



BAITEREK

Baiterek National Managing Holding Joint Stock Company

Unaudited Separate Interim Condensed Financial Statements

30 June 2017

CONTENTS

INDEPENDENT AUDITORS' REPORT ON REVIEW OF SEPARATE INTERIM CONDENSED FINANCIAL INFORMATION

SEPARATE INTERIM CONDENSED FINANCIAL STATEMENTS

Separate Interim Condensed Statement of Financial Position.....	1
Separate Interim Condensed Statement of Profit or Loss and Other Comprehensive Income	2
Separate Interim Condensed Statement of Changes in Equity.....	3
Separate Interim Condensed Statement of Cash Flows	4

Notes to the Unaudited Separate Interim Condensed Financial Statements

1	Introduction.....	5
2	Operating environment of the Holding Company.....	5
3	Basis of preparation.....	6
4	Significant accounting policies.....	6
5	Deposits	6
6	Loans to subsidiaries	7
7	Investment in subsidiaries	8
8	Debt securities issued	8
9	Loans from the Government of the Republic of Kazakhstan	9
10	Share capital.....	9
11	Interest income	10
12	Interest expense	10
13	Dividend income	11
14	Other operating income	11
15	Administrative and other operating expenses.....	11
16	Income tax expense	12
17	Financial risk management.....	12
18	Contingencies and commitments.....	15
19	Related party transactions	15
20	Fair value.....	17



«КПМГ Аудит» жауапкершілігі
шектеулі серіктестік
050051 Алматы, Достық д-лы 180,
Тел./факс 8 (727) 298-08-98, 298-07-08

KPMG Audit LLC
050051 Almaty, 180 Dostyk Avenue,
E-mail: company@kpmg.kz

Independent Auditors' Report on Review of Separate 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 separate interim condensed statement of financial position of Baiterek National Managing Holding Joint Stock Company (the "Holding Company") as at 30 June 2017, and the related separate 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 separate interim condensed financial information (the "separate interim condensed financial information"). Management is responsible for the preparation and presentation of this separate 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 separate 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 separate 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
Separate Interim Condensed Statement of Financial Position

<i>(In thousands of Kazakhstani Tenge)</i>	Note	30 June 2017, unaudited	31 December 2016
ASSETS			
Cash and cash equivalents		90,760	272,994
Deposits	5	10,299,792	16,404,361
Loans to subsidiaries	6	372,376,741	315,345,416
Investment in subsidiaries	7	838,882,161	819,782,161
Dividends receivable	13	14,653,802	-
Property, plant and equipment		63,783	97,077
Intangible assets		832,946	896,679
Current income tax prepayment		969,651	708,508
Other assets		253,162	260,231
TOTAL ASSETS		1,238,422,798	1,153,767,427
LIABILITIES			
Debt securities issued	8	279,720,082	271,376,696
Loans from the Government of the Republic of Kazakhstan	9	86,312,593	39,567,430
Deferred income tax liability		1,205,958	781,722
Other liabilities		365,343	1,152,186
TOTAL LIABILITIES		367,603,976	312,878,034
EQUITY			
Share capital	10	816,218,712	802,318,712
Retained earnings		54,600,110	38,570,681
TOTAL EQUITY		870,818,822	840,889,393
TOTAL LIABILITIES AND EQUITY		1,238,422,798	1,153,767,427

Approved by Management Board on 31 August 2017 and were signed on its behalf by:



 Yersain Yerbulatovich Khamitov
 Managing Director -
 Member of the Management Board


 Bibigul Myrzabekovna Baigozhayeva
 acting Chief Accountant

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

<i>(In thousands of Kazakhstani Tenge)</i>	Note	Six months ended 30 June 2017, unaudited	Six months ended 30 June 2016, unaudited
Interest income	11	12,502,662	8,234,063
Interest expense	12	(11,444,370)	(7,386,566)
Net interest income		1,058,292	847,497
Dividend income	13	14,768,097	8,523,885
Other operating income	14	2,100,273	1,206,725
Administrative and other operating expenses	15	(1,472,997)	(1,389,953)
Profit before income tax		16,453,665	9,188,154
Income tax expense	16	(424,236)	(243,516)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		16,029,429	8,944,638

The notes set out on pages 5 to 17 form an integral part of these separate interim condensed financial statements.

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

<i>(In thousands of Kazakhstani Tenge)</i>	Note	Share capital	Retained earnings	Total
Balance at 1 January 2016		758,318,712	30,305,860	788,624,572
Profit for the period, unaudited		-	8,944,638	8,944,638
Total comprehensive income for the period, unaudited		-	8,944,638	8,944,638
Balance as at 30 June 2016, unaudited		758,318,712	39,250,498	797,569,210
Balance as at 1 January 2017		802,318,712	38,570,681	840,889,393
Profit for the period, unaudited		-	16,029,429	16,029,429
Total comprehensive income for the period, unaudited		-	16,029,429	16,029,429
Share issue, unaudited	10	13,900,000	-	13,900,000
Balance as at 30 June 2017, unaudited		816,218,712	54,600,110	870,818,822

The notes set out on pages 5 to 17 form an integral part of these separate interim condensed financial statements.

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

<i>(In thousands of Kazakhstani Tenge)</i>	Note	Six months ended 30 June 2017, unaudited	Six months ended 30 June 2016, unaudited
Cash flows from operating activities			
Interest received		1,740,956	1,045,015
Interest paid		(498,317)	(301,845)
Dividends received	13	114,295	1,126,926
Administrative and other operating expenses paid		(2,154,467)	(1,710,248)
Income tax paid		(261,143)	(156,752)
Net cash flows (used in)/from operating activities		(1,058,676)	3,096
Cash flows from investing activities			
Contribution to the capital of the subsidiaries	7	(19,100,000)	-
Deposits placement		(2,000,000)	(2,300,000)
Deposits withdrawal		8,080,000	3,409,999
Loans to subsidiaries	6	(116,100,000)	(273,592,292)
Acquisition of property, plant and equipment		(73)	(23,984)
Acquisition of intangible assets		(3,485)	(3,288)
Net cash flows used in investing activities		(129,123,558)	(272,509,565)
Cash flows from financing activities			
Proceeds from debt securities issued	8	-	254,500,000
Receipt of loans from the Government of the Republic of Kazakhstan	9	116,100,000	19,092,292
Proceeds from issue of ordinary shares	10	13,900,000	-
Net cash flows from financing activities		130,000,000	273,592,292
Net (decrease)/increase in cash and cash equivalents		(182,234)	1,085,823
Cash and cash equivalents at the beginning of the year		272,994	116,783
Cash and cash equivalents at the end of the period		90,760	1,202,606

The notes set out on pages 5 to 17 form an integral part of these separate interim condensed financial statements.

1 Introduction

Baiterek National Managing Holding Joint Stock Company (the “Holding Company”) was incorporated in accordance with the Decree of the President of the Republic of Kazakhstan dated 22 May 2013 No. 571 “On some measures for optimisation of the management system of development institutes and financial organisations, and development of the national economy” and the Decree of the Government of the Republic of Kazakhstan dated 25 May 2013 No. 516 “About measures for implementation of the Decree of the President of the Republic of Kazakhstan dated 22 May 2013 No. 571”. As at 30 June 2017 and 31 December 2016, the ultimate controlling party of the Holding Company is the Government of the Republic of Kazakhstan.

The Holding Company is a direct shareholder of eleven subsidiaries (31 December 2016: eleven).

Principal activity

The Holding Company’s mission is support of sustainable economic development of the Republic of Kazakhstan in order to implement state policy and achieve the goals set by the “Strategy - 2050”.

The Holding Company is actively involved in completing national strategic and social tasks through development institutions through the implementation of Nurly-Zhol State Program for Infrastructure Development in 2015-2019, “Nurly Zher” Housing Construction Program, 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”, Support Programmes for Local Producers, Support Programmes for Small and Medium Businesses (“SMB”), 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 Manufacturing Industry, State Program “Leaders of Competitiveness - National Champions”, and President of the Republic of Kazakhstan Program “National Plan - 100 Specific Steps”.

The Holding Company follows the key Government policies in the area of industrial and innovation development, promotion of national products export, development of small and medium sized entrepreneurship, implementation of tasks in developing housing sector and enhancing the people’s welfare, as well as other goals set by the President and Government of the Republic of Kazakhstan.

Below are the major subsidiaries of the Holding Company:

Name of subsidiary	Abbreviated name	Country of incorporation	Ownership, %	
			30 June 2017, unaudited	31 December 2016
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
KazakhExport Export Insurance Company JSC	KE 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	HCSBK JSC	Republic of Kazakhstan	100.00	100.00
Mortgage Organisation Kazakhstan Mortgage Company JSC	KMC JSC	Republic of Kazakhstan	100.00	100.00
Housing Construction Guarantee Fund JSC (formerly Mortgage Guarantee Fund of Kazakhstan JSC)	HCGF JSC (formerly KFMGL JSC)	Republic of Kazakhstan	100.00	100.00
Baiterek Development JSC	BD JSC	Republic of Kazakhstan	100.00	100.00
Kazakhstan Project Preparation Fund LLP	KPPF LLP	Republic of Kazakhstan	97.70	97.70

Registered address and place of business. The Holding Company’s registered address and place of business is: 8 Kunayev St., Block B, Astana, Republic of Kazakhstan.

2 Operating environment of the Holding Company

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

3 Basis of preparation

Statement of compliance. These separate interim condensed financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the separate financial statements of the Holding Company for the year ended 31 December 2016, as these separate interim condensed financial statements provide an update of previously reported financial information.

The Holding Company also prepares in accordance with IAS 34 the consolidated interim condensed financial statements for the six-month period ended 30 June 2017, which may be obtained in the head office of the Holding Company at the following address: 8 Kunayev st., Block B, Astana, 010000, Republic of Kazakhstan.

Basis of measurement. These separate interim condensed financial statements are prepared on the historical cost basis.

Functional and presentation currency. The functional currency of the Holding Company 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 Company.

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

Financial information presented in Tenge is rounded to the nearest thousand, unless otherwise stated.

Use of estimates and judgments. The preparation of separate interim condensed financial statements in conformity with International Financial Reporting Standards (“IFRS”) 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 could differ from those estimates.

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

In preparing these separate interim condensed financial statements the significant judgments made by management in applying the Holding Company’s accounting policies and the key sources of estimation uncertainty are the same as those that applied to the Holding Company’s separate financial statements for the year ended 31 December 2016, except for those disclosed in Note 6 “Loans to subsidiaries” and Note 9 “Loans from the Government of the Republic of Kazakhstan”.

4 Significant accounting policies

In preparing these separate interim condensed financial statements the Holding Company applied the same accounting policies as those applied in the separate financial statements of the Holding Company for the year ended 31 December 2016.

5 Deposits

<i>(In thousands of Kazakhstani Tenge)</i>	30 June 2017, unaudited	31 December 2016
Deposits	10,299,792	16,404,361
Total deposits	10,299,792	16,404,361

Deposits are not collateralised. Analysis by credit quality of deposits at 30 June 2017 and 31 December 2016 is as follows:

<i>(In thousands of Kazakhstani Tenge)</i>	30 June 2017, unaudited	31 December 2016
<i>Neither past due nor impaired</i>		
- BB- to BB+ rated	1,913,978	4,302,003
- B- to B+ rated	8,385,814	12,102,358
Total deposits	10,299,792	16,404,361

6 Loans to subsidiaries

	Nominal value		Carrying amount	
	30 June 2017, unaudited	31 December 2016	30 June 2017, unaudited	31 December 2016
<i>(In thousands of Kazakhstani Tenge)</i>				
- DBK JSC	463,961,805	347,861,805	168,065,392	116,995,582
- BD JSC	256,095,125	256,095,125	104,141,531	101,129,672
- DAMU EDF JSC	200,000,000	200,000,000	69,812,775	67,780,290
- KMC JSC	134,092,292	134,092,292	24,801,512	24,075,406
- HCSBK JSC	22,000,000	22,000,000	5,555,531	5,364,466
Total loans to subsidiaries	1,076,149,222	960,049,222	372,376,741	315,345,416

During six-month period ended 30 June 2017, the Holding Company provided loans to subsidiaries in the total amount of Tenge 116,100,000 thousand (unaudited) (six month-period ended 30 June 2016: Tenge 273,592,292 thousand (unaudited)). The loans bear an interest rate of 0.08%-0.15% p.a. and mature in 2027 and 2037 (six month-period ended 30 June 2016: interest rate of 0.15% p.a. and mature in 2036 and 2046).

In accordance with approved government programs, during six-month period ended 30 June 2017 the loans were provided on the following terms and conditions:

- Tenge 17,500,000 thousand (unaudited) loan to DBK JSC at the rate of 0.15% p.a. and with maturity in 10 years for on-lending DBK-Leasing JSC at an interest rate of 0.20% p.a. and maturity of 10 years to provide long-term lease financing under the Unified Program for Business Support and Development "Business Road Map – 2020";
- Tenge 18,600,000 thousand (unaudited) loan to DBK JSC at the rate of 0.08% p.a. and with maturity in 20 years for on-lending DBK-Leasing JSC at an interest rate of 0.10% p.a. to renovate the passenger car fleet of "Passenger transportation" JSC;
- Tenge 80,000,000 thousand loan (unaudited) to DBK JSC at the rate of 0.15% p.a. and with maturity in 20 years to finance projects under the State Industrial and Innovation Development Program of the Republic of Kazakhstan for 2015-2019. Interest rate on loans for final borrowers is limited to 11% p.a.

During six-month period ended 30 June 2016 the loans were provided on the following terms and conditions:

- Tenge 67,000,000 thousand (unaudited) loan to BD JSC to purchase debt securities issued by the local executive authorities of the regions (cities of Astana and Almaty) every 2 years during 20-year period for construction of the housing real estate for its further mortgage;
- Tenge 60,000,000 thousand (unaudited) loan to BD JSC to finance construction of housing real estate for its further mortgage;
- Tenge 53,000,000 thousand (unaudited) loan to BD JSC to finance construction of housing real estate for its further rent;
- Tenge 22,500,000 thousand (unaudited) loan to KMC JSC to finance construction and purchase of housing real estate for its further rent;
- Tenge 22,000,000 thousand (unaudited) loan to HCSBK JSC to provide loans to the bank depositors for repurchase of housing real estate;
- Tenge 19,092,292 thousand (unaudited) loan to KMC JSC to finance construction of the housing real estate for its further rent in accordance with the terms of the Program for Development of the Regions till 2020 approved by the Decree of the Government of the Republic of Kazakhstan dated 28 June 2014, No.728;
- Tenge 15,000,000 thousand (unaudited) loan to BD JSC to finance construction of real estate facilities and a shopping and leisure center on the territory of the International Specialised Exhibition EXPO-2017 in Astana;
- Tenge 15,000,000 thousand (unaudited) loan to DBK JSC to finance export and pre-export lending in accordance with the terms of the Decree of the Government of the Republic of Kazakhstan dated 23 April 2015, No.271.

At initial recognition the loans were recognised at fair value measured by applying relevant estimated market interest rates varying from 8.78% to 9.42% p.a. (six-month period ended 30 June 2016: from 6.89% to 8.29% p.a.) to discount their future cash flows. The Holding Company recognised a difference of Tenge 69,854,813 thousand (unaudited) (six-month period ended 30 June 2016: Tenge 205,552,898 thousand (unaudited)) between the estimated fair value and nominal value as a loss, at initial recognition of loans provided to subsidiaries at a below-market interest rates and reported the difference in profit or loss. These loans were financed through loans from the Government of the Republic of Kazakhstan denominated in Tenge at interest rate of 0.05%-0.10% p.a. (six-month period ended 30 June 2016: 0.10% p.a.) maturing in 2027 and 2037 (six-month period ended 30 June 2016: 2034 and 2046) (Note 9). The difference of Tenge 71,957,365 thousand (unaudited) (six-month period ended 30 June 2016: Tenge 206,758,295 thousand (unaudited)) between the fair value of loans from the Government of the Republic of Kazakhstan at initial recognition and nominal value was recognised in profit or loss as a government grant to correspond with the Holding Company's loss at initial recognition of loans to subsidiaries (Note 14).

Baiterek National Managing Holding Joint Stock Company
Notes to the Separate Interim Condensed Financial Statements – 30 June 2017

7 Investment in subsidiaries

The table below summarises the movements in the carrying amount of the Holding Company's investment in subsidiaries during six-month period ended 30 June 2017 (unaudited):

<i>(In thousands of Kazakhstani Tenge)</i>	1 January 2017	Contribution, unaudited	30 June 2017, unaudited
Carrying amount:			
DBK JSC	353,515,793	-	353,515,793
KCM JSC	104,696,686	-	104,696,686
HCSBK JSC	95,159,603	-	95,159,603
DAMU EDF JSC	78,925,794	-	78,925,794
BD JSC	47,732,078	-	47,732,078
KMC JSC	38,482,233	5,200,000	43,682,233
IFK JSC	34,339,971	-	34,339,971
KE JSC	27,018,407	13,900,000	40,918,407
NATD JSC	25,533,132	-	25,533,132
HCGF JSC	12,228,464	-	12,228,464
KPPF LLP	2,150,000	-	2,150,000
Total investments in subsidiaries	819,782,161	19,100,000	838,882,161

There were no movements in the carrying amount of the Holding Company's investment in subsidiaries during six-month period ended 30 June 2016.

8 Debt securities issued

	<i>(In thousands of Kazakhstani Tenge)</i>		Nominal value		Carrying amount	
	Placement date	Maturity date	30 June 2017, unaudited	31 December 2016	30 June 2017, unaudited	31 December 2016
KZ2C0Y20F251	25.03.2016 13.03.2015,	25.03.2036	202,000,000	202,000,000	55,897,943	54,075,664
KZP01Y20E920	31.03.2015	13.03.2035	170,000,000	170,000,000	56,107,946	54,427,305
KZ2C0Y20E676	15.04.2014	15.04.2034	100,000,000	100,000,000	35,316,166	34,266,875
KZ2C0Y20E775	10.12.2014 21.01.2015,	10.12.2034	100,000,000	100,000,000	33,992,603	32,985,990
KZP01Y30E879	16.02.2015	21.01.2045	92,500,000	92,500,000	15,981,441	15,509,686
KZ2C0Y20E742	30.10.2014	30.10.2034	50,000,000	50,000,000	16,744,217	16,238,471
KZP02Y20E738	26.03.2015	26.03.2035	38,095,125	38,095,125	28,733,935	27,962,930
KZP01Y20E730	15.07.2014	15.07.2034	23,000,000	23,000,000	20,190,941	19,670,611
KZP02Y30E877	29.01.2016	29.01.2046	22,500,000	22,500,000	4,005,073	3,892,909
KZP02Y20E928	29.09.2015	29.09.2035	15,000,000	15,000,000	4,716,063	4,573,249
KZ2C0Y20F236	03.02.2016	03.02.2036	15,000,000	15,000,000	4,507,115	4,368,147
KZP03Y20E736	09.03.2016	09.03.2036	15,000,000	15,000,000	3,526,639	3,404,859
			843,095,125	843,095,125	279,720,082	271,376,696

As at 30 June 2017 and 31 December 2016, the Holding Company's debt securities issued are not listed.

During six-month period ended 30 June 2017, the Holding Company did not issue debt securities (unaudited).

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

- 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;

- 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;

- 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;

- unsecured coupon bonds with a nominal value of Tenge 202,000,000 thousand (unaudited), issued on 25 March 2015 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 HCSBK 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 the construction of housing real estate for further mortgage.

8 Debt securities issued, continued

All of the bond issues the during six-month period ended 30 June 2016 were acquired in full by the National bank of the Republic of Kazakhstan on behalf of the National Fund of the Republic of Kazakhstan. As a part of implementation of the above-mentioned programs of state support and development, the Management Council of the National Fund of the Republic of Kazakhstan sets conditions of financing in the form of interest rates, financing schedule and related requirements for both the Holding Company, its subsidiaries, commercial banks as the agents of the programs as well as for the ultimate recipients of the funds. In addition, the Government has approved special conditions, under which the Holding Company's subsidiaries may provide further financing to commercial banks and companies. For this reason, the differences that had arisen upon valuation of bonds purchased by the NBRK on behalf of the National Fund of the Republic of Kazakhstan during the six-month periods ended 30 June 2016 at fair value at the issue date, were recognised as a government subsidy, also taking into account that the NBRK acted as the state agent and not in the interests of the Holding Company's ultimate shareholder, since all terms of the loans had been agreed on at the Government level in the decree concerning the financing of the above-mentioned programs, and the Government does not expect that direct economic benefits will be available to it in a form of shareholder's distributions, as the ultimate beneficiaries of the benefits are the recipient entities under the programs. Thus, during six-month period ended 30 June 2016 the Holding Company accounted for income of Tenge 192,191,909 thousand (unaudited) as government subsidies, which were recognised in other operating income in the separate interim condensed statement of profit or loss and other comprehensive income (Note 14). The Holding Company applied an estimated market interest rates from 6.51% to 8.29% p.a. to determine the fair value of issued bonds upon initial recognition by discounting the contractual future cash flows.

The interest expense of Tenge 8,780,120 thousand (unaudited) incurred during six-month period ended 30 June 2017 (six-month period ended 30 June 2016: Tenge 7,372,234 thousand (unaudited)) relates to the debt securities issued.

9 Loans from the Government of the Republic of Kazakhstan

	Nominal value		Carrying amount	
	30 June 2017, unaudited	31 December 2016	30 June 2017, unaudited	31 December 2016
<i>(In thousands of Kazakhstani Tenge)</i>				
Ministry of Finance of the Republic of Kazakhstan	233,054,097	116,954,097	86,312,593	39,567,430
Total loans from Government of the Republic of Kazakhstan	233,054,097	116,954,097	86,312,593	39,567,430

During six-month period ended 30 June 2017 the Holding Company received loans from the Ministry of Finance of the Republic of Kazakhstan in the total amount of Tenge 116,100,000 thousand (unaudited) (six month-period ended 30 June 2016: Tenge 19,092,292 thousand (unaudited)):

- a loan of Tenge 17,500,000 thousand (unaudited) has been provided at the rate of 0.10% p.a. and with maturity in 10 years. The borrowed funds are intended to lend the Holding Company's subsidiary - DBK JSC for further lending of DBK-Leasing JSC to provide a long-term lease financing under the Unified Program for Business Support and Development "Business Road Map – 2020";

- a loan of Tenge 18,600,000 thousand (unaudited) has been provided at the rate of 0.05% p.a. and with maturity in 20 years. All borrowed funds are intended to finance the Holding Company's subsidiary - DBK JSC for further lending of DBK-Leasing JSC to finance the renewal of passenger car fleet of "Passenger transportation" JSC;

- a loan of Tenge 80,000,000 thousand (unaudited) loan to DBK JSC at the rate of 0.10% p.a. and with maturity in 20 years. The borrowed funds are intended to lend the Holding Company's subsidiary - DBK JSC to finance the investment projects as a part of implementation of the State Program of the Industrial and Innovative Development of the Republic of Kazakhstan for 2015-2019. Interest rate on loans for final borrowers is limited to 11% p.a.

On 15 June 2016, the Holding Company received a loan of Tenge 19,092,292 thousand from the Ministry of Finance of the Republic of Kazakhstan. The loans bears an interest rate of 0.10% p.a. and has maturity of 30 years. All cash proceeds will be used to finance construction of housing real estate for its further rent.

During six-month period ended 30 June 2017 the Holding Company accounted for the income of Tenge 71,957,365 thousand (unaudited) (six-month period ended 30 June 2016: Tenge 14,566,386 thousand (unaudited)), as government subsidies, which were recognised in other operating income in the separate statement of profit or loss and other comprehensive income (Note 14). The Holding Company applied the market interest rate of 9.21%-9.49% p.a. (six-month period ended 30 June 2016: 8.00% p.a.) to measure the fair value of the loans received from the Government of the Republic of Kazakhstan at initial recognition by discounting their future contractual cash flows.

The interest expense of Tenge 2,664,250 thousand (unaudited) incurred during six-month period ended 30 June 2017 (six-month period ended 30 June 2016: Tenge 14,332 thousand (unaudited)) relates to the loan from the Government of the Republic of Kazakhstan.

Baiterek National Managing Holding Joint Stock Company
Notes to the Separate Interim Condensed Financial Statements – 30 June 2017

10 Share capital

	30 June 2017,	31 December 2016
	unaudited	
<i>(In thousands of Kazakhstani Tenge, except for number of shares)</i>		
Authorised ordinary shares	5,000,086,550	5,000,086,550
Ordinary shares registered but not placed	(4,183,867,838)	(4,197,767,838)
Total issued shares paid	816,218,712	802,318,712
Par value per share, in Tenge	1,000	1,000
Issued share capital paid	816,218,712	802,318,712

Each ordinary share carries one vote.

During six-month-period ended 30 June 2017, the Holding Company received one cash contribution for the amount of Tenge 13,900,000 thousand (unaudited) to share capital (six-month period ended 30 June 2016: none (unaudited)).

11 Interest income

	Six-month period ended 30 June 2017, unaudited	Six-month period ended 30 June 2016, unaudited
<i>(In thousands of Kazakhstani Tenge)</i>		
Loans to subsidiaries	11,532,726	7,453,836
Deposits	969,936	780,227
Total interest income	12,502,662	8,234,063

Interest income for the six-month period ended 30 June 2017 includes Tenge 10,787,234 thousand (unaudited) (six-month period ended 30 June 2016: Tenge 6,903,228 thousand (unaudited)), resulting from unwinding of discount which has arisen upon initial recognition of loans to subsidiaries (Note 6).

12 Interest expense

	Six months ended 30 June 2017, unaudited	Six months ended 30 June 2016, unaudited
<i>(In thousands of Kazakhstani Tenge)</i>		
Debt securities issued	8,780,120	7,372,234
Loans from the Government of the Republic of Kazakhstan	2,664,250	14,332
Total interest expense	11,444,370	7,386,566

Interest expense on debt securities issued for the six-month period ended 30 June 2017 includes Tenge 8,358,572 thousand (unaudited) (six-month period ended 30 June 2016: Tenge 7,004,443 thousand (unaudited)) resulting from unwinding of discount which has arisen upon initial recognition of debt securities issued (Note 8).

Interest expense on loans from the Government of the Republic of Kazakhstan for the six-month period ended 30 June 2017 includes Tenge 2,587,317 thousand (unaudited) (six-month period ended 30 June 2016: Tenge 13,536 thousand (unaudited)), resulting from unwinding of discount which has arisen upon initial recognition of loans from the Government of the Republic of Kazakhstan (Note 9).

Baiterek National Managing Holding Joint Stock Company
Notes to the Separate Interim Condensed Financial Statements – 30 June 2017

13 Dividend income

<i>(In thousands of Kazakhstani Tenge)</i>	Balance as at 1 January 2017	Declared, unaudited	Paid, unaudited	Balance as at 30 June 2017, unaudited
HCSBK JSC	-	6,778,929	-	6,778,929
BD JSC	-	3,059,355	-	3,059,355
DBK JSC	-	1,995,163	-	1,995,163
DAMU EDF JSC	-	1,678,218	-	1,678,218
KMC JSC	-	926,802	-	926,802
IFK JSC	-	215,335	-	215,335
NATD JSC	-	81,339	(81,339)	-
KE JSC	-	32,956	(32,956)	-
	-	14,768,097	(114,295)	14,653,802

<i>(In thousands of Kazakhstani Tenge)</i>	Balance as at 1 January 2016	Declared, unaudited	Paid, unaudited	Balance as at 30 June 2016, unaudited
BD JSC	-	2,185,953	-	2,185,953
DAMU EDF JSC	-	2,000,075	-	2,000,075
DBK JSC	-	1,710,931	-	1,710,931
KCM JSC	-	1,500,000	-	1,500,000
KE JSC	-	784,222	(784,222)	-
NATD JSC	-	342,704	(342,704)	-
	-	8,523,885	(1,126,926)	7,396,959

14 Other operating income

<i>(In thousands of Kazakhstani Tenge)</i>	Six-month period ended 30 June 2017, unaudited	Six-month period ended 30 June 2016, unaudited
Loss at initial recognition of loans to subsidiaries at a market-below interest rates (Note 6)	(69,854,813)	(205,552,898)
Government grants (Notes 8, 9)	71,957,365	206,758,295
Other	(2,279)	1,328
Total other operating income	2,100,273	1,206,725

15 Administrative and other operating expenses

<i>(In thousands of Kazakhstani Tenge)</i>	Six-month period ended 30 June 2017, unaudited	Six-month period ended 30 June 2016, unaudited
Staff costs	688,021	713,935
Administrative expense of the Board of Directors	183,912	189,332
Operating lease expense	144,715	133,788
Outsourcing costs	86,381	80,747
Depreciation of software and other intangible assets	67,217	27,955
Consulting services	62,567	34,174
Business trips	48,600	19,244
Advertising and marketing services	46,906	27,643
Depreciation of property, plant and equipment	33,367	39,837
Insurance costs	15,859	15,531
Other costs related to property, plant and equipment	15,661	46,919
Communication services	13,402	17,301
Costs for stationary printing products, branding products	7,419	13,152
Staff training, conferences	3,532	6,079
Other	55,438	24,316
Total administrative and other operating expenses	1,472,997	1,389,953

Baiterek National Managing Holding Joint Stock Company
Notes to the Separate Interim Condensed Financial Statements – 30 June 2017

16 Income tax expense

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

<i>(In thousands of Kazakhstani Tenge)</i>	Six-month period ended 30 June 2017, unaudited	Six-month period ended 30 June 2016, unaudited
Current income tax expense	-	-
Change in deferred income tax liabilities due to origination and reversal of temporary differences	424,236	243,516
Total income tax expense	424,236	243,516

The income tax rate applicable to the Holding Company's income of the six-month period ended 30 June 2017 is 20% (the six-month period ended 30 June 2016: 20%).

Reconciliation between the expected and the actual taxation charge is provided below:

<i>(In thousands of Kazakhstani Tenge)</i>	Six-month period ended 30 June 2017, unaudited	%	Six-month period ended 30 June 2016, unaudited	%
Profit before income tax	16,453,665	100.00	9,188,154	100.00
Income tax at the applicable tax rate	3,290,733	20.00	1,837,631	20.00
Non-taxable dividend income	(2,953,619)	(17.95)	(1,704,777)	(18.55)
Unrecognised deferred tax assets	69,598	0.42	93,376	1.02
Non-deductible expenses	17,524	0.11	17,286	0.19
Income tax expense	424,236	2.58	243,516	2.66

17 Financial risk management

Risk management rules and procedures of the Holding Company. The Holding Company's risk management policies aim to identify, analyse and manage the risks faced by the Holding Company, to set appropriate risk limits and controls, and to continuously monitor risk levels and adherence to limits. Risk management policies and procedures are reviewed regularly to reflect changes in market conditions, products and services offered and emerging best practice.

The risk management policy has the following objectives:

- to establish the effective comprehensive system and integrated process of risk management as an element of the Holding Company's governance, and continuously improve the Holding Company's activities based on the unified standardised approach to the risk management methods and procedures;
- to ensure that the Holding Company assumes acceptable risks adequate to the scale of its activities;
- to define the retaining ability and provide for efficient management of accepted risks;
- to identify risks in a timely manner;
- to mitigate losses and reduce operating costs to cover potential losses.

Risk management structure. The risk management structure of the Holding Company comprises risk management at several levels with engagement of the following bodies and structural units of the Holding Company: Board of Directors, Management Board, Committee of Asset and Liability Management, Risk Management Department, Internal Audit Function, collective bodies and other structural units.

Board of Directors. The first level of the risk management process is represented by the Board of Directors of the Holding Company. The Board of Directors takes full responsibility for proper operation of risk management control system, management of key risks and corporate risk management system. The Board of Directors defined the objectives of the Holding Company's activities and approves documents related to risk management.

Management Board. The second level of the risk management process is represented by the Management Board of the Holding Company. The Management Board is responsible for establishment of efficient risk management system and risk control structure to provide for compliance with the corporate policy requirement. The Management Board is liable for creation of "risk consciousness" culture which reflects risk management and risk management philosophy of the Holding Company. In addition, the Management Board also bears liability for implementation of the efficient risk management system where all employees have a clearly defined responsibility for risk management and are accountable for proper execution of their duties. The Management Board is authorised to execute a part of their functions in risk management area through establishment of respective committees.

17 Financial risk management, continued

The Audit Committee of the Board of Directors. The Audit Committee of the Board of Directors is a standing advisory body of the Holding Company's Board of Directors, established to enhance efficiency and quality of work of the Board of Directors through preparing recommendations for the Board of Directors related to establishment of the effective control system over the Holding Company's financial and economic operations (including completeness and accuracy of the financial statements), monitoring of reliability and efficiency of the internal control and risk management systems and execution of the documents related to corporate governance, and control of independence of the external audit and internal audit function.

Risk Management Department. The third level of the risk management process is represented by the Risk Management Department which objectives include overall risk management and legal compliance monitoring, as well as control over implementation of general principles and methods of identification, assessment, management of and reporting on financial and non-financial risks.

Internal Audit Function. In course of risk management, the Internal Audit Function of the Holding Company audits risk management procedures and risk assessment methods and develops proposals aimed at improvement of efficiency of risk management procedures. The Internal Audit provides reports on risk management system to the Board of Directors of the Holding Company and performs other functions in accordance with the approved regulatory documents.

Structural units. One of the key elements in the risk management structure is structural units of the Holding Company which are represented by each employee. Structural units (risk owners) play the key role in the risk management process. The Holding Company's employees address and manage risks on a daily basis, and control the potential effect of risk on their business. Structural units are responsible for implementation of the risk management action plan, timely identification and communication of major risk in their business areas and development of proposals for risk management to be included into the action plan.

Credit risk. The Holding Company takes on exposure to credit risk, which is the risk that one party of a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Exposure to credit risk arises as a result of the lending and other transactions with counterparties of the Holding Company and its subsidiaries giving rise to financial assets.

The Holding Company's maximum exposure to credit risk is reflected in the carrying amounts of financial assets on the separate interim condensed statement of financial position. For guarantees and commitments to extend credit, the maximum exposure to credit risk is the amount of the commitment. No collateral and other credit enhancements exist as at 30 June 2017 (31 December 2016: None).

The Holding Company controls credit risk by placing limits on transactions with counterparties, including limits on the level of risk accepted in relation to one counteragent, or groups of counteragents, based on the Regulations for Management of Financial Assets and Liabilities of Baiterek National Managing Holding Joint Stock Company.

None of financials assets are impaired or past due as at 30 June 2017 (31 December 2016: None).

Credit risk concentration. The Holding Company's cash and deposit balances as at 30 June 2017 were placed with seven banks (31 December 2016: seven banks). That does not expose the Holding Company to significant credit concentration risk.

Concentration of loans to subsidiaries is disclosed in Note 6.

Currency risk. As at 30 June 2017 and 31 December 2016, the Holding Company has no significant foreign currency exposure.

Market risk is the risk of changes in the Holding Company's income or cost of its portfolios due to changes in market prices, including foreign exchange and interest rates. The Holding Company's market risk consists of currency risk, interest rate risk. Market risks arise from open positions in currency, interest rates and equity products, all of which are exposed to general and specific market movements.

The market risk management objectives are to manage and control that exposure to market risk does not fall out of the acceptable parameters, ensuring the optimisation of profitability obtained for risk accepted.

Total responsibility for the market risk management is imposed on the Management Board, headed by the Chairman of the Management Board. Management Board set limits with respect to the market risk based on recommendations received from Risk Management Department.

The Holding Company manages market risk through setting limits on open positions with respect to the value of portfolio on individual financial instruments, terms of changes in interest rates, currency position, limits for losses, and regular monitoring of their observance, the results of which are reviewed and approved by the Management Board.

17 Financial risk management, continued

Interest rate risk is the risk of changes in the Holding Company's income or cost of its portfolios of financial instruments due to changes in interest rates.

The Holding Company takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its separate 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 arises, when available or forecasted assets with definite maturity are higher or lower upon value compared to available or forecasted liabilities with similar maturity. Interest rate risk management 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.

The table below summarises the Holding Company's exposure to interest rate risk as at 30 June 2017. The table presents the aggregated amounts of the Holding Company'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>	Demand and less than 1 month	From 1 to 6 months	From 6 to 12 months	More than 1 year	Interest- free	Total
30 June 2017, unaudited						
Total financial assets	8,293,652	493,596	1,941,463	371,947,821	14,744,563	397,421,095
Total financial liabilities	(72,334)	(187,161)	(17,437)	(365,755,743)	(192,342)	(366,225,017)
Net interest sensitivity gap at 30 June 2017, unaudited						
	8,221,318	306,435	1,924,026	6,192,078	14,552,221	31,196,078

The table below summarises the Holding Company's exposure to interest rate risk as at 31 December 2016. The table presents the aggregated amounts of the Holding Company'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>	Demand and less than 1 month	From 1 to 6 months	From 6 to 12 months	More than 1 year	Interest- free	Total
31 December 2016						
Total financial assets	76,291	4,637,236	9,895,593	317,140,657	272,994	332,022,771
Total financial liabilities	(50,291)	(214,809)	(11,667)	(310,667,359)	(581,108)	(311,525,234)
Net interest sensitivity gap at 31 December 2016						
	26,000	4,422,427	9,883,926	6,473,298	(308,114)	20,497,537

An analysis of the sensitivity of profit or loss (net of taxes) to changes in interest rates (repricing risk), based on a simplified scenario of a 100 basis point (bp) symmetrical fall or rise in all yield curves and restated positions of interest-bearing assets and liabilities existing as at 30 June 2017 and 31 December 2016 are as follows:

<i>(In thousands of Kazakhstani Tenge)</i>	30 June 2017, unaudited	31 December 2016
Parallel rise by 100 basis points	68,615	45,028
Parallel fall by 100 basis points	(68,615)	(45,028)

The Holding Company monitors interest rates for its financial instruments. The table below summarises interest rates at the respective reporting date based on reports.

<i>In weighted-average % p.a.</i>	30 June 2017, unaudited	31 December 2016
Assets		
Deposits	13.22%	12.71%
Loans to subsidiaries	7.26%	7.02%
Liabilities		
Debt securities issued	6.64%	7.02%
Loans from the Government of the Republic of Kazakhstan	9.44%	9.62%

17 Financial risk management, continued

Liquidity. Contractual payments under the financial liabilities exceed their carrying amount by the sum of non-amortised discount of future interest expenses. As at 30 June 2017 the contractual payments on the issued debt securities and loans from the Government of the Republic of Kazakhstan amount to Tenge 858,689,048 thousand and Tenge 235,782,166 thousand respectively, including nominal value of Tenge 843,095,125 thousand with maturity in 2034 and 2046 and nominal value of 233,054,097 with maturity in 2026 and 2046 respectively, and total future interest of Tenge 15,593,923 thousand and Tenge 2,728,069 thousand payable on annual basis. As at 31 December 2016 the contractual payments on the issued debt securities and loans from the Government of the Republic of Kazakhstan amount to Tenge 859,125,643 thousand and Tenge 118,469,239, thousand respectively, including nominal value of Tenge 843,095,125 thousand with maturity in 2034 and 2045 and Tenge 116,954,097 thousand with maturity in 2026 and 2046 respectively, and total future interest of Tenge 16,030,518 thousand and Tenge 1,515,142 thousand payable on annual basis.

Capital management. The Holding Company treats capital as net assets attributable to the Holding Company's owners. The Holding Company is not subject to the regulatory capital requirements.

Legal risks. The Holding Company is exposed to legal risk, when there is the probability of occurrence of an adverse legislation change, incorrect legislation application, non-observance of internal documents, when decisions are made, untimely notification of state authorised bodies (in different situations: when documents are prepared, when legally significant actions are committed, etc.).

The Holding Company manages legal risk through monitoring of legislation changes, monitoring of orders implementation, professional development of legal department employees, engagement of consultants.

18 Contingencies and commitments

Legal proceedings. From time to time and in the normal course of business, claims against the Holding Company 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 separate interim condensed financial statements.

Tax contingencies. The taxation system in Kazakhstan is relatively new and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are often unclear, contradictory and subject to varying interpretation by different tax authorities, including opinions with respect to IFRS treatment of revenues, expenses and other items in the financial statements. Taxes are subject to review and investigation by various levels of authorities, which have the authority to impose severe fines and interest charges. A tax year generally remains open for review by the tax authorities for five subsequent calendar years; however, under certain circumstances a tax year may remain open longer.

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

Operating lease commitments. The Holding Company has a number 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.

19 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 Company since it is the ultimate controlling party. The Holding Company has decided to apply an exemption from disclosure of individually insignificant transactions and outstanding balances with state owned entities.

The balances as at 30 June 2017 for transactions with related parties are as follows:

<i>(In thousands of Kazakhstani Tenge)</i>	Subsidiaries	Transactions with state owned entities
Cash and cash equivalents	-	2
Investments in subsidiaries	838,882,161	-
Loans to subsidiaries	372,376,741	-
Dividends receivable	14,653,802	-
Current income tax prepayment	-	969,651
Debt securities issued	-	(279,720,082)
Loans from the Government of the Republic of Kazakhstan	-	(86,312,593)
Deferred income tax liability	-	(1,205,958)
Other liabilities	-	(82,620)

19 Related party transactions, continued

The income and expense items on the related party transactions for the six-month period ended 30 June 2017 were as follows (unaudited):

<i>(In thousands of Kazakhstani Tenge)</i>	Subsidiaries	Transactions with state owned entities
Interest income	11,532,726	-
Interest expense	-	(11,444,370)
Dividend income	14,768,097	-
Other operating (expense)/income	(69,854,813)	71,957,365
Administrative and other operating expenses	-	(342,130)
Income tax expense	-	(424,236)

The balances as at 31 December 2016 for transactions with related parties are as follows:

<i>(In thousands of Kazakhstani Tenge)</i>	Subsidiaries	Transactions with state owned entities
Cash and cash equivalents	-	2
Investments in subsidiaries	819,782,161	-
Loans to subsidiaries	315,345,416	-
Current income tax prepayment	-	708,508
Debt securities issued	-	(271,376,696)
Loans from the Government of the Republic of Kazakhstan	-	(39,567,430)
Deferred income tax liability	-	(781,722)
Other liabilities	-	(80,729)

The income and expense items on the related party transactions for the six-month period ended 30 June 2016 were as follows (unaudited):

<i>(In thousands of Kazakhstani Tenge)</i>	Subsidiaries, unaudited	Transactions with state owned entities, unaudited
Interest income	7,453,836	-
Interest expense	-	(7,386,566)
Dividend income	8,523,885	-
Other operating (expense)/income	(205,552,898)	206,758,295
Administrative and other operating expenses	-	(296,750)
Income tax expense	-	(243,516)

Total remuneration to the members of the Management Board and Board of Directors is as follows:

<i>(In thousands of Kazakhstani Tenge)</i>	Six-month period ended 30 June 2017, unaudited	Six-month period ended 30 June 2016, unaudited
Members of the Board of Directors	158,026	170,474
Members of the Management Board	93,585	64,431
	251,611	234,905

20 Fair value

Determination of fair values. A number of the Holding Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and for disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

When measuring the fair value of an asset or a liability, the Holding Company uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Holding Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

The following table analyses the fair value of financial instruments not measured at fair value, by the level in the fair value hierarchy into which each fair value measurement is categorised as at 30 June 2017:

<i>(In thousands of Kazakhstani Tenge)</i>	Level 2, unaudited	Total fair values, unaudited	Total carrying amount, unaudited
Assets			
Cash and cash equivalents	90,760	90,760	90,760
Deposits	10,299,792	10,299,792	10,299,792
Loans to subsidiaries	298,816,360	298,816,360	372,376,741
Dividends receivable	14,653,802	14,653,802	14,653,802
Liabilities			
Debt securities issued	204,430,633	204,430,633	279,720,082
Loans from the Government of the Republic of Kazakhstan	89,492,606	89,492,606	86,312,593

The following table analyses the fair value of financial instruments not measured at fair value, by the level in the fair value hierarchy into which each fair value measurement is categorised as at 31 December 2016:

<i>(In thousands of Kazakhstani Tenge)</i>	Level 2	Total fair values	Total carrying amount
Assets			
Cash and cash equivalents	272,994	272,994	272,994
Deposits	16,404,361	16,404,361	16,404,361
Loans to subsidiaries	230,228,009	230,228,009	315,345,416
Liabilities			
Debt securities issued	186,902,803	186,902,803	271,376,696
Loans from the Government of the Republic of Kazakhstan	38,728,219	38,728,219	39,567,430