“Microfinance organisation “KMF” LLC (formerly “Microcredit organisation “KazMicroFinance” LLC)

Financial Statements

for the year ended 31 December 2014

Contents

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Independent Auditors' Report

To the Management Board of "Microfinance organisation "KMF" LLC (formerly "Microcredit organisation "KazMicroFinance" LLC)

We have audited the accompanying financial statements of "Microfinance organisation "KMF" LLC (formerly "Microcredit organisation "KazMicroFinance" LLC) (the "Company"), which comprise the statement of financial position as at 31 December 2014, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2014, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Yelena Kim
Certified Auditor
of the Republic of Kazakhstan,
Auditor's Qualification Certificate
No. MF-0000042 of 8 August 2011

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

27 February 2015

	Note	2014 KZT'000	2013 KZT'000
Interest income	4	9,887,396	6,325,078
Interest expense	4	(2,678,831)	(1,665,602)
Net interest income		**7,208,565**	**4,659,476**
Net gain (loss) on financial instruments at fair value through profit or loss		345,503	(24,576)
Net foreign exchange loss		(681,208)	(48,528)
Other income		10,032	11,886
		6,882,892	**4,598,258**
Net impairment (losses) reversal on loans to customers	10	(54,394)	44,818
Personnel expenses	5	(3,501,020)	(2,567,335)
Other general administrative expenses	6	(1,503,229)	(1,197,565)
Profit before income tax		**1,824,249**	**878,176**
Income tax expense	7	(378,816)	(171,011)
Profit and total comprehensive income for the year		**1,445,433**	**707,165**

The financial statements as set out on pages 5 to 42 were approved by Management on 27 February 2015 and were signed on its behalf by:

Zhusupov Sh.A.
Chairman of the Board

Yugay O. V.
Chief Accountant

	Note	31 December 2014 KZT’000	31 December 2013 KZT’000
ASSETS			
Cash and cash equivalents	8	2,297,448	280,013
Financial instruments at fair value through profit or loss	9	493,859	95,718
Placements with banks		57,231	44,966
Loans to customers	10	28,008,962	18,073,844
Current tax asset		67,405	23,720
Property and equipment	11	1,503,219	1,067,386
Intangible assets	12	120,306	107,300
Deferred tax asset		-	32,535
Other assets	13	91,352	132,774
Total assets		**32,639,782**	**19,858,256**
LIABILITIES			
Other borrowed funds	14	23,630,431	15,092,210
Subordinated borrowings	14	576,541	460,459
Deferred tax liability	7	7,664	-
Other liabilities	15	615,058	341,781
Total liabilities		**24,829,694**	**15,894,450**
EQUITY	16		
Charter capital		6,208,056	3,131,997
Reserve capital		156,599	124,644
Retained earnings		1,445,433	707,165
Total equity		**7,810,088**	**3,963,806**
Total liabilities and equity		**32,639,782**	**19,858,256**

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

	2014 KZT'000	2013 KZT'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	**1,824,249**	**878,176**
Adjustments for:		
Depreciation and amortisation	149,192	114,910
Interest income	(9,887,396)	(6,325,078)
Interest expense	2,678,831	1,665,602
Net impairment losses (reversal) on loans to customers	54,394	(44,818)
Loss on disposal of property and equipment	155	3,772
Unrealised gain on financial instruments at fair value through profit or loss	(24,945)	(95,718)
Unrealised loss on foreign currency	451,734	28,276
Vacation reserve and other payroll accruals	354,631	204,090
(Increase) decrease in operating assets		
Placements with banks	(12,265)	276,107
Loans to customers	(10,005,945)	(5,598,221)
Financial instruments at fair value through profit or loss	(373,196)	-
Other assets	41,267	10,808
(Decrease) increase in operating liabilities		
Other liabilities	24,947	28,237
Net cash used in operating activities before interest and income tax paid	**(14,724,347)**	**(8,853,857)**
Interest received	9,871,750	6,226,044
Interest paid	(2,492,003)	(1,616,330)
Income tax paid	(382,302)	(217,613)
Cash flows used in operations	**(7,726,902)**	**(4,461,756)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(580,936)	(330,254)
Sales of property and equipment	23,517	4,838
Purchases of intangible assets	(40,612)	(22,424)
Cash flows used in investing activities	**(598,031)**	**(347,840)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Contribution to charter capital	3,076,059	639,110
Receipts of other borrowed funds and subordinated borrowings	14,150,241	6,495,753
Repayments of other borrowed funds and subordinated borrowings	(6,244,318)	(3,096,263)
Dividends paid	(675,210)	(710,122)
Cash flows from financing activities	**10,306,772**	**3,328,478**
Net increase (decrease) in cash and cash equivalents	**1,981,839**	**(1,481,118)**
Cash and cash equivalents at the beginning of the year	280,013	1,771,455
Effect of changes in exchange rates on cash and cash equivalents	35,596	(10,324)
Cash and cash equivalents at the end of the year (Note 8)	**2,297,448**	**280,013**

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

KZT’000	**Charter capital**	**Reserve capital**	**Retained earnings**	**Total equity**
Balance at 1 January 2013	2,492,887	103,000	731,766	3,327,653
Total comprehensive income				
Profit for the year	-	-	707,165	707,165
Total comprehensive income for the year	**-**	**-**	**707,165**	**707,165**
Transactions with owners, recorded directly in equity				
Charter capital contribution	639,110	-	-	639,110
Dividends declared	-	-	(710,122)	(710,122)
Total transactions with owners	**639,110**	**-**	**(710,122)**	**(71,012)**
Transfer to reserve capital	-	21,644	(21,644)	-
Balance at 31 December 2013	**3,131,997**	**124,644**	**707,165**	**3,963,806**
Balance at 1 January 2014	3,131,997	124,644	707,165	3,963,806
Total comprehensive income				
Profit for the year	-	-	1,445,433	1,445,433
Total comprehensive income for the year	**-**	**-**	**1,445,433**	**1,445,433**
Transactions with owners, recorded directly in equity				
Charter capital contribution	3,076,059	-	-	3,076,059
Dividends declared	-	-	(675,210)	(675,210)
Total transactions with owners	**3,076,059**	**-**	**(675,210)**	**2,400,849**
Transfer to reserve capital	-	31,955	(31,955)	-
Balance at 31 December 2014	**6,208,056**	**156,599**	**1,445,433**	**7,810,088**

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

1 Background

(a) Principal activities

"Microfinance organisation "KMF" LLC (the "Company") was established in the Republic of Kazakhstan as a limited liability company in 2006.

The Company was previously known as "Microcredit organisation "KazMicroFinance" LLC. Pursuit to the introduction of the Law on Microfinance Organisations, on 5 January 2015 the Company was officially re-registered with the Ministry of Justice of the Republic of Kazakhstan under the new name. Its activities are supervised and regulated by the National Bank of the Republic of Kazakhstan (the "NBRK") through a record registration procedure with an authorised body and compliance with prudential norms.

Principal activity of the Company is providing microcredits to its clients. As at 31 December 2014 the Company has 17 branches in Almaty, Astana, Karaganda, Kokshetau, Kyzylorda, Pavlodar, Semei, Shymkent, Taldykorgan, Taraz, Turkestan, Ust-Kamenogorsk, Kostanay, Aktobe, Uralsk and Petropavlovsk (2013:16 branches). The Company is located and operates in the Republic of Kazakhstan.

The registered address of the Company's head office is 39, Beregovaya Str., Almaty, 050051, Kazakhstan.

As at 31 December 2014 and 31 December 2013, the following participants own the Company's charter capital:

	Ownership %	
Name	**31 December 2014**	**31 December 2013**
Corporate Fund "KMF-Demeu"	62.551	86.159
Credit Suisse Microfinance Fund Management Company	10.275	-
Management and employees of the Company	10.049	13.841
Triodos Custody B.V.	6.850	-
Triodos SICAV II	6.850	-
ResponsAbility SICAV (Lux)	3.425	-
	100	**100**

The Company is ultimately controlled by ACDI/VOCA, a not-for-profit institution registered in the United States of America.

(b) Business environment

The Company's operations are located in Kazakhstan. Consequently, the Company is exposed to the economic and financial markets of Kazakhstan, which display emerging-market characteristics. Legal, tax and regulatory frameworks continue to develop, but are subject to varying interpretations and frequent changes that, together with other legal and fiscal impediments, contribute to the challenges faced by entities operating in Kazakhstan. The financial statements reflect management's assessment of the impact of the Kazakhstan business environment on the operations and the financial position of the Company. The future business environment may differ from management's assessment.

2 Basis of preparation

(a) Statement of compliance

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

(b) Basis of measurement

The financial statements are prepared on the historical cost basis except that financial instruments at fair value through profit or loss are stated at fair value.

(c) Functional and presentation currency

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

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

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

(d) Use of estimates and judgments

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

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.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies is described in the following notes:

- financial instruments at fair value through profit or loss – Notes 9 and 22;
- loan impairment estimates – Note 10.

(e) Changes in accounting policies and presentation

The Company has adopted the following amendments to IAS 32, including any consequential amendments to other standards, with a date of initial application of 1 January 2014.

Offsetting financial assets and financial liabilities

Amendments to IAS 32 *Financial Instruments: Disclosure and Presentation - Offsetting Financial Assets and Financial Liabilities* do not introduce new rules for offsetting financial assets and liabilities; rather they clarify the offsetting criteria to address inconsistencies in their application. The Amendments specify that an entity currently has a legally enforceable right to set-off if that right is not contingent on a future event; and enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties.

The Company does not expect that these amendments will have an impact on its financial statements as the Company does not present financial assets and financial liabilities on net basis in the statement of financial position.

3 Significant accounting policies

The accounting policies set out below are applied consistently to all periods presented in these financial statements, except as explained in note 2(e), which addresses changes in accounting policy.

(a) Foreign currency

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

(b) Cash and cash equivalents

Cash and cash equivalents include cash, the Company's current accounts in the commercial banks and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value, and are used by the Company in the management of short-term commitments. Cash and cash equivalents are carried at amortised cost in the statement of financial position.

(c) Financial instruments

(i) Classification

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

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

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

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

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

3 Significant accounting policies, continued

(c) Financial instruments, continued

(i) Classification, continued

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

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

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

(ii) Recognition

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

(iii) Measurement

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

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

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

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

(iv) Amortised cost

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

3 Significant accounting policies, continued

(c) Financial instruments, continued

(v) Fair value measurement principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

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

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

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

If an asset or a liability measured at fair value has a bid price and an ask price, the Company measures assets and long positions at the bid price and liabilities and short positions at the ask price.

(vi) Gains and losses on subsequent measurement

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

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

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

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

3 Significant accounting policies, continued

(c) Financial instruments, continued

(vii) Derecognition

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

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

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

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

The Company writes off assets deemed to be uncollectible.

(viii) Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(d) Property and equipment

(i) Owned assets

Items of property and equipment are stated at cost less accumulated depreciation and impairment losses.

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

(ii) Operating lease

Where the Company is a lessee in a lease which does not transfer substantially all the risks and rewards incidental to ownership from the lessor to the Company, the total lease payments are charged to profit or loss for the year (as lease expenses) on a straight-line basis over the period of the lease.

(iii) Depreciation

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

- buildings	40 years
- computer equipment	3-5 years
- vehicles	5-7 years
- office furniture and equipment	7 -16 years

3 Significant accounting policies, continued

(e) Intangible assets

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

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

Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets. The estimated useful lives range from 5 to 10 years.

(f) Impairment

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

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

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

(i) Financial assets carried at amortised cost

Financial assets carried at amortised cost consist principally of placements with banks, loans and other receivables (loans and receivables). The Company reviews its loans and receivables to assess impairment on a regular basis.

The Company first assesses whether objective evidence of impairment exists individually for loans and receivables that are individually significant, and individually or collectively for loans and receivables that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed loan or receivable, whether significant or not, it includes the loan or receivable in a group of loans and receivables with similar credit risk characteristics and collectively assesses them for impairment. Loans and receivables that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on a loan or receivable has been incurred, the amount of the loss is measured as the difference between the carrying amount of the loan or receivable and the present value of estimated future cash flows including amounts recoverable from guarantees and collateral discounted at the loan or receivable's original effective interest rate. Contractual cash flows and historical loss experience adjusted on the basis of relevant observable data that reflect current economic conditions provide the basis for estimating expected cash flows.

3 Significant accounting policies, continued

(f) Impairment, continued

(i) Financial assets carried at amortised cost, continued

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

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

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

(ii) Non financial assets

Non financial assets, other than deferred taxes, are assessed at each reporting date for any indications of impairment. The recoverable amount of non financial assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. An impairment loss is recognised when the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

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

(g) Charter capital

Charter capital is classified as equity. Incremental costs directly attributable to the issue of additional charter capital are recognised as a deduction from equity, net of any tax effects.

Dividends

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

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

(h) Taxation

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

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

3 Significant accounting policies, continued

(h) Taxation, continued

Deferred tax assets and liabilities are recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets and liabilities are not recognised for the initial recognition of assets or liabilities that affect neither accounting nor taxable profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences, unused tax losses and credits can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(i) Income and expense recognition

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

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

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

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

(j) New Standards and Interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective as at 31 December 2014, and are not applied in preparing these financial statements. Of these pronouncements, potentially the following will have an impact on the financial position and performance. The Company plans to adopt these pronouncements when they become effective.

- IFRS 9 *Financial Instruments* has been issued in phases and is intended ultimately to replace International Financial Reporting Standard IAS 39 *Financial Instruments: Recognition and Measurement*. The first phase of IFRS 9 was issued in November 2009 and relates to the classification and measurement of financial assets. The second phase regarding the classification and measurement of financial liabilities was published in October 2010. The third phase of IFRS 9 was issued in November 2013 and relates to general hedge accounting. The standard was finalised and published in July 2014. The final phase relates to a new expected credit loss model for calculating impairment. The Company recognises that the new standard introduces many changes to accounting for financial instruments and is likely to have a significant impact on the Company's financial statements. The Company has not analysed the impact of these changes yet. The Company does not intend to adopt this standard early. The standard will be effective for annual periods beginning on or after 1 January 2018 and will be applied retrospectively with some exemptions.
- Various *Improvements to IFRS* are dealt with on a standard-by-standard basis. All amendments, which result in accounting changes for presentation, recognition or measurement purposes, will come into effect not earlier than 1 January 2015. The Company has not yet analysed the likely impact of the improvements on its financial position and performance.

4 Net interest income

	2014 KZT'000	2013 KZT'000
Interest income		
Loans to customers	9,865,677	6,259,266
Cash and cash equivalents	21,719	65,812
	9,887,396	**6,325,078**
Interest expense		
Other borrowed funds	(2,616,406)	(1,609,726)
Subordinated borrowings	(62,425)	(55,876)
	(2,678,831)	**(1,665,602)**
	7,208,565	**4,659,476**

Included within various line items under interest income for the year ended 31 December 2014 is a total of KZT 60,897 thousand (2013: KZT 36,108 thousand) accrued on impaired loans to customers.

5 Personnel expenses

	2014 KZT'000	2013 KZT'000
Wages, salaries, bonuses and related taxes	3,208,680	2,345,355
Other employee costs	292,340	221,980
	3,501,020	**2,567,335**

6 Other general administrative expenses

	2014 KZT'000	2013 KZT'000
Rent	350,196	287,958
Professional services	238,739	125,668
Security	149,328	112,500
Depreciation and amortisation	149,192	114,910
Office supplies	98,402	71,584
Communication and information services	81,405	68,259
Transportation	76,097	70,851
Bank charges	67,343	56,676
Business trips	52,068	58,124
Advertising and marketing	45,294	83,974
Cash collection	45,133	46,357
Taxes other than income	39,467	15,899
Repair and maintenance	33,220	19,604
Charity	21,550	21,045
Membership fees	17,844	727
Insurance	17,282	12,607
Personnel training	5,640	17,105
Other	15,029	13,717
	1,503,229	**1,197,565**

All lease agreements which are effective in 2014 and as at 31 December 2014 are operating lease agreements. The leases expire in 2015 and do not contain non-cancellable periods.

7 Income tax expense

	2014 KZT'000	2013 KZT'000
Current income tax expense	338,617	217,192
Movement in deferred tax assets and liabilities due to origination and reversal of temporary differences	40,199	(46,181)
Total income tax expense	**378,816**	**171,011**

In 2014, the applicable tax rate for current and deferred tax is 20% (2013: 20%).

Reconciliation of effective tax rate for the year ended 31 December:

	2014 KZT'000	%	2013 KZT'000	%
Profit before tax	**1,824,249**	**100.0**	**878,176**	**100.0**
Income tax at the applicable tax rate	364,850	20.0	175,635	20.0
Non-deductible expenses (non-taxable income)	13,966	0.8	(4,624)	(0.5)
	378,816	**20.8**	**171,011**	**19.5**

Deferred tax assets and liabilities

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes give rise to net deferred tax liability as at 31 December 2014 and deferred tax asset as at 31 December 2013. The future tax benefits will only be realised if there are no changes to the law and regulations that adversely affect the Company's ability to claim the deductions in future periods.

Movements in temporary differences during the years ended 31 December 2014 and 2013 are presented as follows:

KZT'000	Balance 1 January 2014	Recognised in profit or loss	Balance 31 December 2014
Property, equipment and intangible assets	(71,020)	(18,713)	(89,733)
Other assets	2,230	2,701	4,931
Other borrowed funds	60,209	(54,237)	5,972
Other liabilities	41,116	30,050	71,166
	32,535	**(40,199)**	**(7,664)**

KZT'000	Balance 1 January 2013	Recognised in profit or loss	Balance 31 December 2013
Property, equipment and intangible assets	(55,919)	(15,101)	(71,020)
Other assets	2,066	164	2,230
Other borrowed funds	-	60,209	60,209
Other liabilities	40,207	909	41,116
	(13,646)	**46,181**	**32,535**

8 Cash and cash equivalents

	2014 KZT’000	2013 KZT’000
Cash on hand	**52,784**	**36,746**
Cash in transit	**2,495**	**3,893**
Current accounts with banks		
- rated BB+ to BB-	26,547	5,645
- rated below B+	92,924	33,084
- not rated	22,970	19,325
Total current accounts with banks	**142,441**	**58,054**
Cash equivalents		
Term deposits with banks		
- rated B+	2,099,728	181,320
Total term deposits with banks	**2,099,728**	**181,320**
Total cash and cash equivalents	**2,297,448**	**280,013**

The credit ratings are presented by reference to the credit ratings of Standard & Poor’s credit ratings agency or analogues of similar international agencies.

No cash and cash equivalents are impaired or past due.

As at 31 December 2014 the Company has one bank (2013: nil), whose balance exceeds 10% of equity. The gross value of this balance as at 31 December 2014 is KZT 1,617,444 thousand (2013: nil).

9 Financial instruments at fair value through profit or loss

	2014 KZT’000	2013 KZT’000
Derivative financial instruments		
- rated B+	399,415	74,108
- rated below B+	94,444	21,610
	493,859	**95,718**

Swap contracts

As at 31 December 2014 the Company had KZT-denominated loans of KZT 4,965,941 thousand (31 December 2013: KZT 2,529,728 thousand) received from local banks and USD-denominated collateral deposits of KZT 5,459,800 thousand (USD 29,941 thousand) (31 December 2013: KZT 2,625,446 thousand (USD 17,092 thousand)) securing these loans. Since the contractual effect of these loans and deposits is the equivalent of a foreign currency forward, these transactions were aggregated and treated as a derivative. Although the Company has these derivative financial instruments for risk hedging purposes, these instruments do not qualify for hedge accounting.

The table below summarises by major currencies, the contractual amounts of these loans and deposits on a net basis outstanding at 31 December 2014 and 2013 with details of the contractual exchange rates and remaining periods to maturity. Foreign currency amounts presented below are translated at rates ruling at the reporting date. The resultant unrealised gains on these unmatured contracts, along with the amounts payable and receivable on the matured but unsettled contracts, are recognised in profit or loss and in financial instruments at fair value through profit or loss, as appropriate.

9 Financial instruments at fair value through profit or loss, continued

Swap contracts, continued

	Notional amount		Weighted average contractual exchange rates	
	2014 KZT'000	**2013 KZT'000**	**2014**	**2013**
Buy USD sell KZT				
Less than 3 months	744,286	858,931	182.64	155.51
Between 3 and 12 months	3,425,262	1,766,515	186.84	165.10
More than 1 year	1,290,252	-	202.15	-
	5,459,800	**2,625,446**		

10 Loans to customers

	2014 KZT'000	2013 KZT'000
Trade loans	16,233,132	10,427,522
Agricultural loans	6,732,619	3,810,485
Consumer loans	5,227,264	3,955,902
Gross loans to customers	**28,193,015**	**18,193,909**
Impairment allowance	(184,053)	(120,065)
Net loans to customers	**28,008,962**	**18,073,844**

The vast majority of the Company's loans are to individuals.

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

KZT'000	Trade loans	Agricultural loans	Consumer loans	Total
Balance at the beginning of the year	96,815	15,896	7,354	120,065
Net charge (recovery) for the year	54,627	(3,781)	3,548	54,394
Write-offs	(43,534)	(3,178)	(2,157)	(48,869)
Recovery	41,083	12,275	5,105	58,463
Balance at the end of the year	**148,991**	**21,212**	**13,850**	**184,053**

10 Loans to customers, continued

Movements in the loan impairment allowance by classes of loans for the year ended 31 December 2013 are as follows:

KZT'000	Trade loans	Agricultural loans	Consumer loans	Total
Balance at the beginning of the year	74,514	14,354	10,516	99,384
Net recovery for the year	(17,918)	(17,687)	(9,213)	(44,818)
Write-offs	(2,307)	(461)	(743)	(3,511)
Recovery	42,526	19,690	6,794	69,010
Balance at the end of the year	**96,815**	**15,896**	**7,354**	**120,065**

(a) Credit quality of loans to customers

The following table provides information on the credit quality of the loan portfolio as at 31 December 2014:

	Gross loans KZT'000	Impairment KZT'000	Net loans KZT'000	Impairment to gross loans, %
Trade loans				
- Not past due	15,954,468	(8,303)	15,946,165	0.1
- Overdue less than 30 days	35,273	(4,752)	30,521	13.5
- Overdue 30-89 days	45,446	(7,670)	37,776	16.9
- Overdue 90-179 days	38,504	(19,311)	19,193	50.2
- Overdue more than 180 days	159,441	(108,955)	50,486	68.3
Total trade loans	**16,233,132**	**(148,991)**	**16,084,141**	**0.9**
Agricultural loans				
- Not past due	6,690,259	(1,862)	6,688,397	-
- Overdue less than 30 days	5,673	(223)	5,450	3.9
- Overdue 30-89 days	6,145	(1,089)	5,056	17.7
- Overdue 90-179 days	6,696	(2,633)	4,063	39.3
- Overdue more than 180 days	23,846	(15,405)	8,441	64.6
Total agricultural loans	**6,732,619**	**(21,212)**	**6,711,407**	**0.3**
Consumer loans				
- Not past due	5,180,291	(1,045)	5,179,246	-
- Overdue less than 30 days	7,984	(146)	7,838	1.8
- Overdue 30-89 days	11,716	(951)	10,765	8.1
- Overdue 90-179 days	11,757	(3,226)	8,531	27.4
- Overdue more than 180 days	15,516	(8,482)	7,034	54.7
Total consumer loans	**5,227,264**	**(13,850)**	**5,213,414**	**0.3**
Total loans to customers	**28,193,015**	**(184,053)**	**28,008,962**	**0.7**

10 Loans to customers, continued

(a) Credit quality of loans to customers, continued

The following table provides information on the credit quality of the loan portfolio as at 31 December 2013:

	Gross loans KZT'000	Impairment KZT'000	Net loans KZT'000	Impairment to gross loans, %
Trade loans				
- Not past due	10,246,475	(4,995)	10,241,480	-
- Overdue less than 30 days	19,287	(2,416)	16,871	12.5
- Overdue 30-89 days	25,148	(5,006)	20,142	19.9
- Overdue 90-179 days	17,914	(7,994)	9,920	44.6
- Overdue more than 180 days	118,698	(76,404)	42,294	64.4
Total trade loans	**10,427,522**	**(96,815)**	**10,330,707**	**0.9**
Agricultural loans				
- Not past due	3,778,436	(1,078)	3,777,358	-
- Overdue less than 30 days	4,937	(55)	4,882	1.1
- Overdue 30-89 days	3,881	(730)	3,151	18.8
- Overdue 90-179 days	2,659	(857)	1,802	32.2
- Overdue more than 180 days	20,572	(13,176)	7,396	64.0
Total agricultural loans	**3,810,485**	**(15,896)**	**3,794,589**	**0.4**
Consumer loans				
- Not past due	3,930,491	(832)	3,929,659	-
- Overdue less than 30 days	5,983	(86)	5,897	1.4
- Overdue 30-89 days	7,023	(447)	6,576	6.4
- Overdue 90-179 days	3,071	(879)	2,192	28.6
- Overdue more than 180 days	9,334	(5,110)	4,224	54.7
Total consumer loans	**3,955,902**	**(7,354)**	**3,948,548**	**0.2**
Total loans to customers	**18,193,909**	**(120,065)**	**18,073,844**	**0.7**

The Company estimates loan impairment based on its past historical loss experience on these types of loans. The main consideration for the loan impairment assessment includes whether any payments of principal or interest are overdue or there are any known difficulties in the cash flows of counterparties, or infringement of the original terms of the contract. The significant assumptions used by management in determining the impairment losses include assumptions on loss migration rates, which are constant and can be estimated based on historic loss migration patterns since the start of the Company's operations.

Changes in these estimates could affect the loan impairment allowance. For example, to the extent that the net present value of the estimated cash flows differs by plus/minus one percent, the loan impairment on loans as of 31 December 2014 would be KZT 280,090 thousand lower/higher (2013: KZT 180,738 thousand).

10 Loans to customers, continued

(b) Analysis of collateral

The following table provides the analysis of loans by types of collateral:

	2014 KZT'000	% of loan portfolio	2013 KZT'000	% of loan portfolio
Guarantees	15,151,044	54.1	11,073,375	61.3
Goods in turnover	4,196,385	15.0	2,471,797	13.7
Real estate	2,332,757	8.3	2,084,482	11.5
Livestock	1,622,378	5.8	976,010	5.4
Movable property	1,608,593	5.7	1,317,403	7.3
Motor vehicles	94,088	0.3	76,472	0.4
Other collateral	48,761	0.2	30,233	0.2
No collateral	2,954,956	10.6	44,072	0.2
Total	**28,008,962**	**100**	**18,073,844**	**100**

The recoverability of loans is primarily dependent on the creditworthiness of the borrowers rather than the value of collateral. The Company's policy provides for recovery of loans through sale of collateral only in the exceptional cases. It is confirmed by the history of obtaining and selling collateral in the event of a failure by the borrower to meet obligations to the Company when due. Therefore, in many cases, the Company believes that the values of collaterals should not be taken into consideration in impairment testing and assumes that the collateral value has zero financial effect in mitigating credit risk.

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

Guarantees are the main collateral on repayment of group loans and represent joint responsibility of borrowers. They are not taken into account when assessing impairment allowance.

For loans with a net carrying amount of KZT 2,332,757 thousand (2013: KZT 2,084,482 thousand) collaterised by real estate the fair value of collateral was estimated at inception of the loans and was not adjusted for subsequent changes to the reporting date.

The Company's policy is to issue loans secured by real estate with a loan-to-value ratio of a maximum of 90%.

(c) Significant credit exposures

As at 31 December 2014 and 2013, the Company did not have any borrowers or groups of connected borrowers, whose loan balances exceed 10% of equity.

(d) Loan maturities

The maturity of the loan portfolio is presented in Note 17 (d), which shows the remaining period from the reporting date to the contractual maturity of the loans.

11 Property and equipment

KZT'000	**Land and buildings**	**Computer equipment**	**Vehicles**	**Office furniture and equipment**	**Construction in progress**	**Total**
Cost						
At 1 January 2014	600,865	189,770	194,821	312,070	33,950	1,331,476
Additions	316,224	97,985	83,863	60,914	21,950	580,936
Disposals	(2,650)	(10,146)	(48,026)	(4,576)	-	(65,398)
Internal movements	55,900	-	-	-	(55,900)	-
At 31 December 2014	**970,339**	**277,609**	**230,658**	**368,408**	**-**	**1,847,014**
Depreciation						
At 1 January 2014	(53,671)	(77,738)	(49,744)	(82,937)	-	(264,090)
Depreciation charge	(16,624)	(37,465)	(28,886)	(38,611)	-	(121,586)
Disposals	13	9,142	29,923	2,803	-	41,881
At 31 December 2014	**(70,282)**	**(106,061)**	**(48,707)**	**(118,745)**	**-**	**(343,795)**
Carrying value						
At 31 December 2014	**900,057**	**171,548**	**181,951**	**249,663**	**-**	**1,503,219**
Cost						
At 1 January 2013	532,525	153,677	159,178	264,167	-	1,109,547
Additions	71,399	53,267	45,047	65,005	33,995	268,713
Disposals	(3,059)	(17,174)	(9,404)	(17,102)	(45)	(46,784)
At 31 December 2013	**600,865**	**189,770**	**194,821**	**312,070**	**33,950**	**1,331,476**
Depreciation						
At 1 January 2013	(46,041)	(66,233)	(37,605)	(65,250)	-	(215,129)
Depreciation charge	(10,689)	(27,291)	(20,914)	(32,013)	-	(90,907)
Disposals	3,059	15,786	8,775	14,326	-	41,946
At 31 December 2013	**(53,671)**	**(77,738)**	**(49,744)**	**(82,937)**	**-**	**(264,090)**
Carrying value						
At 31 December 2013	**547,194**	**112,032**	**145,077**	**229,133**	**33,950**	**1,067,386**

There are no capitalised borrowing costs related to the acquisition or construction of property and equipment during 2014 (2013: nil).

12 Intangible assets

KZT’000	**Software**
Cost	
At 1 January 2014	190,918
Additions	40,612
Disposals	(529)
At 31 December 2014	**231,001**
Amortisation	
At 1 January 2014	(83,618)
Amortisation charge	(27,606)
Disposals	529
At 31 December 2014	**(110,695)**
Carrying value	
At 31 December 2014	**120,306**
Cost	
At 1 January 2013	168,494
Additions	22,424
At 31 December 2013	**190,918**
Amortisation	
At 1 January 2013	(59,615)
Amortisation charge	(24,003)
At 31 December 2013	**(83,618)**
Carrying value	
At 31 December 2013	**107,300**

13 Other assets

	2014 KZT’000	**2013 KZT’000**
Prepayments to suppliers	51,731	103,073
Materials and supplies	24,447	20,307
Receivables from employees	6,190	4,245
Prepaid taxes and other prepayments to budget	5,678	1,542
Other	3,306	3,607
Total other non-financial assets	**91,352**	**132,774**

14 Subordinated borrowings and other borrowed funds

	2014 KZT’000	**2013 KZT’000**
Subordinated debt	**576,541**	**460,459**
Other borrowed funds		
Loans from OECD based financial institutions, other than banks	21,534,787	12,946,869
Loans from OECD based banks	1,727,261	1,627,789
Loans from non-OECD financial institutions, other than banks	368,383	320,814
Loans from a local bank	-	196,738
	23,630,431	**15,092,210**
	24,206,972	**15,552,669**

14 Subordinated borrowings and other borrowed funds, continued

Subordinated debt will, in the event of the winding-up of the Company, be subordinated to the claims of all other creditors of the Company.

As at 31 December 2014 the Company had one bank and nine financial institutions (2013: one bank and seven financial institutions) whose balances exceed 10% equity. The gross value of these balances as at 31 December 2014 is KZT 22,381,333 thousand (2013: KZT 15,120,135 thousand).

Breach of covenants

As at 31 December 2013, the Company violated certain financial covenants specified in its loan agreements with OECD based banks and financial institutions. According to the terms of agreement, the Company is subject to a financial covenant stating that at the end of each quarter the risk coverage ratio of loan losses cannot fall below 50%. During 2013 the Company breached its minimum covenant threshold. Accordingly, at 31 December 2013, the Company has presented KZT 467,003 thousand in respect of these loans as repayable on demand.

As at 31 December 2014, the Company complied with all imposed financial covenants.

15 Other liabilities

	2014 KZT'000	2013 KZT'000
Payables to suppliers	27,639	30,122
Total other financial liabilities	**27,639**	**30,122**
Payables to employees	275,694	137,124
Loan prepayments	179,606	73,305
Vacation reserve	119,935	91,190
Taxes other than income taxes payable	4,500	3,640
Other liabilities	7,684	6,400
Total other non-financial liabilities	**587,419**	**311,659**
	615,058	**341,781**

16 Equity

(a) Charter capital

As at 31 December 2014 the paid-in and outstanding charter capital of the Company is KZT 6,208,056 thousand (2013: 3,131,997 thousand). In accordance with the decisions of General Meeting of Participants held on 18 March 2014 and 26 November 2014, the charter capital of the Company was increased by KZT 607,689 thousand and KZT 2,468,370 thousand, respectively, and paid in full in 2014.

(b) Dividends to partners

In accordance with the legislation of the Republic of Kazakhstan, the Company's distributable resources are limited to the balance of retained earnings as recorded in the Company's statutory financial statements prepared in accordance with IFRS or profit for the year if there is an accumulated loss brought forward. A distribution cannot be made if this would result in negative equity or the Company's insolvency. Under Kazakh legislation, as at the reporting date, reserves available for distribution amounted to KZT 1,445,433 thousand (31 December 2013: KZT 707,165 thousand).

According to the decision of General Meeting of Participants held on 18 March 2014 the Company declared and paid dividends of KZT 675,210 thousand (2013: KZT 710,122 thousand).

16 Equity, continued

(c) Reserve capital

In accordance with the decision of the General Meeting of Participants dated 30 July 2010, the Company established reserve capital, which should be not less than 5% of charter capital as of reporting date by transferring an amount from retained earnings to a non-distributable reserve.

In accordance with the decision of General Meeting of Participants dated 4 May 2012 the Company revised its policy in respect of the reserve capital. The reserve capital is now formed within the year and shall not be less than 5% of the charter capital at the beginning of the year.

During 2014, the Supervisory Board approved to transfer KZT 31,955 thousand from retained earnings to this reserve capital (2013: KZT 21,644 thousand).

17 Risk management

(a) Risk management policies and procedures

Management of risk is fundamental to the Company's business and is an essential element of the Company's operations. The major risks faced by the Company are those related to market risk, which includes interest rate and currency risks, credit risk and liquidity risk. The Company's risk management policies aim to identify, analyse and manage the risks faced by the Company, to set appropriate risk limits and controls, and to continuously monitor risk levels and adherence to limits. Risk management policies and procedures are reviewed regularly to reflect changes in market conditions, products and services offered and emerging best practice.

The Management Board of the Company is responsible for monitoring and implementation of risk mitigation measures and making sure that the Company operates within the established risk parameters. The Asset and Liability Management Committee (the "ALCO Committee") of the Company is responsible for the overall risk management and compliance functions, ensuring the implementation of common principles and methods for identifying, measuring, managing and reporting both financial and non-financial risks.

Credit, market and liquidity risks both at portfolio and transactional levels are managed and controlled through a system of Credit Committees and the ALCO Committee. In order to facilitate efficient decision-making, the Company has established a hierarchy of credit committees depending on the type and amount of the exposure. Both external and internal risk factors are identified and managed throughout the Company's organisational structure.

(b) Market risk

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

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

Overall authority for market risk is vested in the ALCO Committee, chaired by the Chairman of the Board.

(i) Interest rate risk

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

17 Risk management, continued

(b) Market risk, continued

(i) Interest rate risk, continued

Interest rate gap analysis

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

KZT'000	**Less than 3 months**	**3-6 months**	**6-12 months**	**1-5 years**	**More than 5 years**	**Non-interest bearing**	**Carrying amount**
31 December 2014							
ASSETS							
Cash and cash equivalents	2,099,728	-	-	-	-	197,720	2,297,448
Financial instruments at fair value through profit or loss	-	-	-	-	-	493,859	493,859
Placements with banks	-	-	-	-	-	57,231	57,231
Loans to customers	3,197,819	6,461,299	14,765,317	3,392,657	191,870	-	28,008,962
	5,297,547	**6,461,299**	**14,765,317**	**3,392,657**	**191,870**	**748,810**	**30,857,500**
LIABILITIES							
Subordinated borrowings	29,491	-	547,050	-	-	-	576,541
Other borrowed funds	2,062,721	3,637,359	3,374,377	14,555,974	-	-	23,630,431
Other financial liabilities	-	-	-	-	-	27,639	27,639
	2,092,212	**3,637,359**	**3,921,427**	**14,555,974**	**-**	**27,639**	**24,234,611**
	3,205,335	**2,823,940**	**10,843,890**	**(11,163,317)**	**191,870**	**721,171**	**6,622,889**

17 Risk management, continued

(b) Market risk, continued

(i) Interest rate risk, continued

Interest rate gap analysis, continued

KZT'000	Less than 3 months	3-6 months	6-12 months	1-5 years	More than 5 years	Non-interest bearing	Carrying amount
31 December 2013							
ASSETS							
Cash and cash equivalents	181,320	-	-	-	-	98,693	280,013
Financial instruments at fair value through profit or loss	-	-	-	-	-	95,718	95,718
Placements with banks	-	-	-	-	-	44,966	44,966
Loans to customers	2,674,783	4,846,954	8,771,488	1,619,342	161,277	-	18,073,844
	2,856,103	**4,846,954**	**8,771,488**	**1,619,342**	**161,277**	**239,377**	**18,494,541**
LIABILITIES							
Subordinated borrowings	-	-	-	460,459	-	-	460,459
Other borrowed funds	2,637,338	1,480,253	3,133,634	7,840,985	-	-	15,092,210
Other financial liabilities	-	-	-	-	-	30,122	30,122
	2,637,338	**1,480,253**	**3,133,634**	**8,301,444**	**-**	**30,122**	**15,582,791**
	218,765	**3,366,701**	**5,637,854**	**(6,682,102)**	**161,277**	**209,255**	**2,911,750**

17 Risk management, continued

(b) Market risk, continued

(i) Interest rate risk, continued

Average effective interest rates

The table below displays average effective interest rates for interest-bearing assets and liabilities as at 31 December 2014 and 2013. These interest rates are an approximation of the yields to maturity of these assets and liabilities.

	2014 Average effective interest rate, %		2013 Average effective interest rate, %	
	KZT	**USD**	**KZT**	**USD**
Interest bearing assets				
Cash and cash equivalents	5.6	2.8	3.8	0.3
Loans to customers	45.9	-	45.2	-
Interest bearing liabilities				
Loans payable:				
- Loans from OECD based banks	11.2	-	9.7	-
- Loans from OECD based credit institutions, other than banks	13.2	7.4	11.7	7.5
- Loans from non-OECD financial institutions, other than banks	-	7.5	11.5	8.0
- Loans from local bank	-	-	13.5	-
- Subordinated debt	-	9.7	-	9.7

Interest rate sensitivity analysis

The management of interest rate risk, based on an interest rate gap analysis, is supplemented by monitoring the sensitivity of financial assets and liabilities. An analysis of the sensitivity of net profit or loss and equity (net of taxes) to changes in interest rates (repricing risk), based on a simplified scenario of a 100 basis point (bp) symmetrical fall or rise in all yield curves and positions of interest-bearing assets and liabilities existing as at 31 December 2014 and 2013, is as follows:

	2014		2013	
	Profit or loss KZT'000	**Equity KZT'000**	**Profit or loss KZT'000**	**Equity KZT'000**
100 bp parallel rise	75,932	75,932	41,035	41,035
100 bp parallel fall	(75,932)	(75,932)	(41,035)	(41,035)

(ii) Currency risk

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

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency exchange rates. Although the Company hedges its exposure to currency risk, such activities do not qualify as hedging relationships in accordance with IFRS.

17 Risk management, continued

(b) Market risk, continued

(ii) Currency risk, continued

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

	USD KZT'000	EUR KZT'000	Total KZT'000
ASSETS			
Cash and cash equivalents	1,470,821	177	1,470,998
Placements with banks	912	-	912
Total assets	**1,471,733**	**177**	**1,471,910**
LIABILITIES			
Subordinated borrowings	576,541	-	576,541
Other borrowed funds	7,049,578	-	7,049,578
Other financial liabilities	2,734	-	2,734
Total liabilities	**7,628,853**	**-**	**7,628,853**
Net position as at 31 December 2014	**(6,157,120)**	**177**	**(6,156,943)**
The effect of derivatives held for risk management	**5,459,800**	**-**	**5,459,800**
Net position after derivatives held for risk management purposes	**(697,320)**	**177**	**(697,143)**

The following table shows the currency structure of financial assets and liabilities as at 31 December 2013:

	USD KZT'000	Total KZT'000
ASSETS		
Cash and cash equivalents	60,787	60,787
Placements with banks	768	768
Total assets	**61,555**	**61,555**
LIABILITIES		
Subordinated borrowings	460,459	460,459
Other borrowed funds	2,865,707	2,865,707
Total liabilities	**3,326,166**	**3,326,166**
Net position as at 31 December 2013	**(3,264,611)**	**(3,264,611)**
The effect of derivatives held for risk management	**2,625,446**	**2,625,446**
Net position after derivatives held for risk management purposes	**(639,165)**	**(639,165)**

17 Risk management, continued

(b) Market risk, continued

(ii) Currency risk, continued

A weakening of the KZT, as indicated below, against the following currencies at 31 December 2014 and 2013 would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis is on net of tax basis and is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant.

	2014		2013	
	Profit or loss KZT'000	**Equity KZT'000**	**Profit or loss KZT'000**	**Equity KZT'000**
20% appreciation of USD against KZT	(111,571)	(111,571)	(102,266)	(102,266)
10% appreciation of EUR against KZT	14	14	-	-

A strengthening of the KZT against the above currencies at 31 December 2014 and 2013 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

(c) Credit risk

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

The Company's credit policy establishes:

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

The Company continuously monitors the performance of individual credit exposures.

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

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

17 Risk management, continued

(c) Credit risk, continued

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

	2014 KZT'000	2013 KZT'000
ASSETS		
Cash and cash equivalents	2,244,664	243,267
Financial instruments at fair value through profit or loss	493,859	95,718
Placements with banks	57,231	44,966
Loans to customers	28,008,962	18,073,844
	30,804,716	**18,457,795**

The maximum exposure to credit risk from unrecognised contractual commitments at the reporting date is presented in Note 19.

(d) Liquidity risk

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

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

The Company seeks to actively support a diversified and stable funding base comprising long-term and short-term loans from other banks accompanied by diversified portfolios of highly liquid assets, in order to be able to respond quickly and smoothly to unforeseen liquidity requirements.

The liquidity management policy of the Company requires:

- projecting cash flows by major currencies and considering the level of liquid assets necessary in relation thereto
- maintaining a diverse range of funding sources
- managing the concentration and profile of debts
- maintaining debt financing plans
- maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any interruption to cash flow
- maintaining liquidity and funding contingency plans
- monitoring liquidity ratios against regulatory requirements

The following tables show the undiscounted cash flows on the Company's financial liabilities and credit related commitments on the basis of their earliest possible contractual maturity. The total gross amount disclosed in the table is the contractual, undiscounted cash flow on the financial liability and credit related commitments.

17 Risk management, continued

(d) Liquidity risk, continued

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

KZT'000	Demand and less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	More than 1 year	Total gross amount outflow	Carrying amount
Non-derivative liabilities							
Subordinated borrowings	27,275	-	-	573,738	-	601,013	576,541
Other borrowed funds	68,162	1,508,265	3,356,395	4,819,842	18,738,106	28,490,770	23,630,431
Other financial liabilities	27,639	-	-	-	-	27,639	27,639
Total liabilities	**123,076**	**1,508,265**	**3,356,395**	**5,393,580**	**18,738,106**	**29,119,422**	**24,234,611**
Credit related commitments	**98,130**	**-**	**-**	**-**	**-**	**98,130**	**98,130**

The maturity analysis for financial liabilities as at 31 December 2013 is as follows:

KZT'000	Demand and less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	More than 1 year	Total gross amount outflow	Carrying Amount
Non-derivative liabilities							
Subordinated borrowings	-	-	-	22,359	506,288	528,647	460,459
Other borrowed funds	623,493	2,093,318	1,813,656	3,775,600	9,086,056	17,392,123	15,092,210
Other financial liabilities	30,122	-	-	-	-	30,122	30,122
Total liabilities	**653,615**	**2,093,318**	**1,813,656**	**3,797,959**	**9,592,344**	**17,950,892**	**15,582,791**
Credit related commitments	**29,144**	**-**	**-**	**-**	**-**	**29,144**	**29,144**

17 Risk management, continued

(d) Liquidity risk, continued

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

KZT'000	Demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	More than 5 years	No maturity	Overdue	Total
Non-derivative assets								
Cash and cash equivalents	2,297,448	-	-	-	-	-	-	2,297,448
Placements with banks	-	-	56,319	912	-	-	-	57,231
Loans to customers	497,446	2,601,144	21,226,616	3,392,657	191,870	-	99,229	28,008,962
Current tax asset	-	-	67,405	-	-	-	-	67,405
Property and equipment	-	-	-	-	-	1,503,219	-	1,503,219
Intangible assets	-	-	-	-	-	120,306	-	120,306
Other assets	-	-	91,352	-	-	-	-	91,352
Total assets	**2,794,894**	**2,601,144**	**21,441,692**	**3,393,569**	**191,870**	**1,623,525**	**99,229**	**32,145,923**
Non-derivative liabilities								
Subordinated borrowings	29,491	-	547,050	-	-	-	-	576,541
Other borrowed funds	60,878	1,369,235	6,341,325	15,858,993	-	-	-	23,630,431
Other liabilities	227,679	-	387,379	-	-	-	-	615,058
Deferred tax liability	-	-	-	7,664	-	-	-	7,664
Total liabilities	**318,048**	**1,369,235**	**7,275,754**	**15,866,657**	**-**	**-**	**-**	**24,829,694**
Net position	**2,476,846**	**1,231,909**	**14,165,938**	**(12,473,088)**	**191,870**	**1,623,525**	**99,229**	**7,316,229**

17 Risk management, continued

(d) Liquidity risk, continued

The table below shows an analysis, by expected maturities, of the amounts recognised in the statement of financial position as at 31 December 2013:

KZT’000	Demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	More than 5 years	No maturity	Overdue	Total
Non-derivative assets								
Cash and cash equivalents	280,013	-	-	-	-	-	-	280,013
Placements with banks	-	768	-	44,198	-	-	-	44,966
Loans to customers	419,856	2,175,743	13,618,442	1,619,342	161,277	-	79,184	18,073,844
Current tax asset	-	-	23,720	-	-	-	-	23,720
Property and equipment	-	-	-	-	-	1,067,386	-	1,067,386
Intangible assets	-	-	-	-	-	107,300	-	107,300
Other assets	-	-	132,774	-	-	-	-	132,774
Deferred tax asset	-	-	32,535	-	-	-	-	32,535
Total assets	**699,869**	**2,176,511**	**13,807,471**	**1,663,540**	**161,277**	**1,174,686**	**79,184**	**19,762,538**
Non-derivative liabilities								
Subordinated borrowings	-	-	-	460,459	-	-	-	460,459
Other borrowed funds	613,339	2,023,999	4,613,887	7,840,985	-	-	-	15,092,210
Other liabilities	103,509	-	238,272	-	-	-	-	341,781
Total liabilities	**716,848**	**2,023,999**	**4,852,159**	**8,301,444**	**-**	**-**	**-**	**15,894,450**
Net position	**(16,979)**	**152,512**	**8,955,312**	**(6,637,904)**	**161,277**	**1,174,686**	**79,184**	**3,868,088**

18 Capital management

According to the Law on Microcredit Organisations of 6 March 2003, the Company should have paid-in capital in the amount not less than 1,000 times of Monthly Calculation Index (MCI), that is KZT 1,852 thousand as at 31 December 2014. Moreover, on 26 November 2012 the Law on Microfinance Organisations was put in force, under which the microcredit organisations (MCO) should be re-registered in microfinance organisations (MFO) with the minimum charter capital of KZT 30,000 thousand and transition period up to 1 January 2016. Prior to re-registration the new requirements to the minimum charter capital are not applied to MCO.

In addition, the Company has a requirement to maintain a ratio of equity to total assets of not less than 15% in accordance with terms of loan agreements with certain foreign financial institutions, and not less than 12% as a part of the subordinated debt agreement.

The Company has complied with all externally imposed capital requirements as at 31 December 2014 and 2013.

19 Credit related commitments

The Company has outstanding credit related commitments to extend loans. These credit related commitments take the form of approved credit lines.

The Company applies the same credit risk management policies and procedures when granting credit commitments as it does for granting loans to customers.

The contractual amounts of credit related commitments are set out in the following table. The amounts reflected in the table for commitments assume that amounts are fully advanced.

	2014 KZT’000	**2013 KZT’000**
Contracted amount		
Loan and credit line commitments	98,130	29,144

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

20 Contingencies

(a) Insurance

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

(b) Litigation

Management is unaware of any significant actual, pending or threatened claims against the Company.

20 Contingencies, continued

(c) Taxation contingencies

The taxation system in the Republic of Kazakhstan is relatively new and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are often unclear, contradictory and subject to varying interpretation by different tax authorities. Taxes are subject to review and investigation by a number of authorities, which have the authority to impose severe fines, penalties and interest charges. A tax year remains open for review by the tax authorities during the five subsequent calendar years; however, under certain circumstances a tax year may remain open longer.

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

21 Related party transactions

(a) Parent company

The Company’s Parent company is Corporate Fund “KMF-Demeu”.

The party with ultimate control over the Company is ACDI/VOCA, a not-for-profit institution registered in the United States of America, which produces publicly available financial statements.

(b) Transactions with members of the key management personnel

Total remuneration included in employee compensation:

	2014 KZT’000	**2013 KZT’000**
Key management personnel	208,889	148,944

For the years ended 31 December 2014 and 2013 key management personnel did not receive any non-cash benefits.

The outstanding balances and average interest rates as of 31 December 2014 and 2013 with members of the key management personnel are as follows:

	2014 KZT’000	**Average interest rate**	**2013 KZT’000**	**Average interest rate**
Statement of financial position				
Assets				
Loans to customers	48,378	9.9	55,476	6.0

21 Related party transactions, continued

(b) Transactions with members of the key management personnel, continued

Amounts included in profit or loss in relation to transactions with the key management personnel are as follows:

	2014 KZT'000	2013 KZT'000
Statement of profit or loss and other comprehensive income		
Interest income	3,941	2,682

(c) Other transactions with related parties

Other transactions with related parties include transactions with new participants of the Company, the international financial institutions (Note 1(a)), which entered into the charter capital of the Company during 2014 and entities under common control of these financial institutions.

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

	Charter capital participant	
	KZT'000	Average interest rate, %
Statement of financial position		
LIABILITIES		
Other borrowed funds		
- In KZT	5,934,745	13.2
- In USD	367,840	7.8
Profit (loss)		
Interest expense	(913,561)	-

22 Financial assets and liabilities: fair values and accounting classifications

The estimates of fair value are intended to approximate the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. However given the uncertainties and the use of subjective judgment, the fair value should not be interpreted as being realisable in an immediate sale of the assets or transfer of liabilities.

The estimated fair values of all financial assets and liabilities are calculated using discounted cash flow techniques based on estimated future cash flows and discount rates for similar instruments at the reporting date.

As at 31 December 2014 and 2013 estimated fair values of all financial instruments approximate their carrying values as majority of loans to customers, subordinated borrowings and other borrowed fund are issued at market conditions and the interest rates on these financial instruments in 2014 did not change much in comparison with last years.

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

(a) Accounting classifications and fair values

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

KZT'000	Trading	Loans and receivables	Other amortised cost	Total carrying amount	Fair value
Cash and cash equivalents	-	2,297,448	-	2,297,448	2,297,448
Financial instruments at fair value through profit or loss	493,859	-	-	493,859	493,859
Placements with banks	-	57,231	-	57,231	57,231
Loans to customers	-	28,008,962	-	28,008,962	28,008,962
	493,859	**30,363,641**	**-**	**30,857,500**	**30,857,500**
Subordinated borrowings	-	-	576,541	576,541	576,541
Other borrowed funds	-	-	23,630,431	23,630,431	23,630,431
Other financial liabilities	-	-	27,639	27,639	27,639
	-	**-**	**24,234,611**	**24,234,611**	**24,234,611**

The table below sets out the carrying amounts and fair values of financial assets and financial liabilities as at 31 December 2013:

KZT'000	Trading	Loans and receivables	Other amortised cost	Total carrying amount	Fair value
Cash and cash equivalents	-	280,013	-	280,013	280,013
Financial instruments at fair value through profit or loss	95,718	-	-	95,718	95,718
Placements with banks	-	44,966	-	44,966	44,966
Loans to customers	-	18,073,844	-	18,073,844	18,073,844
	95,718	**18,398,823**	**-**	**18,494,541**	**18,494,541**
Subordinated borrowings	-	-	460,459	460,459	460,459
Other borrowed funds	-	-	15,092,210	15,092,210	15,092,210
Other financial liabilities	-	-	30,122	30,122	30,122
	-	**-**	**15,582,791**	**15,582,791**	**15,582,791**

(b) Fair value hierarchy

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

- Level 1: quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: inputs other than quotes prices included within Level 1 that are observable either directly (i.e, as prices) or indirectly (i.e, derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

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

(b) Fair value hierarchy, continued

- Level 3: inputs that are unobservable. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The table below analyses financial instruments measured at fair value at 31 December 2014, by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the statement of financial position:

KZT'000	Level 2	Total
Assets		
Financial instruments at fair value through profit or loss	493,859	493,859

The table below analyses financial instruments measured at fair value at 31 December 2013, by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the statement of financial position:

KZT'000	Level 2	Total
Assets		
Financial instruments at fair value through profit or loss	95,718	95,718

As at 31 December 2014, the carrying value of all other financial instruments approximates their fair value, no disclosure of fair value hierarchy is presented for them.