



BAITEREK

**Baiterek National Managing Holding
Joint Stock Company**

**Unaudited Consolidated Interim Condensed Financial
Statements and
Independent Auditors' Report**

30 June 2015

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INDEPENDENT AUDITORS' REPORT

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Independent Auditors' Report on Review of Consolidated Interim Condensed Financial Information

To the Shareholder and Board of Directors of National Managing Holding "Baiterek" Joint Stock Company

Introduction

We have reviewed the accompanying consolidated condensed statement of financial position of National Managing Holding "Baiterek" Joint Stock Company and its subsidiaries as at 30 June 2015, and the related consolidated condensed statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and notes to the consolidated interim condensed financial information (the "consolidated interim condensed financial information"). Management is responsible for the preparation and presentation of this consolidated interim condensed financial information in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this consolidated interim condensed 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 consolidated interim condensed 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 consolidated interim condensed financial information as at 30 June 2015 and for the six-month period then ended is not prepared, in all material respects, in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

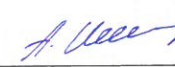


Ravshan Irmatov
Certified Auditor
of the Republic of Kazakhstan
Auditor's Qualification Certificate
No MF-0000053 of 6 January 2012




KPMG Audit LLC

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



Alla Nigay
General Director of KPMG Audit LLC
acting on the basis of the Charter

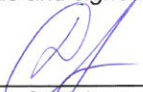


1 September 2015

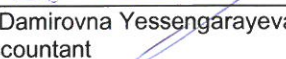
Baiterek National Managing Holding Joint Stock Company
Consolidated Interim Condensed Statement of Financial Position

<i>(In thousands of Kazakhstani Tenge)</i>	Note	30 June 2015, unaudited	31 December 2014
ASSETS			
Cash and cash equivalents	4	466,704,444	263,777,147
Financial instruments at fair value through profit or loss		41,823,764	38,175,605
Due from banks	5	471,331,461	442,651,990
Loans to customers	6	1,141,426,860	1,071,335,028
Investment securities available for sale		336,519,882	363,961,744
Receivable under reverse repurchase agreement		-	701,124
Finance lease receivables		35,135,629	26,122,360
Investment securities held to maturity		-	14,595,693
Investment in associates and joint ventures		2,825,781	3,724,560
Investment property		1,699,593	1,516,868
Current income tax prepayment		13,207,427	12,789,939
Deferred income tax asset		5,908,399	6,486,752
Property, plant and equipment		12,403,088	13,233,229
Intangible assets		1,883,022	1,521,354
Non-current assets held for sale		18,198,870	13,360,483
Other financial assets		22,067,744	18,183,615
Other assets	7	67,144,539	32,777,623
TOTAL ASSETS		2,638,280,503	2,324,915,114
LIABILITIES			
Customer accounts		294,917,691	260,089,868
Debt securities issued	8	601,271,335	505,668,105
Subordinated debt		14,412,389	14,163,005
Loans from banks and other financial institutions	9	655,217,152	619,119,766
Loans from the Government of the Republic of Kazakhstan		53,738,535	61,845,338
Current income tax liability		152,622	220,590
Deferred income tax liability		4,997,215	7,116,637
Insurance contract provisions		711,673	706,654
Liabilities directly associated with disposal groups held for sale		159,729	-
Other financial liabilities		30,349,532	22,330,519
Other liabilities	10	163,554,445	33,908,484
TOTAL LIABILITIES		1,819,482,318	1,525,168,966
EQUITY			
Share capital		718,318,712	718,318,712
Revaluation reserve for investment securities available for sale		(13,232,812)	(7,063,690)
Revaluation reserve for financial assets reclassified from "investment securities available for sale" to "loans to customers"		5,526,030	6,386,403
Foreign currency translation reserve		1,000,136	898,082
Hedging reserve		292,430	(348,584)
Business combination reserve and additional paid-in capital		88,932,885	89,147,503
Other reserves		24,630,549	24,618,200
Accumulated deficit		(8,876,661)	(33,057,692)
Net assets attributable to the Holding's owners		816,591,269	798,898,934
Non-controlling interest		2,206,916	847,214
TOTAL EQUITY		818,798,185	799,746,148
TOTAL LIABILITIES AND EQUITY		2,638,280,503	2,324,915,114

Approved for issue and signed by Management on 1 September 2015:


Dinara Nurlanovna Seidzhaparova
Managing Director – Member of Management Board




Kuralay Damirovna Yessengarayeva
Chief Accountant

Baiterek National Managing Holding Joint Stock Company
Consolidated Interim Condensed Statement of Profit or Loss

<i>(In thousands of Kazakhstani Tenge)</i>	Note	Six-month period ended 30 June 2015, unaudited	Six-month period ended 30 June 2014, unaudited
Interest income	11	79,172,518	61,193,814
Interest expense	11	(35,596,605)	(29,099,517)
Net interest income		43,575,913	32,094,297
Provision for loan portfolio impairment	6	(9,083,086)	(7,357,289)
Net interest income after provision for loan portfolio impairment		34,492,827	24,737,008
Fee and commission income		1,672,032	1,640,122
Fee and commission expense		(1,321,801)	(595,974)
Net fee and commission income		350,231	1,044,148
Net loss on financial instruments at fair value through profit or loss	12	(317,507)	(10,610,856)
Net foreign exchange gain	13	1,171,965	14,468,826
Net gain/(loss) on investment securities available for sale		293,873	(462,610)
Net insurance premiums earned		317,645	296,356
Net insurance reimbursements/(claims) incurred and changes in insurance contract provisions		7,119	(170,050)
Other operating income/(expense), net	14	4,106,545	(1,205,944)
Operating income		40,422,698	28,096,878
Provision for impairment of other financial assets and credit related commitments		(1,145,772)	(354,357)
Administrative expenses		(13,007,808)	(10,830,885)
Share of financial result of associates and joint ventures		(640,410)	(732,341)
Profit before income tax		25,628,708	16,179,295
Income tax expense	15	(1,983,033)	(3,870,527)
PROFIT FOR THE PERIOD		23,645,675	12,308,768
Profit/(loss) attributable to:			
- owners of the Holding		23,676,182	12,055,699
- non-controlling interest		(30,507)	253,069
PROFIT FOR THE PERIOD		23,645,675	12,308,768

Baiterek National Managing Holding Joint Stock Company
Consolidated Interim Condensed Statement of Comprehensive Income

<i>(In thousands of Kazakhstani Tenge)</i>	Six-month period ended 30 June 2015, unaudited	Six-month period ended 30 June 2014, unaudited
PROFIT FOR THE PERIOD	23,645,675	12,308,768
Other comprehensive income:		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Revaluation reserve for investment securities available for sale:		
- (Losses less gains)/gains less losses from revaluation	(5,875,249)	2,101,868
- (Gains less losses)/losses less gains reclassified to profit or loss	(293,873)	372,147
Translation of financial information of foreign operations to presentation currency	102,054	669,569
Unrealised gains less losses/(losses less gains) on hedging	641,014	(90,442)
Amortisation of revaluation reserve for "investment securities available for sale" reclassified to "loans to customers"	(860,373)	-
Other comprehensive (loss)/income for the period	(6,286,427)	3,053,142
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	17,359,248	15,361,910
Total comprehensive income/(loss) attributable to:		
- owners of the Holding	17,389,755	15,141,703
- non-controlling interest	(30,507)	220,207
Total comprehensive income for the period	17,359,248	15,361,910

Baiterek National Managing Holding Joint Stock Company
Consolidated Interim Condensed Statement of Changes in Equity

<i>(In thousands of Kazakhstani Tenge)</i>	Attributable to owners of the Holding								Non-controlling interest	Total equity
	Share capital	Revaluation reserve for investment securities available for sale	Foreign currency translation reserve	Hedging reserve	Business combination reserve and additional paid-in capital	Other reserves	Accumulated deficit	Total		
Balance at 1 January 2014	663,102,010	858,444	254,277	(330,923)	57,661,048	24,381,818	(74,262,470)	671,664,204	3,392,930	675,057,134
Profit for the period, unaudited	-	-	-	-	-	-	12,055,699	12,055,699	253,069	12,308,768
Other comprehensive income/(loss), unaudited	-	2,506,877	669,569	(90,442)	-	-	-	3,086,004	(32,862)	3,053,142
Total comprehensive income/(loss) for the period, unaudited	-	2,506,877	669,569	(90,442)	-	-	12,055,699	15,141,703	220,207	15,361,910
Share issue – cash contribution, unaudited	20,000,000	-	-	-	-	-	-	20,000,000	-	20,000,000
Contributions from non-controlling interest, unaudited	-	115,907	-	-	(1,429,626)	(681,290)	4,888,887	2,893,878	11,349,922	14,243,800
Transfers and other movements, unaudited	-	(29,151)	-	-	712,317	189,562	(1,117,212)	(244,484)	(1,867,667)	(2,112,151)
Balance at 30 June 2014, unaudited	683,102,010	3,452,077	923,846	(421,365)	56,943,739	23,890,090	(58,435,096)	709,455,301	13,095,392	722,550,693

The notes set out on pages 8 to 40 form an integral part of these consolidated interim condensed financial statements.

Baiterek National Managing Holding Joint Stock Company
Consolidated Interim Condensed Statement of Changes in Equity

<i>(In thousands of Kazakhstani Tenge)</i>	Attributable to owners of the Holding										Non-controlling interests	Total equity
	Share capital	Revaluation reserve for investment securities available for sale	Revaluation reserve for financial assets reclassified from "investment securities available for sale" to "loans to customers"	Foreign currency translation reserve	Hedging reserve	Business combination reserve and additional paid-in capital	Other reserves	Accumulated deficit	Total			
Balance at 1 January 2015	718,318,712	(7,063,690)	6,386,403	898,082	(348,584)	89,147,503	24,618,200	(33,057,692)	798,898,934	847,214	799,746,148	
Profit/(loss) for the period, unaudited	-	-	-	-	-	-	-	23,676,182	23,676,182	(30,507)	23,645,675	
Other comprehensive income/(loss), unaudited	-	(6,169,122)	(860,373)	102,054	641,014	-	-	-	(6,286,427)	-	(6,286,427)	
Total comprehensive income/(loss) for the period, unaudited	-	(6,169,122)	(860,373)	102,054	641,014	-	-	23,676,182	17,389,755	(30,507)	17,359,248	
Change of non-controlling interest in subsidiaries, unaudited	-	-	-	-	-	-	-	-	-	1,390,209	1,390,209	
Transfers and other movements, unaudited	-	-	-	-	-	(214,618)	12,349	504,849	302,580	-	302,580	
Balance at 30 June 2015, unaudited	718,318,712	(13,232,812)	5,526,030	1,000,136	292,430	88,932,885	24,630,549	(8,876,661)	816,591,269	2,206,916	818,798,185	

The notes set out on pages 8 to 40 form an integral part of these consolidated interim condensed financial statements.

Baiterek National Managing Holding Joint Stock Company
Consolidated Interim Condensed Statement of Cash Flows

<i>(In thousands of Kazakhstani Tenge)</i>	Six-month period ended 30 June 2015, unaudited	Six-month period ended 30 June 2014, unaudited
Cash flows from operating activities		
Interest received	65,626,665	54,761,593
Interest paid	(25,365,959)	(23,000,039)
Fee and commission receipts	2,818,084	1,535,997
Fee and commission payments	(687,366)	(622,338)
Payments on operations with financial instruments at fair value through profit or loss	(123,327)	(18,724,415)
Net foreign exchange dealing gain	82,881	125,149
Net insurance premiums receipts	322,664	-
Net insurance claims reimbursements	7,119	-
Other operating income received	753,855	1,711,371
Administrative and other operating expenses paid	(13,726,565)	(11,012,332)
Income tax paid	(2,154,843)	(3,246,817)
Cash flows from operating activities before changes in operating assets and liabilities	27,553,208	1,528,169
<i>Net (increase)/decrease in:</i>		
- financial instruments at fair value through profit or loss	(3,196,640)	(4,952,616)
- due from banks	(108,006,311)	(169,731,359)
- loans to customers	(82,036,649)	(30,985,930)
- finance lease receivables	(9,026,327)	1,396,881
- receivables under reverse repurchase agreements	81,481	74,688
- other financial assets	(2,431,835)	1,798,782
- other assets	(16,789,891)	(4,722,933)
<i>Net increase/(decrease) in:</i>		
- customer accounts	35,793,221	24,846,068
- other financial liabilities	6,902,832	9,780,996
- other liabilities	4,145,059	(3,048,511)
Net cash used in operating activities	(147,011,852)	(174,015,765)
Cash flows from investing activities		
Acquisition of investment securities available for sale	(27,616,657)	(22,423,965)
Proceeds from disposal and redemption of investment securities available for sale	63,117,386	80,974,212
Proceeds from disposal and redemption of investment securities held to maturity	3,710,029	-
Acquisition of property, equipment and intangible assets	(1,810,884)	(639,738)
Prepayment for construction in progress	(10,482,214)	(2,222,222)
Proceeds from disposal of property, plant and equipment	39,307	58
Proceeds from disposal of investment property	36,870	95,217
Proceeds from disposal of associates and joint ventures	413	-
Dividends received	270,212	-
Net cash from investing activities	27,264,462	55,783,562

Baiterek National Managing Holding Joint Stock Company
Consolidated Interim Condensed Statement of Cash Flows

<i>(In thousands of Kazakhstani Tenge)</i>	Six-month period ended 30 June 2015, unaudited	Six-month period ended 30 June 2014, unaudited
Cash flows from financing activities		
Receipts of loans from banks and other financial institutions	40,056,858	20,264,042
Repayment of loans from banks and other financial institutions	(16,647,875)	(9,884,324)
Receipts of loans from the Government of the Republic of Kazakhstan	2,500,000	-
Repayment of loans from the Government of the Republic of Kazakhstan	(750,000)	(85,059)
Proceeds from issuance of ordinary shares	-	20,000,000
Proceeds from debt securities issued	300,595,125	106,896,272
Repayment/repurchase of debt securities issued	(5,000,096)	(3,883,477)
Proceeds from contributions by non-controlling interest	557,202	14,243,800
Net cash from financing activities	321,311,214	147,551,254
Effect of changes in exchange rates on cash and cash equivalents	1,363,473	23,005,854
Net increase in cash and cash equivalents	202,927,297	52,324,905
Cash and cash equivalents at the beginning of the period	263,777,147	237,210,270
Cash and cash equivalents at the end of the period (Note 4)	466,704,444	289,535,175

1 Introduction

These consolidated interim condensed financial statements comprise the financial statements of Baiterek National Managing Holding Joint Stock Company and its subsidiaries (the “Holding”).

The Holding was incorporated in accordance with the Edict No.571 dated 22 May 2013 of the President of the Republic of Kazakhstan “On some measures for optimisation of the system of management of the development institutions and financial organisations and development of the national economy” and Decree No.516 dated 25 May 2013 of the Government of the Republic of Kazakhstan “On measures for implementation of the Edict No. 571 dated 22 May 2013 of the President of the Republic of Kazakhstan”. As at 30 June 2015 and 31 December 2014, the ultimate controlling party of the Holding is the Government of the Republic of Kazakhstan.

Principal activity

The Holding’s mission is to provide the financial and investment support to non-commodity sector, ensure sustainable development and diversification of the national economy, attract investments, develop the clusters and improve the corporate governance system in its subsidiaries.

The Holding is active in solving strategic and social tasks of the state through development institutions by implementation of the State Forced Industrial and Innovation Development Program for 2010-2014, as well as the programs of “Road Map of Business – 2020”, “Available Housing – 2020” and “Regions Development till 2020” under the President’s Statement “Nurly Zhol”.

The Holding in its activity follows the principal directions of state policy in the area of industrial and innovation development, promotion of export of the national products, development of small and medium sized entrepreneurship, implementation of tasks in residential and construction sector and increase of people’s welfare level, as well as other targets set by the President and Government of the Republic of Kazakhstan.

The Holding’s main objectives and targets are as follows:

- introduction of the efficient risk management system;
- increase of transparency and people’s confidence level;
- provision of synergetic effect from subsidiaries’ activity;
- increase in economic efficiency of subsidiaries’ activity / break-even principle;
- attraction of additional investments;
- interaction with private sector.

The Holding’s structure comprises eleven subsidiaries engaged in the implementation of state policy and state programs having the following directions of activity pursuant to the Holding’s strategy:

- Development institutions include Development Bank of Kazakhstan JSC, Investment Fund of Kazakhstan JSC, Export Credit Insurance Corporation “KazExportGarant” JSC, Damu Entrepreneurship Development Fund JSC, National Agency for Technological Development JSC and Kazyna Capital Management JSC. The aim of these institutions is to provide credit, investment and other financial and non-financial support to investment projects in priority sectors of economy directed to diversify the economy and development of secondary sector, export of Kazakhstani products, development of innovations and development of small and medium sized business.
- Financial institutions include Zhylstroysberbank JSC, Mortgage Organisation “Kazakhstan Mortgage Company” JSC and Mortgage Guarantee Fund of Kazakhstan JSC. The aim of these institutions is to provide, attract and decrease the cost of long-term financing for mortgages and participation in the implementation of the state residential and construction policies.
- Baiterek Development JSC, an institution established to support entrepreneurs in processing industry and solve the issues of real estate market that have arisen from 2008-2010 financial crisis.
- Public-Private Partnership Advisory Center LLP, and institution established to structure and support the infrastructure projects, including public-private partnership (PPP) projects.

1 Introduction (continued)

Below are major subsidiaries or fellow subsidiaries included into these consolidated interim condensed financial statements of the Holding:

Name of subsidiary	Country of incorporation	Ownership, %		
		30 June 2015, unaudited	31 December 2014	
Development Bank of Kazakhstan JSC	DBK JSC	Republic of Kazakhstan	100.00	100.00
Investment Fund of Kazakhstan JSC	IFC JSC	Republic of Kazakhstan	100.00	100.00
KazExportGarant Export and Credit Insurance Corporation JSC	KEG JSC	Republic of Kazakhstan	100.00	100.00
Damu Entrepreneurship Development Fund JSC	DAMU EDF JSC	Republic of Kazakhstan	100.00	100.00
National Agency for Technological Development JSC	NATD JSC	Republic of Kazakhstan	100.00	100.00
Kazyna Capital Management JSC	KCM JSC	Republic of Kazakhstan	100.00	100.00
Zhylstroysberbank of Kazakhstan JSC	ZHSSBK JSC	Republic of Kazakhstan	100.00	100.00
Kazakhstan Mortgage Company Mortgage Organisation JSC	KMC JSC	Republic of Kazakhstan	100.00	100.00
Mortgage Guarantee Fund of Kazakhstan JSC	KFMGL JSC	Republic of Kazakhstan	100.00	100.00
Baiterek Development JSC (formerly Distressed Assets Fund JSC)	BD JSC	Republic of Kazakhstan	100.00	100.00
Public-Private Partnership Advisory Center LLP	PPP Advisory Center LLP	Republic of Kazakhstan	75.00	75.00

Registered address and place of business. The Holding's legal address and actual place of business is: Block B, 8, Kunayev str., Astana, Republic of Kazakhstan.

Economic Environment of the Holding

The Holding's operations are primarily located in Kazakhstan. Consequently, the Holding is exposed to the economic and financial markets of the Republic of Kazakhstan which display characteristics of an emerging market. The legal, tax and regulatory frameworks continue its 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 the Republic of Kazakhstan. The consolidated interim condensed financial statements reflect management's assessment of the impact of the Kazakhstan business environment on the operations and the financial position of the Holding. Actual business environment may differ from the management's assessment.

2 Basis of preparation

Statement of compliance. The accompanying consolidated interim condensed financial statements are prepared in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. They do not include all of the information required for the full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Holding as at and for the year ended 31 December 2014, as these consolidated interim condensed financial statements provide an update of previously reported financial information.

Basis of measurement. The consolidated interim condensed financial statements are prepared on the historical cost basis except that financial assets at fair value through profit or loss, investment securities available for sale and derivative financial instruments are stated at fair value.

Functional and presentation currency. The functional currency of the Holding is the Kazakhstani tenge ("Tenge") 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 the Holding.

Tenge is also the presentation currency for the purposes of these consolidated interim condensed financial statements.

Except as indicated, financial information presented in Tenge is rounded to the nearest thousand.

Use of estimates and judgments. The preparation of consolidated interim condensed financial statements in conformity with IFRSs 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 may differ from those estimates.

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

2 Basis of preparation (continued)

In preparing these consolidated interim condensed financial statements the significant judgments made by management in applying the Holding's accounting policies and the key sources of estimation uncertainty are the same as those that applied to the Holding's consolidated financial statements for the year ended 31 December 2014, except as disclosed in Note 5 "Due from banks", Note 6 "Loans to customers", Note 8 "Debt securities issued" and Note 18 "Derivative financial instruments".

3 Significant accounting policies

The accounting policies applied by the Holding in these consolidated interim condensed financial statements are consistent with those applied by the Holding in the consolidated financial statements for the year ended 31 December 2014.

4 Cash and cash equivalents

<i>(In thousands of Kazakhstani Tenge)</i>	30 June 2015, unaudited	31 December 2014
Cash balances with the National Bank of the Republic Kazakhstan (the "NBRK")	256,492,641	179,790,362
Bank current accounts	185,693,399	47,646,330
Correspondent accounts and overnight placements with other banks	12,090,826	3,459,227
Reverse repurchase agreements with original maturities of less than three months	9,317,930	18,925,383
Cash on hand	1,617,216	1,956,452
Mandatory reserves with NBRK	1,432,432	1,234,604
Deposits with other banks with original maturities of less than three months	60,000	10,764,789
Total cash and cash equivalents	466,704,444	263,777,147

The credit quality of cash and cash equivalents balances may be summarised based on Standard and Poor's ratings or Moody's or Fitch ratings as follows as at 30 June 2015:

<i>(In thousands of Kazakhstani Tenge)</i>	Cash balances with the NBRK, including mandatory reserves, unaudited	Correspondent accounts and overnight placements, unaudited	Placements with other banks, unaudited	Current accounts, unaudited	Reverse repurchase agreements, unaudited	Total, unaudited
<i>Neither past due nor impaired</i>						
- NBRK	257,925,073	-	-	-	-	257,925,073
- A- to A+ rated	-	10,751,153	-	580,237	-	11,331,390
- BBB- to BBB+ rated	-	663,702	-	115,498	7,317,656	8,096,856
- BB- to BB+ rated	-	6,505	-	44,402,107	2,000,274	46,408,886
- B- to B+ rated	-	652,708	60,000	131,777,843	-	132,490,551
- C- to C+ rated	-	-	-	507,461	-	507,461
- unrated	-	16,758	-	8,310,253	-	8,327,011
Total cash and cash equivalents, excluding cash on hand	257,925,073	12,090,826	60,000	185,693,399	9,317,930	465,087,228

4 Cash and Cash Equivalents (continued)

The credit quality of cash and cash equivalents balances may be summarised based on Standard and Poor's ratings or Moody's or Fitch ratings as follows as at 31 December 2014:

<i>(In thousands of Kazakhstani Tenge)</i>	Cash balances with the NBRK, including mandatory reserves	Correspondent accounts and overnight placements in other banks	Placements with other banks	Current accounts	Reverse repurchase agreements	Total
<i>Neither past due nor impaired</i>						
- NBRK	181,024,966	-	-	-	-	181,024,966
- A- to A+ rated	-	2,867,557	-	698,044	-	3,565,601
- BBB- to BBB+ rated	-	504	-	1,147,218	13,895,643	15,043,365
- BB- to BB+ rated	-	2,246	1,902,592	18,103,859	5,029,740	25,038,437
- B- to B+ rated	-	588,920	8,862,197	27,392,737	-	36,843,854
- C rated	-	-	-	8,573	-	8,573
- unrated	-	-	-	295,899	-	295,899
Total cash and cash equivalents, excluding cash on hand	181,024,966	3,459,227	10,764,789	47,646,330	18,925,383	261,820,695

As at 30 June 2015, the Holding had 20 counterparty banks, unaudited (31 December 2014: 8 counterparty banks) with aggregated cash and cash equivalent balances above Tenge 1,000,000 thousand. The total aggregate amount of these balances as at 30 June 2015 was Tenge 451,821,337 thousand, unaudited (31 December 2014: Tenge 214,498,685 thousand) or 97% of the cash and cash equivalents (31 December 2014: 81%).

Information on related party balances is disclosed in Note 21.

5 Due from banks

<i>(In thousands of Kazakhstani Tenge)</i>	30 June 2015, unaudited	31 December 2014
Loans to banks and other financial institutions	278,811,614	236,221,725
Long-term deposits	194,037,970	207,953,388
Due from banks	472,849,584	444,175,113
Less: provision for impairment	(1,518,123)	(1,523,123)
Total due from banks	471,331,461	442,651,990

Amounts due from banks are not collateralised.

During the six-month period ended 30 June 2015, the Holding provided loans to banks totalling Tenge 125,000,000 thousand (unaudited), which would be used for further financing of private entrepreneurs in processing and other industry sectors. The loans were provided mainly for twenty years and mature in 2035. At initial recognition loans issued to banks and other financial institutions were recognised at fair value measured by applying a relevant market interest rate to discount future contractual cash flows. The loss on discount at initial recognition of loans issued to banks was Tenge 80,763,286 thousand, unaudited, which were recognised in "income less expenses upon initial recognition of financial instruments at the rates below market rates" within other operating income in the consolidated interim condensed statement of profit or loss. Since the loans were financed through issuance of Tenge-denominated bonds with interest rate of 0.1% p.a. and maturing in 2035, which were fully purchased by the NBRK using the funds of the National Fund of the Republic of Kazakhstan (Note 8), this recognised loss on discount was compensated by benefits received in the form of a government grant of Tenge 86,170,517 thousand, unaudited (Note 10).

5 Due from banks (continued)

The loans were provided on the following terms:

- loans with a total nominal value of Tenge 60,000,000 thousand, unaudited (carrying value of Tenge 17,395,514 thousand, unaudited, as at 30 June 2015), at the rate of 2% p.a. for further financing of small and medium entities ("SME") operating in the processing industry. The interest rate on loans for final borrowers is limited to 6% p.a.
- loans with a total nominal value of Tenge 50,000,000 thousand, unaudited (carrying value Tenge 20,205,179 thousand, unaudited, as at 30 June 2015), at the rate of 2% p.a. for further financing of large businesses operating in the processing industry. The interest rate on loans for final borrowers is limited to 6% p.a.
- loans with a total nominal value of Tenge 15,000,000 thousand, unaudited (carrying value Tenge 4,429,419 thousand, unaudited, as at 30 June 2015), at the rate of 1% p.a. for further financing of individuals to purchase cars of domestic manufactures. The interest rate on loans for final borrowers is limited to 4% p.a.

The credit quality of amounts due from banks may be summarised based on Standard and Poor's ratings or Moody's or Fitch ratings as follows at 30 June 2015:

<i>(In thousands of Kazakhstani Tenge)</i>	Loans to banks and financial institutions, unaudited	Long-term deposits, unaudited	Total, unaudited
<i>Neither past due nor impaired</i>			
- BB- to BB+ rated	57,612,321	27,017,999	84,630,320
- B- to B+ rated	182,024,431	160,433,928	342,458,359
- C- to C+ rated	32,522,345	4,985,421	37,507,766
- unrated	5,134,394	1,600,622	6,735,016
Total neither past due nor impaired	277,293,491	194,037,970	471,331,461
<i>Balances individually determined to be impaired (gross)</i>			
- over 360 days overdue	1,518,123	-	1,518,123
Total individually impaired (gross)	1,518,123	-	1,518,123
Less: provision for impairment	(1,518,123)	-	(1,518,123)
Total due from banks	277,293,491	194,037,970	471,331,461

The credit quality of amounts due from banks may be summarised based on Standard and Poor's ratings or Moody's or Fitch ratings as follows at 31 December 2014:

<i>(In thousands of Kazakhstani Tenge)</i>	Loans to banks and financial institutions	Long-term deposits	Total
<i>Neither past due nor impaired</i>			
- A- to A+ rated	-	2,297,249	2,297,249
- BBB- to BBB+ rated	27,840,706	2,596,915	30,437,621
- BB- to BB+ rated	12,201,222	72,007,984	84,209,206
- B- to B+ rated	178,664,542	130,375,009	309,039,551
- C rated	10,810,589	676,231	11,486,820
- unrated	5,181,543	-	5,181,543
Total neither past due nor impaired	234,698,602	207,953,388	442,651,990
<i>Balances individually determined to be impaired (gross)</i>			
- over 360 days overdue	1,523,123	-	1,523,123
Total individually impaired (gross)	1,523,123	-	1,523,123
Less: provision for impairment	(1,523,123)	-	(1,523,123)
Total due from other banks	234,698,602	207,953,388	442,651,990

The primary factor that the Holding considers in determining whether a deposit is impaired is its overdue status. As a result, the Holding presents above an ageing analysis of deposits that are individually determined to be impaired.

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5 Due from banks (continued)

Movements in the provision for impairment of deposits and loans to banks and other financial institutions are as follows:

<i>(In thousands of Kazakhstani Tenge)</i>	Six-month period ended 30 June 2015	Six-month period ended 30 June 2014
Provision for impairment at 1 January	1,523,123	2,254,819
Recovery of provision for impairment during the period, unaudited	(5,000)	-
Provision for impairment at 30 June, unaudited	1,518,123	2,254,819

As at 30 June 2015 the Holding had balances with 18 counterparty banks, unaudited (31 December 2014: 10 banks) with aggregated amounts above Tenge 5,000,000 thousand. The total aggregate amount of these deposits at 30 June 2015 was Tenge 451,420,852 thousand, unaudited (31 December 2014: Tenge 239,785,657 thousand) or 96% of the total amount due from banks (31 December 2014: 54.17%).

Refer to Note 19 for the estimated fair value of each class of amounts due from other banks. Information on related party balances is disclosed in Note 21.

6 Loans to Customers

<i>(In thousands of Kazakhstani Tenge)</i>	30 June 2015, unaudited	31 December 2014
Corporate loans	952,658,642	929,071,168
Directly issued mortgage loans	274,346,134	213,279,044
Mortgage loans purchased from commercial banks	72,669,210	79,307,035
SME loans	2,786,286	2,886,871
Loans to customers	1,302,460,272	1,224,544,118
Less: provision for impairment	(161,033,412)	(153,209,090)
Total loans to customers	1,141,426,860	1,071,335,028

Movements in the provision for loan impairment during the six-month period ended 30 June 2015 are as follows:

<i>(In thousands of Kazakhstani Tenge)</i>	Corporate loans	Directly issued mortgage loans	Mortgage loans purchased from commercial banks	SME loans	Total
Provision for loan impairment as at 1 January 2015	145,759,561	1,152,778	3,467,817	2,828,934	153,209,090
Net charge for the period, unaudited	8,839,428	298,067	45,451	(99,860)	9,083,086
Write-offs, unaudited	(2,069,590)	(29,582)	-	-	(2,099,172)
Foreign exchange difference, unaudited	1,570,237	-	-	-	1,570,237
Reclassification to discount as a result of restructuring, unaudited	(731,322)	1,493	-	-	(729,829)
Provision for loan impairment as at 30 June 2015, unaudited	153,368,314	1,422,756	3,513,268	2,729,074	161,033,412

6 Loans to Customers (continued)

Movements in the provision for loan impairment during the six-month period ended 30 June 2014 are as follows:

<i>(In thousands of Kazakhstani Tenge)</i>	Corporate loans	Directly issued mortgage loans	Mortgage loans purchased from commercial banks	SME loans	Total
Provision for loan impairment at 1 January 2014	141,544,705	2,164,637	3,333,347	3,049,141	150,091,830
Net charge for the period, unaudited	7,368,051	45,256	100,000	(156,018)	7,357,289
Write-offs, unaudited	(10,728,327)	(431,744)	(136,223)	84,311	(11,211,983)
Foreign exchange difference, unaudited	26,930,892	-	-	-	26,930,892
Provision for loan impairment at 30 June 2014, unaudited	165,115,321	1,778,149	3,297,124	2,977,434	173,168,028

Credit quality

Analysis by credit quality of loans outstanding as at 30 June 2015 is as follows:

<i>(In thousands of Kazakhstani Tenge)</i>	Corporate loans, unaudited	Directly issued mortgage loans, unaudited	Mortgage loans purchased from commercial banks, unaudited	SME loans, unaudited	Total, unaudited
<i>Neither past due nor impaired</i>					
- Previously not restructured	703,363,759	264,853,348	64,741,486	-	1,032,958,593
- Restructured	24,425,503	1,009,700	49,191	-	25,484,394
Total neither past due nor impaired	727,789,262	265,863,048	64,790,677	-	1,058,442,987
<i>Past due but not impaired</i>					
- less than 30 days overdue	15,236,065	4,524,685	531,560	-	20,292,310
- 31 to 90 days overdue	-	889,470	251,940	-	1,141,410
- 91 to 180 days overdue	-	31,886	75,827	-	107,713
- 181 to 360 days overdue	-	-	52,035	-	52,035
- over 360 days overdue	-	-	11,338	57,212	68,550
Total past due but not impaired	15,236,065	5,446,041	922,700	57,212	21,662,018
<i>Impaired (gross)</i>					
- not overdue	18,830,270	11,218	-	-	18,841,488
- less 30 days overdue	18,644,639	284,915	1,657,545	-	20,587,099
- 31 to 90 days overdue	671,063	259,145	969,659	-	1,899,867
- 91 to 180 days overdue	-	544,040	495,036	-	1,039,076
- 181 to 360 days overdue	10,484,295	346,086	383,647	-	11,214,028
- over 360 days overdue	161,003,048	1,591,641	3,449,946	2,729,074	168,773,709
Total impaired loans (gross)	209,633,315	3,037,045	6,955,833	2,729,074	222,355,267
Less: provision for impairment	(153,368,314)	(1,422,756)	(3,513,268)	(2,729,074)	(161,033,412)
Total loans to customers	799,290,328	272,923,378	69,155,942	57,212	1,141,426,860

6 Loans to Customers (continued)

Credit quality (continued)

Analysis by credit quality of loans outstanding at 31 December 2014 is as follows:

<i>(In thousands of Kazakhstani Tenge)</i>	Corporate loans	Directly issued mortgage loans	Mortgage loans purchased from commercial banks	SME loans	Total
<i>Neither past due nor impaired</i>					
- Previously not restructured	708,176,221	205,801,159	72,109,474	-	986,086,854
- Restructured	955,748	805,786	520,317	-	2,281,851
Total neither past due nor impaired	709,131,969	206,606,945	72,629,791	-	988,368,705
<i>Past due but not impaired</i>					
- less than 30 days overdue	-	2,963,081	1,616,641	-	4,579,722
- 31 to 90 days overdue	-	657,743	455,270	-	1,113,013
- 91 to 180 days overdue	-	-	158,799	-	158,799
- 181 to 360 days overdue	-	-	71,221	-	71,221
- over 360 days overdue	-	2,683	1,554	-	4,237
Total past due but not impaired	-	3,623,507	2,303,485	-	5,926,992
<i>Impaired (gross)</i>					
- not overdue	19,091,960	-	-	-	19,091,960
- less 30 days overdue	30,714,629	677,167	148,686	-	31,540,482
- 31 to 90 days overdue	-	196,035	222,532	-	418,567
- 91 to 180 days overdue	-	441,183	195,894	-	637,077
- 181 to 360 days overdue	-	682,737	143,321	-	826,058
- over 360 days overdue	170,132,610	1,051,470	3,663,326	2,886,871	177,734,277
Total impaired loans (gross)	219,939,199	3,048,592	4,373,759	2,886,871	230,248,421
Less: provision for impairment	(145,759,561)	(1,152,778)	(3,467,817)	(2,828,934)	(153,209,090)
Total loans to customers	783,311,607	212,126,266	75,839,218	57,937	1,071,335,028

Key assumptions and judgments for estimating loan impairment

Provision for impairment of corporate loans. The Holding estimates impairment provision for loans to large corporates 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 provision for loan impairment for loans to corporates, management made the following key assumptions:

- historic annual loss rate adjusted to reflect the effects of current conditions of 0.74% (31 December 2014: 0.29%);
- a discount of between 20% and 70% to the originally appraised value if the property pledged is sold;
- a delay of 12 to 36 months in obtaining proceeds from the foreclosure of collateral.

Changes in these estimates could affect the provision for loan impairment. If the net present value of the estimated cash flows differs by one percent, the provision for impairment on corporate loans as at 30 June 2015 would be Tenge 7,993,475 thousand lower/higher, unaudited (31 December 2014: Tenge 7,833,695 thousand).

6 Loans to Customers (continued)

Mortgage loan impairment provision. As at 30 June 2015, the significant assumptions used in determining impairment losses for mortgage loans are the same as those that applied to the Holding's consolidated financial statements as at and for the year ended 31 December 2014.

Significant credit exposures. As at 30 June 2015 the Holding had 18 borrowers, unaudited (31 December 2014: 18 borrowers) with the total amount issued to each borrower in excess of Tenge 10,000,000 thousand. The aggregate amount of these loans was Tenge 790,023,597 thousand, unaudited (31 December 2014: Tenge 810,167,486 thousand), or 61% of loan portfolio before provision for impairment (31 December 2014: 66%). The outstanding debt of entities guaranteed by the state, subsidiaries of government entities or large commercial corporations listed on international stock markets or with a high credit ratings comprised Tenge 191,795,167 thousand as at 30 June 2015, unaudited (31 December 2014: Tenge 186,424,706 thousand).

Refer to Note 19 for the estimated fair value of each class of loans and advances to customers. Information on related party balances is disclosed in Note 21.

7 Other assets

<i>(In thousands of Kazakhstani Tenge)</i>	30 June 2015, unaudited	31 December 2014
Prepayment for construction in progress	18,193,467	7,985,468
Prepayment for goods and services	13,976,437	4,321,248
Assets to be transferred under finance leases	10,664,950	4,027,696
Construction in progress	10,296,208	6,339,486
Raw materials and supplies	4,535,525	3,982,629
Advances for equipment to be transferred under finance leases	3,784,889	767,174
Borrowing costs prepaid	3,369,287	3,342,714
Prepayment for taxes, other than income tax	1,017,481	432,747
Repossessed collateral	504,420	526,095
Other	2,216,472	2,310,235
Other assets, before impairment provision	68,559,136	34,035,492
Less: provision for impairment	(1,414,597)	(1,257,869)
Total other assets	67,144,539	32,777,623

Prepayment for construction in progress. Prepayment for construction in progress of Tenge 18,185,342 thousand, unaudited, has been made for construction of two residential complexes and a shopping mall for the International Specialised Exhibition EXPO-2017 in Astana. Construction of the residential complexes is carried out by BI Group Corporation LLC and Lux Real Estate Group LLC, while Mega Plaza LLC is responsible for construction of the shopping mall.

Prepayments for goods and services. Prepayments for goods and services comprise mainly the advances of Tenge 7,618,536 thousand, unaudited, paid by the Holding for the residential complexes purchased from the third parties. The Holding is planning to lease out the residential complexes under finance lease contracts once the title to property is transferred to the Holding.

Assets to be transferred under finance lease contracts. Assets to be transferred under finance lease contracts of Tenge 9,057,878 thousand, unaudited, comprise the residential complexes purchased during the reporting period which the Holding is planning to transfer to the lessees till the end of 2015.

Construction in progress. Construction in progress represents capitalised costs incurred during the construction by the Holding of housing real estate in different regions of Kazakhstan under the programme "Regional Development - 2020", approved by the Decree No. 728 dated 28 June 2014 of the Government of the Republic of Kazakhstan under the President's Statement "Nurly Zhol" ("Nurly Zhol"). The Holding will lease out the constructed housing real estate under the finance lease terms approved by this program.

8 Debt Securities Issued

<i>(In thousands of Kazakhstani Tenge)</i>	30 June 2015, unaudited	31 December 2014
USD denominated Eurobonds	339,089,483	331,291,329
Other Tenge denominated bonds	208,187,511	115,176,236
Mortgage Bonds	43,527,210	47,876,235
“Sukuk-Al-Murabaha” Islamic bonds denominated in Malaysian ringgit	10,467,131	11,324,305
Total debt securities issued	601,271,335	505,668,105

Other Tenge denominated bonds. Other Tenge-denominated bonds comprise the following bonds:

<i>(In thousands of Kazakhstani Tenge)</i>	Date of placement	Date of maturity	Nominal value 30 June 2015, unaudited	Nominal value 31 December 2014	Carrying amount 30 June 2015, unaudited	Carrying amount 31 December 2014
KZP01Y20E920 (not listed)	13.03.2015, 31.03.2015	13.03.2035	170,000,000	-	49,637,008	-
KZ2C0Y20E676 (not listed)	14.04.2014	14.04.2034	100,000,000	100,000,000	31,272,622	30,346,124
KZ2C0Y20E775 (not listed)	10.12.2014	10.12.2034	100,000,000	100,000,000	30,113,115	29,223,001
KZP02Y20E738 (not listed)	26.03.2015	26.03.2035	38,095,125	-	25,679,354	-
KZP01Y10E822	29.12.2014	29.12.2024	20,000,000	20,000,000	20,809,632	20,003,730
KZP01Y20E730 (not listed)	15.07.2014	15.07.2034	23,000,000	23,000,000	18,215,069	17,745,426
KZ2C0Y20E742 (not listed)	30.10.2014	30.10.2034	50,000,000	50,000,000	14,796,917	14,352,834
KZP01Y30E879 (not listed)	21.01.2015, 16.02.2015	21.01.2045	92,500,000	-	14,165,614	-
KZP01Y05D931	08.02.2011	08.02.2016	3,426,853	3,426,853	3,498,180	3,505,121
			597,021,978	296,426,853	208,187,511	115,176,236

During the six-month period ended 30 June 2015, the Holding has issued the following bonds:

- unsecured coupon bonds with a nominal value of Tenge 92,500,000 thousand, unaudited, issued in two tranches of Tenge 50,600,000 thousand, unaudited, and Tenge 41,900,000 thousand, unaudited, on 21 January 2015 and 16 February 2015, respectively, at a coupon rate of 0.10% per annum which mature in January 2045. The raised funds will be used to finance construction and purchase of housing for further lease out.

- unsecured coupon bonds with a nominal value of Tenge 170,000,000 thousand, unaudited, issued in two tranches of Tenge 100,000,000 thousand, unaudited, and Tenge 70,000,000 thousand, unaudited, on 13 and 31 March 2015, respectively, at a coupon rate of 0.10% per annum which mature in March 2035. Tenge 70,000,000 thousand of the raised funds will be used to provide financing through leasing and/or loans to domestic automakers, producers of helicopters and passenger carriages, and for export and pre-export financing, Tenge 50,000,000 will be used to finance small and medium size businesses in the processing industry, Tenge 50,000,000 thousand for support new projects of large businesses.

- unsecured coupon bonds with a nominal value of Tenge 38,095,125 thousand, unaudited, issued on 26 March 2015 at a coupon rate of 0.10% per annum which mature in March 2035. The Holding expects to pay off the bonds in June 2022 by exercising a call option. All raised funds will be used to finance construction of real estate facilities and a shopping and leisure center on the territory of the International Specialised Exhibition EXPO-2017 in Astana.

8 Debt Securities Issued (continued)

In accordance with the programs of state support and development, the Management Council of the National Fund of the Republic of Kazakhstan sets terms and conditions in the form of interest rates, financing schedule and relevant requirements for the Holding, its subsidiaries and commercial banks acting as program agents as well as for the end users. In addition, the Government approved special conditions, under which the Holding's subsidiaries may provide further financing to the commercial banks and companies. For this reason, the difference that has arisen upon valuation of bonds repurchased by NBRK on behalf of the National Fund of the Republic of Kazakhstan during the six-month period ended 30 June 2015, at the fair value at the placement date, was recognised as a government grant, as NBRK acted in the interests of the Government and not the Holding's ultimate shareholder, because all terms and conditions of the loans have been agreed on at the Government level in the resolution concerning financing the above-mentioned programs, and the Government does not expect any direct economic benefits from these programs in its capacity of the Holding's shareholder as the ultimate beneficiaries are the subjects specified by the programs.

Thus, during the six-month period ended 30 June 2015, the Holding recognised KZT 212,814,102 thousand, unaudited, as a government grant, including KZT 86,958,317 thousand, unaudited, that have been recognised in other operating income in the consolidated interim condensed statement of profit or loss, while the remaining portion has been recognised in other liabilities (Note 10). In determining the fair value of the issued bonds upon initial recognition, the Holding has applied the market interest rates in the range from 5.72% to 7.01%.

9 Loans from Banks and Other Financial Institutions

<i>(in thousands of Kazakhstani Tenge)</i>	30 June 2015, unaudited	31 December 2014
Loans from NWF Samruk-Kazyna JSC	79,400,787	82,065,695
Loans with fixed interest rate		
Loans from OECD banks and other financial institutions	11,651,421	11,537,001
Loans from non-OECD banks and other financial institutions	366,422,809	321,415,269
	378,074,230	332,952,270
Loans with floating interest rate		
Loans from OECD banks and other financial institutions	2,912,236	1,293,086
Loans from non-OECD banks and other financial institutions	194,829,899	202,808,715
	197,742,135	204,101,801
Total loans from banks and other financial institutions	655,217,152	619,119,766

In March 2015, the Holding signed a loan agreement for USD 10,000 thousand with the Bank of Tokyo-Mitsubishi UFJ for further transfer of the funds raised to the Holding's customer. As at 30 June 2015, the Holding has received the whole loan amount at the interest rate of 1.9155% and maturity in March 2018.

In March 2015, the Holding signed a loan agreement for USD 200,000 thousand with China Development Bank. As at 30 June 2015, the Holding has received the whole loan amount at a fixed interest rate of 5.7% per annum and maturity in June 2025.

10 Other Liabilities

<i>(In thousands of Kazakhstani Tenge)</i>	30 June 2015, unaudited	31 December 2014
Government grants	138,601,048	12,745,263
Deferred income	14,466,384	12,884,203
Advances received under finance leases	3,779,080	495,120
Deferred income from financial guarantees	2,079,193	1,738,093
Accrued employee benefit costs	1,128,314	1,101,383
Prepayments	670,478	845,776
Deferred income from donated property of BD JSC	447,274	2,378,143
Taxes payable other than income tax	410,466	512,267
Other	1,972,208	1,208,236
Total other liabilities	163,554,445	33,908,484

10 Other Liabilities (continued)

Government grants. The Holding recorded as government grants the amount of benefits received from loans provided at low interest rates by the National Fund of the Republic of Kazakhstan and NWF Samruk-Kazyna JSC. Government grants of KZT 78,455,171 thousand, unaudited, will be subsequently transferred to lessees of housing real estate under finance lease agreement terms at the preferential rates gradually up to 2045 under the programme “Nurly Zhol”. Grants of KZT 4,434,444 thousand, unaudited, will be utilised as the finance lease agreements for equipment are signed. Grants of KZT 37,389,389 thousand, unaudited, will be transferred to the end users as the loans are issued in accordance with the terms of the respective state programs. The remaining government grants of KZT 18,322,044, unaudited, thousand will be utilised in the subsequent periods as a part of construction of residential complexes and the shopping and leisure centre on the territory of the International Specialised Exhibition EXPO-2017 in Astana.

<i>(In thousands of Kazakhstani Tenge)</i>	Six-month period ended 30 June 2015	Six-month period ended 30 June 2014
Balance as at 1 January	12,745,263	-
Government grant on loans received from the Government of the Republic of Kazakhstan (Note 11), unaudited	212,814,102	70,952,072
Utilisation of government grants upon issuance of low interest loans (Note 5), unaudited	(86,170,517)	(70,952,072)
Utilisation of government grants upon issuance of finance lease agreements, unaudited	(787,800)	-
Balance as at 30 June, unaudited	138,601,048	-

11 Interest Income and Expense

<i>(In thousands of Kazakhstani Tenge)</i>	Six-month period ended 30 June 2015, unaudited	Six-month period ended 30 June 2014, unaudited
Interest income		
Loans to customers	48,758,995	25,832,528
Cash and cash equivalents and due from banks	16,033,221	16,710,754
Investment securities available for sale	10,636,839	16,691,290
Finance lease receivables	1,710,642	900,355
Financial instruments at fair value through profit or loss	335,844	189,804
Investment securities held to maturity	325,388	467,228
Receivable under reverse repurchase agreements	135,147	293,516
Other	1,236,442	108,339
Total interest income	79,172,518	61,193,814
Interest expense		
Debt securities issued	(17,017,659)	(11,797,990)
Loans from banks and other financial institutions	(15,340,108)	(14,044,353)
Customer accounts	(2,086,247)	(1,729,477)
Subordinated debt	(655,127)	(757,810)
Loans from the Government of the Republic of Kazakhstan	(497,464)	(487,661)
Payables under repurchase agreements	-	(47,389)
Other	-	(234,837)
Total interest expense	(35,596,605)	(29,099,517)
Net interest income	43,575,913	32,094,297

12 Net Loss on Financial Assets at Fair Value through Profit or Loss

	Six-month period ended 30 June 2015, unaudited	Six-month period ended 30 June 2014, unaudited
<i>(In thousands of Kazakhstani Tenge)</i>		
Losses less gains on derivative financial instruments	(706,842)	(10,968,750)
(Losses less gains)/gains less losses on trading securities	(263,646)	132,020
Gains less losses on other financial instruments at fair value through profit or loss	652,981	225,874
Total net loss on financial assets at fair value through profit or loss	(317,507)	(10,610,856)

During the six-month period ended 30 June 2014, losses less gains on derivative financial instruments comprise a realised loss of Tenge 11,525,303 thousand, unaudited, on transactions with derivative financial instruments. The loss was incurred under currency swaps with Morgan Stanley & Co International Limited and Calyon Credit Agricole CIB, which were closed during the six-month period ended 30 June 2014.

13 Net Foreign Exchange Gain

	Six-month period ended 30 June 2015, unaudited	Six-month period ended 30 June 2014, unaudited
<i>(In thousands of Kazakhstani Tenge)</i>		
Gains less losses arising from foreign currency translation	1,089,084	14,380,498
Gains less losses arising from foreign currency operations	82,881	88,328
Total net foreign exchange gain	1,171,965	14,468,826

14 Other Operating Income/(Expense), net

	Six-month period ended 30 June 2015, unaudited	Six-month period ended 30 June 2014, unaudited
<i>(In thousands of Kazakhstani Tenge)</i>		
Gains less losses/(losses less gains) on initial recognition of financial instruments at interest rates below market	4,530,269	(1,766,980)
Provision for impairment of other non-financial assets	(566,718)	(135,560)
Other	142,994	696,596
Total other operating income/(expense)	4,106,545	(1,205,944)

15 Income Tax Expense

<i>(In thousands of Kazakhstani Tenge)</i>	Six-month period ended 30 June 2015, unaudited	Six-month period ended 30 June 2014, unaudited
Current tax	3,061,511	2,076,755
Deferred tax	(1,078,478)	1,793,772
Income tax expense for the period	1,983,033	3,870,527

The income tax rate applicable to the Holding's 2015 income is 20% (2014: 20%).

A reconciliation between the estimated and the actual tax charges is provided below:

<i>(In thousands of Kazakhstani Tenge)</i>	Six-month period ended 30 June 2015, unaudited	Six-month period ended 30 June 2014, unaudited
Profit before income tax	25,628,708	16,179,295
Income tax at the applicable tax rate	5,125,742	3,235,859
- Non-taxable income on securities	(2,500,247)	(1,544,541)
- Other non-taxable income	(3,251,082)	(2,475,932)
- Other non-deductible expenses	1,485,081	373,977
- Elimination of taxable income and expenses during consolidation	795,994	1,461,036
- Adjustment of current income tax expense for prior years	(456,796)	1,087,025
- Taxable recovery of impairment on loans transferred from DBK JSC to IFK JSC	-	600,479
- Non-deductible interest on loans transferred from DBK JSC to IFK JSC	-	931,528
- Change in unrecognised deferred tax assets	744,430	(476,490)
- Other permanent differences	39,911	677,586
Income tax expense for the period	1,983,033	3,870,527

16 Financial Risk Management

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

As at 30 June 2015, there were no significant changes in relation to market, liquidity since 31 December 2014. Changes in credit risks in relation to due from banks and loans to customers are disclosed in Note 5 and Note 6, respectively.

Currency risk

The Holding has assets and liabilities denominated in several foreign currencies. Foreign currency risk arises when the actual or forecasted assets in a foreign currency are either greater or less than the liabilities in that currency. The table below summarises the Holding exposure to foreign currency exchange rate risk as at 30 June 2015:

<i>(in thousands of Kazakhstani Tenge)</i>	Tenge, unaudited	US Dollars, unaudited	Euro, unaudited	Other, unaudited	Total, unaudited
ASSETS					
Cash and cash equivalents	418,961,827	45,012,612	2,316,817	413,188	466,704,444
Financial instruments at fair value through profit or loss	10,170,800	-	-	-	10,170,800
Due from banks	382,970,951	88,104,924	255,586	-	471,331,461
Loans to customers	487,965,168	641,169,203	9,920,674	2,371,815	1,141,426,860
Investment securities available for sale	258,966,004	77,324,426	-	136,806	336,427,236
Finance lease receivables*	35,135,629	-	-	-	35,135,629
Other financial assets	14,555,971	7,035,783	215,263	260,727	22,067,744
Total monetary financial assets	1,608,726,350	858,646,948	12,708,340	3,182,536	2,483,264,174
LIABILITIES					
Customer accounts	280,183,785	14,729,402	814	3,690	294,917,691
Debt securities issued	251,706,289	339,097,916	-	10,467,130	601,271,335
Subordinated debt	14,412,389	-	-	-	14,412,389
Loans from banks and other financial institutions	127,203,773	515,302,197	9,785,423	2,925,759	655,217,152
Loans from the Government of the Republic of Kazakhstan	53,527,046	211,489	-	-	53,738,535
Insurance contract provisions	711,673	-	-	-	711,673
Other financial liabilities	24,542,125	5,742,209	60,977	4,221	30,349,532
Total monetary financial liabilities	752,287,080	875,083,213	9,847,214	13,400,800	1,650,618,307
Net position before derivatives	856,439,270	(16,436,265)	2,861,126	(10,218,264)	832,645,867
Claims on derivative financial instruments	1,469,594	85,338,909	-	11,851,200	98,659,703
Liabilities on derivative financial instruments	(83,112,168)	(14,168,675)	-	(1,559,925)	(98,840,768)
Total net position	774,796,696	54,733,969	2,861,126	73,011	832,464,802

* These assets contain embedded derivatives which become effective if the USD or EUR appreciates against KZT.

16 Financial Risk Management (continued)

Currency risk (continued)

The table below summarises the Holding exposure to foreign currency exchange rate risk at 31 December 2014:

<i>(in thousands of Kazakhstani tenge)</i>	Tenge	USD	Euro	Other	Total
ASSETS					
Cash and cash equivalents	201,973,947	59,234,485	2,168,660	400,055	263,777,147
Financial instruments at fair value through profit or loss	11,939,000	-	-	-	11,939,000
Due from banks	357,809,502	82,846,400	1,996,088	-	442,651,990
Loans to customers	436,881,733	621,692,943	10,078,425	2,681,927	1,071,335,028
Investment securities available for sale	262,543,255	98,895,530	-	2,220,821	363,659,606
Reverse repurchase receivables	701,124	-	-	-	701,124
Finance lease receivables*	26,122,360	-	-	-	26,122,360
Investment securities held to maturity	12,165,225	2,430,468	-	-	14,595,693
Other financial assets	10,879,044	5,226,857	330,685	-	16,436,586
Total monetary financial assets	1,321,015,190	870,326,683	14,573,858	5,302,803	2,211,218,534
LIABILITIES					
Customer accounts	251,739,615	8,346,209	1,029	3,015	260,089,868
Debt securities issued	163,046,369	331,297,431	-	11,324,305	505,668,105
Subordinated debt	14,163,005	-	-	-	14,163,005
Loans from banks and other financial institutions	129,801,968	476,487,710	9,582,959	3,247,129	619,119,766
Loans from the Government of the Republic of Kazakhstan	61,638,222	207,116	-	-	61,845,338
Insurance contract provisions	706,654	-	-	-	706,654
Other financial liabilities	17,165,516	2,722,488	49,927	19	19,937,950
Total monetary financial liabilities	638,261,349	819,060,954	9,633,915	14,574,468	1,481,530,686
Net position before derivatives	682,753,841	51,265,729	4,939,943	(9,271,665)	729,687,848
Claims on derivative financial instruments	1,381,040	23,578,206	-	12,520,800	37,480,046
Liabilities on derivative financial instruments	(22,594,950)	(13,875,640)	-	(1,654,996)	(38,125,586)
Total net position	661,539,931	60,968,295	4,939,943	1,594,139	729,042,308

* These assets contain embedded derivatives which become effective if the USD or EUR appreciates against KZT.

The above derivative financial instruments are the monetary financial assets or monetary financial liabilities and represent the fair value at the end of the reporting period of a relevant currency.

16 Financial Risk Management (continued)

The following table presents sensitivities of profit to reasonably possible changes in exchange rates applied at the end of the reporting period relative to the functional currency of the Holding, with all other variables held constant:

<i>(in thousands of Kazakhstani Tenge)</i>	30 June 2015, unaudited	31 December 2014
US Dollar strengthening by 30% (2014: strengthening by 20%)	13,136,153	9,754,927
US Dollar weakening by 30% (2014: weakening by 20%)	(13,136,153)	(9,754,927)
Euro strengthening by 30% (2014: strengthening by 20%)	686,670	790,391
Euro weakening by 30% (2014: weakening by 20%)	(686,670)	(790,391)
Other currency strengthening by 30% (2014: strengthening by 20%)	17,523	255,062
Other currency weakening by 30% (2014: weakening by 20%)	(17,523)	255,062

The above analysis includes only monetary assets and liabilities. The Holding believes that investments in equity instruments and non-monetary assets will not result in significant currency risk. Risk was calculated only for monetary balances denominated in currencies other than the functional currency of the Holding.

Management of capital. The Holding's objectives when managing capital are to safeguard the Holding's ability to continue as a going concern, by meeting the capital adequacy requirements based on monitoring of the financial statements, including monitoring of the subsidiaries and established control requirements to capital adequacy on the part of the Board of Directors of the controlled entities, Financial Supervision Committee, National Bank of the Republic of Kazakhstan, investors.

Compliance with capital adequacy ratios set for the subsidiaries is monitored monthly with reports outlining their calculation reviewed and signed by the Chairman of the Management Board and considered by the Holding's Board of Directors.

The Holding considers capital as net assets, which is Tenge 816,591,269 thousand (31 December 2014: Tenge 798,898,934 thousand). The Holding does not have regulatory capital requirements. As at 30 June 2015 and 31 December 2014, the Holding's subsidiaries complied with all the capital adequacy ratios by exceeding the minimum requirements.

17 Contingencies and Commitments

Legal proceedings. From time to time and in the normal course of business, claims against the Holding and its subsidiaries may be received. On the basis of its own estimates and internal professional advice, management is of the opinion that no material losses will be incurred in respect of claims, and accordingly no provision has been made in these Consolidated Interim Condensed Financial Statements.

Tax contingencies. Kazakhstan tax and customs legislation is subject to varying interpretations, and changes, which can occur frequently. Management's interpretation of such legislation as applied to the transactions and activity of the Holding may be challenged by the relevant authorities. The Kazakhstani tax authorities may be taking a more assertive position in their interpretation of the legislation and assessments, and it is possible that transactions and activities that have not been challenged in the past may be challenged. As a result, significant additional taxes, penalties and interest may be assessed. Fiscal periods remain open to review by the authorities in respect of taxes for five calendar years preceding the year of review. Under certain circumstances reviews may cover longer periods.

Tax liabilities arising from intercompany transactions are determined using actual transaction prices. It is possible with the evolution of the interpretation of the transfer pricing rules in Kazakhstan and the changes in the approach of the Kazakhstan tax authorities, that such transfer prices could potentially be challenged in the future. Given the brief nature of the current Kazakhstan transfer pricing rules, the impact of any such challenge cannot be reliably estimated; however, it may be significant to the financial position and/or the overall operations of the entity.

Kazakhstan tax legislation does not provide definitive guidance in certain areas. From time to time, the Holding and its subsidiaries adopt interpretations of such uncertain areas that reduce the overall tax rate of the Holding. As noted above, such tax positions may come under heightened scrutiny as a result of recent developments in administrative and court practices; the impact of any challenge by the tax authorities cannot be reliably estimated; however, it may be significant to the financial position and/or the overall operations of the entity.

17 Contingencies and Commitments (continued)

Operating lease commitments. The Holding has a range of buildings and vehicles under operating lease. Lease is mainly executed for the initial period of one year with the option to renew upon expiry of the said period. Lease payments are usually increased annually to reflect market terms of lease. Lease does not include contingent lease.

Investment related contingencies. The Holding purchases shares in private equity funds to include in its portfolio. The Holding diversifies the investment portfolio by distributing investments among managers, relevant industries, territories and investment stages. As at 30 June 2015 the contingent capital commitments totalled Tenge 55,789,612 thousand, unaudited (31 December 2014: Tenge 66,912,388 thousand). Under the constituent agreements of private equity funds, in case of default on capital commitments, after the manager issued a due claim, the Holding may be subject to sanctions, including moratorium on interest, cessation of profit distribution, temporary denial of right to participate in the corporate governance of the funds and forced sale of the Holding's share to co-investors and third parties. As at 30 June 2015 and 31 December 2014, the Holding did not have overdue investment commitments.

Compliance with covenants. The subsidiaries of the Holding are subject to certain covenants primarily relating to their borrowings. Non-compliance with these covenants may result in negative consequences for the Holding. The Holding was in compliance with covenants at 30 June 2015 and 31 December 2014.

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 Holding 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 related to operations. Until the Holding 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 of the Holding.

Credit related commitments. The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit, which represent irrevocable assurances that the Holding will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans. Documentary and commercial letters of credit, which are written undertakings by the Holding on behalf of a customer authorising a third party to draw drafts on the Holding up to a stipulated amount under specific terms and conditions, are collateralised by the underlying shipments of goods to which they relate or cash deposits and, therefore, carry less risk than a direct borrowing.

Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Holding is potentially exposed to loss in an amount equal to the total unused commitments, if the unused amounts were to be drawn down. However, the likely amount of loss is less than the total unused commitments since most commitments to extend credit are contingent upon customers maintaining specific credit standards.

The Holding monitors the term to maturity of credit related commitments, because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments. Outstanding credit related commitments are as follows:

<i>(in thousands of Kazakhstani tenge)</i>	30 June 2015, unaudited	31 December 2014
Undrawn credit lines that are irrevocable or revocable only in response to a material adverse change	410,716,905	387,056,895
Financial guarantees issued	40,076,173	55,078,508
Undrawn commitments to extend credit that are irrevocable or revocable only in response to a material adverse change	22,176,787	20,460,366
Letters of credit	5,646,339	-
Contingent liabilities on foreign currency purchase-sale transactions	-	2,783,032
Less: provision for credit related commitments	(946,669)	(448,474)
Total credit related commitments, net of provision	477,669,535	464,930,327

18 Derivative Financial Instruments

Type of instrument	Notional amount	Maturity	Payments made by the Holding	Payments received by the Holding	Fair value of asset	Fair value of liability
30 June 2015, unaudited						
Currency interest rate swaps with NBRK	US Dollar 322,927,879	28.04.18	Fixed 3% per annum and KZT 60,000,000 thousand at maturity	USD 322,927,879 at maturity	4,310,309	-
Currency interest rate swaps with NBRK	US Dollar 122,000,000	29.09.19	Fixed 3.00% per annum and KZT 22,222,300 thousand at maturity	USD 122,000,000 at maturity	2,069,872	-
Currency interest rate swaps (hedging instrument)	Malaysian ringgit 240,000,000	03.08.17	Fixed 4.95% per annum and USD 76,093,849 dollars at maturity	Fixed 5.5% per annum and MYR 240,000,000 at maturity	260,727	(3,016,313)
Currency interest rate swaps	Malaysian ringgit 30,370,000	03.08.17	Fixed 5.5% per annum and MYR 30,370 thousand at maturity	Fixed 6.5% per annum and KZT 1,492,200,000 at maturity	-	(90,331)
Currency interest rate swaps	US Dollar 4,880,000	29.09.15	Fixed 3.00% per annum and KZT 889,868 thousand at maturity	USD 4,880,000 at maturity	27,698	-
Option	KZT 5,019,118 thousand	15.06.18		KZT 5,019,118,000 at maturity	2,935	(2,255)
Net fair value					6,671,541	(3,108,899)

18 Derivative Financial Instruments (continued)

Type of instrument	Notional amount	Maturity	Payments made by the Holding	Payments received by the Holding	Fair value of asset	Fair value of liability
31 December 2014						
Currency interest rate swaps	US Dollar 122,000,000	29.09.19	Fixed 3.00% per annum and KZT 22,222,300 thousand at maturity	USD 122,000 thousand at maturity	1,431,342	-
Currency interest rate swaps (Hedging instrument)	Malaysian ringgit 240,000,000	03.08.17	Fixed 4.95% per annum and USD 76,093 thousand at maturity	Fixed 5.5% per annum and MYR 240,000 thousand at maturity	281,118	(2,118,613)
Currency interest rate swaps	US Dollar 4,880,000	29.09.15	Fixed 3.00% per annum and KZT 889,868 thousand at maturity	USD 4,880 thousand at maturity	29,998	-
Currency interest rate swaps	Malaysian ringgit 30,370,000	03.08.17	Fixed 5.5% per annum and MYR 30,370 thousand at maturity	Fixed 6.5% per annum and KZT 1,492,200 thousand at maturity	4,571	(273,956)
Net fair value					1,747,029	(2,392,569)

Derivative financial instruments are included in Other Financial Assets and Other Financial Liabilities in the consolidated interim condensed statement of financial position. The fair value of trade and other receivables or payables under foreign exchange forward contracts or swap contracts signed by the Holding, at the end of the reporting period by currency are presented in the table above. The table includes contracts with settlement dates after the end of the reporting period; the sums of these transactions are shown deployed - before netting of positions (and payments) for each counterparty. The contracts are short term in nature.

Under the currency swap contract with NBRK the Holding made an interest prepayment at the rate of 3% per annum, which amounted to Tenge 1,800,000 thousand, unaudited. Under this contract NBRK has an early cancelation option. Upon initial recognition the fair value of a derivative finance instrument is recognised within deferred income and derivative financial instruments. Subsequently the amortisation of prepayment and revaluation of fair value is accounted for in profit or loss and derivative financial instruments. Amortisation of deferred income is recognised in profit or loss and deferred income. When calculating the fair value the management assumes that the right of early repayment will not be exercised.

During the six-month period ended 30 June 2015, the Management has reviewed assumptions used to assess derivative financial instruments as a results of changes in the market environment. In determining the fair value of swaps the management has made an assumption that the following interest rates are appropriate for the Holding: 5.21% in Tenge; 1.21% in US Dollars and 2.78% in Malaysian ringgit, unaudited (2014: 4.74% in Tenge; 1.48% in US Dollar and 3.11% in Malaysian ringgit).

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19 Fair Value of Financial Instruments

Fair value measurements are analysed by level in the fair value hierarchy as follows:

- level 1 are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities,
- level 2 measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). This level includes instruments estimated based on active market quotations of similar instruments, market quotations for identical or similar instruments that are not considered as active, or other valuation techniques which inputs are directly or indirectly based on observable market data, and
- level 3 measurements are valuations not based on observable market data (that is, unobservable inputs).

Management applies judgement in categorising financial instruments using the fair value hierarchy. If a fair value measurement uses observable inputs that require significant adjustment, that measurement is a Level 3 measurement. The significance of a valuation input is assessed against the fair value measurement in its entirety.

Recurring fair value measurements. Recurring fair value measurements are those that other IFRS require or permit in the statement of financial position at the end of each reporting period. The level in the fair value hierarchy into which the recurring fair value measurements are categorised are as follows:

<i>(In thousands of Kazakhstani tenge)</i>	30 June 2015, unaudited				31 December 2014			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
ASSETS AT FAIR VALUE								
Financial instruments at fair value through profit or loss	7,831,573	2,339,227	31,652,964	41,823,764	9,605,641	2,333,359	26,236,605	38,175,605
Investment securities available for sales	28,676,923	307,625,831	217,128	336,519,882	54,362,093	309,382,523	217,128	363,961,744
Embedded derivatives	-	-	357,800	357,800	-	-	440,019	440,019
Derivative financial instruments	-	2,361,232	4,310,309	6,671,541	-	1,747,029	-	1,747,029
TOTAL ASSETS AT FAIR VALUE	36,508,496	312,326,290	36,538,201	385,372,987	63,967,734	313,462,911	26,893,752	404,324,397
LIABILITIES AT FAIR VALUE								
Derivative financial instruments	-	3,108,899	-	3,108,899	-	2,392,569	-	2,392,569
TOTAL LIABILITIES RECURRENTLY MEASURED AT FAIR VALUE	-	3,108,899	-	3,108,899	-	2,392,569	-	2,392,569

19 Fair Value of Financial Instruments (continued)

Level 2 measurements. Level 2 includes investment securities available for sale which fair value was determined based on valuation techniques that apply inputs from observable markets. Observable inputs include transaction prices at markets which are active for similar, but not identical instruments, and prices at markets which are not active for identical instruments. Although all the instruments are listed at the Kazakhstani Stock Exchange, management believes that market for identical instruments is not active.

The Holding applies the discounted cash flow method for investment securities available for sale and financial assets available for sale instruments at fair value for which fair value cannot be determined based on inputs from observable markets.

For impaired debt securities, forecasts of estimated cash flows were based on the publicly available information related to the estimated repayment schedule after the restructuring for each respective category of securities. Assumptions in relation to discount rates were based on credit risk premiums of similar issuers that were understood as market quotations of securities in issue which trading has not been suspended.

There were no changes in valuation techniques for level 2 recurring fair value measurements during the six-month periods ended 30 June 2015 and 2014.

Level 3 measurements. Certain investment securities available for sale that are not quoted at the observable markets and cannot be measured based on inputs from observables market were estimated using the discounted cash flow method. Forecasts for such securities were calculated based on the contractual repayment schedule. Assumptions in relation to discount rates were based on active market quotations for identical instruments of the issuer subject to respective adjustment of credit rating for credit rating difference.

The Holding's investments in equity instruments designated as level 3 include contributions to investment funds at fair value through profit or loss. These funds invest primarily in private equity through acquisition of unquoted ordinary shares of the companies from transition economies (mainly, Kazakhstan and Russia). The Holding applies fair value of investments recorded in the statements of each fund and estimates the basis for material differences between fair value measured and fair value stated by the fund managing companies.

The appraiser applies a range techniques to measure cost of base portfolio investments depending on the nature of business under review, availability of comparable items at the market, and stage of the company's life cycle.

The control system implemented by the Holding includes preparation of fair value measurement by responsible front-office specialists of the subsidiaries and subsequent review by the executive of the relevant department. Special control mechanisms implemented by the Holding include:

- observable quotations review;
- overview and approval of new models and amendments to models;
- review and approval of new models and amendments to models with participation of the executive of the relevant front-office;
- overview of significant unobservable input, measurement adjustments and significant changes in fair value measurement of Level 3 instruments as compared with the prior period.

There were no significant changes in valuation technique, observable inputs and assumptions for level 3 recurring fair value measurements during the six-month period ended 30 June 2015 (the six-month period ended 30 June 2014: none).

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19 Fair Value of Financial Instruments (continued)

The table below provides information on significant unobservable inputs used at the year-end to value the most significant companies included in the portfolio of private equity funds categorised into Level 3 of the fair value hierarchy as at 30 June 2015, in addition to sensitivity analysis to changes in unobservable data, which the Holding thinks reasonably possible at the reporting date, assuming that all other variables remain unchanged.

Company industries	Fair value of the Holding's interest, unaudited	Valuation technique	Significant unobservable inputs	Reasonable change	Sensitivity analysis of fair value to unobservable inputs
Electric grid (Kazakhstan)	5,165,212	Adjusted NAV	NAV	+/-5%	258,261
Freight carriage operator	4,126,154	Adjusted NAV	NAV	+/-5%	206,308
Medical diagnostics	2,498,233	Adjusted NAV	NAV	+/-5%	124,912
Financial services	1,968,616	Adjusted NAV	NAV	+/-5%	98,431
Production of package materials	1,858,552	Adjusted NAV	NAV	+/-5%	92,928
Mineral production (China)	1,858,083	Adjusted NAV	NAV	+/-5%	92,904
Car manufacturing	1,857,902	NPV	Cash flows EBITDA	+/-5%	103,486/91,760
Transportation services	1,815,499	Adjusted NAV	NAV	+/-5%	90,775
Entertainment (cinema)	1,651,113	Adjusted NAV	NAV	+/-5%	82,556
Representation services (Kazakhstan)	1,416,172	Adjusted NAV	NAV	+/-5%	70,809
Railroad train leasing company (Russia)	1,205,101	Adjusted NAV	NAV	+/-5%	60,255
Construction material production (Kazakhstan)	980,289	Adjusted NAV	NAV	+/-5%	49,014
Information technologies	951,168	Adjusted NAV	NAV	+/-5%	3,651
Light industry	907,500	Adjusted NAV	NAV	+/-5%	45,375
Health service	840,776	Adjusted NAV	NAV	+/-5%	42,039
Poultry enterprise	595,325	Adjusted NAV	NAV	+/-5%	29,766
Telecommunication services	398,610	Adjusted NAV	NAV	+/-5%	19,931
Renewable energy	338,171	Adjusted NAV	NAV	+/-5%	16,909
Fiber-optic minoring systems	320,985	Adjusted NAV	NAV	+/-5%	16,049
Other	899,503				
Total	31,652,964				

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19 Fair Value of Financial Instruments (continued)

The table below demonstrates valuation techniques and inputs used in fair value measurement for level 3 measurements of other financial assets at fair value through profit or loss, and sensitivity of measurement to changes in inputs as at 31 December 2014:

Company industries	Fair value of the Holding's interest	Valuation technique	Significant unobservable inputs	Reasonable change	Sensitivity analysis of fair value to unobservable inputs
Freight carriage operators	3,803,462	Adjusted NAV	NAV	+/-5%	190,173
Electric grids (Kazakhstan)	2,261,075	Adjusted NAV	NAV	+/-5%	113,054
Financial services	2,086,500	Adjusted NAV	NAV	+/-5%	104,325
Medical diagnostics	1,962,382	Adjusted NAV	NAV	+/-5%	98,119
Production of package materials	1,819,860	Adjusted NAV	NAV	+/-5%	90,993
Mineral production (China)	1,800,267	Adjusted NAV	NAV	+/-5%	90,013
Transportation services	1,723,134	Adjusted NAV	NAV	+/-5%	86,157
Entertainment (cinema)	1,617,497	Adjusted NAV	NAV	+/-5%	80,875
Railroad train leasing company (Russia)	1,559,765	Adjusted NAV	NAV	+/-5%	77,988
Representation services (Kazakhstan)	1,362,994	Adjusted NAV	NAV	+/-5%	68,150
Telecommunication services	1,279,206	Adjusted NAV	NAV	+/-5%	63,960
Construction material production (Kazakhstan)	983,127	Adjusted NAV	NAV	+/-5%	49,156
Light industry	907,500	Adjusted NAV	NAV	+/-5%	45,375
Health service	905,668	Adjusted NAV	NAV	+/-5%	45,283
Poultry enterprise	655,771	Adjusted NAV	NAV	+/-5%	32,789
Renewable energy	364,272	Adjusted NAV	NAV	+/-5%	18,214
Fiber-optic minoring systems	202,857	Adjusted NAV	NAV	+/-5%	10,143
Other	941,268				
Total	26,236,605				

19 Fair Value of Financial Instruments (continued)

The valuation technique and inputs used in the fair value measurement for level 3 measurements of investment securities available for sale and embedded instrument and related sensitivity to reasonably possible changes in those inputs as at 30 June 2015 are as follows:

<i>(in thousands of Kazakhstani tenge)</i>	Fair value	Valuation technique	Inputs used	Range of inputs (weighted average)	Sensitivity of fair value measurement to unobservable inputs
Derivative financial instruments	4,310,309	Discounted cash flows	Maturity Volatility of foreign exchange rate	31 - 37 months	Significant increase in transaction period would result in higher fair value. Significant decrease would result in lower fair value. Significant increase in volatility would result in higher fair value
Embedded derivatives	357,800	Option model		USD: 0.99% Euro: 10.22%	
Investment securities available for sale	217,128	Discounted cash flows method	Expected cash flows	n/a	Significant increase in expected cash flows would result in higher fair value

The valuation technique and inputs used in the fair value measurement for level 3 measurements of investment securities available for sale and embedded instrument and related sensitivity to reasonably possible changes in those inputs as at 31 December 2014 are as follows:

<i>(in thousands of Kazakhstani tenge)</i>	Fair value	Valuation technique	Inputs used	Range of inputs (weighted average)	Sensitivity of fair value measurement to unobservable inputs
Embedded derivative financial instrument	440,019	Option model	Volatility of foreign exchange rate	USD: 12.98% Euro: 14.14%	Significant increase in volatility would result in higher fair value
Investment securities available for sale	217,128	Discounted cash flows method	Expected cash flows	not applicable	Significant change of expected cash flows would result in higher fair value

The above tables discloses sensitivity to valuation inputs for financial assets and financial liabilities, if changing one or more of the unobservable inputs to reflect reasonably possible alternative assumptions would change fair value significantly. For this purpose, significance was judged with respect to profit or loss, and total assets or total liabilities, or, when changes in fair value are recognised in other comprehensive income, total equity.

The sensitivity of fair value measurement disclosed in the above table shows the direction that an increase or decrease in the respective input variables would have on the valuation result.

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19 Fair Value of Financial Instruments (continued)

A reconciliation of movements in Level 3 of the fair value hierarchy by class of instruments for the six-month period ended 30 June 2015 is as follows:

<i>(in thousands of Kazakhstani tenge)</i>	Financial instruments at fair value through profit or loss	Investment securities available for sale	Embedded derivatives	Derivative financial instruments
Fair value as at 1 January 2015	26,236,605	217,128	440,019	-
Gains or losses recognised in profit or loss for the period, unaudited	653,575	-	12,907	(575,201)
Purchases, net, unaudited	4,762,784	-	-	3,085,510
Interest paid/(received), unaudited	-	-	(95,126)	1,800,000
Fair value at 30 June 2015, unaudited	31,652,964	217,128	357,800	4,310,309

A reconciliation of movements in Level 3 of the fair value hierarchy by class of instruments for the six-month period ended 30 June 2014 is as follows:

<i>(in thousands of Kazakhstani tenge)</i>	Financial instruments at fair value through profit or loss	Investment securities available for sale	Embedded derivatives
Fair value as at 1 January 2014	14,456,090	23,628,764	534,145
Gains or losses recognised in profit or loss for the period, unaudited	(92,201)	3,294,597	554,308
Gains or losses recognised in other comprehensive income, unaudited	-	18,162	-
Purchases, unaudited	3,915,114	-	-
Sales, unaudited	-	(783,490)	(166,178)
Interest paid, unaudited	-	963,566	-
Fair value as at 30 June 2014, unaudited	18,279,003	27,121,599	922,275

19 Fair Value of Financial Instruments (continued)

Assets and liabilities not measured at fair value but for which fair value is disclosed. Fair values analysed by level in the fair value hierarchy and carrying value of assets and liabilities not measured at fair value at 30 June 2015 are as follows:

<i>(in thousands of Kazakhstani tenge)</i>	Level 1, unaudited	Level 2, unaudited	Level 3, unaudited	Total, unaudited	Carrying amount, unaudited
ASSETS					
Cash and cash equivalents	-	466,704,444	-	466,704,444	466,704,444
Due from banks	-	471,331,461	-	471,331,461	471,331,461
Loans to customers	-	1,028,960,905	103,864,172	1,132,825,077	1,141,426,860
Finance lease receivables (less embedded derivatives)	-	32,304,455	-	32,304,455	34,777,829
TOTAL	-	1,999,301,265	103,864,172	2,103,165,437	2,114,240,594
LIABILITIES					
Customer accounts	-	294,917,691	-	294,917,691	294,917,691
Debt securities issued	374,732,754	217,318,110	-	592,050,864	601,271,335
Subordinated debt	-	14,191,417	-	14,191,417	14,412,389
Loans from banks and other financial institutions	-	649,600,859	-	649,600,859	655,217,152
Loans from the Government of the Republic of Kazakhstan	-	51,453,271	-	51,453,271	53,738,535
TOTAL	374,732,754	1,227,481,348	-	1,602,214,102	1,619,557,102

19 Fair Value of Financial Instruments (continued)

Fair values analysed by level in the fair value hierarchy and carrying value of assets and liabilities not measured at fair value at 31 December 2014 are as follows:

<i>(in thousands of Kazakhstani tenge)</i>	Level 1	Level 2	Level 3	Total	Carrying amount
ASSETS					
Cash and cash equivalents	-	263,777,147	-	263,777,147	263,777,147
Due from banks	-	444,687,246	-	444,687,246	442,651,990
Loans to customers	-	937,672,551	127,159,657	1,064,832,208	1,071,335,028
Receivables under reverse repurchase agreements	-	701,124	-	701,124	701,124
Finance lease receivables (less embedded derivatives)	-	23,316,932	-	23,316,932	25,682,341
Investment securities held to maturity	-	14,391,043	353,080	14,744,123	14,595,693
TOTAL	-	1,684,546,043	127,512,737	1,812,058,780	1,818,743,323
LIABILITIES					
Customer accounts	-	260,089,868	-	260,089,868	260,089,868
Debt securities issued	354,007,267	134,154,130	-	488,161,397	505,668,105
Subordinated debt	-	14,817,696	-	14,817,696	14,163,005
Loans from banks and other financial institutions	-	587,072,208	-	587,072,208	619,119,766
Loans from the Government of the Republic of Kazakhstan	-	53,368,662	-	53,368,662	61,845,338
TOTAL	354,007,267	1,049,502,564	-	1,403,509,831	1,460,886,082

The fair values in level 2 and level 3 of fair value hierarchy were estimated using the discounted cash flows valuation technique. The fair value of floating rate derivative financial instruments that are not quoted in an active market was estimated to be equal to their carrying amount. The fair value of unquoted fixed interest rate instruments was estimated based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risk and remaining maturity.

20 Presentation of Financial Instruments by Measurement Category

For the purposes of measurement, IAS 39 “Financial Instruments: Recognition and Measurement”, the Holding classifies/divides financial assets into the following categories: (a) loans and receivables; (b) available-for-sale financial assets; (c) financial assets held to maturity and (d) financial assets at fair value through profit or loss (“FVTPL”). Financial assets at fair value through profit or loss have two sub-categories: (i) assets designated as such upon initial recognition, and (ii) those classified as held for trading. In addition, finance lease receivables form a separate category. All of the Holding’s financial assets fall in the loans and receivables category except derivative financial instruments. All of the Holding’s financial liabilities except for derivative financial instruments were carried at amortised cost. Derivative financial instruments belong to the fair value through profit or loss measurement category and were held for trading.

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20 Presentation of Financial Instruments by Measurement Category (continued)

As of 30 June 2015 and 31 December 2014, all financial liabilities of the Holding, other than derivative financial instruments, are carried at amortised cost. Derivative financial instruments are designated at fair value through profit or loss.

The following table provides a reconciliation of financial assets with these measurement categories as at 30 June 2015:

<i>Unaudited</i> <i>(in thousands of Kazakhstani tenge)</i>	Loans and receivables	Available for sale assets	Trading assets	Assets designated at fair value through profit or loss	Held to maturity	Finance lease receivables	Total
ASSETS							
Cash and cash equivalents	466,704,444	-	-	-	-	-	466,704,444
Financial instruments at fair value through profit or loss	-	-	2,339,227	39,484,537	-	-	41,823,764
Due from banks	471,331,461	-	-	-	-	-	471,331,461
Loans to customers	1,141,426,860	-	-	-	-	-	1,141,426,860
Investment securities available for sale	-	336,519,882	-	-	-	-	336,519,882
Finance lease receivables	-	-	-	-	-	35,135,629	35,135,629
Other financial assets	15,396,203	-	6,671,541	-	-	-	22,067,744
TOTAL FINANCIAL ASSETS	2,094,858,968	336,519,882	9,010,768	39,484,537	-	35,135,629	2,515,009,784

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20 Presentation of Financial Instruments by Measurement Category (continued)

The following table provides a reconciliation of financial assets with these measurement categories as at 31 December 2014:

<i>(in thousands of Kazakhstani tenge)</i>	Loans and receivables	Available for sale assets	Trading assets	Assets designated at fair value through profit or loss	Held to maturity	Finance lease receivables	Total
ASSETS							
Cash and cash equivalents	263,777,147	-	-	-	-	-	263,777,147
Financial instruments at fair value through profit or loss	-	-	2,333,359	35,842,246	-	-	38,175,605
Due from banks	442,651,990	-	-	-	-	-	442,651,990
Loans to customers	1,071,335,028	-	-	-	-	-	1,071,335,028
Investment securities available for sale	-	363,961,744	-	-	-	-	363,961,744
Receivables under reverse repurchase agreements	701,124	-	-	-	-	-	701,124
Finance lease receivables	-	-	-	-	-	26,122,360	26,122,360
Investment securities held to maturity	-	-	-	-	14,595,693	-	14,595,693
Other financial assets	16,436,586	-	1,747,029	-	-	-	18,183,615
TOTAL FINANCIAL ASSETS	1,794,901,875	363,961,744	4,080,388	35,842,246	14,595,693	26,122,360	2,239,504,306

21 Related Party Transactions

Parties are generally considered to be related if the parties are under common control, or one party has the ability to control the other party or can exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

The Government of the Republic of Kazakhstan has significant influence over the Holding since it is the ultimate controlling party. The Holding has decided to apply an exemption from disclosure of individually insignificant transactions and outstanding balances with state owned entities.

At 30 June 2015, the outstanding balances with related parties were as follows:

<i>(in thousands of Kazakhstani tenge)</i>	Ultimate parent organisation, unaudited	Associates and joint ventures, unaudited	Transactions with other companies and entities, unaudited
ASSETS			
Cash and cash equivalents	-	-	257,925,073
Financial instruments at fair value through profit or loss	-	-	6,649,538
Due from banks	-	-	5,135,000
Loans to customers	-	-	459,289,610
Investment securities available for sale	135,372,701	-	85,417,746
Finance lease receivables	-	-	1,265,066
Investments in associates and joint ventures	-	2,825,781	-
Current income tax prepayment	-	-	13,207,427
Deferred income tax asset	-	-	5,908,399
Non-current assets held for sale	-	275,259	-
Other financial and non-financial assets	-	-	7,566,807
LIABILITIES:			
Customer accounts	-	-	5,806,611
Debt securities issued	-	-	216,336,262
Subordinated debt	-	-	7,574,579
Loans from banks and other financial institutions	-	-	79,400,787
Loans from Government of the Republic of Kazakhstan	53,738,535	-	-
Current income tax liability	-	-	152,622
Deferred income tax liability	-	-	4,997,215
Other financials and non-financial liabilities	9,527,013	-	147,001,951

The income and expense items with related parties for the six-month period ended 30 June 2015 were as follows:

<i>(in thousands of Kazakhstani tenge)</i>	Ultimate parent organisation, unaudited	Associates and joint ventures, unaudited	Transactions with other companies and entities, unaudited
Interest income	3,219,772	-	19,028,151
Interest expense	(563,406)	-	(12,319,188)
Fee and commission income	333,923	-	66,547
Fee and commission expense	-	-	(16,332)
Net foreign exchange gain	-	-	8,340,909
Net loss from other financial assets at fair value through profit or loss	-	-	(395,392)
Other operating income, net	-	-	84,749,444
Share of financial result of associates	-	(640,410)	-
Administrative expenses	-	-	(637,121)
Income tax expense	-	-	(1,983,033)

21 Related Party Transactions (continued)

At 31 December 2014, the outstanding balances with related parties were as follows:

<i>(in thousands of Kazakhstani tenge)</i>	Ultimate parent organisation	Associates and joint ventures	Transactions with other companies and entities
ASSETS			
Cash and cash equivalents	-	-	181,024,966
Financial instruments at fair value through profit or loss	-	-	2,333,359
Due from banks	-	-	15,993,301
Loans to customers	-	-	476,753,777
Investment securities available for sale	140,104,658	-	63,171,684
Finance lease receivables	-	-	1,394,119
Investment securities held to maturity	2,012,242	-	4,353,339
Investments in associates and joint ventures	-	3,724,560	-
Current income tax prepayment	-	-	12,789,939
Deferred income tax asset	-	-	6,486,752
Other financial and non-financial assets	-	-	4,756,362
LIABILITIES			
Customer accounts	-	-	7,460,178
Debt securities issued	-	-	127,957,692
Subordinated debt	-	-	7,634,917
Loans from banks and other financial institutions	-	-	82,065,695
Loans from Government of the Republic of Kazakhstan	61,845,338	-	-
Current income tax liability	-	-	220,590
Deferred income tax liability	-	-	7,116,637
Other financial and non-financial liabilities	1,653,533	-	15,506,048

The income and expense items with related parties for the six-month period ended 30 June 2014 were as follows:

<i>(in thousands of Kazakhstani tenge)</i>	Ultimate parent organisation, unaudited	Associates and joint ventures, unaudited	Transactions with other companies and entities, unaudited
Interest income	323,838	-	19,989,147
Interest expense	(345,531)	-	(5,642,492)
Provision for loan impairment	-	-	(365,522)
Fee and commission income	-	-	36,762
Net foreign exchange gain	-	-	62,952,246
Net loss from financial assets at fair value through profit or loss	-	-	(47,817)
Net loss on investment securities available for sale	-	-	(32,944)
Other operating income	208,728	-	68,706,415
Share of financial result of associates	-	(732,341)	-
Administrative expenses	-	-	(265,468)
Income tax expense	-	-	(3,870,527)

21 Related Party Transactions (continued)

Key management compensation is presented below:

<i>(In thousands of Kazakhstani tenge)</i>	Six-month period ended 30 June 2015, unaudited	Six-month period ended 30 June 2014, unaudited
<i>Short-term benefits:</i>		
- Salaries	690,168	606,983
- (Reimbursement)/payment of short-term bonuses	(129,504)	384,888
- Benefits in-kind	7,598	1,925
- Other	21,655	27,382
<i>Post-employment benefits:</i>		
- Termination benefits	8,009	14,397
<i>Other long-term employee benefits:</i>		
- Long-term bonus scheme	57,475	99,373
Total	655,401	1,134,948

Short-term bonuses fall due wholly within twelve months after the end of the period in which management rendered the related services.

22 Subsequent Events

On 20 August 2015, the NBRK announced that the Tenge, which had previously been managed within an exchange rate corridor, would float freely against other currencies going forward.

The Tenge closed at 255.26 per USD after the announcement, down approximately 36% from the exchange rate quoted in the previous day's morning trading. As the switch to a floating exchange rate occurred after the reporting date, these consolidated interim financial statements have not been adjusted for the rate change.

Management is still in the process of evaluating the effects of the move to a floating exchange rate on the Holding. See Note 16 for details of the Holding's exposure to foreign currency risk at the reporting date. Management's current assessment is that the move to floating exchange rate will not affect the Holding's ability to comply with its debt covenants and meet its existing contractual obligations.