



**Damu Entrepreneurship Development Fund JSC**

**Condensed Interim Financial Information  
(unaudited)**

**30 June 2014**

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Alamy, Kazakhstan  
1 August 2014





## REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

To the Shareholder, the Board of Directors and the Management Board of "Damu" Entrepreneurship Development Fund JSC

### Introduction

We have reviewed the accompanying condensed interim statement of financial position of "Damu" Entrepreneurship Development Fund JSC (the "Fund") as of 30 June 2014 and the related condensed statements of profit and loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed interim 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 interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

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

*Inewokhwa Coopers LLP*

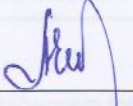
Almaty, Kazakhstan  
1 August 2014



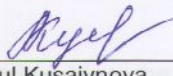
**Damu Entrepreneurship Development Fund JSC**  
**Condensed Interim Statement of Financial Position**

<i>In thousands of Kazakhstani Tenge</i>	Notes	30 June 2014 (unaudited)	31 December 2013
<b>ASSETS</b>			
Cash and cash equivalents	5	22,071,674	12,568,964
Securities at fair value through profit or loss	6	9,405,260	9,558,315
Due from financial institutions	7	156,450,653	135,156,724
Receivables on subsidy programs		41,388	433,579
Loans and advances to customers	8	133,664	199,783
Investment securities available for sale	9	2,628,704	2,655,637
Premises and equipment	10	2,542,275	2,233,205
Intangible assets		127,162	117,419
Current income tax assets		5,171,756	4,832,780
Deferred income tax asset	19	540,404	676,981
Other assets		1,367,852	895,815
<b>TOTAL ASSETS</b>		<b>200,480,792</b>	<b>169,329,202</b>
<b>LIABILITIES</b>			
Borrowed funds	11	95,769,738	75,810,555
Subordinated debt	12	4,022,973	4,022,973
Liabilities on subsidy programs	13	18,777,306	8,020,601
Deferred income and liabilities on financial guarantees	14	867,338	1,019,333
Other liabilities	15	479,912	385,820
<b>TOTAL LIABILITIES</b>		<b>119,917,267</b>	<b>89,259,282</b>
<b>EQUITY</b>			
Share capital	16	72,920,273	72,920,273
Additional paid-in-capital		834,527	834,527
Revaluation reserve for investment securities available for sale		7,257	27,460
Other reserves		316,430	316,430
Retained earnings		6,485,038	5,971,230
<b>TOTAL EQUITY</b>		<b>80,563,525</b>	<b>80,069,920</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>200,480,792</b>	<b>169,329,202</b>

Approved for issue and signed on behalf of the Management Board on 1 August 2014.

  
 Lyazzat Ibragimova  
 Chairwoman of Executive Board



  
 Aigul Kusainyova  
 Chief Accountant

**Damu Entrepreneurship Development Fund JSC**  
**Condensed Interim Statement of Profit and Loss and Other Comprehensive Income**

<i>In thousands of Kazakhstani Tenge</i>	Notes	Six months ended	
		June 2014 (unaudited)	June 2013 (unaudited)
Interest income	17	5,883,766	5,617,046
Interest expense	17	(2,315,100)	(2,500,924)
<b>Net interest income</b>		<b>3,568,666</b>	<b>3,116,122</b>
Recovery of provision for impairment of loans to customers and due from financial institutions	8	182,573	60,994
<b>Net interest income after recovery of provision for loan impairment</b>		<b>3,751,239</b>	<b>3,177,116</b>
Fee and commission income		904,494	403,758
Net loss on initial recognition of financial instruments at rates below market	18	(615,869)	-
Gains less losses from securities at fair value through profit or loss		(141,450)	(265,977)
Foreign exchange loss, net		(32,477)	(1,107)
Provision for credit related commitments		17,208	(385,314)
Recovery of impairment of investment securities available for sale		935	64,628
Other operating income		58,712	14,220
Payroll expenses		(880,562)	(735,517)
General and administrative expenses		(972,365)	(557,191)
<b>Profit before tax</b>		<b>2,089,865</b>	<b>1,714,616</b>
Income tax expense	19	(529,471)	(292,563)
<b>Profit for the period</b>		<b>1,560,394</b>	<b>1,422,053</b>
<b>Other comprehensive income:</b>			
Available for sale investments:			
- Gains less losses arising during the period		(19,268)	216,645
- Gains less losses recycled to profit or loss upon disposal and impairment		(935)	(64,628)
<b>Other comprehensive income</b>		<b>(20,203)</b>	<b>152,017</b>
<b>Total comprehensive income for the period</b>		<b>1,540,191</b>	<b>1,574,070</b>

Profit and total comprehensive income for both interim periods is fully attributable to the Fund's owners.



**Damu Entrepreneurship Development Fund JSC**  
**Condensed Interim Statement of Changes in Equity**

	Share capital	Additional paid-in-capital	Revaluation reserve for available for sale securities	Other reserves	Retained earnings	Total
<i>In thousands of Kazakhstani Tenge</i>						
<b>Balance at 1 January 2013</b>	<b>72,920,273</b>	<b>250,240</b>	<b>(145,206)</b>	<b>316,430</b>	<b>3,520,082</b>	<b>76,861,819</b>
Profit for the period	-	-	-	-	1,422,053	1,422,053
Other comprehensive income	-	-	152,017	-	-	152,017
<b>Total comprehensive income for the six months ended 30 June 2013</b>	<b>-</b>	<b>-</b>	<b>152,017</b>	<b>-</b>	<b>1,422,053</b>	<b>1,574,070</b>
Issue of ordinary shares	-	584,287	-	-	-	584,287
Dividends declared for 2012	-	-	-	-	(1,036,861)	(1,036,861)
<b>Balance at 30 June 2013</b>	<b>72,920,273</b>	<b>834,527</b>	<b>6,811</b>	<b>316,430</b>	<b>3,905,274</b>	<b>77,983,315</b>
<b>Balance at 1 January 2014</b>	<b>72,920,273</b>	<b>834,527</b>	<b>27,460</b>	<b>316,430</b>	<b>5,971,230</b>	<b>80,069,920</b>
Profit for the period	-	-	-	-	1,560,394	1,560,394
Other comprehensive income	-	-	(20,203)	-	-	(20,203)
<b>Total comprehensive income for the six months ended 30 June 2014</b>	<b>-</b>	<b>-</b>	<b>(20,203)</b>	<b>-</b>	<b>1,560,394</b>	<b>1,540,191</b>
Dividends declared for 2013	-	-	-	-	(1,046,586)	(1,046,586)
<b>Balance at 30 June 2014</b>	<b>72,920,273</b>	<b>834,527</b>	<b>7,257</b>	<b>316,430</b>	<b>6,485,038</b>	<b>80,563,525</b>

The notes set out on pages 5 to 23 form an integral part of these condensed interim financial information.

**Damu Entrepreneurship Development Fund JSC**  
**Condensed Interim Statement of Cash Flows**

	Six months ended	
	30 June 2014 (unaudited)	30 June 2013 (unaudited)
<i>In thousands of Kazakhstani Tenge</i>		
<b>Cash flows from operating activities</b>		
Interest received	4,559,654	4,781,224
Interest paid	(1,818,353)	(2,561,568)
Commission received	541,211	75,838
Cash inflows from other operating activities	27,754	12,025
Recovery of loans to customers previously written-off	-	13,989
Payroll costs paid	(979,533)	(759,327)
General and administrative expenses paid	(1,010,140)	(652,533)
<b>Cash flows from operating activities before changes in operating assets and liabilities</b>	<b>1,320,593</b>	<b>909,648</b>
Net decrease in securities at fair value through profit or loss	-	4,709,225
Net (increase)/decrease in due from financial institutions	(91,641,233)	3,186,359
Net decrease in loans and advances to customers	133,571	103,086
Net (increase) in other financial assets	(250,060)	-
Net decrease/(increase) in other assets	3,289	(24,948)
Net increase in other liabilities	372,677	284,266
<b>Net cash from operating activities</b>	<b>(90,061,163)</b>	<b>9,167,636</b>
<b>Cash flows from investing activities</b>		
Acquisition of premises and equipment	(398,007)	(1,080,166)
Acquisition of intangible assets	(28,519)	(12,595)
Proceeds from sale of investments securities available-for-sale	-	2,530,959
<b>Net cash from/(used in) investing activities</b>	<b>(426,526)</b>	<b>1,438,198</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowed funds	100,000,000	4,000,000
Repayment of borrowed funds	(9,969,383)	(9,938,949)
Repayment of subordinate debt	-	(1,386,362)
Proceeds from subsidy programs	23,208,212	13,189,913
Repayments on subsidy programs	(12,201,844)	(10,208,509)
Dividends paid	(1,046,586)	(1,036,861)
<b>Net cash used in financing activities</b>	<b>99,990,399</b>	<b>(5,380,768)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>-</b>	<b>-</b>
<b>Net increase in cash and cash equivalents</b>	<b>9,502,710</b>	<b>5,225,066</b>
Cash and cash equivalents at the beginning of the period	5 12,568,964	14,938,338
<b>Cash and cash equivalents at the end of the period</b>	<b>22,071,674</b>	<b>20,163,404</b>



## **1 Introduction**

"Damu" Entrepreneurship Development Fund JSC (the "Fund") was established in accordance with a Decree of the Government of the Republic of Kazakhstan #665 dated 26 April 1997. The Fund is incorporated and domiciled in the Republic of Kazakhstan as a joint stock company and provides financial services.

In accordance with a Decree of the President dated 22 May 2013 #571 "Concerning Some Actions on the Optimisation of Management System by Development Institutions, Financial Organizations and National Economy Development" and a Decree of the Government dated 25 May 2013 #516 "Concerning Actions on the Implementation of Decree of the President of the Republic of Kazakhstan dated 22 May 2013, Sovereign Wealth Fund "Samruk Kazyna" JSC legally transferred ownership over the Fund to National Managing Holding "Baiterek" JSC on 28 August 2013.

National Managing Holding "Baiterek" JSC is a direct parent (the "Parent") of the Fund.

The Fund is ultimately controlled by the Government of the Republic of Kazakhstan. Information on transactions with related parties is presented in Note 22.

**Principal activity.** The main activity of the Fund is lending to small and medium size enterprises and microfinance organisations through funding of commercial banks. Credit risk on loans to end-borrowers is transferred to commercial banks. The Fund uses its own and borrowed funds to finance small and medium sized entities throughout Kazakhstan.

The Fund has 16 regional branches. The Head office is located in Almaty, Kazakhstan.

**Registered address and place of business.** The Fund's registered address is: Gogol Street, building 111, Almaty, Kazakhstan.

**Presentation currency.** These financial statements are presented in Kazakhstani Tenge, unless otherwise stated.

## **2 Operating Environment of the Fund**

**Republic of Kazakhstan.** The economy of the Republic of Kazakhstan continues to display characteristics of an emerging market. These characteristics include, but are not limited to, the existence of a currency that is not freely convertible outside of the country, a low level of liquidity in the public and private debt and equity markets and lack of market conformity and transparency.

The economy of the Republic of Kazakhstan, suffered from the global financial crisis of 2008 and 2009, and has experienced a moderate recovery in 2013 and 2014. The recovery was accompanied by a gradual increase of household incomes, lower refinancing rates, stabilisation of the exchange rate of the Kazakhstani Tenge against major foreign currencies, and increased money market liquidity levels.

Additionally, the banking sector in Kazakhstan is particularly impacted by political, legislative, fiscal and regulatory developments in the Republic. The prospects for future economic stability in Kazakhstan in 2014-2015 are largely dependent upon the effectiveness of a range of measures undertaken by the Government. There remains the possibility of unpredictable changes in the financial and economic environment that may have an adverse effect on the Fund's operations.

Management is unable to predict all developments which could have an impact on the banking sector and wider economy and consequently what effect, if any, they could have on the future financial position of the Fund. Management believes it is taking all the necessary measures to support the sustainability and development of the Fund's business.

On 11 February 2014 National Bank of Republic of Kazakhstan stopped supporting the Tenge exchange rate and decreased currency interventions. As a result, the exchange rate depreciated to 185 Tenge for 1 USD or approximately 19%. This situation hasn't caused any material effect on the Fund's financial position, as the Fund did not have significant open foreign currency positions.



### 3 Summary of Significant Accounting Policies

**Basis of preparation.** This condensed interim financial information has been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" and should be read in conjunction with the annual financial statements of the Fund for the year ended 31 December 2013, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

Except as described below, the same accounting policies and methods of computation were followed in the preparation of this condensed interim financial information as were disclosed in the annual financial statements for the year ended 31 December 2013. Certain new standards, interpretations and amendments to the existing standards, as disclosed in the financial statements for the year ended 31 December 2013, became effective for the Fund from 1 January 2014. These have not significantly affected the condensed interim financial information of the Fund.

**Interim period tax measurement.** Interim period income tax expense is accrued using the effective tax rate that would be applicable to expected total annual earnings, that is, the estimated weighted average annual effective income tax rate applied to the pre-tax income of the interim period.

### 4 Critical Accounting Estimates, and Judgements in Applying Accounting Policies

The preparation of condensed interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed interim financial information, the significant judgements made by management in applying the Fund's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2013.

**Initial recognition of financial instruments issued at rates below market.** In a normal course of business from time to time the Fund enters into transactions with third parties, mainly related parties, at rates below market. IAS 39 requires initial recognition of financial instruments based on their fair values. Judgment is applied in determining if transactions are priced at market or non-market interest rates.

During the reporting period the Fund received borrowed funds from its Parent, Baiterek, within a governmental program to support development of Small and Medium Entrepreneurship in Manufacturing Industry for Tenge 100 bln at a rate below market, 0.15%, for a twenty year term. The management applied its judgment in determining market rate, using yield to maturity of government bonds further extrapolated for twenty years using linear regression. The rate of 6.58% was applied to determine the fair value of borrowings received. This lead to a gain at initial recognition of Tenge 70,347,832 thousands (Note 18).

Under the same government program those funds received were distributed to a certain Kazakh commercial banks carrying a 2% interest rate and a maturity of twenty years. The Management of the Fund used its judgment in determining market rates for each commercial bank, in which funds were allocated. The Management used specific credit risk for each bank based on their credit ratings applying released Credit Default Spread. Credit Default Spreads adjusted by basic rate of 6.1%, determined through yield for 10 year government bonds extrapolated for 20 years. This lead to a loss at initial recognition of Tenge 70,963,701 thousands (Note 18).

	Kazakhstan government bonds	Corporate bonds	Total
Initial net carrying amount			
- 2014 to 2014	4,774,338	2,131,272	6,905,610
- 2014 to 2015	-	1,080,874	1,080,874
- 2015 to 2016	-	1,418,975	1,418,975
Total initial net carrying amount	4,774,338	4,631,121	9,405,459



## 5 Cash and Cash Equivalents

<i>In thousands of Kazakhstani Tenge</i>	30 June 2014	31 December 2013
Current accounts with banks	22,069,352	12,567,294
Cash on hand	2,322	1,670
<b>Total cash and cash equivalents</b>	<b>22,071,674</b>	<b>12,568,964</b>

Analysis by credit quality of cash in current bank accounts is as follows:

<i>In thousands of Kazakhstani Tenge</i>	30 June 2014	31 December 2013
- BBB- to BBB+	972,989	1,354,497
- BB- to BB+	532,462	1,026,180
- B- to B+	19,766,949	9,455,256
- CCC- to CCC+	411,264	563,050
- D	180,907	-
- Unrated	204,781	168,311
<b>Total cash and cash equivalents</b>	<b>22,069,352</b>	<b>12,567,294</b>

The credit ratings are based on Standard & Poor's ratings, where available, or Moody's rating converted to the nearest equivalent on the Standard & Poor's rating scale.

"D" rating represents cash balances with Alliance Bank, which is currently under the process of restructure. The Fund has not allocated any impairment against these and considers them to be fully recoverable.

## 6 Securities at Fair Value Through Profit or Loss

<i>In thousands of Kazakhstani Tenge</i>	30 June 2014	31 December 2013
Kazakhstani government bonds	4,774,339	4,805,500
Corporate bonds	4,630,921	4,752,815
<b>Total securities at fair value through profit or loss</b>	<b>9,405,260</b>	<b>9,558,315</b>

The Fund irrevocably designated the above securities at the initial recognition as at fair value through profit or loss. They are managed and evaluated on their fair values basis in accordance with a strategy documented in the Investment policy.

Securities designated at fair value through profit or loss are carried at fair value which also reflects any credit risk related write-downs. Analysis by credit quality of securities designated at fair value through profit or loss outstanding at 30 June 2014 is as follows:

<i>In thousands of Kazakhstani Tenge</i>	Kazakhstani government bonds	Corporate bonds	Total
<i>Neither past due nor impaired</i>			
- BBB- to BBB+	4,774,339	2,131,272	6,905,611
- BB- to BB+	-	1,080,674	1,080,674
- B- to B+	-	1,418,975	1,418,975
<b>Total neither past due nor impaired amounts</b>	<b>4,774,339</b>	<b>4,630,921</b>	<b>9,405,260</b>



**6 Securities at Fair Value Through Profit or Loss (Continued)**

Analysis by credit quality of securities at fair value through profit or loss outstanding at 31 December 2013 is as follows:

<i>In thousands of Kazakhstani Tenge</i>	<b>Kazakhstani government bonds</b>	<b>Corporate bonds</b>	<b>Total</b>
<i>Neither past due nor impaired</i>			
- BBB- to BBB+	4,805,500	2,329,202	7,134,702
- BB- to BB+	-	1,535,575	1,535,575
- B- to B+	-	888,038	888,038
<b>Total neither past due nor impaired amounts</b>	<b>4,805,500</b>	<b>4,752,815</b>	<b>9,558,315</b>

The credit ratings are based on Standard & Poor's ratings where available or Moody's rating converted to the nearest equivalent on the Standard & Poor's rating scale.

**7 Due from Financial Institutions**

<i>In thousands of Kazakhstani Tenge</i>	<b>30 June 2014</b>	<b>31 December 2013</b>
Loans given to banks	154,813,635	133,432,363
Placements with other banks with original maturities of more than three months	3,298,155	3,385,498
Less: Provision for loan impairment	(1,661,137)	(1,661,137)
<b>Total due from financial institutions</b>	<b>156,450,653</b>	<b>135,156,724</b>

Amounts due from financial institutions are not collateralised. Movements in the provision for loan impairment for corresponding periods are as follows:

<i>In thousands of Kazakhstani Tenge</i>	<b>Loans given to banks</b>	
	<b>Six months ended 30 June 2014</b>	<b>Six months ended 30 June 2013</b>
Provision for loan impairment at 1 January	1,661,137	1,662,184
Recovery of impairment during the period	-	(1,047)
<b>Provision for impairment at the end of the period</b>	<b>1,661,137</b>	<b>1,661,137</b>

**7 Due from Financial Institutions (Continued)**

Analysis by credit quality of due from financial institutions accounts at 30 June 2014 is as follows:

<i>In thousands of Kazakhstani Tenge</i>	<b>Placements with other banks</b>	<b>Loans to banks</b>	<b>Total</b>
- BB- to BB+	862,513	8,940,491	9,803,004
- B- to B+	2,435,643	100,690,258	103,125,901
- CCC- to CCC+	-	9,533,597	9,533,597
- D	-	13,962,766	13,962,766
- Unrated	-	20,025,385	20,025,385
<b>Total due from financial institutions</b>	<b>3,298,156</b>	<b>153,152,497</b>	<b>156,450,653</b>

"D" rating represents balances of loans given to Alliance Bank, which is currently under the process of restructure. The Fund does not allocate any impairment against balances of loans given to the Bank as assesses them to be fully recovered. There are no new loans issued to Alliance Bank during the reporting period.

Analysis by credit quality of due from financial institutions accounts at 31 December 2013 is as follows:

<i>In thousands of Kazakhstani Tenge</i>	<b>Placements with other banks</b>	<b>Loans to banks</b>	<b>Total</b>
- BBB- to BBB+	-	12,756,167	12,756,167
- BB- to BB+	829,426	101,357	930,783
- B- to B+	2,556,073	85,395,336	87,951,409
- CCC- to CCC+	-	28,180,936	28,180,936
- Unrated	-	5,337,429	5,337,429
<b>Total due from financial institutions</b>	<b>3,385,499</b>	<b>131,771,225</b>	<b>135,156,724</b>

In April 2014 the Fund distributed loans to thirteen Kazakh commercial banks approved by the government for the total amount of Tenge 100 bln under a governmental program to support development of Small and Medium Entrepreneurship in Manufacturing Industry. The loans have the same interest rate of 2% and maturity in 2034.

The Fund recognized a loss at initial recognition of Tenge 70,963,701 thousands (Note 18).



**8 Loans and Advances to Customers** (continued)

<i>In thousands of Kazakhstani Tenge</i>	<b>30 June 2014</b>	<b>31 December 2013</b>
Loans to small and medium size entities	1,601,160	1,657,615
Loans to microfinance organisations	1,436,531	1,481,789
Net investments in finance lease	217,725	249,381
Loans to others	66,459	97,969
Less: Provision for loan impairment	(3,188,211)	(3,286,971)
<b>Total loans and advances to customers, net of provision</b>	<b>133,664</b>	<b>199,783</b>

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

<i>In thousands of Kazakhstani Tenge</i>	<b>Loans to small and medium size entities</b>	<b>Loans to microfinance organisations</b>	<b>Net investments in finance lease</b>	<b>Loans to others</b>	<b>Total</b>
<b>Provision for impairment at 1 January 2014</b>	<b>1,594,997</b>	<b>1,442,913</b>	<b>237,830</b>	<b>11,231</b>	<b>3,286,971</b>
Recovery of impairment during the period	(42,009)	(29,147)	(27,054)	-	(98,210)
Amounts written off during the period as uncollectible	(550)	-	-	-	(550)
<b>Provision for loan impairment at 30 June 2014</b>	<b>1,552,438</b>	<b>1,413,766</b>	<b>210,776</b>	<b>11,231</b>	<b>3,188,211</b>

The recovery of provision for impairment during the period differs from the amount presented in the statement of profit and loss and other comprehensive income for the period due to Tenge 84,913 thousand, recovery of amounts previously written off as uncollectible. The amount of the recovery was credited directly to the provisions line in profit or loss for the period.

Movements in the provision for loan impairment during the six months ended 30 June 2013 are as follows:

<i>In thousands of Kazakhstani Tenge</i>	<b>Loans to small and medium size entities</b>	<b>Loans to microfinance organisations</b>	<b>Net investments in finance lease</b>	<b>Loans to others</b>	<b>Total</b>
<b>Provision for impairment at 1 January 2013</b>	<b>1,752,113</b>	<b>1,492,862</b>	<b>274,510</b>	<b>11,967</b>	<b>3,531,452</b>
Recovery of provision for impairment during the period	(81,603)	(22,120)	(11,888)	(291)	(115,902)
<b>Provision for loan impairment at 30 June 2013</b>	<b>1,670,510</b>	<b>1,470,742</b>	<b>262,622</b>	<b>11,676</b>	<b>3,415,550</b>

The loans and advances are secured by collateral at 31 December 2013 as follows:

<i>In thousands of Kazakhstani Tenge</i>	<b>Loans to small and medium size entities</b>	<b>Loans to microfinance organisations</b>	<b>Net investments in finance lease</b>	<b>Loans to others</b>	<b>Total</b>
Financial assets	13,837	5,012	6,185	-	25,034
Financial non-current assets	25,385	25,004	667	86,738	147,794
Financial property	8,298	-	4,719	-	13,017
Financial assets owned by other parties, including credit insurance	1,530	-	-	-	1,530
Other assets	14,572	-	-	-	14,572
<b>Total loans and advances to customers</b>	<b>63,522</b>	<b>30,016</b>	<b>11,571</b>	<b>86,738</b>	<b>191,847</b>



**8 Loans and Advances to Customers (Continued)**

Reconciliation of recovery of provision for impairment: June 2014 is as follows:

<i>In thousands of Kazakhstani Tenge</i>	Notes	Six months ended 30 June 2014	Six months ended 30 June 2013
Recovery of impairment for loans and advances to customers		183,123	115,902
Recovery of impairment for due from financial institutions	7	-	1,047
Direct write-off of loans and advances to customers to losses		(550)	(55,955)
<b>Recovery of provision for impairment of loans to customers and due from financial institutions</b>		<b>182,573</b>	<b>60,994</b>

Economic sector risk concentrations within the customer loan portfolio are as follows:

<i>In thousands of Kazakhstani Tenge</i>	30 June 2014		31 December 2013	
	Amount	%	Amount	%
Individuals	55,228	41%	86,738	54%
Financial services	22,765	17%	38,761	24%
Production industry	12,717	10%	15,198	9%
Services	7,691	6%	7,691	5%
Transport and communications	6,948	5%	11,284	7%
Agriculture	2,844	2%	3,748	2%
Trade	37	0%	37	0%
Construction	-	0%	10,775	7%
Other	25,434	19%	25,551	16%
<b>Total loans and advances to customers, net</b>	<b>133,664</b>	<b>100%</b>	<b>199,783</b>	<b>100%</b>

The loans and advances are secured by collateral at 30 June 2014 as follows:

<i>In thousands of Kazakhstani Tenge</i>	Loans to small and medium size entities	Loans to microfinance organisations	Net investments in finance lease	Loans to others	Total
Unsecured loans	48,656	3,107	3,996	-	55,759
Residential real estate	-	16,873	-	55,228	72,101
Movable property	66	-	2,953	-	3,019
Loans guaranteed by other parties, including credit insurance	-	2,785	-	-	2,785
<b>Total loans and advances to customers</b>	<b>48,722</b>	<b>22,765</b>	<b>6,949</b>	<b>55,228</b>	<b>133,664</b>

The loans and advances are secured by collateral at 31 December 2013 as follows:

<i>In thousands of Kazakhstani Tenge</i>	Loans to small and medium size entities	Loans to microfinance organisations	Net investments in finance lease	Loans to others	Total
Unsecured loans	13,837	5,012	6,165	-	25,014
Residential real estate	26,383	33,864	667	86,738	147,652
Movable property	6,296	-	4,719	-	11,015
Loans guaranteed by other parties, including credit insurance	1,530	-	-	-	1,530
Other assets	14,572	-	-	-	14,572
<b>Total loans and advances to customers</b>	<b>62,618</b>	<b>38,876</b>	<b>11,551</b>	<b>86,738</b>	<b>199,783</b>



## 8 Loans and Advances to Customers (Continued)

Analysis by credit quality of loans outstanding at 30 June 2014 is as follows:

<i>In thousands of Kazakhstani Tenge</i>	Loans to small and medium size entities	Loans to microfinance organisations	Net invest- ments in finance lease	Loans to others	Total
<i>Neither past due nor impaired</i>					
- Loans to small enterprisers	-	-	6,948	-	6,948
- Loans to customers	-	-	-	55,228	55,228
<b>Total neither past due nor impaired</b>	<b>-</b>	<b>-</b>	<b>6,948</b>	<b>55,228</b>	<b>62,176</b>
<i>Loans individually determined to be impaired gross</i>					
- 30 to 90 days overdue	-	4,631	-	-	4,361
- over 360 days overdue	1,601,260	1,431,900	210,777	11,231	3,255,168
<b>Total individually impaired loans, gross</b>	<b>1,601,260</b>	<b>1,436,531</b>	<b>210,777</b>	<b>11,231</b>	<b>3,259,699</b>
<b>Less impairment provisions</b>	<b>(1,552,438)</b>	<b>(1,413,766)</b>	<b>(210,776)</b>	<b>(11,231)</b>	<b>(3,188,211)</b>
<b>Total loans and advances to customers, net</b>	<b>48,722</b>	<b>22,765</b>	<b>6,949</b>	<b>55,228</b>	<b>133,664</b>

Analysis by credit quality of loans outstanding at 31 December 2013 is as follows:

<i>In thousands of Kazakhstani Tenge</i>	Loans to small and medium size entities	Loans to microfinance organisations	Net invest- ments in finance lease	Loans to others	Total
<i>Neither past due nor impaired</i>					
- Loans to small enterprisers	135	4,754	11,169	9	16,067
- Loans to customers	-	-	-	86,738	86,738
<b>Total neither past due nor impaired</b>	<b>135</b>	<b>4,754</b>	<b>11,169</b>	<b>86,747</b>	<b>102,805</b>
<i>Past due but not impaired</i>					
- 30 to 90 days overdue	904	-	-	-	904
<b>Total past due but not impaired</b>	<b>904</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>904</b>
<i>Loans individually determined to be impaired gross</i>					
- 91 to 180 days overdue	35,734	2,523	-	6,475	44,732
- 181 to 360 days overdue	-	-	764	-	764
- over 360 days overdue	1,625,589	1,474,512	237,448	-	3,337,549
<b>Total individually impaired loans, gross</b>	<b>1,661,323</b>	<b>1,477,035</b>	<b>238,212</b>	<b>6,475</b>	<b>3,383,045</b>
<b>Less impairment provisions</b>	<b>(1,594,997)</b>	<b>(1,442,913)</b>	<b>(237,830)</b>	<b>(11,231)</b>	<b>(3,286,971)</b>
<b>Total loans and advances to customers, net</b>	<b>67,365</b>	<b>38,876</b>	<b>11,551</b>	<b>81,991</b>	<b>199,783</b>

*Carrying amount at 30 June 2014*



## 11 Borrowed Funds

<i>In thousands of Kazakhstani Tenge</i>	<b>30 June 2014</b>	<b>31 December 2013</b>
Samruk-Kazyna NWF JSC	41,254,826	51,147,788
Baiterek NMH JSC	30,028,532	-
Asian Development Bank	22,255,030	22,198,052
"Distressed Assets Fund" JSC	1,093,636	1,275,909
Municipal bodies	929,280	1,014,282
Ministry of Finance of the Republic of Kazakhstan	208,434	174,524
<b>Total borrowed funds</b>	<b>95,769,738</b>	<b>75,810,555</b>

In April 2014 the Fund received a loan from its Parent, Baiterek, for the amount of Tenge 100 bln, with an interest rate of 0.15% and maturity of twenty years in 2034. The borrowed funds have been received to be further distributed to a list of Kazakhstani commercial banks, approved by the government for the purpose of governmental program of support for development of Small and Medium Entrepreneurship in Manufacturing Industries.

The Fund recognised a gain on initial recognition on that transaction for the amount of Tenge 70,347,832 thousands. Refer to Note 18.

All other borrowed funds have been received for the purpose of providing funds to local banks in order to support financing of development of small and medium sized entities in accordance with approved governmental programs.

## 12 Subordinated Debt

<i>In thousands of Kazakhstani Tenge</i>	<b>30 June 2014</b>	<b>31 December 2013</b>
Samruk-Kazyna NWF JSC	4,022,973	4,022,973
<b>Total subordinated debt</b>	<b>4,022,973</b>	<b>4,022,973</b>

## 13 Liabilities on Subsidy Programs

<i>In thousands of Kazakhstani Tenge</i>	<b>30 June 2014</b>	<b>31 December 2013</b>
Ministry of Regional Economic Development	12,552,428	2,067,815
Banks	4,679,520	4,404,398
Municipal bodies	1,545,358	1,548,388
<b>Total liabilities on subsidy programs</b>	<b>18,777,306</b>	<b>8,020,601</b>

Liabilities on subsidy programs are placed by Ministry of Regional Economic Development of the Republic of Kazakhstan and municipal bodies. These funds are further transferred to local banks as payment for governmentally subsidised projects under the "Business Road Map to 2020" program.

## 14 Deferred Income and Liabilities on Financial Guarantees

<i>In thousands of Kazakhstani Tenge</i>	<b>30 June 2014</b>	<b>31 December 2013</b>
Deferred income	687,052	788,484
Financial guarantees	180,286	230,849
<b>Total deferred income and liabilities on financial guarantees</b>	<b>867,338</b>	<b>1,019,333</b>

Fund issues financial guarantees under the "Business Road Map 2020" program, initiated by the Government, to small and medium sized entities. This program is subsidized by the government (hereinafter – "Principal"), in accordance with government regulation #301 issued as at 13 April 2010, wherein Fund acts as an agent between the Principal and the final recipient and receives 20% commission of the guaranteed amount. The consideration received is deferred and amortized on a straight line basis over the life of the guarantee issued.



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**15 Other Liabilities**

<i>In thousands of Kazakhstani Tenge</i>	<b>30 June 2014</b>	<b>31 December 2013</b>
Trade payables	84,467	73,237
Accrued liabilities and other creditors	18,128	14,643
<b>Financial liabilities</b>	<b>102,595</b>	<b>87,880</b>
Advances received	164,655	9,801
Taxes payable other than on income	103,990	130,709
Accrued employee benefit costs	38,866	7,907
Unused vacation reserve	32,969	136,667
Other	36,837	12,856
<b>Total other liabilities</b>	<b>479,912</b>	<b>385,820</b>

All of the above liabilities are expected to be settled less than twelve months after the end of the period.

**16 Share Capital**

<i>In thousands of Kazakhstani Tenge except for number of shares</i>	<b>Number of outstanding shares (in thousands)</b>	<b>Ordinary shares</b>	<b>Total</b>
<b>At 1 January 2013</b>	<b>27,462</b>	<b>72,920,273</b>	<b>72,920,273</b>
New shares issued	-	-	-
<b>At 30 June 2013</b>	<b>27,462</b>	<b>72,920,273</b>	<b>72,920,273</b>
<b>At 1 January 2014</b>	<b>27,462</b>	<b>72,920,273</b>	<b>72,920,273</b>
New shares issued	-	-	-
<b>At 30 June 2014</b>	<b>27,462</b>	<b>72,920,273</b>	<b>72,920,273</b>

At the Shareholders' meeting on 29 May 2014, the Fund declared dividends in respect of the year ended 31 December 2013, totalling to Tenge 1,046,586 thousand. The whole amount was paid on 27 June 2014.

Income tax expenses recorded in profit or loss for the period comprise the following:

<i>In thousands of Kazakhstani Tenge</i>	<b>Six months ended 30 June 2014</b>	<b>Six months ended 31 December 2013</b>
Current tax expenses	222,294	226,225
Deferred tax expenses/(credit)	136,577	(14,302)
<b>Income tax expense for the period</b>	<b>358,871</b>	<b>211,923</b>

**17 Interest Income and Expense**

<i>In thousands of Kazakhstani Tenge</i>	<b>Six months ended 30 June 2014</b>	<b>Six months ended 30 June 2013</b>
<b>Interest income</b>		
Loans and advances to financial institutions	4,995,044	4,751,004
Cash and cash equivalents	465,195	379,552
Securities at fair value through profit or loss	239,816	281,690
Investment securities available for sale	116,532	159,736
Loans and advances to customers	67,179	40,461
Reverse repurchase agreements	-	4,603
<b>Total interest income</b>	<b>5,883,776</b>	<b>5,617,046</b>
<b>Interest expense</b>		
Borrowed funds	(2,176,718)	(2,316,352)
Subordinated debt	(138,382)	(184,572)
<b>Total interest expense</b>	<b>(2,315,100)</b>	<b>(2,500,924)</b>
<b>Net interest income</b>	<b>3,568,666</b>	<b>3,116,122</b>

**18 Net Loss on Initial Recognition of Financial Instruments at Rates below Market**

<i>In thousands of Kazakhstani Tenge</i>	<b>Six months ended 30 June 2014</b>	<b>Six months ended 30 June 2013</b>
Gain on initial recognition of borrowed funds at rate below market	70,347,832	-
Loss on initial recognition of due from financial institutions at rate below market	(70,963,701)	-
<b>Net loss on initial recognition of financial instruments at rates below market</b>	<b>(615,869)</b>	<b>-</b>

**19 Income Taxes**

Income tax expense recorded in profit or loss for the period comprises the following:

<i>In thousands of Kazakhstani Tenge</i>	<b>Six months ended 30 June 2014</b>	<b>Six months ended 30 June 2013</b>
Current tax expense	392,894	388,855
Deferred tax expense/(credit)	136,577	(96,292)
<b>Income tax expense for the period</b>	<b>529,471</b>	<b>292,563</b>



**19 Income Tax (Continued)**

The income tax rate applicable to the majority of the Fund's income is 20 percent (2013: 20 percent). Reconciliation between the expected and the actual taxation charge is provided below:

<i>In thousands of Kazakhstani Tenge</i>	Six months ended 30 June 2014	Six months ended 30 June 2013
<b>Profit before tax</b>	<b>2,089,865</b>	<b>1,714,616</b>
Theoretical tax charge at statutory rate (2013: 20%)	417,973	342,923
Tax effect of items which are not deductible or assessable for taxation purposes:		
- Other non-taxable income	(7,001)	(17,378)
- Tax exempt income on government securities	(71,270)	(79,460)
- Non-deductible provision expenses on issued guarantees	14,002	15,789
- Non-deductible interest expense on borrowed funds and subordinate debt	-	4,382
- Other non-deductible expenses	51,223	26,307
- Adjustment of prior year tax expense estimate	124,544	-
<b>Income tax expense for the period</b>	<b>529,471</b>	<b>292,563</b>

Movements in temporary differences during the period ended 30 June 2014 are detailed below:

<i>In thousands of Kazakhstani Tenge</i>	1 January 2014	(Charged)/ credited to profit or loss	30 June 2014
<b>Tax effect of deductible/(taxable) temporary differences</b>			
Loans to customers	536,470	(14,341)	522,128
Fair value of financial instruments	-	123,174	123,174
Borrowings	179,226	(202,124)	(22,897)
Premises and equipment	(66,048)	(22,547)	(88,595)
Other liabilities	27,333	(20,739)	6,594
<b>Net deferred tax asset</b>	<b>676,981</b>	<b>(136,577)</b>	<b>540,404</b>
Recognised deferred tax asset	743,029	(114,030)	628,999
Recognised deferred tax liability	(66,048)	(22,547)	(88,595)
<b>Net deferred tax asset</b>	<b>676,981</b>	<b>(136,577)</b>	<b>540,404</b>

## 19 Income Tax (Continued)

Movements in temporary differences during the period ended 30 June 2013 are detailed below:

<i>In thousands of Kazakhstani Tenge</i>	1 January 2013	(Charged)/ credited to profit or loss	30 June 2013
<b>Tax effect of deductible/(taxable) temporary differences</b>			
Loans to customers	676,727	(20,422)	656,305
Premises and equipment	(26,311)	(4,821)	(31,132)
Deferred income	111,730	79,399	191,129
Other liabilities	19,519	(1,495)	18,024
<b>Net deferred tax asset</b>	<b>781,665</b>	<b>96,292</b>	<b>877,957</b>
Recognised deferred tax asset	807,976	101,113	909,089
Recognised deferred tax liability	(26,311)	(4,821)	(31,132)
<b>Net deferred tax asset</b>	<b>781,665</b>	<b>96,292</b>	<b>877,957</b>

## 20 Financial Risk Management

The risk management function within the Fund is carried out in respect of financial risks (credit, market, and liquidity risks), operational risks and legal risks. Financial risk comprises market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures to minimise operational and legal risks.

The objectives, policies and processes for managing the financial risks and the methods used to measure the risks applied by the Fund during the six months ended 30 June 2014 are consistent with those applied during the year 2013.

**Currency risk exposure.** The following table presents sensitivities of profit or loss and equity to reasonably possible changes in exchange rates applied at the interim balance sheet date relative to the functional currency of the Fund, with all other variables held constant:

<i>In thousands of Kazakhstani Tenge</i>	At 30 June 2014	Impact on profit or loss At 30 June 2013
US Dollar strengthening by 20% (2013: strengthening by 20%)	13,629	(33,087)
US Dollar weakening by 20% (2013: weakening by 20%)	(13,629)	33,087
<b>Net effect</b>	<b>-</b>	<b>-</b>



## 20 Financial Risk Management (Continued)

### Liquidity risk.

The amounts disclosed in the table are the contractual undiscounted cash flows. The maturity analysis of financial liabilities at 30 June 2014 is as follows:

<i>In thousands of Kazakhstani Tenge</i>	<b>Demand and less than 1 month</b>	<b>From 1 to 3 months</b>	<b>From 3 to 6 months</b>	<b>From 6 months to 1 year</b>	<b>Over 1 year</b>	<b>Total</b>
<b>Liabilities</b>						
Borrowed funds	4,413,033	6,600,381	58,688	9,991,122	145,628,587	166,691,811
Subordinated debt	-	69,191	-	3,953,782	-	4,022,973
Liabilities on subsidy programs	18,411,744	-	-	-	-	18,411,744
Deferred income and liabilities on financial guarantees	867,338	-	-	-	-	867,338
Other liabilities	842,830	-	-	2,646	-	845,476
<b>Total future payments, including future principal and interest payments</b>	<b>24,534,945</b>	<b>6,669,572</b>	<b>58,688</b>	<b>13,947,550</b>	<b>145,628,587</b>	<b>190,839,342</b>
<b>Credit related commitments</b>	<b>8,083,389</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,083,389</b>

The amounts disclosed in the table are the contractual undiscounted cash flows. The maturity analysis of financial liabilities at 31 December 2013 is as follows:

<i>In thousands of Kazakhstani Tenge</i>	<b>Demand and less than 1 month</b>	<b>From 1 to 3 months</b>	<b>From 3 to 6 months</b>	<b>From 6 months to 1 year</b>	<b>Over 1 year</b>	<b>Total</b>
<b>Liabilities</b>						
Borrowed funds	11,116,534	71,188	9,991,122	54,531,711	100,000	75,810,555
Subordinated debt	69,191	-	-	3,953,782	-	4,022,973
Liabilities on subsidy programs	8,020,601	-	-	-	-	8,020,601
Deferred income and liabilities on financial guarantees	1,019,333	-	-	-	-	1,019,333
Other liabilities	87,880	-	-	-	-	87,880
<b>Total future payments, including future principal and interest payments</b>	<b>20,313,539</b>	<b>71,188</b>	<b>9,991,122</b>	<b>58,485,493</b>	<b>100,000</b>	<b>88,961,342</b>
<b>Credit related commitments</b>	<b>9,553,971</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,553,971</b>

Total credit related commitments, net of provision

8,083,389

9,553,971

The table summarizing contractual amount of undrawn credit lines, letters of credit, and guarantees does not necessarily represent future cash requirements, as these financial instruments may expire or terminate without being funded.



## **21 Contingencies and Commitments**

**Legal proceedings.** From time to time and in the normal course of business, claims against the Fund 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 financial statements.

**Tax legislation.** 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 Fund 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 condition and/or the overall operations of the entity.

Kazakhstan tax legislation does not provide definitive guidance in certain areas. From time to time, the Fund adopts interpretations of such uncertain areas that reduce the overall tax rate of the Fund. 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 condition and/or the overall operations of the entity.

**Operating lease commitments.** The Fund leases a number of premises and vehicles under operating leases. The leases typically run for an initial period of one year, with an option to renew the lease after that date. Lease payments are usually increased annually to reflect market rentals. None of the leases includes contingent rentals.

**Credit related commitments.** The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees, which represent irrevocable assurances that the Fund will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans.

Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans. With respect to credit risk on commitments to extend credit, the Fund 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 Fund 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>	<b>30 June 2014</b>	<b>31 December 2013</b>
Guarantees issued	5,383,184	6,370,913
Undrawn credit lines	-	365,000
Guarantees issued as collateral of loans	2,880,491	3,048,907
Less: Provision for credit related commitments	(180,286)	(230,849)
<b>Total credit related commitments, net of provision</b>	<b>8,083,389</b>	<b>9,553,971</b>

The total outstanding contractual amount of undrawn credit lines, letters of credit, and guarantees does not necessarily represent future cash requirements, as these financial instruments may expire or terminate without being funded.



## 22 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.

At 30 June 2014, the outstanding balances with related parties were as follows:

<i>In thousands of Kazakhstani Tenge</i>	Parent company	Entities under common control	Other related parties
Cash and cash equivalents	-	256,991	748,051
Securities at fair value through profit or loss	-	-	6,905,611
Due from financial institutions	-	-	29,064,428
Investment securities available for sale	-	-	541,254
Other assets	-	3,925	5,740,665
Borrowed funds	30,028,532	1,093,636	42,337,486
Liabilities on subsidy programs	-	-	14,449,579
Subordinated debt	-	-	4,022,973
Other liabilities	-	792	-

The income and expense items with related parties during the six months ended 30 June 2014 were as follows:

<i>In thousands of Kazakhstani Tenge</i>	Parent Company	Entities under common control	Other related parties
Interest income	-	-	1,016,318
Interest expense	(345,531)	(6,106)	(1,140,827)
Dividends	(1,046,586)	-	-
Gain on initial recognition of financial instruments at rates below market	70,347,832	-	(5,307,665)
Gains less losses from securities available for sale	-	-	500,901
Losses less gains from securities at fair value through profit or loss	-	-	(47,708)
Administrative and other operating expenses	-	(5,306)	-



## 22 Related Party Transactions (Continued)

Aggregate amounts lent to and repaid by related parties during the six months ended 30 June 2014 were as follows:

<i>In thousands of Kazakhstani Tenge</i>	<b>Other related parties</b>
Amounts lent to related parties during the period	555,597
Amounts repaid by related parties during the period	11,649,928

At 31 December 2013, the outstanding balances with related parties were as follows:

<i>In thousands of Kazakhstani Tenge</i>	<b>Parent company</b>	<b>Entities under common control</b>	<b>Associates</b>	<b>Other related parties</b>
Cash and cash equivalents	-	198,398	-	-
Securities at fair value through profit or loss	-	-	-	4,805,500
Due from financial institutions	-	-	-	-
Investment securities available for sale	-	-	-	-
Other assets	-	-	10,000	-
Borrowed funds	67,217,437	-	-	1,123,747
Subordinated debt	-	-	-	803,216
Liabilities on subsidy programs	5,420,112	-	-	-
Other liabilities	-	-	-	53,421

The income and expense items with related parties during the six months ended 30 June 2013 were as follows:

<i>In thousands of Kazakhstani Tenge</i>	<b>Parent Company</b>	<b>Entities under common control</b>	<b>Other related parties</b>
Interest income	-	1,385,269	110,456
Interest expense	(1,860,583)	-	(10,648)
Dividends	-	-	(1,036,861)
Gains less losses from securities available for sale	-	377	(1,677)
Gains less losses from securities at fair value through profit or loss	-	69,406	-
Administrative and other operating expenses	-	(36,457)	(580)

Aggregate amounts lent to and repaid by related parties during the six months ended 30 June 2013 were as follows:

<i>In thousands of Kazakhstani Tenge</i>	<b>Entities under common control</b>
Amounts lent to related parties during the period	255,597
Amounts repaid by related parties during the period	5,872,106

## **22 Related Party Transactions (Continued)**

Key management of the Bank represents members of the Board of Directors and the Executive Board. Key management compensation is presented below:

	Six months ended 30 June 2014		Six months ended 30 June 2013	
	Expense	Accrued liability	Expense	Accrued liability
<i>In thousands of Kazakhstani Tenge</i>				
<i>Short-term benefits:</i>				
- Salaries	61,551	17,905	56,317	5,896
- Short-term bonuses	105,581	-	-	-
- Other cash payments	453	-	1,122	-
- Benefits in-kind	1,325	-	780	-
<b>Total</b>	<b>168,910</b>	<b>17,905</b>	<b>58,219</b>	<b>5,896</b>

## **23 Events After the End of the Reporting Period**

No significant events occurred after the reporting date.