



**BAITEREK**

**Baiterek National Managing Holding  
Joint Stock Company**

**Unaudited Consolidated Interim Condensed Financial  
Statements**

**30 June 2016**

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

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

### ***Introduction***

We have reviewed the accompanying consolidated interim condensed statement of financial position of Baiterek National Managing Holding Joint Stock Company and its subsidiaries as at 30 June 2016, and the related consolidated interim condensed statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and notes to the consolidated interim condensed financial information (the "consolidated interim condensed financial information"). Management is responsible for the preparation and presentation of this consolidated interim condensed financial information in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this consolidated interim condensed financial information based on our review.

### ***Scope of Review***

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



**Baiterek National Managing Holding Joint Stock Company**

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

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**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the consolidated interim condensed financial information as at 30 June 2016 and for the six-month period then ended is not prepared, in all material respects, in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

*KPMG Audit LLC*

KPMG Audit LLC

1 September 2016

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

<i>(In thousands of Kazakhstani Tenge)</i>	Note	30 June 2016, unaudited	31 December 2015
<b>ASSETS</b>			
Cash and cash equivalents	4	641,369,608	376,224,818
Financial instruments at fair value through profit or loss	5	180,537,986	167,193,565
Due from banks	6	649,075,703	544,991,946
Loans to customers	7	1,691,546,415	1,733,170,866
Investment securities available for sale	8	389,525,357	369,338,324
Finance lease receivables	9	99,198,929	62,508,925
Investment in associates and joint ventures		1,319,875	2,078,760
Investment property		1,644,446	1,813,213
Current income tax prepayment		18,113,963	16,043,192
Deferred income tax asset		5,038,826	4,960,948
Property, plant and equipment		11,977,838	12,022,859
Intangible assets		2,457,223	2,339,687
Non-current assets held for sale		23,712,611	16,344,872
Other financial assets		36,825,732	23,716,394
Other assets	10	145,557,627	127,577,185
<b>TOTAL ASSETS</b>		<b>3,897,902,139</b>	<b>3,460,325,554</b>
<b>LIABILITIES</b>			
Customer accounts	11	398,619,655	314,423,007
Debt securities issued	12	955,125,559	800,446,305
Subordinated debt		14,903,056	14,652,856
Loans from banks and other financial institutions	13	1,115,839,421	1,138,032,857
Loans from the Government of the Republic of Kazakhstan		64,465,840	54,381,837
Current income tax liability		-	613,748
Deferred income tax liability		28,582,569	26,032,406
Insurance contract provisions		1,037,919	1,070,893
Liabilities directly associated with disposal groups held for sale		150,563	146,989
Other financial liabilities	14	68,064,158	41,799,802
Other liabilities	15	349,420,898	205,726,581
<b>TOTAL LIABILITIES</b>		<b>2,996,209,638</b>	<b>2,597,327,281</b>
<b>EQUITY</b>			
Share capital		758,318,712	758,318,712
Revaluation reserve for investment securities available for sale		(25,835,652)	(14,763,833)
Revaluation reserve for financial assets reclassified from "investment securities available for sale" to "loans to customers"		3,715,061	4,522,580
Foreign currency translation reserve		5,189,848	5,259,474
Hedging reserve		3,694,303	3,403,546
Business combination reserve and additional paid-in capital		102,742,892	89,201,158
Other reserves		24,642,650	25,140,351
Retained earnings/(accumulated deficit)		28,421,192	(12,472,799)
<b>Net assets attributable to the Holding's owners</b>		<b>900,889,006</b>	<b>858,609,189</b>
<b>Non-controlling interests</b>		<b>803,495</b>	<b>4,389,084</b>
<b>TOTAL EQUITY</b>		<b>901,692,501</b>	<b>862,998,273</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>3,897,902,139</b>	<b>3,460,325,554</b>

Approved for issue and signed by Management on 1 September 2016:

Lyazzat Yerkenovna Ibragimova  
Deputy Chairman of Management Board



Kuralay Damirovna Yessengarayeva  
Chief Accountant

**Baiterek National Managing Holding Joint Stock Company**  
**Consolidated Interim Condensed Statement of Profit or Loss and Other Comprehensive Income**

<i>(In thousands of Kazakhstani Tenge)</i>	<b>Note</b>	<b>Six-month period ended 30 June 2016, unaudited</b>	<b>Six-month period ended 30 June 2015, unaudited</b>
Interest income	16	123,256,301	79,172,518
Interest expense	16	(57,610,823)	(35,596,605)
<b>Net interest income</b>		<b>65,645,478</b>	<b>43,575,913</b>
Provision for loan portfolio impairment	7	(11,518,755)	(9,083,086)
<b>Net interest income after provision for loan portfolio impairment</b>		<b>54,126,723</b>	<b>34,492,827</b>
Fee and commission income		1,688,926	1,672,032
Fee and commission expense		(897,787)	(1,321,801)
<b>Net fee and commission income</b>		<b>791,139</b>	<b>350,231</b>
Net gain/(loss) on financial instruments at fair value through profit or loss	17	3,290,963	(317,507)
Net foreign exchange gain	18	739,750	1,171,965
Net gain on investment securities available for sale		900,142	293,873
Net insurance premiums earned		291,110	317,645
Net insurance reimbursements incurred and changes in insurance contract provisions		1,947	7,119
Other operating income, net	19	4,352,099	4,106,545
<b>Operating income</b>		<b>64,493,873</b>	<b>40,422,698</b>
Provision for impairment of other financial assets and credit related commitments		(2,080,380)	(1,145,772)
Administrative expenses		(15,026,381)	(13,007,808)
Share of financial result of associates and joint ventures		307,100	(640,410)
<b>Profit before income tax</b>		<b>47,694,212</b>	<b>25,628,708</b>
Income tax expense	20	(6,666,035)	(1,983,033)
<b>PROFIT FOR THE PERIOD</b>		<b>41,028,177</b>	<b>23,645,675</b>
<b>Profit/(loss) attributable to:</b>			
- owners of the Holding		41,038,521	23,676,182
- non-controlling interests		(10,344)	(30,507)
<b>PROFIT FOR THE PERIOD</b>		<b>41,028,177</b>	<b>23,645,675</b>

**Baiterek National Managing Holding Joint Stock Company**  
**Consolidated Interim Condensed Statement of Profit or Loss and Other Comprehensive Income**

<i>(In thousands of Kazakhstani Tenge)</i>	<b>Six-month period ended 30 June 2016, unaudited</b>	<b>Six-month period ended 30 June 2015, unaudited</b>
<b>PROFIT FOR THE PERIOD</b>	<b>41,028,177</b>	<b>23,645,675</b>
<b>Other comprehensive income:</b>		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Revaluation reserve for investment securities available for sale:		
- Losses less gains from revaluation	(10,171,677)	(5,875,249)
- Gains less losses reclassified to profit or loss	(900,142)	(293,873)
Translation of financial information of foreign operations to presentation currency	(69,626)	102,054
Unrealised gains less losses on hedging	290,757	641,014
Amortisation of revaluation reserve for "investment securities available for sale" reclassified to "loans to customers"	(807,519)	(860,373)
<b>Other comprehensive loss for the period</b>	<b>(11,658,207)</b>	<b>(6,286,427)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>29,369,970</b>	<b>17,359,248</b>
<b>Total comprehensive income/(loss) attributable to:</b>		
- owners of the Holding	29,380,314	17,389,755
- non-controlling interests	(10,344)	(30,507)
<b>Total comprehensive income for the period</b>	<b>29,369,970</b>	<b>17,359,248</b>

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

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

The notes set out on pages 8 to 47 form an integral part of these consolidated interim condensed financial statements.



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

	Attributable to owners of the Holding										Total equity	
	Share capital	Revaluation reserve for investment securities available for sale	Revaluation reserve for financial assets reclassified from "investment securities available for sale" to "loans to customers"	Foreign currency translation reserve	Hedging reserve	Business combination reserve and additional paid-in capital	Other reserves	Accumulated deficit/(Retained earnings)	Total	Non-controlling interests		
<i>(In thousands of Kazakhstani Tenge)</i>												
<b>Balance at 1 January 2016</b>	<b>758,318,712</b>	<b>(14,763,833)</b>	<b>4,522,580</b>	<b>5,259,474</b>	<b>3,403,546</b>	<b>89,201,158</b>	<b>25,140,351</b>	<b>(12,472,799)</b>	<b>858,609,189</b>	<b>4,389,084</b>	<b>862,998,273</b>	
Profit for the period, unaudited	-	-	-	-	-	-	-	41,038,521	41,038,521	(10,344)	41,028,177	
Other comprehensive loss, unaudited	-	(11,071,819)	(807,519)	(69,626)	290,757	-	-	-	(11,658,207)	-	(11,658,207)	
<b>Total comprehensive income for the period, unaudited</b>	<b>-</b>	<b>(11,071,819)</b>	<b>(807,519)</b>	<b>(69,626)</b>	<b>290,757</b>	<b>-</b>	<b>-</b>	<b>41,038,521</b>	<b>29,380,314</b>	<b>(10,344)</b>	<b>29,369,970</b>	
Change of non-controlling interest in subsidiaries, unaudited	-	-	-	-	-	-	-	-	-	(3,575,245)	(3,575,245)	
Recognition of discount on debt securities issued, less taxes of Tenge 3,385,431 thousand (Note 12)	-	-	-	-	-	13,541,734	-	-	13,541,734	-	13,541,734	
Transfers and other movements, unaudited	-	-	-	-	-	-	(497,701)	(144,530)	(642,231)	-	(642,231)	
<b>Balance at 30 June 2016, unaudited</b>	<b>758,318,712</b>	<b>(25,835,652)</b>	<b>3,715,061</b>	<b>5,189,848</b>	<b>3,694,303</b>	<b>102,742,892</b>	<b>24,642,650</b>	<b>28,421,192</b>	<b>900,889,006</b>	<b>803,495</b>	<b>901,692,501</b>	

The notes set out on pages 8 to 47 form an integral part of these consolidated interim condensed financial statements.

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

<i>(In thousands of Kazakhstani Tenge)</i>	<b>Six-month period ended 30 June 2016, unaudited</b>	<b>Six-month period ended 30 June 2015, unaudited</b>
<b>Cash flows from operating activities</b>		
Interest received	107,138,424	65,626,665
Interest paid	(41,637,610)	(25,365,959)
Fee and commission receipts	2,889,075	2,818,084
Fee and commission payments	(851,854)	(687,366)
Receipts/(payments) on operations with financial instruments at fair value through profit or loss	463,324	(123,327)
Net foreign exchange dealing gain	186,961	82,881
Net insurance premiums receipts	399,061	322,664
Net insurance claims reimbursements	1,319	7,119
Other operating income received	6,057,539	753,855
Administrative and other operating expenses paid	(14,737,662)	(13,726,565)
Income tax paid	(4,858,627)	(2,154,843)
<b>Cash flows from operating activities before changes in operating assets and liabilities</b>	<b>55,049,950</b>	<b>27,553,208</b>
<i>Net (increase)/decrease in:</i>		
- financial instruments at fair value through profit or loss	(10,819,960)	(3,196,640)
- due from banks	(113,674,921)	(108,006,311)
- loans to customers	37,497,601	(82,036,649)
- finance lease receivables	(24,413,756)	(9,026,327)
- receivables under reverse repurchase agreements	-	81,481
- other financial assets	87,928	(2,431,835)
- prepayment for construction in progress	(28,259,182)	(10,482,214)
- other assets	(4,830,445)	(16,789,891)
<i>Net increase/(decrease) in:</i>		
- customer accounts	48,821,413	35,793,221
- other financial liabilities	10,228,461	6,902,832
- other liabilities	2,903,581	4,145,059
<b>Net cash used in operating activities</b>	<b>(27,409,330)</b>	<b>(157,494,066)</b>
<b>Cash flows from investing activities</b>		
Acquisition of investment securities available for sale	(162,412,247)	(27,616,657)
Proceeds from disposal and redemption of investment securities available for sale	120,241,354	63,117,386
Proceeds from disposal and redemption of investment securities held to maturity	-	3,710,029
Acquisition of property, equipment and intangible assets	(1,070,377)	(1,810,884)
Proceeds from disposal of property, plant and equipment, intangible assets	46,486	39,307
Proceeds from disposal of investment property	-	36,870
Proceeds from disposal of investments in subsidiary, net of cash disposed	5,186,608	-
Proceeds from disposal of associates and joint ventures	25,000	413
Dividends received	123,146	270,212
<b>Net cash from investing activities</b>	<b>(37,860,030)</b>	<b>37,746,676</b>

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

<i>(In thousands of Kazakhstani Tenge)</i>	<b>Six-month period ended 30 June 2016, unaudited</b>	<b>Six-month period ended 30 June 2015, unaudited</b>
<b>Cash flows from financing activities</b>		
Receipts of loans from banks and other financial institutions	11,393,727	40,056,858
Repayment of loans from banks and other financial institutions	(39,919,021)	(16,647,875)
Receipts of loans from the Government of the Republic of Kazakhstan	24,442,292	2,500,000
Repayment of loans from the Government of the Republic of Kazakhstan	(440,131)	(750,000)
Proceeds from debt securities issued	349,500,000	300,595,125
Repayment/repurchase of debt securities issued	(13,968,280)	(5,000,096)
Proceeds from contributions by non-controlling interest	-	557,202
<b>Net cash from financing activities</b>	<b>331,008,587</b>	<b>321,311,214</b>
Effect of changes in exchange rates on cash and cash equivalents	(594,437)	1,363,473
<b>Net increase in cash and cash equivalents</b>	<b>265,144,790</b>	<b>202,927,297</b>
Cash and cash equivalents at the beginning of the period	376,224,818	263,777,147
<b>Cash and cash equivalents at the end of the period (Note 4)</b>	<b>641,369,608</b>	<b>466,704,444</b>

## **1 Introduction**

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

The Holding was incorporated in accordance with the Edict No.571 dated 22 May 2013 of the President of the Republic of Kazakhstan “On some measures for optimisation of the system of management of the development institutions and financial organisations and development of the national economy” and Decree No.516 dated 25 May 2013 of the Government of the Republic of Kazakhstan “On measures for implementation of the Edict No. 571 dated 22 May 2013 of the President of the Republic of Kazakhstan”. As at 30 June 2016 and 31 December 2015, the ultimate controlling party of the Holding is the Government of the Republic of Kazakhstan.

### **Principal activity**

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

The Holding is actively involved in completing national strategic and social tasks through development institutions through the implementation of the “Nurly-Zhol” State Program for Infrastructure Development in 2015-2019, State Program of the Industrial and Innovative Development of the Republic of Kazakhstan in 2015-2019, Unified Program for Business Support and Development “Business Road Map – 2020”, State Program “Performance - 2020”, State Program for Development of Regions until 2020, State Program for Support of Domestic Producers, State Program for Financing of Small and Medium Businesses in the Manufacturing Industry, State Program “Leaders of Competitiveness - National Champions”, and National Plan “100 Specific Steps”.

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

- introduction of an efficient risk management system;
- increase of transparency and population’s confidence in the economy;
- provision of synergies from subsidiaries’ activities;
- increase of economic efficiency of subsidiaries’ activity / break-even principle;
- attraction of additional investments;
- interaction with the private sector.

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

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

## 1 Introduction, continued

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

Name of subsidiary	Abbreviated name	Country of incorporation	Ownership, %	
			30 June 2016, unaudited	31 December 2015
Development Bank of Kazakhstan JSC	DBK JSC	Republic of Kazakhstan	100.00	100.00
Investment Fund of Kazakhstan JSC	IFK JSC	Republic of Kazakhstan	100.00	100.00
KazExportGarant Export Insurance Corporation JSC	KEG JSC	Republic of Kazakhstan	100.00	100.00
Damu Entrepreneurship Development Fund JSC	Damu EDF JSC	Republic of Kazakhstan	100.00	100.00
National Agency for Technological Development JSC	NATD JSC	Republic of Kazakhstan	100.00	100.00
Kazyna Capital Management JSC	KCM JSC	Republic of Kazakhstan	100.00	100.00
Housing Construction Savings Bank of Kazakhstan JSC	ZHSSBK JSC	Republic of Kazakhstan	100.00	100.00
Mortgage Organisation Kazakhstan Mortgage Company JSC	KMC JSC	Republic of Kazakhstan	100.00	100.00
Mortgage Guarantee Fund of Kazakhstan JSC	KFMGL JSC	Republic of Kazakhstan	100.00	100.00
Baiterek Development JSC	BD JSC	Republic of Kazakhstan	100.00	100.00
Centre of the Government-Private Partnership Projects Support LLP	CGPPPS LLP	Republic of Kazakhstan	75.00	75.00

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

### **Economic Environment of the Holding**

The Holding's operations are primarily located in the Republic of Kazakhstan. Consequently, the Holding is exposed to the economic and financial markets of the Republic of Kazakhstan which display characteristics of an emerging market. The legal, tax and regulatory frameworks continue its development, but are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments contribute to the challenges faced by entities operating in the Republic of Kazakhstan. In addition, the recent significant depreciation of the Republic of Kazakhstan Tenge, and the reduction in the global price of oil, have increased the level of uncertainty in the business environment. The consolidated interim condensed financial statements reflect management's assessment of the impact of the Republic of Kazakhstan business environment on the operations and the financial position of the Holding. Actual business environment may differ from the management's assessment.

## 2 Basis of Preparation

**Statement of compliance.** The accompanying consolidated interim condensed financial statements are prepared in accordance with International Financial Reporting Standard ("IFRS") IAS 34 *Interim Financial Reporting*. They do not include all of the information required for the full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Holding as at and for the year ended 31 December 2015, as these consolidated interim condensed financial statements provide an update of previously reported financial information.

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

**Functional and presentation currency.** The functional currency of the Holding is the Kazakhstani tenge ("Tenge") as, being the national currency of the Republic of Kazakhstan, it reflects the economic substance of the majority of underlying events and circumstances relevant to the Holding.

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

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

**Use of estimates and judgments.** The preparation of consolidated interim condensed financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

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

## 2 Basis of Preparation, continued

In preparing these consolidated interim condensed financial statements the significant judgments made by management in applying the Holding's accounting policies and the key sources of estimation uncertainty are the same as those that applied to the Holding's consolidated financial statements for the year ended 31 December 2015.

## 3 Significant Accounting Policies

The accounting policies applied by the Holding in these consolidated interim condensed financial statements are consistent with those applied by the Holding in the consolidated financial statements for the year ended 31 December 2015.

## 4 Cash and Cash Equivalents

<i>(In thousands of Kazakhstani Tenge)</i>	<b>30 June 2016, unaudited</b>	<b>31 December 2015</b>
Current accounts	304,633,234	123,547,809
Correspondent accounts and overnight placements with other banks	133,876,556	52,794,786
Cash balances with the National Bank of the Republic of Kazakhstan ("NBRK")	125,755,408	164,639,306
Receivables under reverse repurchase agreements with original maturities of less than three months	70,293,331	30,385,675
Deposits with other banks with original maturities of less than three months	3,488,376	2,004,728
Mandatory reserves with the NBRK	1,835,992	1,469,456
Cash on hand	1,486,711	1,383,058
<b>Total cash and cash equivalents</b>	<b>641,369,608</b>	<b>376,224,818</b>

The credit quality of cash and cash equivalents balances may be summarised based on Standard and Poor's ratings or Moody's or Fitch ratings as follows as at 30 June 2016:

<i>(In thousands of Kazakhstani Tenge)</i>	<b>Current accounts, unaudited</b>	<b>Correspondent accounts and overnight placements, unaudited</b>	<b>Receivables under reverse repurchase agreements, unaudited</b>	<b>Deposits with other banks, unaudited</b>	<b>Total, unaudited</b>
<i>Neither past due nor impaired</i>					
- AA- to AA+ rated	-	126,040,958	-	-	126,040,958
- A- to A+ rated	469,243	4,305,507	-	-	4,774,750
- BBB- to BBB+ rated	-	1,426,287	-	-	1,426,287
- BB- to BB+ rated	125,349,599	261,362	-	-	125,610,961
- B- to B+ rated	160,190,388	19,771	-	3,488,376	163,698,535
- CCC- to CCC+ rated	18,466,739	1,053,913	-	-	19,520,652
- unrated	157,265	768,758	70,293,331	-	71,219,354
<b>Total cash and cash equivalents, excluding cash on hand and cash balances with NBRK</b>	<b>304,633,234</b>	<b>133,876,556</b>	<b>70,293,331</b>	<b>3,488,376</b>	<b>512,291,497</b>

#### 4 Cash and Cash Equivalents, continued

The credit quality of cash and cash equivalents balances may be summarised based on Standard and Poor's ratings or Moody's or Fitch ratings as follows as at 31 December 2015:

<i>(In thousands of Kazakhstani Tenge)</i>	<b>Current accounts</b>	<b>Correspondent accounts and overnight placements</b>	<b>Receivables under reverse repurchase agreements</b>	<b>Deposits with other banks</b>	<b>Total</b>
<i>Neither past due nor impaired</i>					
- AA- to AA+ rated	-	39,199,082	-	-	39,199,082
- A- to A+ rated	508,125	2,519,656	-	-	3,027,781
- BBB- to BBB+ rated	1,511	3,473,934	-	-	3,475,445
- BB- to BB+ rated	23,619,679	336,962	-	1,201,850	25,158,491
- B- to B+ rated	93,827,758	7,203,950	-	-	101,031,708
- CCC- to CCC+ rated	5,270,054	-	-	-	5,270,054
- unrated	320,682	61,202	30,385,675	802,878	31,570,437
<b>Total cash and cash equivalents, excluding cash on hand and cash balances with NBRK</b>	<b>123,547,809</b>	<b>52,794,786</b>	<b>30,385,675</b>	<b>2,004,728</b>	<b>208,732,998</b>

As at 30 June 2016, the Holding had 1 bank, unaudited (31 December 2015: 1 bank) with aggregated cash and cash equivalent balances above 10.00% of equity. The gross value of this balance as at 30 June 2016 was Tenge 127,591,400 thousand, unaudited (31 December 2015: Tenge 166,108,762 thousand) or 19.89% of the cash and cash equivalents, unaudited (31 December 2015: 44.15%).

Currency risk and interest rate analysis of cash and cash equivalents is disclosed in Note 21. Information on related party balances is disclosed in Note 26.

#### 5 Financial Instruments at Fair Value through Profit or Loss

**Derivative financial instruments.** Derivative financial instruments comprise foreign currency swaps and cross-currency interest rate swaps with maturity in 2017-2020 (31 December 2015: in 2017-2020) measured at fair value (Note 24).

<i>(In thousands of Kazakhstani Tenge)</i>	<b>30 June 2016, unaudited</b>	<b>31 December 2015</b>
<b>Derivative financial instruments</b>	101,964,955	98,301,535
<b>Trading securities</b>		
- Corporate bonds	2,319,210	2,211,281
<b>Other financial instruments at fair value through profit or loss</b>		
<i>Debt instruments</i>		
- Corporate bonds	3,464,352	3,167,823
- Securities of the Ministry of Finance of the Republic of Kazakhstan	2,219,549	3,154,319
<i>Equity instruments</i>		
- Investments in funds	70,569,920	60,358,607
<b>Total financial instruments at fair value through profit or loss</b>	<b>180,537,986</b>	<b>167,193,565</b>

**5 Financial Instruments at Fair Value through Profit or Loss, continued**

The credit quality of debt securities at fair value through profit or loss may be summarised based on Standard and Poor's ratings or Moody's or Fitch ratings as follows at 30 June 2016:

<i>(In thousands of Kazakhstani Tenge)</i>	<b>Corporate bonds</b>	<b>Securities of the Ministry of Finance of the Republic of Kazakhstan</b>	<b>Total, unaudited</b>
- BBB- to BBB+ rated	4,585,266	2,219,549	6,804,815
- B- to B+ rated	1,198,296	-	1,198,296
<b>Total debt financial instruments at fair value through profit or loss</b>	<b>5,783,562</b>	<b>2,219,549</b>	<b>8,003,111</b>

None of financial instruments at fair value through profit or loss are overdue as at 30 June 2016 (31 December 2015: none).

The credit quality of debt securities at fair value through profit or loss may be summarised based on Standard and Poor's ratings or Moody's or Fitch ratings as follows at 31 December 2015:

<i>(In thousands of Kazakhstani Tenge)</i>	<b>Corporate bonds</b>	<b>Securities of the Ministry of Finance of the Republic of Kazakhstan</b>	<b>Total</b>
<i>Not overdue</i>			
- BBB- to BBB+ rated	4,261,121	3,154,319	7,415,440
- B- to B+ rated	1,117,983	-	1,117,983
<b>Total debt financial instruments at fair value through profit or loss</b>	<b>5,379,104</b>	<b>3,154,319</b>	<b>8,533,423</b>

Equity instruments comprise unquoted shares of investment funds. More detailed information on measurement of the fair value of shares is disclosed in Note 24.

Currency risk and interest rate analysis of financial instruments at fair value through profit or loss is disclosed in Note 21. Information on financial instruments at fair value through profit or loss issued by related parties is disclosed in Note 26.

**6 Due from Banks**

<i>(In thousands of Kazakhstani Tenge)</i>	<b>30 June 2016, unaudited</b>	<b>31 December 2015</b>
Long-term deposits	327,166,952	214,118,667
Loans to banks and other financial institutions	323,577,307	332,166,292
<b>Due from banks</b>	<b>650,744,259</b>	<b>546,284,959</b>
Less: provision for impairment	(1,668,556)	(1,293,013)
<b>Total due from banks</b>	<b>649,075,703</b>	<b>544,991,946</b>

Amounts due from banks are not collateralised.



**6 Due from Banks, continued**

During the six-month period ended 30 June 2016, the Holding has no new loans to banks, unaudited. During the six-month period ended 30 June 2015 loans of Tenge 125,000,000 thousand, unaudited, to banks for further financing of private entrepreneurs in manufacturing and other industries were issued. The loss on discount at initial recognition of loans issued to banks was Tenge 80,763,286 thousand, unaudited, which were recognised in “gain less losses on initial recognition of financial instruments at interest rates below market” within other operating income in the consolidated interim condensed statement of profit or loss. Since the loans were financed through issuance of Tenge-denominated bonds with interest rate of 0.10% p.a. and maturing in 2035, which were fully purchased by the NBRK using the funds of the National Fund of the Republic of Kazakhstan (Note 12), this recognised loss on discount was compensated by benefits received in the form of a government grant of Tenge 86,170,517 thousand, unaudited (Note 15).

The credit quality of amounts due from banks may be summarised based on Standard and Poor’s ratings or Moody’s or Fitch ratings as follows at 30 June 2016:

<i>(In thousands of Kazakhstani Tenge)</i>	<b>Loans to banks and financial institutions, unaudited</b>	<b>Long-term deposits, unaudited</b>	<b>Total, unaudited</b>
<i>Neither past due nor impaired</i>			
- BB- to BB+ rated	62,640,500	36,413,699	99,054,199
- B- to B+ rated	187,515,507	270,237,707	457,753,214
- CCC- to CCC+ rated	66,651,421	20,515,546	87,166,967
- unrated	4,691,627	-	4,691,627
<b>Total neither past due nor impaired</b>	<b>321,499,055</b>	<b>327,166,952</b>	<b>648,666,007</b>
<i>Balances individually determined to be impaired (gross)</i>			
- less than 30 days overdue	1,329,502	-	1,329,502
- over 360 days overdue	748,750	-	748,750
<b>Total individually impaired (gross)</b>	<b>2,078,252</b>	<b>-</b>	<b>2,078,252</b>
Less: provision for impairment	(1,668,556)	-	(1,668,556)
<b>Total due from banks</b>	<b>321,908,751</b>	<b>327,166,952</b>	<b>649,075,703</b>

The credit quality of amounts due from banks may be summarised based on Standard and Poor’s ratings or Moody’s or Fitch ratings as follows at 31 December 2015:

<i>(In thousands of Kazakhstani Tenge)</i>	<b>Loans to banks and financial institutions</b>	<b>Long-term deposits</b>	<b>Total</b>
<i>Neither past due nor impaired</i>			
- BB- to BB+ rated	58,058,379	31,108,924	89,167,303
- B- to B+ rated	222,374,585	177,887,902	400,262,487
- CCC- to CCC+ rated	44,767,485	5,121,841	49,889,326
- unrated	5,329,104	-	5,329,104
<b>Total neither past due nor impaired</b>	<b>330,529,553</b>	<b>214,118,667</b>	<b>544,648,220</b>
<i>Individually determined to be impaired (gross)</i>			
- less than 30 days overdue	1,463,837	-	1,463,837
- over 360 days overdue	172,902	-	172,902
<b>Total individually determined to be impaired (gross)</b>	<b>1,636,739</b>	<b>-</b>	<b>1,636,739</b>
Less: provision for impairment	(1,293,013)	-	(1,293,013)
<b>Total due from other banks</b>	<b>330,873,279</b>	<b>214,118,667</b>	<b>544,991,946</b>

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

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**6 Due from Banks, continued**

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

<i>(In thousands of Kazakhstani Tenge)</i>	<b>Six-month period ended 30 June 2016</b>	<b>Six-month period ended 30 June 2015</b>
<b>Provision for impairment at 1 January</b>	<b>1,293,013</b>	<b>1,523,123</b>
Accrual/(recovery) of provision for impairment during the period, unaudited	375,543	(5,000)
<b>Provision for impairment at 30 June, unaudited</b>	<b>1,668,556</b>	<b>1,518,123</b>

As at 30 June 2016 the Holding had balances with 1 bank, unaudited (31 December 2015: 1 bank) with aggregated amounts above 10.00% of equity. The gross value of this balance as at 30 June 2016 was Tenge 142,334,771 thousand, unaudited (31 December 2015: Tenge 182,711,357 thousand) or 21.93% of the total amount due from banks, unaudited (31 December 2015: 33.53%).

Refer to Note 24 for the estimated fair value of each class of amounts due from banks. Information on related party balances is disclosed in Note 26.

**7 Loans to Customers**

<i>(In thousands of Kazakhstani Tenge)</i>	<b>30 June 2016, unaudited</b>	<b>31 December 2015</b>
Corporate loans	1,486,937,096	1,541,894,462
Mortgage loans issued directly	293,283,335	288,433,135
Mortgage loans purchased from commercial banks	56,271,435	74,911,004
Loans issued to small and medium entities ("SME")	2,591,830	2,670,077
<b>Loans to customers, gross</b>	<b>1,839,083,696</b>	<b>1,907,908,678</b>
Less: provision for impairment	(147,537,281)	(174,737,812)
<b>Total loans to customers</b>	<b>1,691,546,415</b>	<b>1,733,170,866</b>

Movements in the provision for loan impairment during the six-month period ended 30 June 2016 are as follows:

<i>(In thousands of Kazakhstani Tenge)</i>	<b>Corporate loans</b>	<b>Mortgage loans issued directly</b>	<b>Mortgage loans purchased from commercial banks</b>	<b>Loans issued to SME</b>	<b>Total</b>
<b>Provision for loan impairment as at 1 January 2016</b>	<b>167,096,276</b>	<b>1,708,014</b>	<b>3,346,228</b>	<b>2,587,294</b>	<b>174,737,812</b>
Net charge for the period, unaudited	11,744,325	(119,649)	(57,901)	(48,020)	11,518,755
Write-offs, unaudited	-	-	-	(793)	(793)
Transfers to non-current assets held for sale, unaudited	(38,279,593)	-	-	-	(38,279,593)
Foreign exchange difference, unaudited	(438,563)	-	-	-	(438,563)
Other changes, unaudited	-	(5,305)	4,968	-	(337)
<b>Provision for loan impairment as at 30 June 2016, unaudited</b>	<b>140,122,445</b>	<b>1,583,060</b>	<b>3,293,295</b>	<b>2,538,481</b>	<b>147,537,281</b>

**7 Loans to Customers, continued**

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

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

**Credit quality**

Analysis by credit quality of loans outstanding as at 30 June 2016 is as follows:

<i>(In thousands of Kazakhstani Tenge)</i>	<b>Corporate loans, unaudited</b>	<b>Mortgage loans issued directly, unaudited</b>	<b>Mortgage loans purchased from commercial banks, unaudited</b>	<b>Loans issued to SME, unaudited</b>	<b>Total, unaudited</b>
<i>Neither past due nor impaired</i>					
- Earlier not restructured	1,110,232,754	282,870,113	51,568,056	38,910	1,444,709,833
- Restructured	140,249,220	928,658	509,566	-	141,687,444
<b>Total neither past due nor impaired</b>	<b>1,250,481,974</b>	<b>283,798,771</b>	<b>52,077,622</b>	<b>38,910</b>	<b>1,586,397,277</b>
<i>Past due but not impaired</i>					
- less than 30 days overdue	1,555,950	5,240,659	1,510,537	-	8,307,146
- 30 to 90 days overdue	-	1,060,211	355,430	-	1,415,641
- 91 to 180 days overdue	-	-	29,448	-	29,448
<b>Total past due but not impaired</b>	<b>1,555,950</b>	<b>6,300,870</b>	<b>1,895,415</b>	<b>-</b>	<b>9,752,235</b>
<i>Impaired (gross)</i>					
- not overdue	89,080,982	-	-	-	89,080,982
- less than 30 days overdue	23,018,616	624,499	283,709	-	23,926,824
- 30 to 90 days overdue	-	619,749	252,534	-	872,283
- 91 to 180 days overdue	-	615,133	188,171	-	803,304
- 181 to 360 days overdue	-	235,466	71,579	-	307,045
- over 360 days overdue	122,799,574	1,088,847	1,502,405	2,552,920	127,943,746
<b>Total impaired loans (gross)</b>	<b>234,899,172</b>	<b>3,183,694</b>	<b>2,298,398</b>	<b>2,552,920</b>	<b>242,934,184</b>
Less: provision for impairment	(140,122,445)	(1,583,060)	(3,293,295)	(2,538,481)	(147,537,281)
<b>Total loans to customers</b>	<b>1,346,814,651</b>	<b>291,700,275</b>	<b>52,978,140</b>	<b>53,349</b>	<b>1,691,546,415</b>

## 7 Loans to Customers, continued

### Credit quality, continued

Analysis by credit quality of loans outstanding at 31 December 2015 is as follows:

<i>(In thousands of Kazakhstani Tenge)</i>	<b>Corporate loans</b>	<b>Mortgage loans issued directly</b>	<b>Mortgage loans purchased from commercial banks</b>	<b>Loans issued to SME</b>	<b>Total</b>
<i>Neither past due nor impaired</i>					
- Earlier not restructured	1,255,548,815	280,163,747	63,890,546	48,388	1,599,651,496
- Restructured	43,590,089	1,470,888	670,412	-	45,731,389
<b>Total neither past due nor impaired</b>	<b>1,299,138,904</b>	<b>281,634,635</b>	<b>64,560,958</b>	<b>48,388</b>	<b>1,645,382,885</b>
<i>Past due but not impaired</i>					
- less than 30 days overdue	14,522,737	2,859,442	2,216,331	-	19,598,510
- 30 to 90 days overdue	-	730,721	1,450,617	-	2,181,338
- 91 to 180 days overdue	-	-	1,187,607	-	1,187,607
- 181 to 360 days overdue	-	-	743,532	-	743,532
- over 360 days overdue	-	-	529,337	-	529,337
<b>Total past due but not impaired</b>	<b>14,522,737</b>	<b>3,590,163</b>	<b>6,127,424</b>	<b>-</b>	<b>24,240,324</b>
<i>Impaired (gross)</i>					
- not overdue	37,419,800	-	-	-	37,419,800
- less than 30 days overdue	21,044,883	97,072	261,211	-	21,403,166
- 30 to 90 days overdue	-	236,937	286,030	-	522,967
- 91 to 180 days overdue	-	688,750	242,820	-	931,570
- 181 to 360 days overdue	-	482,698	184,943	-	667,641
- over 360 days overdue	169,768,138	1,702,880	3,247,618	2,621,689	177,340,325
<b>Total impaired loans (gross)</b>	<b>228,232,821</b>	<b>3,208,337</b>	<b>4,222,622</b>	<b>2,621,689</b>	<b>238,285,469</b>
Less: provision for impairment	(167,096,276)	(1,708,014)	(3,346,228)	(2,587,294)	(174,737,812)
<b>Total loans to customers</b>	<b>1,374,798,186</b>	<b>286,725,121</b>	<b>71,564,776</b>	<b>82,783</b>	<b>1,733,170,866</b>

### Key assumptions and judgments for estimating loan impairment

**Provision for impairment of corporate loans.** The Holding estimates impairment provision for loans to large corporates based on an analysis of the future cash flows for loans with individual signs of impairment and based on its past loss experience for portfolios of loans for which no individual signs of impairment has been identified.

In determining the provision for loan impairment for loans to corporates, management made the following key assumptions:

- historic annual loss rate adjusted to reflect the effects of current conditions of 1.25%, unaudited (31 December 2015: 0.90%);
- a discount of between 20.00% and 70.00% to the originally appraised value if the property pledged is sold;
- a delay of 12 to 36 months in obtaining proceeds from the foreclosure of collateral.

Changes in these estimates could affect the provision for loan impairment. If the net present value of the estimated cash flows differs by one percent, the provision for impairment on corporate loans as at 30 June 2016 would be Tenge 13,468,147 thousand lower/higher, unaudited (31 December 2015: Tenge 13,748,810 thousand).

**Mortgage loan impairment provision.** As at 30 June 2016, the significant assumptions used in determining impairment losses for mortgage loans are the same as those that applied to the Holding's consolidated financial statements as at and for the year ended 31 December 2015.

## 7 Loans to Customers, continued

**Significant credit exposures.** As at 30 June 2016 the Holding had 4 borrowers, unaudited (31 December 2015: 4 borrowers) with the total amount issued to each borrower above 10% of equity. The aggregate amount of these loans was Tenge 716,611,240 thousand, unaudited (31 December 2015: Tenge 777,505,493 thousand), or 38.97% of loan portfolio before provision for impairment, unaudited (31 December 2015: 40.75%). The outstanding debt of entities guaranteed by the state, subsidiaries of government entities or large commercial corporations listed on international stock markets or with a high credit ratings comprised Tenge 328,863,744 thousand as at 30 June 2016, unaudited (31 December 2015: Tenge 448,025,603 thousand).

Refer to Note 24 for the estimated fair value of each class of loans and advances to customers. Information on related party balances is disclosed in Note 26.

Currency risk exposure and interest rate analysis are disclosed in Note 21.

## 8 Investment Securities Available for Sale

<i>(In thousands of Kazakhstani Tenge)</i>	<b>30 June 2016, unaudited</b>	<b>31 December 2015</b>
Bonds of the Ministry of Finance of the Republic of Kazakhstan	151,901,291	127,533,578
Bonds of NWF “Samruk-Kazyna” JSC	94,699,421	113,519,464
NBRK notes	70,146,571	-
Corporate bonds	25,381,321	23,734,304
Bonds of Kazakhstani banks	24,882,521	43,485,553
Bonds of banks from OECD countries	14,077,138	13,898,440
Bonds of other states	13,800,855	53,954,954
Other bonds	1,367,588	-
<b>Debt securities before impairment allowance</b>	<b>396,256,706</b>	<b>376,126,293</b>
Corporate shares	480,077	480,248
<b>Total investment securities available for sale before impairment allowance</b>	<b>396,736,783</b>	<b>376,606,541</b>
Less: impairment allowance	(7,211,426)	(7,268,217)
<b>Total investment securities available for sale</b>	<b>389,525,357</b>	<b>369,338,324</b>

**Corporate bonds.** Corporate bonds represent interest-bearing securities issued by local companies. These securities are in free circulation on the Kazakhstan Stock Exchange.

**Other bonds.** During the six month-period ended 30 June 2016, the Holding purchased 1,700,000 bonds (unaudited) of the local executive body of Astana city at a price of Tenge 1,000 per bond with maturity in 2018. The coupon interest rate on the bonds is 0.15% p.a. The bonds were recognised at the fair value of Tenge 1,367,588 thousand (unaudited) using an estimated market rate of 11.67% p.a. to discount the contractual cash flows. The discount of Tenge 332,412 thousand (unaudited) between the nominal and fair values was recognised through a decrease in government grant liability (Note 15).

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**8 Investment Securities Available for Sale, continued**

The credit quality of debt financial instruments available for sale may be summarised based on Standard and Poor's ratings or Moody's or Fitch ratings as follows at 30 June 2016:

<i>(In thousands of Kazakhstani Tenge)</i>	<b>Bonds of the Ministry of Finance of the RK and NWF "Samruk- Kazyna" JSC, unaudited</b>	<b>Bonds of other states, unaudited</b>	<b>Bonds of Kazakhstani banks, unaudited</b>	<b>Corporate bonds, unaudited</b>	<b>Bonds of banks from OECD countries, unaudited</b>	<b>Other bonds, unaudited</b>	<b>Total, unaudited</b>
<i>Neither past due nor impaired</i>							
NBRK notes	70,146,571	-	-	-	-	-	70,146,571
- AA- to AA+ rated	-	251,061	-	-	-	-	251,061
- BBB- to BBB+ rated	246,600,712	-	-	-	14,077,138	-	260,677,850
- BB- to BB+ rated	-	13,549,794	4,555,118	6,782,674	-	-	24,887,586
- B- to B+ rated	-	-	17,716,772	8,632,819	-	-	26,349,591
- CCC- to CCC+ rated	-	-	582,724	-	-	-	582,724
- CC- to CC+ rated	-	-	17,079	-	-	-	17,079
- unrated	-	-	-	5,243,219	-	1,367,588	6,610,807
<b>Total neither past due nor impaired</b>	<b>316,747,283</b>	<b>13,800,855</b>	<b>22,871,693</b>	<b>20,658,712</b>	<b>14,077,138</b>	<b>1,367,588</b>	<b>389,523,269</b>
<i>Debt securities individually determined to be impaired (gross)</i>							
- over 360 days overdue	-	-	2,010,828	4,722,609	-	-	6,733,437
<b>Total individually impaired debt securities</b>	<b>-</b>	<b>-</b>	<b>2,010,828</b>	<b>4,722,609</b>	<b>-</b>	<b>-</b>	<b>6,733,437</b>
Less: impairment allowance	-	-	(2,010,828)	(4,722,609)	-	-	(6,733,437)
<b>Total debt financial instruments available for sale</b>	<b>316,747,283</b>	<b>13,800,855</b>	<b>22,871,693</b>	<b>20,658,712</b>	<b>14,077,138</b>	<b>1,367,588</b>	<b>389,523,269</b>

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**8 Investment Securities Available for Sale, continued**

The credit quality of debt financial instruments available for sale may be summarised based on Standard and Poor's ratings or Moody's or Fitch ratings as follows at 31 December 2015:

<i>(In thousands of Kazakhstani Tenge)</i>	<b>Bonds of the Ministry of Finance of the RK and NWF "Samruk-Kazyna" JSC</b>	<b>Bonds of other states</b>	<b>Bonds of Kazakhstani banks</b>	<b>Corporate bonds</b>	<b>Bonds of banks from OECD countries</b>	<b>Total</b>
<i>Neither past due nor impaired</i>						
- AAA rated	-	229,974	-	-	-	229,974
- BBB- to BBB+ rated	241,053,042	-	-	1,969,669	13,898,440	256,921,151
- BB- to BB+ rated	-	53,724,980	13,646,422	8,542,284	-	75,913,686
- B- to B+ rated	-	-	14,774,060	-	-	14,774,060
- CCC- to CCC+ rated	-	-	11,696,011	561,034	-	12,257,045
- unrated	-	-	1,358,231	7,881,916	-	9,240,147
<b>Total neither past due nor impaired</b>	<b>241,053,042</b>	<b>53,954,954</b>	<b>41,474,724</b>	<b>18,954,903</b>	<b>13,898,440</b>	<b>369,336,063</b>
<i>Debt securities individually determined to be impaired (gross)</i>						
- over 360 days overdue	-	-	2,010,829	4,779,401	-	6,790,230
<b>Total individually impaired debt securities</b>	<b>-</b>	<b>-</b>	<b>2,010,829</b>	<b>4,779,401</b>	<b>-</b>	<b>6,790,230</b>
Less: impairment allowance	-	-	(2,010,829)	(4,779,401)	-	(6,790,230)
<b>Total debt financial instruments available for sale</b>	<b>241,053,042</b>	<b>53,954,954</b>	<b>41,474,724</b>	<b>18,954,903</b>	<b>13,898,440</b>	<b>369,336,063</b>

## 9 Finance Lease Receivables

Finance lease payments receivable (gross investment in the leases) and their present values as at 30 June 2016 are as follows:

<i>(In thousands of Kazakhstani Tenge)</i>	<b>Less than 1 year, unaudited</b>	<b>From 1 to 5 years, unaudited</b>	<b>More than 5 years, unaudited</b>	<b>Total, unaudited</b>
<b>Finance lease receivables</b>	<b>21,063,426</b>	<b>51,831,084</b>	<b>69,913,943</b>	<b>142,808,453</b>
Unearned finance income	(3,818,950)	(15,472,537)	(14,673,452)	(33,964,939)
Impairment allowance	(5,308,412)	(3,545,725)	(790,448)	(9,644,585)
<b>Present value of lease receivables</b>	<b>11,936,064</b>	<b>32,812,822</b>	<b>54,450,043</b>	<b>99,198,929</b>

Finance lease payments receivable (gross investment in the leases) and their present values as at 31 December 2015 are as follows:

<i>(In thousands of Kazakhstani Tenge)</i>	<b>Less than 1 year</b>	<b>From 1 to 5 years</b>	<b>More than 5 years</b>	<b>Total</b>
<b>Finance lease receivables</b>	<b>15,823,361</b>	<b>39,814,949</b>	<b>42,152,329</b>	<b>97,790,639</b>
Unearned finance income	(3,168,966)	(13,133,034)	(10,348,272)	(26,650,272)
Impairment allowance	(4,729,560)	(3,377,273)	(524,609)	(8,631,442)
<b>Present value of lease receivables</b>	<b>7,924,835</b>	<b>23,304,642</b>	<b>31,279,448</b>	<b>62,508,925</b>

### Embedded financial derivative instruments

The repayment of investment in finance leases of Tenge 14,168,641 thousand, unaudited, (31 December 2015: Tenge 7,871,934 thousand) is in part linked to any appreciation in the rate of the US Dollars or Euro against the Tenge. If these foreign currencies appreciate, the amount receivable is increased by the respective index. If these foreign currencies depreciate, the amount receivable is not adjusted below the original outstanding amount in Tenge.

These embedded derivative financial instruments are recorded at fair value in the consolidated interim condensed financial statements. The estimated amount of the embedded derivative, which is included in finance lease receivables as at 30 June 2016 is Tenge 3,267,199 thousand (unaudited) (31 December 2015: Tenge 3,826,180 thousand). Fair value is calculated using a model based on the Black-Scholes option pricing model (Note 24).

The following assumptions are used by management to estimate the fair values of the embedded financial derivative instruments:

- risk-free rates are estimated using the yield curves for respective currencies and range from 0.64% to 1.71%, unaudited, for US Dollars and from 4.60% to 15.39%, unaudited, for Tenge (31 December 2015: from 0.75% to 1.71% for US Dollars and from 5.39% to 6.23% for Tenge);
- volatility in the model is defined based on the historical one-year observations of fluctuations in the actual foreign exchange rates;
- the model does not include transaction costs.

If the spreads between Tenge and US Dollar (or Euro as appropriate) risk-free rates narrowed by 0.50% across all the contracts the fair value of the derivatives would have decreased by Tenge 192,684 thousand, unaudited, (31 December 2015: Tenge 236,655 thousand). Increase of volatility by 50.00% would result in increase of the fair value of derivative by Tenge 1,107,019 thousand, unaudited (31 December 2015: Tenge 836,683 thousand).



**9 Finance Lease Receivables, continued**

Analysis by credit quality of finance lease receivables at 30 June 2016 and 31 December 2015 is as follows:

<i>(In thousands of Kazakhstani Tenge)</i>	<b>30 June 2016, unaudited</b>	<b>31 December 2015</b>
<b>Neither past due nor impaired</b>	<b>86,038,353</b>	<b>58,150,375</b>
<i>Past due but not impaired</i>		
- less than 30 days overdue	138,410	-
- 30 to 90 days overdue	8,331,567	677,968
- 181 to 360 days overdue	-	57,661
- over 360 days overdue	58,459	-
<b>Total balances past due but not impaired</b>	<b>8,528,436</b>	<b>735,629</b>
<i>Receivables individually determined to be impaired (gross)</i>		
- less than 30 days overdue	3,058,514	969,099
- 30 to 90 days overdue	1,821,812	291,461
- 91 to 180 days overdue	17,276	1,667,128
- 181 to 360 days overdue	25,623	18,592
- over 360 days overdue	9,353,500	9,308,083
<b>Total balances individually impaired (gross)</b>	<b>14,276,725</b>	<b>12,254,363</b>
Less: provision for impairment	(9,644,585)	(8,631,442)
<b>Total finance lease receivables</b>	<b>99,198,929</b>	<b>62,508,925</b>

The Holding estimates the value of provision for impairment of finance leases based on an analysis of the future cash flows for impaired lease receivables under finance lease contracts and based on current economic conditions for portfolios of finance leases for which no indications of impairment has been identified. Movements in the provision for impairment for finance lease receivables are as follows:

<i>(In thousands of Kazakhstani Tenge)</i>	<b>Six-month period ended 30 June 2016</b>	<b>Six-month period ended 30 June 2015</b>
<b>Balance as at 1 January</b>	<b>8,631,442</b>	<b>7,174,280</b>
Net charge of impairment allowance, unaudited	1,019,958	189,673
Amounts written off during the period as uncollectible, unaudited	-	(149,358)
Transfer to other assets, unaudited	(6,815)	(179,463)
<b>Balance at 30 June</b>	<b>9,644,585</b>	<b>7,035,132</b>

In determining the collective impairment allowance for finance lease receivables, the management has assumed loss rates from 0.45% to 5.16% for corporate customers and 1.07% for individuals and 2.10% to 22.49% for corporate customers and 1.22% for individuals the six-month period ended 30 June 2016 (unaudited) and for the year ended 31 December 2015, respectively, which are based on historic loss experience of assets' categories adjusted for current economic conditions.

Changes in these estimates could affect the lease impairment provision. For example, to the extent that the net present value of the estimated cash flows differs by plus/minus one percent, the impairment allowance on finance leases as at 30 June 2016 would be Tenge 991,989 thousand (unaudited) lower/higher (30 June 2015: Tenge 351,356 thousand (unaudited)).

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**10 Other Assets**

<i>(In thousands of Kazakhstani Tenge)</i>	<b>30 June 2016, unaudited</b>	<b>31 December 2015</b>
Prepayments for construction in progress	62,159,305	32,453,641
Prepayments to suppliers for goods and services	27,258,478	19,734,550
Assets to be transferred under finance lease agreements	20,987,293	29,680,853
Construction in progress	16,491,165	9,644,010
Advances for equipment to be transferred under finance lease agreements	10,175,927	26,533,412
Raw materials and consumables	3,691,720	2,237,564
Repossessed collateral	2,400,165	684,097
Foreclosed assets	1,884,543	1,956,008
Prepaid taxes other than on income	1,279,238	1,014,847
Borrowing costs prepaid	-	4,430,883
Other	2,554,021	1,250,337
<b>Other assets before provision for impairment</b>	<b>148,881,855</b>	<b>129,620,202</b>
Less: provision for impairment	(3,324,228)	(2,043,017)
<b>Total other assets</b>	<b>145,557,627</b>	<b>127,577,185</b>

**Prepayment for construction in progress.** As at 30 June 2016, prepayments for construction in progress comprise advances issued to finance construction of real estate facilities on the territory of the International Specialised Exhibition EXPO-2017 in Astana and advances issued for construction of housing for its further rent and mortgage under “Nurly Zhol” Government Program of Infrastructure Development for 2015-2019. Construction of residential real estate facilities is carried by BI Group Corporation LLC and Lux Real Estate Group LLC, while Mega Plaza LLC is constructing the shopping mall. The residential buildings are constructed by A-KurmanKurylysGroup LLP, Aman-Kurylys LLP, Binom LLP, Yedinstvo LLP, Zhabdyktau LLP, Kaspiy Kurylys Ltd, Kaspiskaya Kadrovaya Assotsiatsiya LLP, Kurmysh Trade LLP and TEKHOSNASTKA-REMSERVIS LLP.

**Prepayments to suppliers for goods and services.** Prepayments for goods and services comprise mainly the advances paid by the Holding for the residential complexes purchased from the third parties. The Holding is planning to lease out the residential complexes under finance lease contracts once the title to property is transferred to the Holding.

**Assets to be transferred under finance lease agreements.** Assets to be transferred under finance lease contracts of Tenge 16,234,827 thousand, unaudited, (31 December 2015: Tenge 16,921,984 thousand) comprise the residential complexes purchased during the reporting period which the Holding is planning to transfer to the lessees till the end of 2016.

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

**11 Customer Accounts**

<i>(In thousands of Kazakhstani Tenge)</i>	<b>30 June 2016, unaudited</b>	<b>31 December 2015</b>
<b>State and public organisations</b>		
- Current accounts	718,096	683,165
- Advances received as collateral for customer commitments	-	506,048
<b>Other legal entities</b>		
- Advances received as collateral for customer commitments	33,356,325	5,347,296
- Current accounts	3,175,581	6,853,610
<b>Individuals</b>		
- Term deposits	271,891,908	227,722,502
- Held as security under loans issued	86,521,752	70,921,811
- Current accounts/on demand accounts	2,955,993	2,388,575
<b>Total customer accounts</b>	<b>398,619,655</b>	<b>314,423,007</b>

Term deposits of individuals mainly include housing savings of ZHSSBK JSC's customers.

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**12 Debt Securities Issued**

<i>(In thousands of Kazakhstani Tenge)</i>	<b>30 June 2016, unaudited</b>	<b>31 December 2015</b>
USD denominated Eurobonds	527,511,854	526,400,823
Other Tenge denominated bonds	379,992,725	218,053,419
Mortgage bonds	29,643,037	39,073,139
“Sukuk-Al-Murabaha” Islamic bonds denominated in Malaysian ringgit	17,977,943	16,918,924
<b>Total debt securities issued</b>	<b>955,125,559</b>	<b>800,446,305</b>

**US dollars-denominated Eurobonds.** Eurobonds comprise the following bonds issued by the Holding's subsidiary, DBK JSC:

- medium-term bonds with nominal value of USD 1,000,000 thousand issued on 10 December 2012 at coupon rate of 4.125% per annum which mature in December 2022;
- medium-term bonds with nominal value of USD 425,000 thousand issued on 13 February 2013 at coupon rate of 4.125% per annum which mature in December 2022;
- long-term bonds with nominal value of USD 100,000 thousand issued on 3 June 2005 at coupon rate of 6.50% per annum which mature in June 2020;
- long-term bonds with nominal value of USD 97,416 thousand issued on 23 March 2006 at coupon rate of 6.00% per annum which mature in March 2026.

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

<i>(In thousands of Kazakhstani Tenge)</i>	<b>Placement date</b>	<b>Maturity date</b>	<b>Nominal value</b>		<b>Carrying amount</b>	
			<b>30 June 2016, unaudited</b>	<b>31 December 2015</b>	<b>30 June 2016, unaudited</b>	<b>31 December 2015</b>
KZ2COY20F251 (not listed)	25.03.2016	25.03.2036	202,000,000	-	52,285,755	-
	13.03.2015,					
KZP01Y20E920 (not listed)	31.03.2015	13.03.2035	170,000,000	170,000,000	52,774,067	51,189,243
KZ2C0Y20E676 (not listed)	14.04.2014	14.04.2034	100,000,000	100,000,000	33,232,820	32,242,696
KZ2C0Y20E775 (not listed)	10.12.2014	10.12.2034	100,000,000	100,000,000	31,993,905	31,043,928
	21.01.2015,					
KZP01Y30E879 (not listed)	16.02.2015	21.01.2045	92,500,000	92,500,000	15,044,693	14,600,543
KZP02Y10E820	25.05.2016	25.05.2026	65,000,000	-	65,841,462	-
KZ2C0Y20E742 (not listed)	30.10.2014	30.10.2034	50,000,000	50,000,000	15,740,344	15,263,674
KZP02Y20E738 (not listed)	26.03.2015	26.03.2035	38,095,125	38,095,125	27,163,179	26,432,207
KZP01Y03F261	10.06.2016	10.06.2019	30,000,000	-	30,212,705	-
KZP01T20E730 (not listed)	15.07.2014	15.07.2034	23,000,000	23,000,000	19,178,350	18,681,421
KZP02Y30E877 (not listed)	29.01.2016	29.01.2046	22,500,000	-	3,782,245	-
KZP01Y10E822	29.12.2014	29.12.2024	20,000,000	20,000,000	20,808,341	20,811,040
KZP02Y20E928 (not listed)	29.09.2015	29.09.2035	15,000,000	15,000,000	4,432,604	4,298,048
KZ2C0Y20F236 (not listed)	03.02.2016	03.02.2036	15,000,000	-	4,231,382	-
KZP03Y20E736 (not listed)	09.03.2016	09.03.2036	15,000,000	-	3,270,873	-
KZP01Y05D931	08.02.2011	08.02.2016	-	3,426,853	-	3,490,619
			<b>958,095,125</b>	<b>612,021,978</b>	<b>379,992,725</b>	<b>218,053,419</b>

During the six-month period ended 30 June 2016, the Holding has issued the following bonds:

- unsecured coupon bonds with nominal value of Tenge 22,500,000 thousand (unaudited), issued on 29 January 2016, at a coupon rate of 0.10% p. a. which mature in January 2046. The funds have been raised to finance construction and purchase of housing real estate for further rent. The entire issue of bonds was acquired by the NBRK on behalf of the National Fund of the Republic of Kazakhstan.

- unsecured coupon bonds with nominal value of Tenge 15,000,000 thousand (unaudited), issued on 3 February 2016 at a coupon rate of 0.10% p. a. which mature in February 2036. The issue proceeds will be used to finance export and pre-export lending. The entire issue of bonds was acquired by the NBRK on behalf of the National Fund of the Republic of Kazakhstan.

- unsecured coupon bonds with nominal value of Tenge 15,000,000 thousand (unaudited), issued on 9 March 2016 at a coupon rate of 0.10% p. a. which mature on March 2036. Raised funds will be used to finance construction of housing real estate and a shopping and leisure center on the territory of the International Specialised Exhibition EXPO-2017 in Astana. The entire issue of bonds was acquired by the NBRK on behalf of the National Fund of the Republic of Kazakhstan.

## 12 Debt Securities Issued, continued

- unsecured coupon bonds with a nominal value of Tenge 202,000,000 thousand (unaudited), issued on 25 March 2016 at a coupon rate of 0.10% p.a. which mature in March 2036. Out of the total issue proceeds, Tenge 60,000,000 thousand will be used to finance construction of the rental housing real estate, Tenge 53,000,000 thousand will be used to finance construction of rental housing real estate for its further rent, Tenge 22,000,000 thousand will be used to finance loans for depositors of ZHSSBK JSC to buy out the housing real estate, Tenge 67,000,000 thousand will be used to finance purchase of debt securities issued by the local executive authorities of the regions (cities of Astana and Almaty) issued for construction of the housing real estate for further mortgage. The entire issue of bonds was acquired by the NBRK on behalf of the National Fund of the Republic of Kazakhstan.

- unsecured coupon bonds with a nominal value of Tenge 65,000,000 thousand (unaudited) issued on 25 May 2016 with a coupon rate of 14.00% p.a. and maturity of May 2016.

- unsecured coupon bonds with a nominal value of Tenge 30,000,000 thousand (unaudited) issued on 10 June 2016 with a coupon rate of 14.00% p.a. and maturity of June 2019.

In accordance with the above mentioned programs of state support and development, the Management Council of the National Fund of the Republic of Kazakhstan sets terms and conditions in the form of interest rates, financing schedule and relevant requirements for the Holding, its subsidiaries and commercial banks acting as program agents as well as for the end users. In addition, the Government approved special conditions, under which the Holding's subsidiaries may provide further financing to the commercial banks and companies. For this reason, the difference that has arisen upon valuation of bonds repurchased by NBRK on behalf of the National Fund of the Republic of Kazakhstan during the six-month period ended 30 June 2016, at the fair value at the placement date, was recognised as a government grant, as NBRK acted in the interests of the Government and not the Holding's ultimate shareholder, because all terms and conditions of the loans have been agreed on at the Government level in the resolution concerning financing the above-mentioned programs, and the Government does not expect any direct economic benefits from these programs in its capacity of the Holding's shareholder as the ultimate beneficiaries are the subjects specified by the programs.

Thus, during the six-month period ended 30 June 2016, the Holding recognised Tenge 173,822,369 thousand, unaudited, as a government grant that has been recognised in other liabilities (six-month period ended 30 June 2015: Tenge 212,814,102 thousand) (Note 15).

On 25 March 2016, the Holding issued bonds with nominal value of Tenge 22,000,000 thousand and interest rate at 0.10% which were completely repurchased by the NBRK on behalf of the National Fund of the Republic of Kazakhstan. The discount of Tenge 13,541,734 thousand arising upon initial recognition was recognised directly in equity as an additional paid-in capital (less effect of the respective income tax of Tenge 3,385,431 thousand), as management determined that the Government acted in the capacity of a shareholder when providing the Holding with said financing instruments at interest rates below market rates, without any additional conditions.

In determining the fair value of the issued bonds upon initial recognition, the Holding has applied the market interest rates in the range from 6.51% to 8.29% p.a., unaudited (six-months period ended 30 June 2015: from 5.72% to 7.01% p.a., unaudited).

**Mortgage bonds.** Mortgage bonds comprise debt securities issued by KMC JSC denominated in Tenge and US Dollar. These bonds have floating and fixed coupon rates varying from 0.10% to 12.00% p.a. (effective interest rates vary from 4.34% to 19.05% p. a.) (unaudited). They will be redeemed during 2017-2020. Bonds are secured by customer loan agreements and relevant real estate which is the collateral for these loans. Floating coupon rates are dependent on the inflation rate which is based on the inflation index for the recent 12 months according to data reported by the Agency of Statistics of the Republic of Kazakhstan, and subject to semi-annual revision in accordance with the issue date.

**Islamic bonds Sukuk Al-Murabaha denominated in Malaysian ringgits.** On 3 August 2012, DBK JSC issued medium-term "Sukuk Al Murabaha" Islamic bonds denominated in Malaysian ringgits with maturity in August 2017 and a coupon rate of 5.50% p.a.

## 13 Loans from Banks and Other Financial Institutions

<i>(In thousands of Kazakhstani Tenge)</i>	<b>30 June 2016, unaudited</b>	<b>31 December 2015</b>
Loans from National Welfare Fund "Samruk-Kazyna" JSC	78,120,019	77,360,335
<b>Loans with fixed interest rate</b>		
Loans from OECD banks and other financial institutions	21,772,284	20,584,832
Loans from non-OECD banks and other financial institutions	653,664,893	665,591,332
	<b>675,437,177</b>	<b>686,176,164</b>
<b>Loans with floating interest rate</b>		
Loans from OECD banks and other financial institutions	15,629,929	5,007,717
Loans from non-OECD banks and other financial institutions	346,652,296	369,488,641
	<b>362,282,225</b>	<b>374,496,358</b>
<b>Total loans from banks and other financial institutions</b>	<b>1,115,839,421</b>	<b>1,138,032,857</b>

#### 14 Other Financial Liabilities

Other financial liabilities comprise the following:

<i>(In thousands of Kazakhstani Tenge)</i>	<b>30 June 2016, unaudited</b>	<b>31 December 2015</b>
Government grants liabilities	24,127,005	15,675,071
Liability for compensation on customer accounts	17,233,666	-
Derivative financial instruments	8,192,246	9,656,433
Payables for mortgage loans acquired	7,133,405	7,016,741
Other accounts payable	3,266,066	1,059,720
Payables on banking activity	3,120,629	2,925,749
Provision for credit related commitments	1,713,624	1,841,536
Accrued commission expenses	1,234,759	783,330
Interest strip payable	1,165,064	1,503,295
Other	877,694	1,337,927
<b>Total other financial liabilities</b>	<b>68,064,158</b>	<b>41,799,802</b>

**Government grants liabilities.** Government grants are placed by the Ministry of Economic Development and Trade of the Republic of Kazakhstan and municipal bodies. Such funds are further transferred to local banks as payment against projects subsidised by the Government under the “Road Map of Business – 2020”.

**Liability for compensation on customer accounts.** During 2015 due to the transition to the regime of freely floating exchange rate and, as a result, devaluation of Kazakhstani Tenge, the Government of the Republic of Kazakhstan (“Government”) jointly with the Holding decided to compensate housing construction savings of customers both from the funds of the Government and Holding. Thus, retained earnings of previous years in the amount of Tenge 24,000,000 thousand are to be distributed as the compensation payment for the customer deposits in 2016 and 2017. As at 30 June 2016 the Holding had transferred funds to customer accounts in the amount of Tenge 8,227,310 thousand.

Information on fair value of each category of other financial liabilities is disclosed in Note 24.

#### 15 Other Liabilities

<i>(In thousands of Kazakhstani Tenge)</i>	<b>30 June 2016, unaudited</b>	<b>31 December 2015</b>
Government grants	322,476,053	143,671,433
Deferred income	10,580,424	17,077,399
Advances received under finance leases	3,554,712	4,878,593
Deferred income on guarantees	3,539,363	2,891,020
Prepayments	2,475,682	1,854,472
Taxes payable other than on income	1,619,558	984,241
Accrued employee benefit costs	1,392,386	1,092,110
Provision for compensation on customer accounts	-	24,000,000
Provision for sale of investment	-	5,027,106
Deferred income from donated property of BD JSC	-	299,149
Other	3,782,720	3,951,058
<b>Total other liabilities</b>	<b>349,420,898</b>	<b>205,726,581</b>

**Government grants.** The Holding recorded as government grants the amount of benefits received from loans provided at low interest rates by the National Fund of the Republic of Kazakhstan and NWF Samruk-Kazyna JSC. Government grants of Tenge 243,162,155, unaudited, (31 December 2015: Tenge 78,100,995 thousand), will be subsequently transferred to lessees of housing real estate under finance lease agreement terms at the preferential rates gradually up to 2045 under the programme “Nurly Zhol”. Grants of Tenge 4,563,406 thousand, unaudited, (31 December 2015: Tenge 4,897,893 thousand) will be utilised as the finance lease agreements for equipment are signed. Grants of Tenge 44,692,369 thousand, unaudited, (31 December 2015: Tenge 42,350,501 thousand) will be transferred to the end users as the loans are issued in accordance with the terms of the respective state programs. The remaining government grants of Tenge 30,058,123 thousand, unaudited, (31 December 2015: Tenge 18,322,044 thousand) will be utilised in the subsequent periods as a part of construction of residential complexes and the shopping and leisure centre on the territory of the International Specialised Exhibition EXPO-2017 in Astana.

**15 Other Liabilities, continued**

<i>(In thousands of Kazakhstani Tenge)</i>	<b>Six-month period ended 30 June 2016</b>	<b>Six-month period ended 30 June 2015</b>
<b>Balance as at 1 January</b>	<b>143,671,433</b>	<b>12,745,263</b>
Government grant on loans received from the Government of the Republic of Kazakhstan through debt securities issuance (Note 12), unaudited	173,822,369	212,814,102
Government grant on loans received from the Government of the Republic of Kazakhstan through receipt of Loan from the Government*, unaudited	14,470,953	-
Utilisation of government grants upon issuance of low interest loans, unaudited	(7,764,576)	(86,170,517)
Utilisation of government grants upon issuance of low loans to other borrowers, unaudited	(845,088)	-
Recovery of government grant from unallocated funds returned by banks, unaudited	150,164	-
Utilisation of government grants upon acquisition of debt securities issued by the local executive body of Astana, unaudited	(332,412)	-
Utilisation of government grants upon issuance of finance lease agreements, unaudited	(696,790)	(787,800)
<b>Balance as at 30 June, unaudited</b>	<b>322,476,053</b>	<b>138,601,048</b>

\*On 15 June 2016, the Holding received a loan of Tenge 19,092,292 thousand from the Ministry for the Investments and Development of the Republic of Kazakhstan. The loan bears an interest rate of 0.10% p.a. and has maturity of 30 years and has a condition attached under the programme “Regions Development till 2020” approved by the Decree #728 of the Government of the Republic of Kazakhstan dated 28 June 2014 and launched under the President’s “NurlyZhol” Statement that indicates that the Holding is not an intended recipient of the benefits of the subsidised financing. The benefits are to be allocated further by providing leases at favourable rates to population meeting the criteria specified in the programme. The Government grant of Tenge 14,470,953 thousand (unaudited) (six-month period ended 30 June 2015: none), was recognised during six month-period ended 30 June 2016. The Holding Company applied the market interest rate of 8.00% p.a. to determine the fair value of issued bonds upon initial recognition.

**16 Interest Income and Expense**

<i>(In thousands of Kazakhstani Tenge)</i>	<b>Six-month period ended 30 June 2016, unaudited</b>	<b>Six-month period ended 30 June 2015, unaudited</b>
<b>Interest income</b>		
Loans to customers	71,169,995	48,758,995
Due from banks	17,923,188	11,883,554
Cash and cash equivalents	14,948,875	4,149,667
Investment securities available for sale	14,045,732	10,636,839
Finance lease receivables	4,533,107	1,710,642
Financial instruments at fair value through profit or loss	298,638	335,844
Receivable under reverse repurchase agreements	95,628	135,147
Investment securities held to maturity	-	325,388
Other	241,138	1,236,442
<b>Total interest income</b>	<b>123,256,301</b>	<b>79,172,518</b>
<b>Interest expense</b>		
Loans from banks and other financial institutions	(27,852,798)	(15,340,108)
Debt securities issued	(25,788,532)	(17,017,659)
Customer accounts	(2,817,815)	(2,086,247)
Subordinated debt	(655,943)	(655,127)
Loans from the Government of the Republic of Kazakhstan	(495,735)	(497,464)
<b>Total interest expense</b>	<b>(57,610,823)</b>	<b>(35,596,605)</b>
<b>Net interest income</b>	<b>65,645,478</b>	<b>43,575,913</b>

**17 Net Gain/(Loss) on Financial Instruments at Fair Value through Profit or Loss**

<i>(In thousands of Kazakhstani Tenge)</i>	Six-month period ended 30 June 2016, unaudited	Six-month period ended 30 June 2015, unaudited
Gains less losses/(losses less gains) on derivative financial instruments	1,009,200	(706,842)
Gains less losses/(losses less gains) on trading securities	138,182	(263,646)
Gains less losses/(losses less gains) on other financial instruments at fair value through profit or loss		
- Debt instruments	(94,593)	(594)
- Equity instruments	2,238,174	653,575
<b>Total net gain/(loss) on financial instruments at fair value through profit or loss</b>	<b>3,290,963</b>	<b>(317,507)</b>

**18 Net Foreign Exchange Gain**

<i>(In thousands of Kazakhstani Tenge)</i>	Six-month period ended 30 June 2016, unaudited	Six-month period ended 30 June 2015, unaudited
Gains less losses arising from foreign currency translation	518,455	1,089,084
Gains less losses arising from foreign currency operations	221,295	82,881
<b>Total net foreign exchange gain</b>	<b>739,750</b>	<b>1,171,965</b>

**19 Other Operating Income, net**

<i>(In thousands of Kazakhstani Tenge)</i>	Six-month period ended 30 June 2016, unaudited	Six-month period ended 30 June 2015, unaudited
Gain from assets and liabilities write-off	2,593,627	-
Gains less losses on initial recognition of financial instruments at interest rates below market	1,472,487	4,530,269
Recovery of impairment on loans and advances to customers previously written off	695,406	132,083
Provision for impairment of non-current assets held for sale	(1,227,620)	-
Other, net	818,199	(555,807)
<b>Total other operating income, net</b>	<b>4,352,099</b>	<b>4,106,545</b>

**20 Income Tax Expense**

<i>(In thousands of Kazakhstani Tenge)</i>	Six-month period ended 30 June 2016, unaudited	Six-month period ended 30 June 2015, unaudited
Current tax	5,684,080	3,061,511
Deferred tax	981,955	(1,078,478)
<b>Income tax expense for the period</b>	<b>6,666,035</b>	<b>1,983,033</b>

The income tax rate applicable to the Holding's six-month period ended 30 June 2016 income is 20% (six-month period ended 30 June 2015: 20%).

## 20 Income Tax Expense, continued

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

<i>(In thousands of Kazakhstani Tenge)</i>	<b>Six-month period ended 30 June 2016, unaudited</b>	<b>Six-month period ended 30 June 2015, unaudited</b>
<b>Profit before income tax</b>	<b>47,694,212</b>	<b>25,628,708</b>
Income tax at the applicable tax rate	9,538,842	5,125,742
- Non-taxable income on securities	(3,557,253)	(2,500,247)
- Other non-taxable income	(1,040,002)	(3,251,082)
- Other non-deductible expenses	1,796,376	1,485,081
- Elimination of taxable income and expenses during consolidation	-	795,994
- Adjustment of current income tax expense for prior years	(407,804)	(456,796)
- Change in unrecognised deferred tax assets	350,196	744,430
- Previously unrecognised tax asset	(289,088)	-
- Other permanent differences	274,768	39,911
<b>Income tax expense for the period</b>	<b>6,666,035</b>	<b>1,983,033</b>

## 21 Financial Risk Management

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

As at 30 June 2016, there were no significant changes in relation to liquidity risk exposure since 31 December 2015. Changes in credit risks in relation to due from banks and loans to customers are disclosed in Note 6 and Note 7, respectively.

### Currency risk

The Holding has assets and liabilities denominated in several foreign currencies. Foreign currency risk arises when the actual or forecasted assets in a foreign currency are either greater or less than the liabilities in that currency. The table below summarises the Holding exposure to foreign currency exchange rate risk as at 30 June 2016:

<i>(in thousands of Kazakhstani Tenge)</i>	<b>Tenge, unaudited</b>	<b>US Dollars, unaudited</b>	<b>Euro, unaudited</b>	<b>Other, unaudited</b>	<b>Total, unaudited</b>
<b>ASSETS</b>					
Cash and cash equivalents	432,120,624	203,909,714	4,312,714	1,026,556	641,369,608
Debt financial instruments at fair value through profit or loss	22,513,068	2,959,379	-	721,915	26,194,362
Due from banks	467,763,737	181,292,026	19,940	-	649,075,703
Loans to customers	789,596,638	880,263,020	17,736,883	3,949,874	1,691,546,415
Debt investment securities available for sale	288,539,309	100,732,899	-	251,061	389,523,269
Finance lease receivables*	99,198,929	-	-	-	99,198,929
Other financial assets	13,796,919	22,732,567	296,246	-	36,825,732
<b>Total monetary financial assets</b>	<b>2,113,529,224</b>	<b>1,391,889,605</b>	<b>22,365,783</b>	<b>5,949,406</b>	<b>3,533,734,018</b>
<b>LIABILITIES</b>					
Customer accounts	364,337,444	30,268,594	4,013,137	480	398,619,655
Debt securities issued	398,022,236	539,125,380	-	17,977,943	955,125,559
Subordinated debt	14,903,056	-	-	-	14,903,056
Loans from banks and other financial institutions	115,060,843	977,628,734	18,243,847	4,905,997	1,115,839,421
Loans from the Government of the Republic of Kazakhstan	64,080,945	384,895	-	-	64,465,840
Other financial liabilities	54,773,787	8,116,621	338,427	171,549	63,400,384
<b>Total monetary financial liabilities</b>	<b>1,011,178,311</b>	<b>1,555,524,224</b>	<b>22,595,411</b>	<b>23,055,969</b>	<b>2,612,353,915</b>
<b>Net position before derivatives</b>	<b>1,102,350,913</b>	<b>(163,634,619)</b>	<b>(229,628)</b>	<b>(17,106,563)</b>	<b>921,380,103</b>
Claims on derivative financial instruments	1,492,200	243,336,652	-	20,193,600	265,022,452
Liabilities on derivative financial instruments	(157,590,892)	(25,769,943)	-	(2,551,687)	(185,912,522)
<b>Total net position</b>	<b>946,252,221</b>	<b>53,932,090</b>	<b>(229,628)</b>	<b>535,350</b>	<b>1,000,490,033</b>

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



**21 Financial Risk Management, continued**

**Currency risk, continued**

The table below summarises the Holding exposure to foreign currency exchange rate risk at 31 December 2015:

<i>(In thousands of Kazakhstani Tenge)</i>	<b>Tenge</b>	<b>US Dollars</b>	<b>Euro</b>	<b>Other</b>	<b>Total</b>
<b>ASSETS</b>					
Cash and cash equivalents	213,572,232	158,153,418	3,059,301	1,439,867	376,224,818
Debt financial instruments at fair value through profit or loss	18,889,362	4,755,173	-	1,139,860	24,784,395
Due from banks	417,987,474	126,546,885	457,587	-	544,991,946
Loans to customers	716,170,161	996,859,539	16,514,369	3,626,797	1,733,170,866
Debt investment securities available for sale	239,667,452	129,438,637	-	229,974	369,336,063
Finance lease receivables*	62,508,925	-	-	-	62,508,925
Other financial assets	12,537,084	10,803,478	375,832	-	23,716,394
<b>Total monetary financial assets</b>	<b>1,681,332,690</b>	<b>1,426,557,130</b>	<b>20,407,089</b>	<b>6,436,498</b>	<b>3,134,733,407</b>
<b>LIABILITIES</b>					
Customer accounts	306,885,957	7,453,853	80,188	3,009	314,423,007
Debt securities issued	257,079,664	526,447,717	-	16,918,924	800,446,305
Subordinated debt	14,652,856	-	-	-	14,652,856
Loans from banks and other financial institutions	121,522,075	994,298,632	17,394,879	4,817,271	1,138,032,857
Loans from the Government of the Republic of Kazakhstan	53,996,261	385,576	-	-	54,381,837
Other financial liabilities and provisions	51,000,674	11,512,426	97,481	89,234	62,699,815
<b>Total monetary financial liabilities</b>	<b>805,137,487</b>	<b>1,540,098,204</b>	<b>17,572,548</b>	<b>21,828,438</b>	<b>2,384,636,677</b>
<b>Net position before derivatives</b>	<b>876,195,203</b>	<b>(113,541,074)</b>	<b>2,834,541</b>	<b>(15,391,940)</b>	<b>750,096,730</b>
Claims on derivative financial instruments	1,492,200	244,306,664	-	19,022,400	264,821,264
Liabilities on derivatives financial instruments	(157,590,892)	(25,872,670)	-	(2,407,126)	(185,870,688)
<b>Total net position</b>	<b>720,096,511</b>	<b>104,892,920</b>	<b>2,834,541</b>	<b>1,223,334</b>	<b>829,047,306</b>

\* These assets contain embedded derivatives which become effective if the US Dollars or Euro appreciates against Tenge.

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

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

<i>(In thousands of Kazakhstani Tenge)</i>	<b>30 June 2016, unaudited</b>	<b>31 December 2015</b>
US Dollar strengthening by 20.00% (2015: strengthening by 20.00%)	8,629,134	16,782,867
US Dollar weakening by 20.00% (2015: weakening by 20.00%)	(8,629,134)	(16,782,867)
Euro strengthening by 20.00% (2015: strengthening by 20.00%)	(36,740)	453,527
Euro weakening by 20.00% (2015: weakening by 20.00%)	36,740	(453,527)
Other currencies strengthening by 20.00% (2015: strengthening by 20.00%)	85,656	195,733
Other currencies weakening by 20.00% (2015: weakening by 20.00%)	(85,656)	(195,733)

## 21 Financial Risk Management, continued

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

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

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

The Holding considers capital as at 30 June 2016 as net assets, which is Tenge 901,692,501 thousand (unaudited) (31 December 2015: Tenge 862,998,273 thousand). The Holding does not have regulatory capital requirements. As at 30 June 2016 and 31 December 2015, the Holding's subsidiaries complied with all the capital adequacy ratios by exceeding the minimum requirements.

**Interest rate risk.** The Holding takes on exposure 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 reduce or create losses in the event that unexpected movements arise. Interest rate risk management by the subsidiaries is based on the principles of full coverage of costs: resulting interest income should cover costs for raising and placement of funds and provide for net profit generation and competitiveness. Report on interest rate classifies assets, liabilities, off-balance sheet claims and liabilities which are sensitive to changes in interest rates, and groups them in economically homogeneous and significant items, by time period depending on their maturities (for fixed rates) or time to their next reprice (for floating rates). Time periods and items of recorded assets, liabilities, off-balance sheet claims and liabilities can be changed by the Holding's Management Board.

The table below summarises the Holding's exposure to interest rate risks. The table presents the aggregated amounts of the Holding's financial assets and liabilities at carrying amounts, categorised by the earlier of contractual interest repricing or maturity dates.

<i>(In thousands of Kazakhstani Tenge)</i>	<b>Demand and less than 1 month</b>	<b>From 1 to 6 months</b>	<b>From 6 to 12 months</b>	<b>More than 1 year</b>	<b>Non- monetary</b>	<b>Non- interest</b>	<b>Total</b>
<b>30 June 2016</b>							
Total financial assets, unaudited	881,403,885	314,062,251	176,700,068	1,965,516,255	70,658,252	279,739,019	3,688,079,730
Total financial liabilities, unaudited	(293,680,656)	(129,103,614)	(72,547,980)	(2,062,827,344)	-	(58,858,095)	(2,617,017,689)
<b>Net interest sensitivity gap at 30 June 2016, unaudited</b>	<b>587,723,229</b>	<b>184,958,637</b>	<b>104,152,088</b>	<b>(97,311,089)</b>	<b>70,658,252</b>	<b>220,880,924</b>	<b>1,071,062,041</b>
<b>31 December 2015</b>							
Total financial assets	546,097,053	113,864,935	190,456,140	2,063,152,635	64,441,139	299,132,936	3,277,144,838
Total financial liabilities	(352,327,092)	(104,345,842)	(65,238,097)	(1,812,774,816)	-	(28,170,359)	(2,362,856,206)
<b>Net interest sensitivity gap at 31 December 2015</b>	<b>193,769,961</b>	<b>9,519,093</b>	<b>125,218,043</b>	<b>250,377,819</b>	<b>64,441,139</b>	<b>270,962,577</b>	<b>914,288,632</b>

All of the Holding's debt instruments reprice within 1 year on the average, excluding financial instruments with fixed interest rate.

Sensitivity analysis of profit or loss and equity (net of taxes) to changes in interest rates (interest rate risk) performed based on the conventional scenario of parallel shift in yield curve by 100 basis points upward or downward the interest rates and restated positions on interest-bearing assets and liabilities effective as at 30 June 2016 and 31 December 2015 is as follows:

<i>(In thousands of Kazakhstani Tenge)</i>	<b>Unaudited 30 June 2016</b>	<b>31 December 2015</b>
Parallel increase by 100 basis points (2015: 100 basis points)	5,762,281	1,789,947
Parallel decrease by 100 basis points (2015: 100 basis points)	(5,762,281)	(1,789,947)

## 21 Financial Risk Management, continued

### Interest rate risk, continued

The Holding monitors interest rates for its financial instruments. The table below summarises interest rates at the respective reporting date based on reports reviewed by key management personnel. For securities, the interest rates represent yields to maturity based on market quotations at the reporting date:

	Unaudited 30 June 2016			31 December 2015		
	Tenge	US Dollar	Other	Tenge	US Dollar	Other
<b>Assets</b>						
Cash and cash equivalents	13.10%	-	2.00%	25.51%	0.01%	2.00%
Debt financial instruments at fair value through profit or loss	7.20%	-	-	4.33%	-	-
Due from banks	11.84%	5.84%	-	8.99%	5.29%	-
Loans to customers	7.59%	6.19%	6.47%	7.67%	6.43%	6.48%
Debt investment securities available for sale	8.11%	5.56%	5.40%	7.02%	7.74%	3.72%
Finance lease receivables	4.92%	-	-	5.28%	-	-
<b>Liabilities</b>						
Customer accounts	1.98%	-	-	1.96%	-	-
Debt securities issued	8.62%	5.19%	5.78%	7.38%	5.17%	5.78%
Subordinated debt	9.07%	-	-	9.07%	-	-
Loans from banks and other financial institutions	3.33%	4.77%	4.36%	3.70%	3.56%	3.25%
Loans from the Government of the Republic of Kazakhstan	1.13%	-	-	1.28%	-	-

## 22 Contingencies and Commitments

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

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

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

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

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

**Investment related contingencies.** The Holding purchases shares in private equity funds to include in its portfolio. The Holding diversifies the investment portfolio by distributing investments among managers, relevant industries, territories and investment stages. As at 30 June 2016 the contingent capital commitments totalled Tenge 54,294,332 thousand, unaudited (31 December 2015: Tenge 59,659,245 thousand). Under the constituent agreements of private equity funds, in case of default on capital commitments, after the manager issued a due claim, the Holding may be subject to sanctions, including moratorium on interest, cessation of profit distribution, temporary denial of right to participate in the corporate governance of the funds and forced sale of the Holding's share to co-investors and third parties. As at 30 June 2016 and 31 December 2015, the Holding did not have overdue investment commitments.

**Compliance with covenants.** The subsidiaries of the Holding are subject to certain covenants primarily relating to their borrowings. Non-compliance with these covenants may result in negative consequences for the Holding. The Holding was in compliance with covenants at 30 June 2016 and 31 December 2015.

## 22 Contingencies and Commitments, continued

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

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

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

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

<i>(In thousands of Kazakhstani Tenge)</i>	<b>30 June 2016, unaudited</b>	<b>31 December 2015</b>
Commitments to extend credit that are irrevocable or revocable only in response to a material adverse change	25,222,475	25,758,557
Undrawn credit lines that are irrevocable or revocable only in response to a material adverse change	180,169,100	170,595,526
Import letters of credit	11,701,865	14,763,933
Financial guarantees issued	70,139,286	74,564,860
<b>Commitments to extend credit that are irrevocable or revocable only in response to a material adverse change</b>	<b>287,232,726</b>	<b>285,682,876</b>

## 23 Derivative Financial Instruments

<b>Type of instrument</b>	<b>Notional amount</b>	<b>Maturity</b>	<b>Amounts payable by the Holding</b>	<b>Amounts receivable by the Holding</b>	<b>Fair value of Asset</b>	<b>Fair value of Liability</b>
<b>30 June 2016, unaudited</b>						
Currency interest rate swap (hedging instrument)	Malaysian ringgit 240,000,000	03.08.17	Fixed 4.95% p.a. and USD 76,093,849 thousand at maturity	Fixed 5.5% p.a. and Malaysian ringgit 240,000 thousand at maturity	450,345	(6,924,322)
Currency interest rate swap	US dollars 322,927,879	28.04.18	Fixed 3.00% p.a. and KZT 60,000,000 thousand at maturity	USD 322,927,879 at maturity	56,453,263	-
Currency interest rate swap	Malaysian Ringgit 30,370,000	03.08.17	Fixed 5.5% p.a. and MYR 30,370 thousand at maturity	Fixed 6.5% p.a. and KZT 1,492,200 thousand at maturity	-	(1,246,374)
Options	KZT 5,019,118 thousand	15.06.18	KZT 21,550 thousand at expiration	-	-	(21,550)
Currency swap	US Dollars 122,000,000	29.09.19	Fixed at 3.00% p.a. and KZT 22,222,300 thousand at maturity	USD 122,000 thousand at maturity	21,406,517	-
Currency swap	US Dollars 273,600,000	14.08.20	Fixed at 3.00% p.a. and KZT 75,368,592 thousand at maturity	USD 273,600 thousand at maturity	23,654,830	-
<b>Net fair value</b>					<b>101,964,955</b>	<b>(8,192,246)</b>

**23 Derivative Financial Instruments, continued**

Type of instrument	Notional amount	Maturity	Amounts payable by the Holding	Amounts receivable by the Holding	Fair value of Asset	Fair value of Liability
<b>31 December 2015</b>						
Currency interest rate swap (hedging instrument)	Malaysian ringgit 240,000,000	03.08.17	Fixed 4.95% p.a. and USD 76,093,849 thousand at maturity	Fixed 5.5% p.a. and Malaysian ringgit 240,000 thousand at maturity	429,958	(8,600,369)
Currency interest rate swap	US dollars 322,927,879	28.04.18	Fixed 3.00% p.a. and KZT 60,000,000 thousand at maturity	USD 322,927,879 at maturity	51,874,915	-
Currency interest rate swap	Malaysian Ringgit 30,370,000	03.08.17	Fixed 5.5% p.a. and MYR 30,370 thousand at maturity	Fixed 6.5% p.a. and KZT 1,492,200 thousand at maturity	-	(1,022,405)
Options	KZT 5,019,118 thousand	15.06.18	KZT 33,659 thousand at expiration	KZT 21,712 thousand at expiration	21,712	(33,659)
Currency swap	US Dollars 122,000,000	29.09.19	Fixed at 3.00% p.a. and KZT 22,222,300 thousand at maturity	USD 122,000 thousand at maturity	22,206,212	-
Currency swap	US Dollars 273,600,000	14.08.20	Fixed at 3.00% p.a. and KZT 75,368,592 thousand at maturity	USD 273,600 thousand at maturity	23,768,738	-
<b>Net fair value</b>					<b>98,301,535</b>	<b>(9,656,433)</b>

Foreign exchange and other derivative financial instruments entered into by the Holding are generally traded in an over-the-counter market with professional market counterparties on standardised contractual terms and conditions. Derivatives have potentially favourable (assets) or unfavourable (liabilities) conditions as a result of fluctuations in market interest rates, foreign exchange rates or other variables relative to their terms. The aggregate fair values of derivative financial instruments can fluctuate significantly over time.

## 24 Fair Value of Financial Instruments

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

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

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

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

<i>(In thousands of Kazakhstani tenge)</i>	<b>30 June 2016, unaudited</b>				<b>31 December 2015</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>ASSETS AT FAIR VALUE</b>								
Financial instruments at fair value through profit or loss	5,683,901	2,319,210	70,172,927	78,176,038	6,322,142	2,211,281	60,358,607	68,892,030
Investment securities available for sale	76,127,189	313,396,080	-	389,523,269	35,701,869	333,301,295	332,899	369,336,063
Embedded derivatives	-	-	3,267,199	3,267,199	-	-	3,826,180	3,826,180
Derivative financial instruments	-	45,511,692	56,453,263	101,964,955	-	46,426,620	51,874,915	98,301,535
<b>TOTAL ASSETS AT FAIR VALUE</b>	<b>81,811,090</b>	<b>361,226,982</b>	<b>129,893,389</b>	<b>572,931,461</b>	<b>42,024,011</b>	<b>381,939,196</b>	<b>116,392,601</b>	<b>540,355,808</b>
<b>LIABILITIES AT FAIR VALUE</b>								
Derivative financial instruments	-	8,192,246	-	8,192,246	-	9,656,433	-	9,656,433
<b>TOTAL LIABILITIES RECURRENTLY MEASURED AT FAIR VALUE</b>	<b>-</b>	<b>8,192,246</b>	<b>-</b>	<b>8,192,246</b>	<b>-</b>	<b>9,656,433</b>	<b>-</b>	<b>9,656,433</b>

## **24 Fair Value of Financial Instruments, continued**

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

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

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

There were no changes in valuation techniques for level 2 recurring fair value measurements during the six-month periods ended 30 June 2016 and during the year ended 31 December 2015.

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

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

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

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

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

There were no significant changes in valuation technique, observable inputs and assumptions for level 3 recurring fair value measurements during the six-month period ended 30 June 2016 (the six-month period ended 30 June 2015: none).

**24 Fair Value of Financial Instruments, continued**

The table below provides information on significant unobservable inputs used at the year-end to value the most significant companies included in the portfolio of private equity funds categorised into Level 3 of the fair value hierarchy as at 30 June 2016 (unaudited), in addition to sensitivity analysis to changes in unobservable data, which the Holding thinks reasonably possible at the reporting date, assuming that all other variables remain unchanged.

<b>Company industries</b>	<b>Fair value of the Holding's interest</b>	<b>Valuation technique</b>	<b>Significant unobservable inputs</b>	<b>Reasonable change</b>	<b>Sensitivity analysis of fair value to unobservable inputs</b>
Power industry	9,702,123	Cost method	Adjustment to NAV	+/- 5%	485,106
	4,979,042	Income method	Discounted cash flows	+/- 5%	248,952
	3,234,041	Cost method	Adjustment to NAV	+/- 5%	161,702
	2,185,302	Cost method	Adjustment to NAV	+/- 5%	109,265
	89,746	Comparative method	EBITDA/(multiple)	+/- 5%	4,487
	53,141	Cost method	Adjustment to NAV	+/- 5%	2,657
	37,651	Cost method	Adjustment to NAV	+/- 5%	1,883
	25,247	Cost method	Adjustment to NAV	+/- 5%	1,262
Transportation and logistics	4,658,218	Cost method	Adjustment to NAV	+/- 5%	232,911
	2,988,711	Income method	Discounted cash flows	+/- 5%	149,436
	1,775,057	Comparative method	EBITDA/ (multiple)	+/- 5%	88,753
	1,666,901	Cost method	Adjustment to NAV	+/- 5%	83,345
	1,543,329	Comparative method	EBITDA/ (multiple)	+/- 5%	77,166
	1,408,333	Cost method	Adjustment to NAV	+/- 5%	70,417
	671,022	Cost method	Adjustment to NAV	+/- 5%	33,551
280,690	Income method	Discounted cash flows	+/- 5%	14,035	
Manufacturing	4,414,521	Income method	Discounted cash flows	+/- 5%	220,726
	2,948,085	Income method	Discounted cash flows	+/- 5%	147,404
	915,376	Cost method	Adjustment to NAV	+/- 5%	45,769
	900,721	Cost method	Adjustment to NAV	+/- 5%	45,036
	888,388	Cost method	Adjustment to NAV	+/- 5%	44,419
846,650	Cost method	Adjustment to NAV	+/- 5%	42,333	
Natural resources	3,273,735	Income method	Discounted cash flows	+/- 5%	163,687
Information technology	2,670,027	Cost method	Adjustment to NAV	+/- 5%	133,501



**24 Fair Value of Financial Instruments, continued**

<b>Company industries</b>	<b>Fair value of the Holding's interest</b>	<b>Valuation technique</b>	<b>Significant unobservable inputs</b>	<b>Reasonable change</b>	<b>Sensitivity analysis of fair value to unobservable inputs</b>
	1,468,265	Income method	Discounted cash flows	+/- 5%	73,413
Medical diagnostics	1,069,322	Comparative method	EBITDA/ (multiple)	+/- 5%	53,466
	716,057	Cost method	Adjustment to NAV	+/- 5%	35,803
	1,330,670	Cost method	Adjustment to NAV	+/- 5%	66,534
Entertainment industry	1,159,731	Cost method	Adjustment to NAV	+/- 5%	57,987
	106,965	Cost method	Adjustment to NAV	+/- 5%	5,348
Property management and construction materials	2,065,948	Income method	Discounted cash flows	+/- 5%	103,297
	176,646	Cost method	Adjustment to NAV	+/- 5%	8,832
Agriculture	1,700,919	Cost method	Adjustment to NAV	+/- 5%	85,046
	448,405	Comparative method	EBITDA/ (multiple)	+/- 5%	22,420
Light industry	1,269,575	Cost method	Adjustment to NAV	+/- 5%	63,479
	181,047	Cost method	Adjustment to NAV	+/- 5%	9,052
Production and sale of cars	1,056,800	Income method	Discounted cash flows	+/- 5%	52,840
Health care	1,020,477	Cost method	Adjustment to NAV	+/- 5%	51,024
Financial services	469,766	Cost method	Adjustment to NAV	+/- 5%	23,488
	237,130	Cost method	Adjustment to NAV	+/- 5%	11,857
Telecommunication services	481,931	Cost method	Adjustment to NAV	+/- 5%	24,097
	200,132	Comparative method	EBITDA/ (multiple)	+/- 5%	10,007
Other	2,857,084				
<b>Total</b>	<b>70,172,927</b>				

**24 Fair Value of Financial Instruments, continued**

The table below demonstrates valuation techniques and inputs used in fair value measurement for level 3 measurements of other financial assets at fair value through profit or loss, and sensitivity of measurement to changes in inputs as at 31 December 2015:

<b>Company industries</b>	<b>Fair value of the Holding's interest</b>	<b>Valuation technique</b>	<b>Significant unobservable inputs</b>	<b>Reasonable change</b>	<b>Sensitivity analysis of fair value to unobservable inputs</b>
	10,200,300	Cost method	Adjustment to NAV	+/- 5%	510,015
	5,216,349	Income method	Discounted cash flows	+/- 5%	260,817
	2,019,071	Cost method	Adjustment to NAV	+/- 5%	100,954
Power industry	1,349,296	Cost method	Adjustment to NAV	+/- 5%	67,465
	156,945	Comparative method	EBITDA/(multiple)	+/- 5%	7,847
	53,010	Cost method	Adjustment to NAV	+/- 5%	2,651
	37,545	Cost method	Adjustment to NAV	+/- 5%	1,877
	23,680	Cost method	Adjustment to NAV	+/- 5%	1,184
	4,417,940	Cost method	Adjustment to NAV	+/- 5%	220,897
	1,838,416	Income method	Discounted cash flows	+/- 5%	91,921
	1,725,301	Comparative method	EBITDA/ (multiple)	+/- 5%	86,265
Transportation and logistics	1,623,576	Cost method	Adjustment to NAV	+/- 5%	81,179
	1,398,608	Comparative method	EBITDA/ (multiple)	+/- 5%	69,930
	1,342,972	Cost method	Adjustment to NAV	+/- 5%	67,149
	1,178,054	Cost method	Adjustment to NAV	+/- 5%	58,903
	219,829	Income method	Discounted cash flows	+/- 5%	10,991
	3,808,763	Income method	Discounted cash flows	+/- 5%	190,438
Manufacturing	900,721	Cost method	Adjustment to NAV	+/- 5%	45,036
	417,104	Cost method	Adjustment to NAV	+/- 5%	20,855
	236,460	Cost method	Adjustment to NAV	+/- 5%	11,823
Natural resources	3,311,968	Income method	Discounted cash flows	+/- 5%	165,598
Information technology	2,531,441	Cost method	Adjustment to NAV	+/- 5%	126,572

**24 Fair Value of Financial Instruments, continued**

<b>Company industries</b>	<b>Fair value of the Holding's interest</b>	<b>Valuation technique</b>	<b>Significant unobservable inputs</b>	<b>Reasonable change</b>	<b>Sensitivity analysis of fair value to unobservable inputs</b>
	1,701,918	Income method	Discounted cash flows	+/- 5%	85,096
Medical diagnostics	790,043	Comparative method	EBITDA/ (multiple)	+/- 5%	39,502
	339,490	Cost method	Adjustment to NAV	+/- 5%	16,975
Agriculture	1,683,050	Cost method	Adjustment to NAV	+/- 5%	84,153
	373,152	Comparative method	EBITDA/ (multiple)	+/- 5%	18,658
Property management and construction materials	1,841,602	Income method	Discounted cash flows	+/- 5%	92,080
	23,519	Cost method	Adjustment to NAV	+/- 5%	1,176
Light industry	1,277,512	Cost method	Adjustment to NAV	+/- 5%	63,876
	150,169	Cost method	Adjustment to NAV	+/- 5%	7,508
	465,235	Cost method	Adjustment to NAV	+/- 5%	23,262
Financial services	319,072	Cost method	Adjustment to NAV	+/- 5%	15,954
	311,245	Cost method	Adjustment to NAV	+/- 5%	15,562
	254,725	Cost method	Adjustment to NAV	+/- 5%	12,736
Production and sale of cars	1,056,800	Income method	Discounted cash flows	+/- 5%	52,840
	638,495	Cost method	Adjustment to NAV	+/- 5%	31,925
Entertainment industry	305,881	Cost method	Adjustment to NAV	+/- 5%	15,294
	121,667	Cost method	Adjustment to NAV	+/- 5%	6,083
Health care	1,036,107	Cost method	Adjustment to NAV	+/- 5%	51,805
	631,529	Cost method	Adjustment to NAV	+/- 5%	31,576
Telecommunication services	219,539	Comparative method	EBITDA/ (multiple)	+/- 5%	10,977
Renewable energy	466,884	Cost method	Adjustment to NAV	+/- 5%	23,344
Other	2,343,624				
<b>Total</b>	<b>60,358,607</b>				

**24 Fair Value of Financial Instruments, continued**

The valuation technique and inputs used in the fair value measurement for level 3 measurements of investment securities available for sale and embedded instrument and related sensitivity to reasonably possible changes in those inputs as at 30 June 2016 (unaudited) are as follows:

<i>(in thousands of Kazakhstani tenge)</i>	<b>Fair value</b>	<b>Valuation technique</b>	<b>Inputs used</b>	<b>Range of inputs (weighted average)</b>	<b>Sensitivity of fair value measurement to unobservable inputs</b>
<i>Embedded derivative</i>	3,267,199	Option model	Volatility of foreign exchange rate	USD: 10.85%	Significant increase in volatility would result in higher fair value Significant increase in the term of transaction would result in lower fair value. A significant reduction would result in higher fair value
<i>Financial derivatives</i>	56,453,263	Discounted cash flows	Early repayment option	From 0 to 22 months	Significant reduction would result in higher fair value

The valuation technique and inputs used in the fair value measurement for level 3 measurements of investment securities available for sale and embedded instrument and related sensitivity to reasonably possible changes in those inputs as at 31 December 2015 are as follows:

<i>(In thousands of Kazakhstani Tenge)</i>	<b>Fair value</b>	<b>Valuation technique</b>	<b>Inputs used</b>	<b>Range of inputs (weighted average)</b>	<b>Sensitivity of fair value measurement</b>
<i>Embedded derivative</i>	3,826,180	Option model	Volatility of foreign exchange rate	USD: 15.35%	Significant increase in volatility would result in higher fair value Significant increase in the term of transaction would result in lower fair value. A significant reduction would result in higher fair value
<i>Financial derivatives</i>	51,874,916	Discounted cash flows	Early repayment option	From 0 to 28 months	Significant reduction would result in higher fair value
<i>Investment securities available for sale</i>	332,899	Discounted cash flows	Expected cash flows	Not applicable	Significant change of expected cash flows would result in higher fair value

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

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

**24 Fair Value of Financial Instruments, continued**

A reconciliation of movements in Level 3 of the fair value hierarchy by class of instruments for the six-month period ended 30 June 2016 is as follows:

<i>(in thousands of Kazakhstani tenge)</i>	<b>Financial instruments at fair value through profit or loss</b>	<b>Investment securities available for sale</b>	<b>Embedded derivatives</b>	<b>Derivative financial instruments</b>
<b>Fair value as at 1 January 2016</b>	<b>60,358,607</b>	<b>332,899</b>	<b>3,826,180</b>	<b>51,874,916</b>
Gains or losses recognised in profit or loss for the period, unaudited	2,238,174	(217,128)	(543,588)	1,377,389
Losses recognised in other comprehensive income, unaudited	-	(115,771)	-	-
Purchases, net, unaudited	8,020,041	-	-	-
Sales, unaudited	(443,895)	-	(15,393)	-
Interest paid, unaudited	-	-	-	3,200,959
<b>Fair value at 30 June 2016, unaudited</b>	<b>70,172,927</b>	<b>-</b>	<b>3,267,199</b>	<b>56,453,263</b>

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

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

**24 Fair Value of Financial Instruments, continued**

**Assets and liabilities not measured at fair value but for which fair value is disclosed.** Fair values analysed by level in the fair value hierarchy and carrying value of assets and liabilities not measured at fair value at 30 June 2016 are as follows:

<i>(In thousands of Kazakhstani Tenge)</i>	<b>Unaudited Level 1</b>	<b>Unaudited Level 2</b>	<b>Unaudited Level 3</b>	<b>Unaudited Total</b>	<b>Unaudited Carrying amount</b>
<b>ASSETS</b>					
Cash and cash equivalents	-	641,369,608	-	641,369,608	641,369,608
Due from banks	-	616,243,283	30,358,747	646,602,030	649,075,703
Loans to customers	-	1,466,720,380	207,224,452	1,673,944,832	1,691,546,415
Finance lease receivables (less embedded derivatives)	-	70,740,648	1,442,625	72,183,273	95,931,730
<b>TOTAL</b>	<b>-</b>	<b>2,795,073,919</b>	<b>239,025,824</b>	<b>3,034,099,743</b>	<b>3,077,923,456</b>
<b>LIABILITIES</b>					
Customer accounts	-	398,619,655	-	398,619,655	398,619,655
Debt securities issued	628,502,126	325,655,317	-	954,157,443	955,125,559
Subordinated debt	-	16,152,349	-	16,152,349	14,903,056
Loans from banks and other financial institutions	-	1,107,271,393	-	1,107,271,393	1,115,839,421
Loans from the Government of the Republic of Kazakhstan	-	52,374,600	-	52,374,600	64,465,840
<b>TOTAL</b>	<b>628,502,126</b>	<b>1,900,073,314</b>	<b>-</b>	<b>2,528,575,440</b>	<b>2,548,953,531</b>

Fair values analysed by level in the fair value hierarchy and carrying value of assets and liabilities not measured at fair value at 31 December 2015 are as follows:

<i>(In thousands of Kazakhstani Tenge)</i>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>	<b>Carrying amount</b>
<b>ASSETS</b>					
Cash and cash equivalents	-	376,224,818	-	376,224,818	376,224,818
Due from banks	-	500,360,454	34,880,170	535,240,624	544,991,946
Loans to customers	-	1,603,589,542	118,233,846	1,721,823,388	1,733,170,866
Finance lease receivables (less embedded derivatives)	-	60,955,463	-	60,955,463	58,682,745
<b>TOTAL</b>	<b>-</b>	<b>2,541,130,277</b>	<b>153,114,016</b>	<b>2,694,244,293</b>	<b>2,713,070,375</b>
<b>LIABILITIES</b>					
Customer accounts	-	314,423,007	-	314,423,007	314,423,007
Debt securities issued	534,367,883	230,817,398	-	765,185,281	800,446,305
Subordinated debt	-	23,433,407	-	23,433,407	14,652,856
Loans from banks and other financial institutions	-	1,132,372,426	-	1,132,372,426	1,138,032,857
Loans from the Government of the Republic of Kazakhstan	-	45,403,896	-	45,403,896	54,381,837
<b>TOTAL</b>	<b>534,367,883</b>	<b>1,746,450,134</b>	<b>-</b>	<b>2,280,818,017</b>	<b>2,321,936,862</b>

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

**25 Presentation of Financial Instruments by Measurement Category**

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

As at 30 June 2016 and 31 December 2015, all financial liabilities of the Holding, other than derivative financial instruments, are carried at amortised cost. Derivative financial instruments are designated at fair value through profit or loss.

The following table provides a reconciliation of financial assets with these measurement categories as at 30 June 2016 (unaudited):

<i>(In thousands of Kazakhstani Tenge)</i>	<b>Loans and receivables</b>	<b>Available for sale assets</b>	<b>Trading assets</b>	<b>Derivative financial instruments</b>	<b>Assets designated at fair value through profit or loss</b>	<b>Total</b>
<b>ASSETS</b>						
Cash and cash equivalents	641,369,608	-	-	-	-	641,369,608
Financial instruments at fair value through profit or loss	-	-	2,319,210	101,964,955	75,856,828	180,140,993
Due from banks	649,075,703	-	-	-	-	649,075,703
Loans to customers	1,691,546,415	-	-	-	-	1,691,546,415
Investment securities available for sale	-	389,523,269	-	-	-	389,523,269
Finance lease receivables	99,198,929	-	-	-	-	99,198,929
Other financial assets	36,825,732	-	-	-	-	36,825,732
<b>TOTAL FINANCIAL ASSETS</b>	<b>3,118,016,387</b>	<b>389,523,269</b>	<b>2,319,210</b>	<b>101,964,955</b>	<b>75,856,828</b>	<b>3,687,680,649</b>

**Baiterek National Managing Holding Joint Stock Company**  
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**25 Presentation of Financial Instruments by Measurement Category, continued**

The following table provides a reconciliation of financial assets with these measurement categories as at 31 December 2015:

<i>(In thousands of Kazakhstani Tenge)</i>	<b>Loans and receivables</b>	<b>Available for sale assets</b>	<b>Trading assets</b>	<b>Derivative financial instruments</b>	<b>Assets designated at fair value through profit or loss</b>	<b>Total</b>
<b>ASSETS</b>						
Cash and cash equivalents	376,224,818	-	-	-	-	376,224,818
Financial instruments at fair value through profit or loss	-	-	2,211,281	98,301,535	66,680,749	167,193,565
Due from banks	544,991,946	-	-	-	-	544,991,946
Loans to customers	1,733,170,866	-	-	-	-	1,733,170,866
Investment securities available for sale	-	369,338,324	-	-	-	369,338,324
Finance lease receivables	62,508,925	-	-	-	-	62,508,925
Other financial assets	23,716,394	-	-	-	-	23,716,394
<b>TOTAL FINANCIAL ASSETS</b>	<b>2,740,612,949</b>	<b>369,338,324</b>	<b>2,211,281</b>	<b>98,301,535</b>	<b>66,680,749</b>	<b>3,277,144,838</b>



## 26 Related Party Transactions

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

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

At 30 June 2016, the outstanding balances with related parties were as follows:

<i>(in thousands of Kazakhstani tenge)</i>	<b>Ultimate parent organisation, unaudited</b>	<b>Associates and joint ventures, unaudited</b>	<b>Transactions with other companies and entities, unaudited</b>
<b>ASSETS</b>			
Cash and cash equivalents	-	-	127,611,371
Financial instruments at fair value through profit or loss	2,219,549	396,993	61,038,529
Due from banks	-	-	8,455,594
Loans to customers	-	-	727,454,856
Investment securities available for sale	153,268,880	-	170,116,185
Finance lease receivables	-	-	1,029,841
Investments in associates and joint ventures	-	1,319,875	-
Current income tax prepayment	-	-	18,113,963
Deferred income tax asset	-	-	5,038,826
Non-current assets held for sale	-	259,267	41,364
Other financial and non-financial assets	-	105,945	13,091,224
<b>LIABILITIES</b>			
Customer accounts	-	-	8,826,542
Debt securities issued	-	-	286,791,991
Subordinated debt	-	-	8,205,738
Loans from banks and other financial institutions	-	-	78,120,019
Loans from Government of the Republic of Kazakhstan	64,465,840	-	-
Deferred income tax liability	-	-	28,582,569
Other financials and non-financial liabilities	21,393,896	6,019	345,376,438
<b>Credit related commitments (undrawn credit lines)</b>	-	-	13,162,892

The income and expense items with related parties for the six-month period ended 30 June 2016 were as follows:

<i>(in thousands of Kazakhstani tenge)</i>	<b>Ultimate parent organisation, unaudited</b>	<b>Associates and joint ventures, unaudited</b>	<b>Transactions with other companies and entities, unaudited</b>
Interest income	3,661,645	-	32,167,006
Interest expense	(2,125,260)	-	(11,323,582)
Fee and commission income	48,336	-	13,350
Fee and commission expense	-	-	(791)
Net foreign exchange gain	-	-	4,017,710
Net gain/(loss) from other financial assets at fair value through profit or loss	-	(92,982)	3,040,510
Other operating income, net*	-	-	14,386,391
Share of financial result of associates	-	307,100	-
Administrative expenses	-	-	(689,997)
Income tax expense	-	-	(6,666,035)

\*Other operating income is mainly presented by benefits from the Government grants which is recognised as income following the fulfilment of the respective Government programs' conditions (Note 12). This income is presented in the consolidated statement of profit or loss net of expenses of Tenge 8,016,215 thousand incurred to fulfil these conditions.

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**26 Related Party Transactions, continued**

At 31 December 2015, the outstanding balances with related parties were as follows:

<i>(In thousands of Kazakhstani Tenge)</i>	<b>Ultimate parent organisation</b>	<b>Associates and joint ventures</b>	<b>Transactions with state owned entities</b>
<b>ASSETS</b>			
Cash and cash equivalents	-	-	166,130,223
Financial instruments at fair value through profit or loss	-	211,442	54,086,196
Due from banks	-	-	7,341,606
Loans to customers	-	-	753,253,780
Investment securities available for sale	124,308,003	-	124,223,398
Finance lease receivables	-	-	1,171,400
Investments in associates and joint ventures	-	2,078,760	-
Current income tax prepayment	-	-	16,043,192
Deferred income tax asset	-	-	4,960,948
Non-current assets held for sale	-	259,228	26,675
Other financial and non-financial assets	-	-	13,456,900
<b>LIABILITIES</b>			
Customer accounts	-	-	12,015,030
Debt securities issued	-	-	222,041,992
Subordinated debt	-	-	8,010,301
Loans from banks and other financial institutions	-	-	77,360,333
Loans from Government of the Republic of Kazakhstan	54,381,837	-	-
Current income tax liability	-	-	613,748
Deferred income tax liability	-	-	26,032,406
Other financial and non-financial liabilities	12,415,699	-	150,042,307
<b>Credit related commitments (undrawn credit lines)</b>	<b>-</b>	<b>-</b>	<b>13,162,892</b>

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

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

\*Other operating income is mainly presented by benefits from the Government grants which is recognised as income following the fulfilment of the respective Government programs' conditions (Note 12). This income is presented in the consolidated statement of profit or loss net of expenses of Tenge 82,428,048 thousand incurred to fulfil these conditions.

## 26 Related Party Transactions, continued

Key management compensation is presented below:

<i>(In thousands of Kazakhstani tenge)</i>	<b>Six-month period ended 30 June 2016, unaudited</b>	<b>Six-month period ended 30 June 2015, unaudited</b>
<i>Short-term benefits:</i>		
- Salaries	781,555	690,168
- Payment/(reimbursement) of short-term bonuses	36,421	(129,504)
- Benefits in-kind	9,518	7,598
- Other	18,458	21,655
<i>Post-employment benefits:</i>		
- Termination benefits	-	8,009
<i>Other long-term employee benefits:</i>		
- Long-term bonus scheme	27,841	57,475
<b>Total</b>	<b>873,793</b>	<b>655,401</b>

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

## 27 Subsequent events

In July 2016, the Holding issued Tenge denominated bonds amounting to Tenge 15,000,000 thousand bearing coupon interest rate of 15.00% p.a. and maturing in July 2031. The issue proceeds will be used under Government program "The Plan of additional operational anti-crisis actions for 2016".

In July 2016, the Holding made the next tranches of long-term advances to Mega Plaza LLC for the construction of shopping mall in the international specialised exhibition EXPO-2017 in Astana in the amount of Tenge 10,232,104 thousand.

During July-August 2016, the Holding made payments to construction companies under "Nurly Zhol" program in the amount of Tenge 11,771,834 thousand.

In August 2016, the Holding issued Tenge denominated bonds amounting to Tenge 17,500,000 thousand bearing coupon interest rate of 14.00% p.a. and maturing in August 2026. The issue proceeds will be used under Government program "The Plan of additional operational anti-crisis actions for 2016".

In August 2016, the Holding issued Tenge denominated bonds amounting to Tenge 85,000,000 thousand bearing coupon interest rate of 14.00% p.a. and maturing in June 2017. The issue proceeds will be used under Government program "The Plan of additional measures to stimulate economic growth and employment in 2016-2017".

In August 2016, the Holding received Tenge denominated deposits from NWF "Samruk-Kazyna" amounting to Tenge 20,000,000 thousand accordingly, bearing interest rate of 0.18% p.a. and maturing in June 2017. The proceeds will be used under Government program "The Plan of additional measures to stimulate economic growth and employment in 2016-2017".

In August 2016, the Holding purchased the debt securities issued by local executive bodies under Nurly Zhol Program for the amount of Tenge 31,284,632 thousand.

In August 2016, the Holding signed investment agreement with Mega Plaza LLP for the purchase of share in trade center under construction at EXPO-2017 of Tenge 15,000,000 thousand. This share will be repurchased by Mega Plaza LLP during 2018-2031 at cost plus interest of 18.50% p.a.