
	<u>277,053</u>	<u>264,395</u>	<u>298,155</u>

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

	31 March 2014 (unaudited) (KZT million)	31 December 2013 (KZT million)
Debt securities	98,710	99,934
Derivative financial instruments	10,714	16,584
Equity investments	4,583	5,337
	<u>114,007</u>	<u>121,855</u>

The financial assets at fair value through profit or loss relate entirely to financial assets held for trading.

	31 March 2014		31 December 2013	
	Nominal interest rate %	Amount (KZT million)	Nominal interest rate %	Amount (KZT million)
Debt securities:				
Bonds of the Ministry of Finance of the Republic of Kazakhstan	3.30-8.75	74,235	3.30-8.75	74,242
Bonds of Russian companies	7.40-13.50	7,769	4.20-13.50	7,475
Treasury bonds of USA	0.25	4,541	0.25	7,689
Eurobonds of Kazakhstani companies	4.63-9.13	2,953	5.75-9.13	1,395
Bonds of Kazakhstani companies	4.60-7.00	2,496	6.00-9.20	2,494
Bonds of Russian banks	7.90-10.15	2,457	6.90-10.15	2,919
Municipal bonds of the RF	8.63	1,884	8.35	1,717
Eurobonds of Kazakhstani banks	7.25-9.50	1,413	7.25-9.50	1,080
Bonds of Kazakhstani banks	6.50-8.90	714	7.00-9.70	707
Bonds of Development Bank of Kazakhstan	6.50	197	6.50	165
Bonds of international financial organizations, foreign banks and foreign financial organizations	2.82	51	2.82	51
		<u>98,710</u>		<u>99,934</u>

	31 March 2014 (unaudited)		31 December 2013	
	Ownership share %*	Amount (KZT million)	Ownership share %*	Amount (KZT million)
Equity investments:				
Shares of Kazakhstani companies	0.000-3.083	4,583	0.000-3.083	5,311
GDRs of Kazakhstani companies	-	-	-	26
		<u>4,583</u>		<u>5,337</u>

*Ownership interest in equity securities is below 1%, if not indicated otherwise.

As at 31 March 2014, the fair value of financial assets at fair value through profit or loss pledged under repurchase agreements were equal to KZT 75,651 million (31 December 2013: KZT 75,380 million)

	Notional amount	31 March 2014 (unaudited) Fair value (KZT million)		Notional amount	31 December 2013 Fair value (KZT million)	
		Assets	Liabilities		Assets	Liabilities
		Derivative financial instruments:				
<i>Foreign exchange contracts:</i>						
Swaps	259,844	10,712	(1,758)	222,346	16,552	(1,619)
Spot	11,707	-	(8)	11,423	7	(19)
Forwards	-	-	-	3,312	25	(22)
<i>Interest rate contracts:</i>						
Swaps	7,329	2	(689)	6,632	-	(636)
		<u>10,714</u>	<u>(2,455)</u>		<u>16,584</u>	<u>(2,296)</u>

As at 31 March 2014, the Group used quoted market prices from independent information sources to value all of its financial assets at fair value through profit or loss, with the exception of derivative financial instruments, which are valued using valuation models based on market data, and certain debt securities, which are valued using valuation models based on non-observable market data.

12. LOANS TO CUSTOMERS

	31 March 2014 (unaudited) (KZT million)	31 December 2013 (KZT million)
Recorded as loans and receivables:		
Originated loans	3,161,302	2,872,468
Net investments in finance lease	7,740	7,278
Loans under reverse repurchase agreements	486	-
	<u>3,169,528</u>	<u>2,879,746</u>
Less allowance for impairment losses	<u>(1,100,814)</u>	<u>(978,753)</u>
	<u><u>2,068,714</u></u>	<u><u>1,900,993</u></u>

Movements in allowances for impairment losses on loans to customers for the three months ended 31 March 2014 and 2013 are disclosed in Note 5.

The table below summarizes the amount of loans secured by type of collateral, rather than the fair value of the collateral itself:

	31 March 2014 (unaudited) (KZT million)	31 December 2013 (KZT million)
Analysis by type of collateral:		
Loans collateralized by real estate	1,310,354	1,111,504
Loans collateralized by equipment	271,352	306,822
Loans collateralized by inventories	141,184	128,481
Loans collateralized by shares	127,153	130,615
Loans collateralized by accounts receivable	60,299	67,665
Loans collateralized by mixed types of collateral	20,103	20,001
Loans collateralized by cash or Kazakhstan Government guarantees	5,301	7,047
Loans collateralized by guarantees of enterprises	4,631	3,741
Loans with collateral under the registration process (property, land, shares, guarantees, etc.)	712	765
Loans collateralized by guarantees of financial institutions	582	-
Loans collateralized by securities	486	-
Unsecured loans	126,557	124,352
	<u>2,068,714</u>	<u>1,900,993</u>

Mixed collateral consists of multiple types of collateral including real estate, guarantees and inventories. Loans are classified as being collateralized by mixed collateral where it is impractical to split this collateral into the categories disclosed above.

As at 31 March 2014, the Bank accepted issued bonds and eurobonds (previously issued by subsidiary Kazkommerts Finance II B.V.) as collateral on loans to customers with a fair value of KZT 1 million (31 December 2013: KZT 1 million)

	31 March 2014 (unaudited) (KZT million)	31 December 2013 (KZT million)
Analysis by sector:		
Housing construction	561,394	513,668
Commercial real estate construction	333,504	298,337
Individuals	274,838	270,550
Hospitality business	152,155	135,565
Real estate	141,408	127,343
Production of other non-metal materials	128,830	112,971
Wholesale and retail trade	125,910	120,924
Energy	63,900	40,325
Investments and finance	46,201	43,382
Transport and communication	44,021	40,660
Industrial and other construction	42,878	40,599
Food industry	12,410	12,562
Mining and metallurgy	11,954	11,261
Agriculture	9,473	8,936
Production of construction materials	8,672	17,885
Medicine	8,315	7,835
Machinery construction	2,647	3,481
Other	100,204	94,709
	<u>2,068,714</u>	<u>1,900,993</u>

During the three months ended 31 March 2014 and year ended 31 December 2013, the Group received non-financial assets by taking possession of collateral it held as security in the amount of KZT 9,206 million and KZT 67,207 million, respectively. As at 31 March 2014, such assets in the amount of KZT 91,713 million (31 December 2013: KZT 83,856 million) are included in the other assets. These assets are represented mostly by real estate the majority of which will be realized through auctions. As well as, as at 31 March 2014 and 31 December 2013, the Group received assets by taking possession of collateral it held as security, which represents construction in progress. As at 31 March 2014, such assets in the amount of KZT 14,692 million (31 December 2013: KZT 14,687 million) are included in the other assets.

As at 31 March 2014, the Group granted loans to borrowers, which individually exceeded 10% of the Group's equity, in the total amount of KZT 924,579 million (31 December 2013: KZT 827,114 million).

As at 31 March 2014, a significant part of loans 89.98% (31 December 2013: 90.42%) of the total portfolio is granted to companies operating in the territory of the Republic of Kazakhstan, which represents a significant geographical concentration.

13. CUSTOMER ACCOUNTS

	31 March 2014 (unaudited) (KZT million)	31 December 2013 (KZT million)
Recorded at amortized cost:		
Time deposits	1,345,312	1,247,918
Demand deposits	447,755	431,626
Accounts in precious metals	3,084	2,491
	<u>1,796,151</u>	<u>1,682,035</u>

As at 31 March 2014, customer accounts were pledged as a guarantee for issued letters of credit and other transactions relating to contingent liabilities of KZT 9,944 million (31 December 2013: KZT 11,314 million).

	31 March 2014 (unaudited) (KZT million)	31 December 2013 (KZT million)
Analysis by sector:		
Individuals	733,666	683,729
Chemical and petrochemical industry	341,686	311,554
Public organizations and unions	207,008	162,672
Government related entities	66,284	65,411
Investments and finance	60,918	53,322
Wholesale and retail trade	59,620	49,216
Education	58,474	50,283
Transport and communication	50,926	66,392
Individual services	46,601	42,170
Construction	43,144	42,645
Distribution of electricity, gas and water	28,449	50,562
Agriculture	25,687	46,811
Mining and metallurgy	21,560	14,128
Other	52,128	43,140
	<u>1,796,151</u>	<u>1,682,035</u>

14. DEBT SECURITIES ISSUED

	Currency	Maturity date	Annual coupon rate %	31 March 2014 (unaudited) (KZT million)	31 December 2013 (KZT million)
Recorded at amortized cost:					
Eurobonds:					
Issued in April 2004 at the price of 99.15%	USD	April 2014	7.88	34,965	29,583
Issued in November 2005 at the price of 98.32%	USD	November 2015	8.00	49,766	42,113
Issued in November 2006 at the price of 98.282%	USD	November 2016	7.50	52,756	44,641
Issued in February 2007 at the price of 99.277%	EUR	February 2017	6.88	93,215	78,986
Issued in May 2011 at the price of 99.353%	USD	May 2018	8.50	53,280	45,940
				<u>283,982</u>	<u>241,263</u>
(Less)/including:					
Discount on Eurobonds issued				(1,618)	(1,505)
Accrued interest on Eurobonds issued				<u>6,835</u>	<u>6,664</u>
Total issued Eurobonds				289,199	246,422
Issued at the price of 102.21%-104.48%	KZT	April 2016	9.00	2,471	2,423
Issued promissory notes of OJSC Moskommertsbank	USD, EUR, RUR	April 2015	2.50-12.00	1,013	865
Issued bonds of Moscow Stars B.V. at the price of 99.00%	USD	January 2022	1.91-5.41	<u>4,029</u>	<u>3,601</u>
				<u>296,712</u>	<u>253,311</u>

During the three months ended 31 March 2014, the Bank repurchased debt securities issued on nominal amount of KZT Nil (31 December 2013: KZT 5,224 million).

During 2014, the Bank sold debt securities issued in the nominal amount of KZT Nil (31 December 2013: KZT 6,119 million).

15. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Group is a party to financial instruments with off-balance sheet risk in order to meet the needs of its customers. These instruments, involving varying degrees of credit risk, are not reflected in the interim consolidated statement of financial position.

The Group's maximum exposure to credit loss under contingent liabilities and credit commitments, in the event of non-performance or in the event of impairment by the other party where all counterclaims, collateral or security prove valueless, is represented by the contractual amounts of those instruments.

The Group uses the same credit control and management policies in undertaking off-balance sheet commitments as it does for on-balance operations.

As at 31 March 2014, provision for losses on guarantees and other contingencies amounted to KZT 2,368 million (31 December 2013: KZT 4,156 million).

The risk-weighted amount is obtained by applying credit conversion factor and counterparty risk weightings according to the principles employed by the standardized approach provided for under Basel 2 standards.

As at 31 March 2014, the credit risk on contingent liabilities and credit commitments was covered by collateral of KZT 53,684 million (31 December 2013: KZT 47,034 million). The collateral includes real estate, deposits and various other financial and non-financial assets.

As at 31 March 2014 and 31 December 2013, the nominal or contract amounts and risk-weighted amounts were:

	31 March 2014 (unaudited) (KZT million)	31 December 2013 (KZT million)
Contingent liabilities and credit commitments:		
Guarantees issued and similar commitments	60,308	57,465
Commitments on loans and unused credit lines	11,609	10,923
Letters of credit and other transaction related to contingent obligations	9,754	10,040
Commitments on loans sold to JSC Kazakhstan Mortgage Company with recourse	<u>24</u>	<u>24</u>
	<u>81,695</u>	<u>78,452</u>
Less collateral in cash	(9,944)	(11,314)
Less provision for guarantees and other contingencies	<u>(2,368)</u>	<u>(4,156)</u>
Total contingent liabilities and credit commitments, net	<u>69,383</u>	<u>62,982</u>
Total risk-weighted amount	<u>59,964</u>	<u>56,447</u>

As at 31 March 2014, the amount of contingent liabilities on such unused credit lines equals to KZT 350,035 million (31 December 2013: KZT 319,172 million).

Legal proceedings

From time to time and in the normal course of business, claims against the Group are received from customers and counterparties. Management is of the opinion that no material unaccrued losses will be incurred and accordingly no provision has been made in this condensed interim consolidated financial information.

Taxation

Commercial legislation of the countries where the Group operates, including tax legislation, may allow more than one interpretation. In addition, there is a risk of tax authorities making arbitrary judgments of business activities. If a particular treatment, based on management's judgment of the Group's business activities, was to be challenged by the tax authorities, the Group may be assessed additional taxes, penalties and interest.

Such uncertainty may relate to the valuation of financial instruments, valuation of provision for impairment losses and the market pricing of deals. Additionally such uncertainty may relate to the valuation of temporary differences on the provision and recovery of the provision for impairment losses on loans to customers, as an underestimation of the taxable profit. The management of the Group believes that it has accrued all probable tax amounts due. Income tax related provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

Operating environment

Emerging markets such as the Republic of Kazakhstan are subject to different risks than more developed markets, including economic, political and social, and legal and legislative risks. Laws and regulations affecting businesses in the Republic of Kazakhstan continue to change rapidly, tax and regulatory framework are subject to varying interpretations. The future economic direction of Kazakhstan is heavily influenced by the fiscal and monetary policies adopted by the government, together with developments in the legal, regulatory, and political environment.

Because the Republic of Kazakhstan produces and exports large volumes of oil and gas, its economy is particularly sensitive to the price of oil and gas on the world market.

16. TRANSACTIONS WITH RELATED PARTIES

Related parties or transactions with related parties are assessed in accordance with IAS 24, Related Party Disclosures.

In considering each possible related party relationship, special attention is directed to the substance of the relationship, and not merely the legal form. Transactions between the Bank and its subsidiaries, which are related parties of the Bank, have been eliminated on consolidation and are not disclosed in this Note. Details of transactions between the Group and other related parties are disclosed below:

	31 March 2014 (unaudited) (KZT million)		31 December 2013 (KZT million)	
	Related party balances	Total category as per financial statements caption	Related party balances	Total category as per financial statements caption
Loans to customers	220	3,169,528	1,059	2,879,746
- <i>key management personnel of the entity or its parent</i>	220		1,059	
Allowance for impairment losses on loans to customers	(118)	(1,100,814)	(116)	(978,753)
- <i>key management personnel of the entity or its parent</i>	(118)		(116)	
Customer accounts	5,485	1,796,151	5,152	1,682,035
- <i>parent company</i>	1,898		1,609	
- <i>entities with joint control or significant influence over the entity</i>	-		275	
- <i>key management personnel of the entity or its parent</i>	3,499		3,237	
- <i>other related parties</i>	88		31	
Commitments on loans and unused credit lines	124	11,609	134	10,923
- <i>key management personnel of the entity or its parent</i>	124		134	

As at 31 March 2014, the amount of contingent liabilities on unused credit lines of related parties equals to KZT 18 million (31 December 2013: KZT 6 million).

Included in the interim consolidated statement of profit or loss for the three months ended 31 March 2014 and 2013 are the following amounts which arose due to transactions with related parties:

	Three months ended 31 March 2014 (unaudited) (KZT million)		Three months ended 31 March 2013 (unaudited) (KZT million)	
	Related party transactions	Total category as per financial statements caption	Related party transactions	Total category as per financial statements caption
Interest income	111	55,789	15	58,063
- key management personnel of the entity or its parent	111		15	
Interest expense	(72)	(28,466)	(76)	(27,931)
- parent company	(21)		(16)	
- key management personnel of the entity or its parent	(50)		(60)	
- other related parties	(1)		-	
Operating expenses	(152)	(8,159)	(147)	(7,775)
Short-term employee benefits	(152)		(147)	
Recovery of provision/(provision) for impairment losses on interest bearing assets, other transactions, guarantees and other contingencies	3	(8,415)	(1)	(21,017)
- key management personnel of the entity or its parent	3		(1)	

Key management personnel compensation for the three months ended 31 March 2014 and 2013 is represented by short-term employee benefits.

As at 31 March 2014 and 31 December 2013, the Group does not pledge any assets in connection with guarantees issued to management.

17. SEGMENT REPORTING

Business segments

The Group presents operating segments on the basis of four main products.

The amounts disclosed in the segment analysis below are regularly provided to and reviewed by the chief operating decision maker.

	Retail banking	Corporate banking	Investment banking	Other	Unallocated	Eliminations	As at and for the three months ended 31 March 2014
	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)
External interest income	11,627	42,370	1,449	343	-	-	55,789
Internal interest income	12,272	10,047	58,971	-	-	(81,290)	-
External interest expenses	(9,460)	(9,792)	(9,214)	-	-	-	(28,466)
Internal interest expenses	(7,199)	(29,901)	(44,190)	-	-	81,290	-
Net interest income before provision for impairment losses on interest bearing assets	7,240	12,724	7,016	343	-	-	27,323
Provision for impairment losses on interest bearing assets	515	(10,295)	6	-	-	-	(9,774)
NET INTEREST INCOME	7,755	2,429	7,022	343	-	-	17,549
Net loss on financial assets and liabilities at fair value through profit or loss	-	-	(4,059)	(61)	-	-	(4,120)
Net loss on foreign exchange and precious metals operations	340	(755)	(8,707)	1,324	-	-	(7,798)
Fee and commission income	4,304	2,231	558	-	-	-	7,093
Fee and commission expense	(2,253)	(226)	(123)	(28)	-	-	(2,630)
Net realized loss on investments available-for-sale	-	-	(33)	-	-	-	(33)
Dividend income	-	-	1,085	18	-	-	1,103
Other income	228	300	(279)	553	-	-	802
NET NON-INTEREST EXPENSES	2,619	1,550	(11,558)	1,806	-	-	(5,583)
OPERATING EXPENSES	(4,768)	(2,381)	(399)	(611)	-	-	(8,159)
PROFIT BEFORE OTHER OPERATING PROVISIONS	5,606	1,598	(4,935)	1,538	-	-	3,807
Provision for impairment losses on other transactions	-	(302)	10	(459)	-	-	(751)
Recovery of provision for guarantees and other contingencies	-	2,110	-	-	-	-	2,110
PROFIT BEFORE INCOME TAX	5,606	3,406	(4,925)	1,079	-	-	5,166
Segment assets	310,351	1,957,225	505,216	78,511	9,322	(81,737)	2,778,888
Segment liabilities	737,268	1,132,180	592,118	21,446	1,585	(84,091)	2,400,506

	Retail banking	Corporate banking	Investment banking	Other	Unallocated	Eliminations	For the three months ended 31 March 2013
	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)
External interest income	8,060	47,745	1,989	269	-	-	58,063
Internal interest income	12,979	8,307	57,018	-	-	(78,304)	-
External interest expenses	(10,388)	(8,335)	(9,208)	-	-	-	(27,931)
Internal interest expenses	(4,058)	(34,052)	(40,194)	-	-	78,304	-
Net interest income before provision for impairment losses on interest bearing assets	6,593	13,665	9,605	269	-	-	30,132
Provision for impairment losses on interest bearing assets	4,575	(22,444)	153	39	-	-	(17,677)
NET INTEREST INCOME	11,168	(8,779)	9,758	308	-	-	12,455
Net loss on financial assets and liabilities at fair value though profit or loss	-	-	(4,365)	(48)	-	-	(4,413)
Net gain on foreign exchange and precious metals operations	189	84	4,101	(2)	-	-	4,372
Fee and commission income	3,530	2,145	1,410	-	-	-	7,085
Fee and commission expense	(1,881)	(196)	(104)	(55)	-	-	(2,236)
Net realized gain on investments available-for-sale	-	-	59	-	-	-	59
Dividend income	-	-	4	1	-	-	5
Other income	9	(176)	77	2,705	-	-	2,615
NET NON-INTEREST INCOME	1,847	1,857	1,182	2,601	-	-	7,487
OPERATING EXPENSES	(4,408)	(2,143)	(579)	(645)	-	-	(7,775)
PROFIT BEFORE OTHER OPERATING PROVISIONS	8,607	(9,065)	10,361	2,264	-	-	12,167
Provision for impairment losses on other transactions	-	(836)	(1)	(2,191)	-	-	(3,028)
Provision for guarantees and other contingencies	-	(312)	-	-	-	-	(312)
PROFIT BEFORE INCOME TAX	8,607	(10,213)	10,360	73	-	-	8,827
Segment assets as at 31 December 2013	305,612	1,779,538	493,571	73,343	8,623	(74,395)	2,586,292
Segment liabilities as at 31 December 2013	686,360	1,058,874	520,134	17,601	2,316	(71,200)	2,214,085

18. SUBSEQUENT EVENTS

On 7 April 2014 Bank repaid subordinated debt and eurobonds issued in April 2004 with an initial nominal amount of USD 100 million and USD 400 million, respectively. The repayment of the subordinated debt and eurobonds issued was made fully from the own funds of the Bank.