Damu Entrepreneurship Development Fund JSC

Condensed Interim Financial Information (unaudited)

30 June 2018

CONTENTS

Report on Review of Condensed Interim Financial Information

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

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Damu Entrepreneurship Development Fund JSC (the "Fund") as of 30 June 2018 and the related condensed statements of profit and loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended and notes, comprising a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

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

Conclusion

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

PricewaterhouseCoopers LLP.

6 August 2018

Almaty, Kazakhstan

PricewaterhouseCoopers LLP
34 Al-Farabi Ave., Building A, 4th floor, Almaty, Kazakhstan, A25D5F6
T: +7 (727) 330 32 00, F: +7 (727) 244 68 68, www.pwc.kz

In thousands of Kazakhstani Tenge	Notes	30 June 2018 (unaudited)	31 December 2017
ASSETS			
Cash and cash equivalents	6	59,211,787	44,074,930
Securities at fair value through profit or loss	7	-	2,659,323
Investment securities at fair value through profit or loss	7	1,946,708	-
Due from financial institutions	8	239,719,036	225,578,278
Receivables on subsidy programs		2,248	34,550
Loans and advances to customers	9	973,622	3,324,539
Investment securities available for sale		-	567,017
Investment securities at fair value through other comprehensive income		538,108	-
Premises and equipment	10	2,362,048	2,497,187
Intangible assets		248,580	292,674
Current income tax assets		14,258,927	13,721,713
Non-current assets for sale		1,202,929	1,360,967
Other assets	11	27,720,225	25,801,698
TOTAL ASSETS		**348,184,218**	**319,912,876**
LIABILITIES			
Borrowed funds	12	226,320,244	203,002,903
Liabilities on subsidy programs	13	10,574,062	3,177,338
Deferred income tax liability		4,618,375	6,065,416
Deferred income and provision for credit related commitments	14	5,705,594	5,263,531
Other liabilities	15	2,487,953	1,255,534
TOTAL LIABILITIES		**249,706,228**	**218,764,722**
EQUITY			
Share capital	16	72,920,273	72,920,273
Additional paid-in-capital		834,527	834,527
Revaluation reserve for investment securities available for sale		-	70,337
Revaluation reserve for investment securities at fair value through other comprehensive income		50,970	-
Other reserves		316,430	316,430
Retained earnings		24,355,790	27,006,587
TOTAL EQUITY		**98,477,990**	**101,148,154**
TOTAL LIABILITIES AND EQUITY		**348,184,218**	**319,912,876**

Approved for issue and signed on behalf of the Management Board on 6 August 2018.

Mr. Aset Sharipov
Acting Chairman of the Managing Board

Mrs. Akmaral Bekmuratova
Acting Chief Accountant

In thousands of Kazakhstani Tenge	Notes	Six months ended 30 June 2018 (unaudited)	Six months ended 30 June 2017 (unaudited)
Interest income	17	11,012,684	19,741,758
Interest expense	17	(4,043,112)	(3,844,557)
Net interest income		**6,969,572**	**15,897,201**
Provision for impairment losses on loans to customers and due from financial institutions	8, 9	-	(497,434)
Reversal of expected credit losses	8, 9	922,736	-
Net interest income after provision for loan impairment		**7,892,308**	**15,399,767**
Fee and commission income		1,576,389	1,574,404
Gains less losses from financial derivatives	18	973,962	(13,759,937)
Gains less losses from securities at fair value through profit or loss		60,711	31,734
Gains less losses from trading in foreign currencies		-	63
Net (loss) / gain on transactions in foreign currencies		(1,622,792)	4,626,698
Net loss on initial recognition of financial assets at rates below market	19	(4,443,157)	(4,278,675)
Impairment of investment securities at fair value through other comprehensive income		(3,000)	-
Recovery of/ (provision for) impairment of other assets		12,088	(2,459)
Recovery of/ (provision for) credit related commitments		363,817	(340,704)
Other operating income		42,784	22,458
Expenses on realisation of Fund's programs		(266,013)	(408,197)
Payroll expenses		(1,238,999)	(1,293,654)
General and administrative expenses		(727,194)	(830,929)
Profit before tax		**2,620,904**	**740,569**
Income tax expense	20	(276,915)	(165,386)
Profit for the period		**2,343,989**	**575,183**
Other comprehensive income:			
Available for sale investments:			
- gains less losses arising during the period		-	(105,632)
Investments at fair value through other comprehensive income:			
- gains less losses arising during the period		(19,367)	-
Other comprehensive income		**(19,367)**	**(105,632)**
Total comprehensive income for the period		**2,324,622**	**469,551**

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

In thousands of Kazakhstani Tenge	Share capital	Additional paid-in-capital	Revaluation reserve for available for sale securities	Revaluation reserve for securities at fair value through other comprehensive income	Other reserves	Retained earnings	Total
Balance at 1 January 2017	**72,920,273**	**834,527**	**61,588**	**-**	**316,430**	**24,571,961**	**98,704,779**
Profit for the period (unaudited)	-	-	-	-	-	575,183	**575,183**
Other comprehensive income (unaudited)	-		(105,632)	-	-	-	**(105,632)**
Total comprehensive income for the six months ended 30 June 2017	**-**	**-**	**(105,632)**	**-**	**-**	**575,183**	**469,551**
Dividends declared	-	-	-	-	-	(1,678,218)	**(1,678,218)**
Balance at 30 June 2017	**72,920,273**	**834,527**	**(44,044)**	**-**	**316,430**	**23,468,926**	**97,496,112**
Balance at 1 January 2018	**72,920,273**	**834,527**	**70,337**	**-**	**316,430**	**27,006,587**	**101,148,154**
Transfer of opening balance	-	-	**(70,337)**	**70,337**	-	-	**-**
Changes at initial application of IFRS 9 (unaudited)	-	-	-	-	-	**(3,760,633)**	**(3,760,633)**
Recalculated balance as of 1 January 2018 (unaudited)	**72,920,273**	**834,527**	**-**	**70,337**	**316,430**	**23,245,954**	**97,387,521**
Profit for the period (unaudited)	-	-	-	-	-	2,343,989	**2,343,989**
Other comprehensive income (unaudited)	-	-	-	(19,367)	-	-	**(19,367)**
Total comprehensive income for the six months ended 30 June 2018 (unaudited)	-	-	-	**(19,367)**	-	**2,343,989**	**2,324,622**
Dividends declared	-	-	-	-	-	(1,234,153)	**(1,234,153)**
Balance at 30 June 2018 (unaudited)	**72,920,273**	**834,527**	**-**	**50,970**	**316,430**	**24,355,790**	**98,477,990**

The notes set out on pages 5 to 41 form an integral part of these condensed interim financial information.

In thousands of Kazakhstani Tenge		Six months ended 30 June 2018 (unaudited)	Six months ended 30 June 2017 (unaudited)
Cash flows from operating activities			
Interest received		7,784,985	10,005,545
Interest paid		(1,649,993)	(1,875,472)
Commission received		2,241,962	1,675,958
Commission paid		(739,715)	(1,731,226)
Cash inflows from other operating activities		43,371	154,836
Payroll costs paid		(1,004,939)	(919,288)
General and administrative expenses paid		(1,589,513)	(781,053)
Cash flows from operating activities before changes in operating assets and liabilities		**5,086,158**	**6,529,300**
Net (increase)/decrease in:			
- securities at fair value through profit or loss		-	1,000,000
- due from financial institutions		(20,061,815)	21,587,532
- loans and advances to customers		2,782,945	1,562,815
- other assets		(208,514)	(1,286,500)
Net increase/(decrease) in:			
- deferred income and liabilities on financial guarantees		7,638,393	(2,134,579)
- other liabilities		(99,787)	(24,327)
Net cash from/(used in) operating activities		**(4,862,620)**	**27,234,241**
Cash flows from investing activities			
Proceeds from disposal and redemption of investment securities		724,038	-
Acquisition of premises and equipment		(108)	(48,504)
Acquisition of intangible assets		(13,694)	(38,394)
Proceeds from disposal of premises and equipment		44,377	1,499
Net cash from/(used in) investing activities		**754,613**	**(85,399)**
Cash flows from financing activities			
Proceeds from borrowed funds		19,372,584	11,949,660
Repayment of borrowed funds		(132,923)	(31,339,340)
Income from operations with derivatives		-	4,702,293
Net cash from financing activities		**19,239,661**	**(14,687,387)**
Effect of exchange rate changes on cash and cash equivalents		**5,203**	**226,988**
Net increase in cash and cash equivalents		**15,136,857**	**12,688,443**
Cash and cash equivalents at the beginning of the period	6	44,074,930	44,027,014
Cash and cash equivalents at the end of the period		**59,211,787**	**56,715,457**

* The remaining balance of borrowed funds as at 1 January 2018 was Tenge 203,002,903 thousand. Cash movement in 6 months 2018 was Tenge 17,045,933 thousand. The movement in noncash items incorporates changes in the fair value of received loans for Tenge 2,193,728 thousand. The remaining balance of borrowed funds on 30 June 2018 was Tenge 226,320,245 thousand.

1 Introduction

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

As at 30 June 2018 and 31 December 2017, the Fund is under 100% ownership of the "Baiterek" National Managing Holding (the "Sole Shareholder"). The Fund is ultimately controlled by the Government of the Republic of Kazakhstan. Information on transactions with related parties is disclosed in Note 24.

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

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

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

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

2 Operating Environment of the Fund

Republic of Kazakhstan. In general, the economy of the Republic of Kazakhstan continues to display characteristics of an emerging market. Its economy is particularly sensitive to prices on oil and gas.

These characteristics include, but are not limited to, the existence of national currency that is not freely convertible outside of the country and a low level of liquidity of debt and equity securities in the markets.

On 20 August 2015, the National Bank (the 'NBRK') and the Government of the Republic of Kazakhstan made a resolution on discontinuation of supporting the exchange rate of Tenge and implement of new monetary policy, which is based on inflation targeting regime, cancellation of exchange rate trading band and start a free floating exchange rate. As the result, during the period of August 2015 - December 2017 the exchange rate of Tenge has varied from 187 to 334 Tenge per 1 US Dollar. Therefore, uncertainty exists in relation to exchange rate of Tenge and future action of National Bank and the Government of the Republic of Kazakhstan and the impact of these factors on the economy of the Republic of Kazakhstan.

In the middle of January 2016, international rating agency Standard & Poor's significantly reduced their forecasts in relation to oil prices for the period of 2016-2019.

In February 2016, international rating agency, Standard and Poor's, lowered its long-term foreign and local currency sovereign credit ratings on the Republic of Kazakhstan from BBB+ to BBB. At the same time, the agency lowered the short-term foreign and local currency ratings to 'A-3' from 'A-2' and the Kazakhstan national scale rating to 'kzAA' from 'kzAA+'.

In October 2017 Standard & Poor's Global Ratings affirmed its 'BBB-/A-3', but improved outlook from "negative" to "stable". In particular, a number of factors influenced the review of the rating outlook. Among them is an increase in the effectiveness of monetary policy, which was due to a sharp decline in the dollarisation of resident deposits to 48% in July 2017, compared with 70% at the end of 2015. In addition, according to the agency, Kazakhstan has maintained its position as a net lender with a low level of debt burden - about 17% of GDP in 2017. All this allows us to ensure a high ability of additional borrowing in the future, given the significant volume of assets of the National Fund - 40% of GDP by the end of 2017. Analysts expect that the growth of the economy will be supported by public investments, an increase in exports as oil production increases and oil prices rise, which is largely due to the reduction in oil production by the OPEC countries from the end of 2016.

The financial markets continue to be volatile and are characterised by frequent significant price movements and increased trading spreads. This operating environment has a significant impact on the Fund's operations and financial position. Management is taking necessary measures to ensure sustainability of the Fund's operations. However, the future effects of the current economic situation are difficult to predict and management's current expectations and estimates could differ from actual results.

Additionally, the financial sector in the Republic of Kazakhstan is still impacted by political, legislative, fiscal and regulatory developments. The prospects for future economic stability in the Republic of Kazakhstan are largely dependent upon the effectiveness of economic measures undertaken by the Government, together with legal, controlling and political developments, which are beyond the Fund's control.

2 Operating environment of the Fund (Continued)

Management determined loan impairment provisions using the "incurred loss" model required by the applicable accounting standards. These standards require recognition of impairment losses that arose from past events and prohibit recognition of impairment losses that could arise from future events, including future changes in the economic environment, no matter how likely those future events are. Thus, final impairment losses from financial assets could differ significantly from the current level of provisions. Refer to Note 4.

The management performs the analysis of trends that may cause impact on the development of financial sector and economy in general, but is unable to predict their possible influence on the financial position of the Fund in the future. The management believes it is taking all necessary measures to support the sustainability and growth of the activity of the Fund.

3 Summary of Significant Accounting Policies

Basis of preparation. This condensed interim financial information for the period of 6 months 2018 has been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting". Accordingly, certain information and disclosures normally required to be included in the notes to the annual financial information have been omitted or condensed. This condensed interim financial information should be read in conjunction with the annual financial statements of the Fund for the year ended 31 December 2017, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

Except as described below, the same accounting policies and methods of computation were followed in the preparation of this condensed interim financial information as were disclosed in the annual financial statements for the year ended 31 December 2017. Certain new standards, interpretations and amendments to the existing standards, as disclosed in the financial statements for the year ended 31 December 2017, became effective for the Fund from 1 January 2018. Please see Appendix 5.

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

4 Critical Accounting Estimates, and Judgements in Applying Accounting Policies

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

In preparing this condensed interim financial information, the significant judgements made by management in applying the Fund's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2017.

Going concern. Management prepared these financial statements on a going concern basis. In making this judgement management considered the Fund's financial position, current intentions, profitability of operations and access to financial resources.

Impairment losses and reversals on loans and advances to customers and amounts due from financial institutions. The Fund regularly reviews its due from financial institutions and loans and advances to customers to assess impairment. In determining whether an impairment loss should be recorded in profit or loss for the period, the Fund makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loans in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers, or national or local economic conditions that correlate with defaults on assets. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

During six months ended 30 June 2018, the Fund recognised recovery of impairment of loan portfolio of due from financial institutions and loans and advances to customers of Tenge 922,736 thousand (six months ended 30 June 2017: reversal of impairment of Tenge 497,434 thousand). Refer to Notes 8 and 9.

During six months ended 30 June 2018, the Fund continued working on early settlement of Delta Bank JSC loans. From 1 January 2017 to the reporting date Delta Bank JSC repaid 0 Tenge (2017: 5,038,763 thousand principal and Tenge 791,161 thousand accrued interest on loans received from the Fund).

4 Critical Accounting Estimates, and Judgements in Applying Accounting Policies (Continued)

On 28 April 2017, within the framework of cession agreement, the Fund received a portfolio of loans to small and medium size enterprises as settlement of loans to Delta Bank JSC for Tenge 15,443,912 thousand of principal and Tenge 253,529 thousand of accrued interest. The Management of the Fund estimated fair value of the new portfolio of loans for Tenge 11,418,766 thousand as at settlement date, which led to recognition of loss on initial recognition of these loans of Tenge 4,278,675 thousand. During fair value assessment, cash flows from the loans were discounted using market interest rate of 14% with adjustments based on specific credit risk of borrowers. Refer to Notes 9 and 19.

As of 30 June 2018, total gross amount of loans given to Delta Bank JSC is Tenge 4,152,389 thousand (31 December 2017: Tenge 4,152,389 thousand) and discount on loans given at rates below the market is 0 Tenge (31 December 2017: 0 Tenge). The Management of the Fund estimated the provision for loan impairment for Delta Bank JSC at Tenge 4,152,389 thousand (31 December 2017: Tenge 4,152,389 thousand). Refer to Note 8.

Fair value of derivatives and certain other instruments. Information about fair values of instruments that were valued using assumptions that are not based on observable market data is disclosed in Note 23.

In December 2014 and October 2015, the Fund entered into five-year fixed rate swap agreements with certain commercial banks with a purpose to minimise currency risk related to US dollar borrowings from Asian Development Bank (the "ADB"). Refer to Note 11. The Fund calculated the fair value of the swaps at reporting date and recognised the fair value of derivatives for Tenge 26,728,296 thousand (31 December 2017: Tenge 25,193,064 thousand) and net gains from financial derivatives in the amount of Tenge 1,539,629 thousand during six months ended 30 June 2018 (six months ended 30 June 2017: net losses Tenge 17,435,525 thousand). Forward exchange rate of Tenge 361.21 per 1 US dollar was applied for estimation of fair value of swap agreements as of 30 June 2018 (31 December 2017: Tenge 356.22 per 1 US dollar), which led to increase in fair value of swap agreements at reporting date. The Fund incurred net foreign translation loss of Tenge 1,690,699 thousand on ADB loans during the six months ended 30 June 2018 (six months ended 30 June 2017: net gain of Tenge 4,430,561 thousand).

All swap agreements with the commercial banks have three percent annual interest paid by the Fund, resulting in Tenge 687,980 thousand expense during six months ended 30 June 2018 (six months ended 30 June 2017: Tenge 1,148,902 thousand).

During six months ended 30 June 2017, five-year fixed rate swap agreements for the total amount of USD 116,132 thousand were executed early, resulting in Tenge 4,702,294 thousand gain from operations with financial derivatives. During six months ended 30 June 2018 there were no early swap repayments.

When calculating fair value, the Fund utilised discounted cash flow model with risk-free rates for US dollars and Kazakhstani Tenge adjusted to Kazakhstan country risk premium. Refer to Notes 11 and 18.

Initial recognition of related party transactions. In the normal course of business, the Fund enters into transactions with its related parties. According to IFRS 9 financial instruments at initial recognition date should be measured at fair value. Professional judgement is applied in determining if transactions are priced at market or non-market interest rates, where there is no active market for such transactions. The basis for judgement is pricing for similar types of transactions with unrelated parties and effective interest rate analysis. Terms and conditions of related party balances are disclosed in Note 24.

Initial recognition of financial instruments issued at rates below market. In the normal course of business the Fund enters into transactions with third parties, mainly related parties, at rates below market. IFRS 9 requires initial recognition of financial instruments based on their fair values. The basis for judgement is pricing for similar types of transactions with unrelated parties and effective interest rate analysis.

During 2014-2015, the Fund received borrowed funds from Baiterek NMH JSC for Tenge 200 billion at a rate below the market, 0.15%, for a twenty year term. Management applied its judgment in determining market rate, using yield to maturity for 10-year government bonds extrapolated for twenty years using linear regression.

During 2014-2015, the Fund distributed received funds for Tenge 200 billion to commercial banks carrying a 2% interest rate and a maturity of twenty years. Management of the Fund used its judgment in determining market rates for each commercial bank, in which funds were allocated. In assessing the fair value of the loans granted to commercial banks, the Management used specific credit risk for each bank based on their credit ratings applying released Credit Default Spread. Credit Default Spreads were adjusted by basic rate, determined through yield for 10 year government bonds extrapolated for twenty years.

Application of effective interest rates resulted in gain and loss on initial recognition of financial instruments at rates below the market.

4 Critical Accounting Estimates, and Judgements in Applying Accounting Policies (Continued)

During 2014-2015, the Fund received loans from the ADB for total amount of USD 350 million and interest rate of 0.9207% for a five year term. The borrowed funds were fully distributed to Kazakh commercial banks approved by the ADB. Management of the Fund used judgement when assessing fair value of these loans. They concluded that both loans received and advanced above are sufficiently unique as both the Fund and the ADB are development institutions and there are no similar transactions in the market. Following from this, they also concluded that these transactions in themselves constitute a principal or most advantageous market and, hence, transaction price is fair value and no adjustments are required for the borrowed funds and loans advanced at their initial recognition. Refer to Note 12.

Fair value of guarantees issued. During 2015, the Fund issued guarantees to Bank CenterCredit JSC in respect of credit lines opened by Bank CenterCredit in European Bank for Reconstruction and Development (the "EBRD") for the total amount of Tenge 27,220 million. As of 30 June 2018, Bank CenterCredit had drown down the EBRD loans for the amount of Tenge 20,470 million (31 December 2017: Tenge 20,470 million). The management of the Fund assessed fair value of these guarantees based on commission fees received and estimated the fair value to be equal to Tenge 229,222 thousand. As of 30 June 2018, the amount of accrued commission income was 90,112 thousand (31 December 2017: Tenge 179,161 thousand). Refer to Notes 14 and 22.

During 2016, the Fund issued guarantees to ForteBank JSC and Microfinance Organisation KMF LLP ("MFO KMF") in respect of credit lines opened by ForteBank and MFO KMF in the EBRD for Tenge 9,907 million and Tenge 3,776 million, respectively. As of 30 June 2018, ForteBank and MFO KMF had drawn down the EBRD loans for the amount of Tenge 19,243 million and Tenge 3,776 million, respectively. (31 December 2017: Tenge 19,243 million and 3,776 million, respectively). The management of the Fund assessed fair value of these guarantees based on commission fees received from ForteBank and MFO KMF and estimated the fair value to be equal to Tenge 47,294 thousand and Tenge 19,409 thousand, respectively (31 December 2017: Tenge 57,030 thousand and 25,669 thousand, respectively). Refer to Notes14 and 22.

During 2017, the Fund issued guarantees to Bank Kassa Nova in respect of credit lines opened by Bank Kassa Nova in EBRD for Tenge 1,793 million. As of 30 June 2018, Bank Kassa Nova had drawn down the EBRD loans for the amount of Tenge 1,793 million (31 December 2017: Tenge 1,793 million). The management of the Fund assessed fair value of these guarantees based on commission fees received and estimated the fair value to be equal to Tenge 1,250 thousand (31 December 2017: Tenge 1,250 thousand). Refer to Notes14 and 22.

5 New Standards and Interpretations

Amendments to IFRS 15 "Revenue under contracts with customers" (issued on 12 April 2016 and effective for annual periods beginning on or after 1 January 2018). The amendments do not change the fundamental principles of the standard, but explain how these principles should be applied. The amendments clarify how to identify in the contract the obligation to perform (the promise of the transfer of goods or services to the buyer); how to determine whether the company is the principal (the supplier of the good or service) or the agent (responsible for the organization of the delivery of the goods or services), and how to determine whether the revenue from granting the license should be recognized at a certain point in time or during the period. In addition to the clarifications, the amendments include two additional exemption requirements, which will allow the company that first applies the new standard to reduce costs and complexity of accounting.

The adoption of IFRS 15 did not result in changes in accounting policies and in the recognition of adjustments in the financial statements. Based on the analysis of the Fund's regular revenue streams for the six months ended 30 June 2018, the terms of individual contracts and on the basis of facts and circumstances existing at that date, the Management of the Fund believes that the application of the new standard did not have a significant impact on the financial statements.

Under transitional provisions of IFRS 9, the Fund decided not to restate comparative figures. Any adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognized in the opening retained earnings and other reserves of the current period.

Accordingly, for disclosure notes, subsequent amendments to IFRS 7 disclosures have also only been applied to the current period. The comparative period disclosure notes repeat those disclosures made in the prior year.

The adoption of IFRS 9 has resulted in changes in accounting policies for recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7 "Financial Instruments: Disclosures".

The following table provides a reconciliation of the carrying amount of financial assets under the previous measurement categories in accordance with IAS 39 with their new measurement categories adopted, at the transition to IFRS 9 as of 1 January 2018:

5 New Standards and Interpretations (Continued)

	Measurement category		Carrying amount according to IAS 39 (closing balance as of 31 December 2017)	Impact				Carrying amount according to IFRS 9 (opening balance on 1 January 2018)
	IAS 39	**IFRS 9**		**Remeasurement**		**Reclassification**		
(In thousands of Kazakhstani Tenge)				**Expected credit losses**	**Other**	**Mandatory**	**Voluntary**	
Cash and cash equivalents:	Loans and receivables	Measured at amortized cost						
- Cash balances with the NBRK			18,692,460	-	-	-	-	**18,692,460**
- Current accounts with banks			25,382,470	(2,120)	-	-	-	**25,380,350**
Due from financial institutions:	Loans and receivables	Measured at amortized cost						
- Loans given to financial institutions			216,059,786	(4,203,004)	-	-	-	212,856,782
- Placements with other banks with original maturities of more than three months			9,518,492	(70,552)	-	-	-	9,447,940
Loans and advances to customers	Loans and receivables	Measured at amortized cost	3,324,539	(93,692)	-	-	-	3,230,847
Investments in debt securities	Available for sale	Measured at fair value through other comprehensive income	567,017	(7,327)	-	-	-	567,017
Debt securities	Measured at fair value through profit or loss	Measured at fair value through profit or loss	2,659,323	-	-	-	-	2,659,323
Other financial assets:								
Financial derivatives	Measured at fair value through profit or loss	Measured at fair value through profit or loss	25,193,064	-	-	-	-	25,193,064
Accounts receivable	Loans and receivables	Measured at amortized cost	62,637	-	-	-	-	62,637
TOTAL FINANCIAL ASSETS			**301,459,788**	**(4,376,965)**	**-**	**-**	**-**	**297,090,420**

5 New Standards and Interpretations (Continued)

(In thousands of Kazakhstani Tenge)	Measurement category IAS 39	Measurement category IFRS 9	Carrying amount according to IAS 39 (closing balance as of 31 December 2017)	Impact: Remeasurement – Expected credit losses	Impact: Remeasurement – Other	Impact: Reclassification – Mandatory	Impact: Reclassification – Voluntary	Carrying amount according to IFRS 9 (opening balance on 1 January 2018)
Borrowed funds:	Loans and receivables	Measured at amortized cost						
Asian Development Bank			72,472,682	-	-	-	-	72,472,682
Baiterek NMH JSC			71,948,648	-	-	-	-	71,948,648
Municipal authorities			32,754,338	-	-	-	-	32,754,338
Samruk-Kazyna NWF JSC			25,449,768	-	-	-	-	25,449,768
Ministry of Finance of Republic of Kazakhstan			377,467	-	-	-	-	377,467
Liabilities on subsidy programs			3,177,338	-	-	-	-	3,177,338
Deferred income and provision for credit related commitments	Loans and receivables	Measured at amortized cost	5,263,531	324,097	-	-	-	5,587,628
Other financial liabilities			1,255,534	-	-	-	-	1,255,534
TOTAL FINANCIAL LIABILITIES			**212,699,306**	**324,097**	**-**	**-**	**-**	**213,023,457**

The following table shows the reconciliation of the impairment allowance at the end of the previous period, in accordance with the IAS 39 incurred loss model, and the new provision for expected credit losses, in accordance with the expected loss model in accordance with IFRS 9 as of 1 January 2018:

Measurement category

(In thousands of Kazakhstani Tenge)	Provision for credit losses under IAS 39	Reclassification	Revaluation	Provision for expected credit losses under IFRS 9
Cash and cash equivalents	**-**	-	(2,120)	**(2,120)**
Due from financial institutions	**(19,211,736)**	-	(4,273,556)	**(23,485,292)**
Loans and advances to customers	**(4,515,998)**	-	(93,692)	**(4,609,690)**
Investments in debt securities	**(2,948,895)**	-	(7,327)	**(2,948,895)**
Other financial assets	**(410,615)**	-	-	**(410,615)**
Total	**(27,087,244)**	-	(4,376,695)	**(31,456,612)**
Credit related commitments and financial guarantees contracts				
Credit related commitments	**(1,104,245)**	-	(324,097)	**(1,428,342)**
Total	**(1,104,245)**	-	(324,097)	**(1,428,342)**
Total impact on 1 January 2018 taking into account deferred tax asset	**-**	**-**	**(3,760,633)**	**-**

5 New Standards and Interpretations (Continued)

Valuation of expected credit losses

The expected credit losses for financial assets and credit related commitments are measured in a manner that reflects:

- an unbiased and weighted, taking into account the probability, the amount determined by assessing the range of possible outcomes;
- the time value of money;
- justified and verifiable information about past events, current conditions and projected future economic conditions, available on the valuation date without undue cost or effort.

In accordance with the requirements of IFRS 9, the Fund applies the model of expected credit losses for the purpose of reserving financial assets, the key principle of which is the timely reflection of the deterioration or improvement in the credit quality of financial assets, taking into account information about past events, current conditions, and reasonable forecasts of future events and economic conditions.

Within the general approach, the provision for impairment is formed on the basis of:

a) the expected credit losses during the year - for financial assets and credit related commitments without evidence of a significant increase in credit risk since the initial recognition;

b) the expected credit losses during the whole period of life - for financial assets and credit related commitments with an evidence of a significant increase in credit risk since the initial recognition. In accordance with the general approach, depending on the degree of deterioration in credit risk from the time of initial recognition, financial assets fall into one of the following stages:

Change in credit quality since initial recognition		
Stage 1	Stage 2	Stage 3
(Initial recognition)	(Significant increase in credit risk since initial recognition)	(Credit-impaired assets)
12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses

1) Stage 1 - Financial assets and credit related commitments for which there was no significant increase in credit risk and for which 12 months expected credit losses are calculated;

2) Stage 2 - Financial assets and credit related commitments with a significant increase in credit risk, but not being defaulted;

3) Stage 3 - Financial assets and credit related commitments in default (credit-impaired).

a) with period in default less than recovery horizon;

b) with period in default not less than recovery horizon.

For assets that are impaired at the time of acquisition or origination, the accumulated changes are estimated in the amount of expected credit losses for the entire life of the instrument when calculating reserves. A financial asset is considered impaired at the time of acquisition or origination when one or more events occur that adversely affect the estimated future cash flows of that financial asset at the moment of acquisition or origination. The confirmation of the credit impairment of a financial asset is, in particular, observed data on the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a past due event;
- the Fund for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the Fund would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties;
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses;

5 New Standards and Interpretations (Continued)

The allocation between stages takes place on the basis of an analysis of credit risk based on the availability of factors indicative of a significant increase in credit risk before the recognition of a default and indicators of impairment (default) on a financial asset or credit related commitment.

Significant increase in credit risk.

For the reporting period, the Fund measures a significant increase in the credit risk for each financial asset (or groups of financial assets with common characteristics of credit risk). In the event of an increase in credit risk, the Fund transfers the asset to the next basket of the three-stage model. The Fund determines a significant increase in credit risk based on the following factors:

1) For loans and credit related commitments:

- payments are more than 30 days past due;
- downgrade of external credit rating;
- deterioration of financial position of the borrower;
- deterioration of market/external factors that may affect the borrower;
- possible breaches of loan conditions;
- deterioration in the value of collateral;
- other factors.

2) For due from financial institutions, cash and cash equivalents and investment securities:

- downgrade of external credit rating;
- payments are more than 30 days past due;
- deterioration of financial position of the borrower;
- negative data from external sources regarding the borrower;
- decrease of price over 20%;
- breach of prudential norms of financial organisations regulator;
- significant deterioration of business environment;
- other factors.

The Fund applies the "low credit risk" exception that allows using the assumption that no significant increase in credit risk has occurred, provided that the financial instrument still demonstrates a low credit risk. This exception is applied to counterparties with external credit rating exceeding or equal to BBB-.

Definition of default

Defaulted financial assets are those that have the highest credit risk, with zero probability of full repayment. The deterioration in the financial condition of the borrower / issuer is beyond critical level, including significant operating losses, loss of market position and negative equity. It is evident that the borrower / issuer cannot repay the principal and the interest in full and the collateral value is insufficient.

Calculation of reserves for loans and advances to customers

The Fund divides the loan portfolio into stages depending on days past due. Provision for loans allocated to stage one is calculated based on the expected credit losses. For other stages the Fund performs valuation of collateral, if present. If discounted value of collateral exceeds amount at risk, expected credit losses are considered equal to zero. Probability of default is assessed based on the historical data of the Fund or external rating of the borrower / issuer, if present.

5 New Standards and Interpretations (Continued)

Calculation of reserves for due from financial institutions, cash and cash equivalents and financial assets measured at fair value through other comprehensive income

In order to calculate expected credit losses, the Fund multiplies exposure at default (EAD) by probability of default (PD) and loss given default coefficient (LGD). Probability of default is determined based on external data from rating agencies Moody's, Fitch and Standard and Poor's. Loss given default coefficient is based on the historical data of the Fund. Calculation of expected credit losses for undrawn credit lines is performed using the same approach with application of cash conversion factor (CCF).

Financial guarantees

In the normal course of business, the Fund issues financial guarantees in the form of letters of credit, guarantees and acceptances. Financial guarantee contracts are initially recognized in financial statements at their fair value within 'Deferred Income and Provision for Credit Related Commitments' line item, in the amount of fees received.

Financial guarantee contracts are initially measured at fair value and subsequently are measured as the higher amount of:

- Provision for expected credit losses; and
- The remaining balance of the premium received at initial recognition less income recognized within IFRS 15.

Classification and subsequent measurement

From January 1 2018, the Fund has applied IFRS 9 and classifies its financial assets in the following measurement categories:

- Fair value through profit or loss (FVTPL);
- Fair value through other comprehensive income (FVOCI);
- Amortized cost.

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds and trade receivables purchased from clients in factoring arrangements without recourse.

Classification and further measurement of financial assets depends on:

- The Fund's business models for asset management; and
- Characteristics of the cash flows of the financial asset.

Based on these factors, the Fund classifies its financial assets into one of the following three measurement categories:

- Amortized cost: financial assets that are held to receive contractual cash flows, while these cash flows represent only payments of principal and interest (SPPI), and which are not classified as fair value through profit or loss (FVTPL), are measured at amortized cost. The carrying amount of these financial assets is adjusted to the provision for expected credit losses. Interest income from these financial assets is included in "interest income" using the effective interest method.
- Fair value through other comprehensive income (FVOCI): financial assets that are held to receive contractual cash flows and for the sale of financial assets, while cash flows of the financial asset are solely payments of principal and interest, and which are not classified as FVTPL, are measured by fair value through other comprehensive income (FVOCI). Changes in the carrying amount are recognized through the OCI, other than recognition of profit or loss, impairment losses, interest income and foreign exchange gains or losses on the amortized cost of the instrument that are recognized in profit or loss. When a financial asset is written off, a cumulative gain or loss previously recognized in the OCI is reclassified from equity to profit or loss and recognized in "Net investment income". Interest income from these financial assets is included in "interest income" using the effective interest method.

5 New Standards and Interpretations (Continued)

- Fair value through profit or loss: financial assets that do not meet the amortized cost criteria or the FVOCI are measured at fair value through profit or loss. The gain or loss on a financial assets that is subsequently measured at fair value through profit or loss and is not part of the hedging relationship is recognized in profit or loss and presented to the income statement in "Net (loss)/gain on financial assets and liabilities at fair value through profit or loss" in the period in which it appears, except for cases when they relate to financial assets that have been classified as at fair value through profit or loss or that are not held for trading. Interest income from these financial assets is included in "Interest income" using the effective interest method.

Business model: the business model reflects how the Fund manages financial assets to generate cash flows. That is, is the Fund's goal only to obtain contractual cash flows from financial assets or to obtain both contractual cash flows and cash flows from the sale of financial assets. If none of these cases is applicable (e.g. financial assets are held for trading purposes), then financial assets are classified as part of the "other" business model and are measured at FVTPL. The factors considered by the Fund in determining the business model for a group of financial assets include past experience of how the cash flows from these financial assets were obtained, how the performance of these financial assets is assessed and reported to key management, how risks are assessed and managed, and how managers are compensated.

SPPI: in the case where the business model is to hold financial assets to receive contractual cash flows or receive contractual cash flows and sell, the Fund assesses whether the cash flows from financial instruments represent only principal and interest payments (SPPI test). When making such assessment, the Fund considers whether the cash flows correspond to the basic agreement, more precisely interest includes only interest for the time value of money, credit risk, other underlying credit risks, and overall profitability, which corresponds to the basic agreement. When contractual terms impose an exposure to risk or volatility that do not conform to the underlying loan agreement, the relevant financial asset is classified and measured at fair value through profit or loss.

Modification of loans

The Fund sometimes revises or otherwise modifies contractual cash flows on loans to customers. When this occurs, the Fund assesses whether the new conditions differ significantly from the original conditions. The Fund does this, considering, among other things, the following factors:

- If the borrower has financial difficulties, whether the modification reduces the contractual cash flows to the amounts that the borrower is expected to pay;

- Are there any significant new conditions, such as a return in the form of a share of profits/in the form of shares, which significantly affect the degree of risk on the loan;

- Substantial extension of the term of financial asset, when the borrower has no financial difficulties;

- Significant change in the interest rate;

- Change in the currency in which the loan is expressed;

- Adding guarantees, other collateral or means to reduce credit risk, which significantly affects the credit risk associated with the loan.

If the conditions are materially different, the Fund derecognizes the initial financial asset and recognizes the "new" financial asset at fair value, and recounts the new effective interest rate for the financial asset. Accordingly, the date of the review is the date of initial recognition for the purpose of calculating the impairment, including for the purpose of determining whether there has been a significant increase in credit risk. However, the Fund also assesses whether a newly recognized financial asset is considered credit-impaired at initial recognition, especially in circumstances in which the review is determined by the debtor's / issuer's inability to make the originally specified payments. Differences in the carrying amount are also recognized in profit or loss as a gain or loss from derecognition.

If the terms do not differ materially, the revision or modification does not lead to the termination of recognition and the Fund recalculates the gross book value based on the revised cash flows on the financial asset and recognizes the profit or loss from the modification in profit or loss. The new gross book value is recalculated by discounting the modified cash flows at the original effective interest rate (or adjusted effective interest rate for purchased or originated credit impaired financial assets).

5 New Standards and Interpretations (Continued)

Derecognition of financial assets, except for cases of modification

Financial assets, or part thereof, are written off when the contractual rights to receive cash flows from the financial assets have expired or when they were transferred and (or) the Fund transferred a significant portion of all the risks and rewards of ownership or the Fund neither transferred nor retained a substantial portion of all risks and rewards of ownership, and the Fund did not retain control.

The Fund enters into transactions in which it retains its contractual rights to receive cash flows from assets, but allows a contractual obligation to pay these cash flows to other companies and transfers substantially all risks and rewards. These transactions are accounted for as "transit" transfers that result in cancellation if the Fund:

(i) has no obligation to pay, except when it receives equivalent amounts from financial assets;

(ii) the Fund is prohibited from selling or pledging financial assets; and

(iii) has an obligation to transfer any cash that it receives from financial assets without significant delay.

Financial liabilities

Financial liabilities are classified as:

- Financial liabilities at amortized cost; or

- Financial liabilities at fair value through profit or loss (FVTPL).

After initial recognition, the Fund must assess all financial liabilities at amortized cost using the effective interest method, except for:

- financial liabilities recorded at fair value through profit or loss. Such liabilities, including derivative instruments that are liabilities, must be measured at fair value;

- financial liabilities that arise when the transfer of a financial asset does not meet the criteria for derecognition or when the continuing involvement approach is applied;

- financial guarantee contracts for commitments to provide loans at rates below market rate;

- a contingent consideration recognized by the acquirer in the business combination to which IFRS 3 applies; or

- Upon initial recognition of a financial liability, the Fund has, at its sole discretion, classified it, without the right of subsequent reclassification, as measured at fair value through profit or loss, if it is permitted in accordance with paragraph 4.3.5 of IFRS 9 or provides more relevant information in the result is that either:

- this will eliminate or significantly reduce the inconsistency of the approaches to valuation or recognition (sometimes referred to as an "accounting discrepancy"), which would otherwise arise from the use of different bases for assessing assets or liabilities or recognizing the associated profits and losses; or

- management of a group of financial liabilities or a group of financial assets and financial liabilities and the evaluation of its results is carried out on the basis of fair value in accordance with a documented risk management strategy or investment strategy, and on the same basis, internal information on such a group is generated for key management personnel of the Fund.

Under this classification, the Fund presents a profit or loss on a financial liability as follows:

a) the amount reflecting the change in the fair value of a financial liability due to changes in the credit risk for such an obligation is presented in other comprehensive income;

b) the remaining amount of the change in the fair value of the liability is presented in profit or loss.

At the same time, if the allocation resulted in the occurrence or increase of the effect on the profit or loss of the consequences of the accounting inconsistency, the Fund presents all the gains or losses from such an obligation (including the effect of a change in the credit risk of such an obligation) in profit or loss.

5 New Standards and Interpretations (Continued)

Derecognition

Financial liabilities are written off when they are repaid (i.e. when the obligation provided for in the contract is repaid, canceled or expires).

The exchange between the Fund and its initial creditors with debt instruments with significantly different terms, as well as significant modifications to the terms of existing financial liabilities, is accounted for as the repayment of the original financial liability and the recognition of a new financial liability. The terms and conditions are materially different if the discounted present value of cash flows under the new terms, including any commission paid, less any commissions received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows under the original obligation. In addition, other qualitative factors are taken into account, such as the currency in which the instrument is expressed, changes in the interest rate, new characteristics of the instrument conversion, and change in covenants. If the exchange of debt instruments or the modification of the terms are accounted for as redemption, any costs or commissions incurred are recognized in profit or loss on redemption.

6 Cash and Cash Equivalents

In thousands of Kazakhstani Tenge	30 June 2018 (Unaudited)	31 December 2017
Current accounts with banks	37,411,535	25,382,470
Cash balances with the NBRK (other than mandatory reserve deposits)	21,801,155	18,692,460
Less impairment reserve	(903)	-
Total cash and cash equivalents	**59,211,787**	**44,074,930**

The Fund holds funds received to support development of Small and Medium Entrepreneurship through subsidization on current accounts with banks. Refer to Note 13.

The credit quality of cash and cash equivalents balances may be summarised as follows at 30 June 2018:

In thousands of Kazakhstani Tenge	Current accounts with banks	Cash balances with the NBRK	Total
Neither past due nor impaired			
- BBB- to BBB+ rated	-	21,801,155	21,801,155
- BB- to BB+ rated	34,901,868	-	34,901,868
- B- to B+ rated	2,484,082	-	2,484,082
- CCC- to CCC+ rated	25,401	-	25,401
- Unrated	184	-	184
Less impairment reserve	(903)	-	(903)
Total cash and cash equivalents, excluding cash on hand	**37,410,632**	**21,801,155**	**59,211,787**

The credit quality of cash and cash equivalents balances may be summarised as follows at 31 December 2017:

In thousands of Kazakhstani Tenge	Current accounts with banks	Cash balances with the NBRK	Total
Neither past due nor impaired			
- National Bank of Kazakhstan	-	18,692,460	18,692,460
- BBB- to BBB+ rated	-	-	-
- BB- to BB+ rated	17,467,271	-	17,467,271
- B- to B+ rated	7,901,143	-	7,901,143
- CCC- to CCC+ rated	13,454	-	13,454
- Unrated	602	-	602
Total cash and cash equivalents, excluding cash on hand	**25,382,470**	**18,692,460**	44,074,930

6 Cash and Cash Equivalents (Continued)

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

Cash and cash equivalents with credit rating "CCC" or below and unrated represent cash balances designated for subsidization of Small and Medium Entrepreneurship placed in commercial banks. The management of the Fund created impairment reserve according to IFRS 9.

Information on related party balances is disclosed in Note 24.

7 Investment Securities at Fair Value through Profit or Loss

In thousands of Kazakhstani Tenge	30 June 2018 (Unaudited)	31 December 2017
Securities at fair value through profit and loss:		
Corporate bonds	-	1,479,517
Kazakhstani government bonds	-	1,179,806
Investment securities at fair value through profit and loss:		
Corporate bonds	1,190,992	-
Kazakhstani government bonds	755,716	-
Total securities at fair value through profit or loss	**-**	**2,659,323**
Total investment securities at fair value through profit or loss	**1,946,708**	**-**

These securities are managed and evaluated on their fair values basis in accordance with a strategy documented in the Investment policy of the Fund.

Securities designated at fair value through profit or loss are carried at fair value which also reflects any credit risk related write-downs.

Analysis by credit quality of securities designated at fair value through profit or loss outstanding at 30 June 2018 is as follows:

In thousands of Kazakhstani Tenge	Corporate bonds	Kazakhstani government bonds	Total
Neither past due nor impaired			
- BBB- to BBB+ rated	-	755,716	755,716
- B- to B+ rated	1,190,992	-	1,190,992
Total investment securities at fair value through profit or loss, neither past due nor impaired	**1,190,992**	**755,716**	**1,946,708**

Analysis by credit quality of securities at fair value through profit or loss outstanding at 31 December 2017 is as follows:

In thousands of Kazakhstani Tenge	Corporate bonds	Kazakhstani government bonds	Total
Neither past due nor impaired			
- BBB- to BBB+ rated	1,479,517	-	1,479,517
- B- to B+ rated	-	1,179,806	1,179,806
Total debt securities at fair value through profit or loss, neither past due nor impaired	**1,479,517**	**1,179,806**	**2,659,323**

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

7 Investment Securities at Fair Value through Profit or Loss (Continued)

Refer to Note 23 for disclosure of the fair value of securities at fair value through profit or loss. Information on securities at fair value through profit or loss issued by related parties is disclosed in Note 24.

8 Due from Financial Institutions

In thousands of Kazakhstani Tenge	30 June 2018 (Unaudited)	31 December 2017
Loans given to financial institutions	248,244,788	235,271,522
Placements with other banks with original maturities of more than three months	14,206,526	9,518,492
Less: Provision for loan portfolio impairment	(22,732,278)	(19,211,736)
Total due from financial institutions	**239,719,036**	**225,578,278**

During 2017, Delta Bank JSC made early loan repayment to the Fund within the framework of cession agreement for Tenge 15,697,441 thousand through settlement of the portfolio of loans to small and medium size enterprises and cash payment transfer for Tenge 5,838,687 thousand on principal amount. Refer to Notes 4 and 9.

As of 30 June 2018, total gross amount of loans given to Delta Bank was Tenge 4,152,389 thousand (2017: Tenge 4,152,389 thousand). As of 30 June 2018, these loans are credit impaired.

Analysis by credit quality of due from financial institutions accounts at 30 June 2018 is as follows:

In thousands of Kazakhstani Tenge	Loans given to financial institutions	Placements with other banks	Total
Neither past due nor impaired			
- BB- to BB+ rated	76,726,480	2,000,000	78,726,480
- B- to B+ rated	150,530,108	12,206,526	162,736,634
- Unrated	6,083,943	-	6,083,943
Total neither past due nor impaired	**233,340,531**	**14,206,526**	**247,547,057**
Balances individually determined to be impaired (gross)			
- 181 to 360 days overdue	4,152,389	-	4,152,389
- over 360 days overdue	10,751,868	-	10,751,868
Total individually impaired (gross)	**14,904,257**	**-**	**14,904,257**
Less provision for impairment	**(22,668,201)**	**(64,077)**	**(22,732,278)**
Total due from financial institutions	**225,576,587**	**14,142,449**	**239,719,036**

8 Due from Financial Institutions (Continued)

Analysis by credit quality of due from financial institutions accounts at 31 December 2017 is as follows:

In thousands of Kazakhstani Tenge	Loans given to financial institutions	Placements with other banks with original maturities of more than three months	Total
Neither past due nor impaired			
- BB- to BB+ rated	70,640,597	-	70,640,597
- B- to B+ rated	137,775,721	9,518,492	147,294,213
- Unrated	3,485,495	-	3,485,495
Total neither past due nor impaired	**211,901,813**	**9,518,492**	**221,420,305**
Balances individually determined to be impaired			
- not past due	8,283,809	-	8,283,809
- 181 to 360 days overdue	14,155,507	-	14,155,507
- over 360 days overdue	930,393	-	930,393
Total individually impaired (gross)	**23,369,709**	**-**	**23,369,709**
Less provision for impairment	**(19,211,736)**	**-**	**(19,211,736)**
Total due from financial institutions	**216,059,786**	**9,518,492**	**225,578,278**

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

During six months 2018 and 2017 unrated due from financial institutions represented balances of loans issued to three commercial banks and microfinance organizations. The management of the Fund created impairment reserve according to IFRS 9.

The primary factor that the Fund considers in determining whether a placement or loan is impaired is its overdue status. As a result, the Fund presents above an ageing analysis of placements and loans that are individually determined to be impaired.

Movements in the provision for loan impairment for six months ended 30 June 2018 and 2017 are as follows:

	30 June 2018 (Unaudited)		**30 June 2017 (Unaudited)**	
In thousands of Kazakhstani Tenge	**Loans given to financial institutions**	**Placements with other banks**	**Loans given to financial institutions**	**Placements with other banks**
Provision for loan impairment at 31 December	**19,211,736**	**-**	**14,211,579**	**-**
Adjustment due to transition to IFRS 9	**4,203,004**	**70,552**	**-**	**-**
Recovery of provision for impairment reserve during the period	(746,539)	(6,475)	(62,767)	-
Provision for loan impairment at 30 June	**22,668,201**	**64,077**	**14,148,812**	**-**

Recovery of reserves for impairment is explained by improvement of financial situation of separate commercial banks which led to the improvement of performance indicators taken into consideration during impairment measurement of due from banks.

Refer to Note 23 for the estimated fair value of each class of amounts due from other banks. Information on related party balances is disclosed in Note 24.

8 Due from Financial Institutions (Continued)

В следующей таблице содержится анализ подверженности кредитному риску финансовых инструментов, по которым признан резерв по ожидаемым кредитным убыткам. Валовая балансовая стоимость финансовых активов также представляет максимальную подверженность Фонду кредитному риску по данным активам.

	Due from Financial Institutions				
	30 June 2018				31 December 2017
	ECL mapping				
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Total**
In thousands of Kazakhstani Tenge	**12 months ECL**	**Lifetime ECL**	**Lifetime ECL**		
- BB- to BB+ rated	78,726,480	-	-	78,726,480	70,640,597
- B- to B+ rated	156,220,158	6,516,477	-	162,736,635	147,294,213
- unrated	4,761,569	952,436	15,274,194	20,988,199	26,855,204
Gross book value	**239,708,207**	**7,468,913**	**15,274,194**	**262,451,314**	**244,790,014**
Impairment reserve	(4,947,783)	(2,739,563)	(15,044,932)	(22,732,278)	(19,211,736)
Net book value	**234,760,424**	**4,729,350**	**229,262**	**239,719,036**	**225,578,278**

9 Loans and Advances to Customers

In thousands of Kazakhstani Tenge	30 June 2018 (Unaudited)	31 December 2017
Loans to small and medium size entities	4,512,478	6,859,504
Loans to microfinance organisations	952,776	969,955
Net investments in finance lease	57,582	78,016
Loans to others	8,720	9,371
Less: Provision for loan portfolio impairment	(4,557,934)	(4,592,307)
Total loans and advances to customers	**973,622**	**3,324,539**

On 28 April 2017, within the framework of cession agreement, the Fund received a portfolio of loans to small and medium size enterprises as settlement of loans to Delta Bank JSC for Tenge 15,443,912 thousand of principal and Tenge 253,529 thousand of accrued interest. The Management of the Fund estimated fair value of the new portfolio of loans for Tenge 11,418,766 thousand as at settlement date, which led to recognition of loss on initial recognition of these loans of Tenge 4,278,675 thousand. Refer to Notes 4 and 19.

Movements in the provision for loan impairment during the six months ended 30 June 2018 are as follows:

In thousands of Kazakhstani Tenge	Loans to small and medium size entities	Loans to micro-finance organisations	Net investments in finance lease	Loans to others	Total
Provision for impairment at 31 December 2017	**3,564,409**	**951,589**	**76,308**	**-**	**4,592,306**
Transition to IFRS 9	**93,692**	**-**	**-**	**-**	**93,692**
Provision for/ (recovery of) impairment during the period	(91,483)	(16,508)	(20,073)	-	**(128,064)**
Provision for loan impairment at 30 June 2018	**3,566,618**	**935,081**	**56,235**	**-**	**4,557,934**

Recovery of impairment is due to collection procedures over the loan portfolio. During the first half of 2018 the Fund continued working on restructuring of loans in commercial banks, also financial indicators of borrowers improved, which resulted in recovery of expected credit losses.

Movements in the provision for loan impairment during the six months ended 30 June 2017 are as follows:

In thousands of Kazakhstani Tenge	Loans to small and medium size entities	Loans to micro-finance organisations	Net investments in finance lease	Loans to others	Total
Provision for impairment at 1 January 2017	**1,439,752**	**928,500**	**124,913**	**-**	**2,493,165**
Provision for/ (recovery of) impairment during the period	698,773	46,686	(20,179)	-	725,280
Amounts written off during the period as uncollectible	(23,633)	(12,139)	-	-	(35,772)
Provision for loan impairment at 30 June 2017	**2,114,892**	**963,047**	**104,734**	**-**	**3,182,673**

9 Loans and Advances to Customers (Continued)

Reconciliation of recovery and provision for impairment for loans and advances to customers and due from financial institutions is presented below:

In thousands of Kazakhstani Tenge	Notes	Six months ended 30 June 2018 (Unaudited)	Six months ended 30 June 2017 (Unaudited)
Recovery of/ (provision for) impairment for loans and advances to customers during the period		93,196	(725,280)
Recovery of impairment for loans and advances to customers written-off balance in prior periods		76,526	165,079
Recovery of impairment for due from financial institutions	8	753,014	62,767
Recovery of/ (provision for) impairment of loans to customers and due from financial institutions		**922,736**	**(497,434)**

Refer to Note 23 for the estimated fair value of each class of loans and advances to customers. Information on related party balances is disclosed in Note 24.

Analysis by credit quality of loans outstanding as of 30 June 2018 is provided below:

In thousands of Kazakhstani Tenge	Loans to small and medium size entities	Loans to microfinance organisations	Net investments in finance lease	Loans to others	Total
Neither past due nor impaired	444,678	-	1,348	8,720	454,746
Total neither past due nor impaired	**444,678**	**-**	**1,348**	**8,720**	**454,746**
Past due but not impaired					
- less than 30 days overdue	19,181	-	-	-	19,181
- 30 to 90 days overdue	44,607	-	-	-	44,607
Total past due but not impaired	**63,788**	**-**	**-**	**-**	**63,788**
Loans individually determined to be impaired (gross)					
- less than 30 days overdue	653,361	-	-	-	653,361
- 30 to 90 days overdue	932	-	-	-	932
- 91 to 180 days overdue	341,946	-	-	-	341,946
- 181 to 360 days overdue	1,175,742	-	-	-	1,175,742
- over 360 days overdue	1,832,030	952,776	56,235	-	2,841,041
Total individually impaired loans (gross)	**4,004,011**	**952,776**	**56,235**	**-**	**5,013,022**
Less impairment provisions	**(3,566,618)**	**(935,081)**	**(56,235)**	**-**	**(4,557,934)**
Total loans and advances to customers	**945,859**	**17,695**	**1,348**	**8,720**	**973,622**

9 Loans and Advances to Customers (Continued)

Analysis by credit quality of loans outstanding as of 31 December 2017 is provided below:

In thousands of Kazakhstani Tenge	Loans to small and medium size entities	Loans to microfinance organisations	Net investments in finance lease	Other loans	Total
Neither past due nor impaired	793,707	18,366	1,708	9,370	823,151
Total neither past due nor impaired	**793,707**	**18,366**	**1,708**	**9,370**	**823,151**
Past due but not impaired					
- less than 30 days overdue	1,390	-	-	-	1,390
- 30 to 90 days overdue	225,744	-	-	-	225,744
Total past due but not impaired	**227,134**	**-**	**-**	**-**	**227,134**
Loans individually determined to be impaired (gross)					
- less than 30 days overdue	1,817,697	-	-	-	1,817,697
- 30 to 90 days overdue	414,998	-	-	-	414,998
- 91 to 180 days overdue	422,660	-	-	-	422,660
- 181 to 360 days overdue	1,103,368	-	-	-	1,103,368
- over 360 days overdue	2,079,940	951,589	76,308	-	3,107,837
Total individually impaired loans (gross)	**5,838,663**	**951,589**	**76,308**	**-**	**6,866,560**
Less impairment provisions	**(3,564,409)**	**(951,589)**	**(76,308)**	**-**	**(4,592,306)**
Total loans and advances to customers	**3,295,095**	**18,366**	**1,708**	**9,370**	**3,324,539**

9 Loans and Advances to Customers (Continued)

Exposure to credit risk

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised. The gross carrying amount of financial assets below also represents the Fund's maximum exposure to credit risk on these assets.

	Loans and Advances to Customers 30 June 2018					31 December 2017
	Stage 1	Stage 2	ECL mapping Stage 3	Purchased or originated credit impaired	Total	Total
In thousands of Kazakhstani Tenge	12 months ECL	Lifetime ECL	Lifetime ECL	Lifetime ECL		
Neither past due nor impaired	8,720	302,698	141,980	-	453,398	823,151
Past due but not impaired	-	81,483	932	653,362	735,777	227,134
Impaired	-	-	2,656,955	1,685,426	4,342,381	6,866,560
Gross book value	**8,720**	**384,181**	**2,799,867**	**2,338,788**	**5,531,556**	**7,916,845**
Impairment reserve	-	(16,909)	(2,614,862)	(1,926,163)	(4,557,934)	(4,592,306)
Net book value	**8,720**	**367,272**	**185,005**	**412,625**	**973,622**	**3,324,539**

The Fund utilised portfolio provisioning methodology in accordance with IFRS 9 'Financial instruments' and created provisions for expected credit losses for portfolios and reserves on individual basis at the reporting period end.

The primary factors that the Fund considers in determining whether a loan is impaired are its overdue status and realisability of related collateral, if any. As a result, the Fund presents above an ageing analysis of loans that are individually determined to be impaired.

Past due, but not impaired loans primarily include collateralised loans where the fair value of collateral covers the overdue interest and principal repayments. The amount reported as past due but not impaired is the whole balance of such loans, not only the individual instalments that are past due

9 Loans and Advances to Customers (Continued)

The financial effect of collateral is presented by disclosing collateral values separately for (i) those assets where collateral and other credit enhancements are equal to or exceed carrying value of the asset ("over-collateralised assets") and (ii) those assets where collateral and other credit enhancements are less than the carrying value of the asset ("under-collateralised assets"). The effect of collateral at 30 June 2018 is disclosed in the table below:

	Over-collateralised assets		Under-collateralised assets	
In thousands of Kazakhstani Tenge	Carrying value of the assets	Fair value of collateral	Carrying value of the assets	Fair value of collateral
Loans to small and medium size entities	579,948	1,075,410	365,911	-
Loans to microfinance organisations	-	-	17,695	-
Net investments in finance lease	1,348	10,049	-	-
Other loans	8,720	21,005	-	-
Total	**590,016**	**1,106,464**	**383,606**	**-**

The effect of collateral at 31 December 2017 is disclosed in the table below:

	Over-collateralised assets		Under-collateralised assets	
In thousands of Kazakhstani Tenge	Carrying value of the assets	Fair value of collateral	Carrying value of the assets	Fair value of collateral
Loans to small and medium size entities	685,057	1,923,149	2,610,038	876,291
Loans to microfinance organisations	-	-	18,366	-
Net investments in finance lease	1,708	14,809	-	-
Other loans	9,370	21,005	-	-
Total	**696,135**	**1,958,963**	**2,628,404**	**876,291**

Refer to Note 23 for the estimated fair value of each class of loans and advances to customers. Information on related party balances is disclosed in Note 24.

10 Premises and Equipment

In thousands of Kazakhstani Tenge	Land and buildings	Office and computer equipment	Vehicles	Total
Cost at 1 January 2017	2,161,906	1,570,717	305,334	4,037,957
Accumulated depreciation	(273,211)	(880,004)	(145,635)	(1,298,850)
Carrying amount at 1 January 2017	**1,888,695**	**690,713**	**159,699**	**2,739,107**
Additions	-	64,372	-	64,372
Disposals	-	(35,975)	-	(35,975)
Depreciation charge	(20,649)	(236,924)	(39,629)	(297,202)
Accumulated depreciation on assets disposed	-	26,885	-	26,885
Carrying amount at 31 December 2017	**1,868,046**	**509,071**	**120,070**	**2,497,187**
Cost at 31 December 2017	**2,161,906**	**1,599,114**	**305,334**	**4,066,354**
Accumulated depreciation	(293,860)	(1,090,043)	(185,264)	(1,569,167)
Carrying amount at 31 December 2017	**1,868,046**	**509,071**	**120,070**	**2,497,187**
Additions (unaudited)	-	108	-	108
Depreciation charge (unaudited)	(10,324)	(105,355)	(19,568)	(135,247)
Carrying amount at 30 June 2018 (unaudited)	**1,857,722**	**403,824**	**100,502**	**2,362,048**
Cost at 30 June 2018 (unaudited)	2,161,907	1,599,222	305,334	4,066,463
Accumulated depreciation (unaudited)	(304,185)	(1,195,398)	(204,832)	(1,704,415)
Carrying amount at 30 June 2018 (unaudited)	**1,857,722**	**403,824**	**100,502**	**2,362,048**

11 Other Assets

In thousands of Kazakhstani Tenge	30 June 2018	31 December 2017
Financial derivatives	-	25,193,064
Financial derivatives at fair value through profit or loss	26,728,296	-
Accounts receivable	728,291	473,252
Less: Provision for impairment	(407,493)	(410,615)
Total other financial assets within other assets	**27,049,094**	**25,255,701**
Repossessed collateral	323,699	312,742
Services prepaid	272,886	288,865
Raw materials	94,180	58,100
Taxes other than on income	28,492	46,280
Other	133,066	26,757
Less: Provision for impairment	(181,192)	(186,747)
Total other assets	**27,720,225**	**25,801,698**

Financial derivatives represent net balance on currency swap transactions with other financial institutions. Refer to Notes 4 and 18.

11 Other Assets (Continued)

Repossessed collateral represents real estate and equipment assets acquired by the Fund in settlement of overdue loans. The Fund expects to dispose of the assets in the foreseeable future. The assets do not meet the definition of non-current assets held for sale, and are classified as inventories in accordance with IAS 2 "Inventories". The assets were initially recognised at fair value when acquired.

Movements in the provision for impairment during six months ended 30 June 2018 and 2017 are as follows:

	2018			2017		
In thousands of Kazakhstani Tenge	**Other financial assets**	**Other assets**	**Total**	**Other financial assets**	**Other assets**	**Total**
Provision balance at 1 January	**410,615**	**186,747**	**597,362**	**296,846**	**187,218**	**484,064**
Transition to IFRS 9	-	-	-	-	-	-
Provision for/ (recovery of) impairment of other assets during the period (unaudited)	(808)	(5,555)	(6,363)	(1,060)	1,415	**355**
Amounts written off during the period as uncollectible	(4,939)	-	(4,939)	-	-	-
Exchange rate difference	2,625	-	2,625	-	-	-
Provision balance at 30 June	**407,493**	**181,192**	**588,685**	**295,786**	**188,633**	**484,419**

As of 30 June 2018, included in other assets receivables of Tenge 551,959 thousand (31 December 2017: Tenge 597,362 thousand), all of which are overdue for more than one year.

Refer to Note 23 for disclosure of the fair value of other financial assets. Information on related party balances is disclosed in Note 24.

12 Borrowed Funds

In thousands of Kazakhstani Tenge	**30 June 2018 (unaudited)**	**31 December 2017**
Asian Development Bank	80,774,806	72,472,682
Baiterek NMH JSC	74,115,485	71,948,648
Municipal authorities	45,505,890	32,754,338
Samruk-Kazyna NWF JSC	25,536,659	25,449,768
Ministry of Finance of the Republic of Kazakhstan	387,404	377,467
Total borrowed funds	**226,320,244**	**203,002,903**

In October 2014, the Fund received a loan from the ADB for the amount of USD 122 million with an interest rate of 0.57% and maturity in October 2019. In October 2015, the Fund received a loan from the ADB for the amount of USD 228 million with an interest rate of 0.9207% and maturity in September 2020. The borrowed funds have been fully distributed to Kazakhstan commercial banks approved by the ADB. Refer to Note 4. The Fund incurred net foreign translation gain of Tenge 1,690,832 thousand on ADB loans during the six months ended 30 June 2018 (six months ended 30 June 2017: Tenge 4,430,561 thousand). During the first half of 2018, the Fund received a loan from ADB for the amount Tenge 6,488,279 thousand.

In April and December 2014, the Fund received loans from its Parent, Baiterek NMH JSC, for the amount of Tenge 100 billion and Tenge 50 billion, respectively, with an interest rate of 0.15% and maturity of twenty years in 2034. In March 2015, the Fund received loan from its Parent for the amount of Tenge 100 billion with an interest rate of 0.15% and maturity of twenty years in 2035. The borrowed funds have been received to be further distributed to a list of Kazakh commercial banks, approved by the Government for the purpose of governmental program of support for development of Small and Medium Entrepreneurship in Manufacturing Industries. All the funds received were placed in commercial banks. Refer to Note 4.

12 Borrowed Funds (Continued)

All other borrowed funds have been received for the purpose of providing funds to commercial banks in order to support financing of development of small and medium sized entities in accordance with approved governmental programs. During six months ended 30 June 2018, the Fund received loans for Tenge 12,884 million (2017: Tenge 11,950 million) from municipal authorities.

Refer to Note 23 for disclosure of the fair value of each class of borrowed funds. Information on related party balances is disclosed in Note 24.

13 Liabilities on Subsidy Programs

In thousands of Kazakhstani Tenge	30 June 2018 (unaudited)	31 December 2017
Municipal authorities	10,372,525	1,758,695
Banks	201,537	1,418,643
Total liabilities on subsidy programs	**10,574,062**	**3,177,338**

Liabilities on subsidy programs are placed by municipal authorities. These funds are further transferred to local banks as payment for governmentally subsidised projects under the "Business Road Map to 2020" program.

Refer to Note 23 for disclosure of the fair value of liabilities on subsidy programs. Information on related party balances is disclosed in Note 24.

14 Deferred Income and Provision for Credit Related Commitments

In thousands of Kazakhstani Tenge	Note	30 June 2018 (unaudited)	31 December 2017
Deferred income		4,380,018	4,159,286
Financial guarantees (provision for credit related commitments)	22	1,325,576	1,104,245
Total deferred income and provision for credit related commitments		**5,705,594**	**5,263,531**

During 2015, the Fund issued guarantees to Bank CenterCredit JSC in respect of credit lines opened by Bank CenterCredit in European Bank for Reconstruction and Development (the "EBRD") for the total amount of Tenge 27,220 million. As of 30 June 2018, Bank CenterCredit had drown down the EBRD loans for the amount of Tenge 20,470 million (31 December 2017: Tenge 20,470 million). The management of the Fund assessed fair value of these guarantees based on commission fees received and estimated the fair value to be equal to Tenge 229,222 thousand. As of 30 June 2018, the amount of accrued commission income was 90,112 thousand (31 December 2017: Tenge 179,161 thousand). Refer to Note 4.

During 2016, the Fund issued guarantees to ForteBank JSC and Microfinance Organisation KMF LLP ("MFO KMF") in respect of credit lines opened by ForteBank and MFO KMF in the EBRD for Tenge 9,907 million and Tenge 3,776 million, respectively. As of 30 June 2018, ForteBank and MFO KMF had drawn down the EBRD loans for the amount of Tenge 19,243 million and Tenge 3,776 million, respectively. (31 December 2017: Tenge 19,243 million and 3,776 million, respectively). The management of the Fund assessed fair value of these guarantees based on commission fees received from ForteBank and MFO KMF and estimated the fair value to be equal to Tenge 47,294 thousand and Tenge 19,409 thousand, respectively (31 December 2017: Tenge 57,030 thousand and 25,669 thousand, respectively). Refer to Note 4.

During 2017, the Fund issued guarantees to Bank Kassa Nova in respect of credit lines opened by Bank Kassa Nova in EBRD for Tenge 1,793 million. As of 30 June 2018, Bank Kassa Nova had drawn down the EBRD loans for the amount of Tenge 1,793 million (31 December 2017: Tenge 1,793 million). The management of the Fund assessed fair value of these guarantees based on commission fees received and estimated the fair value to be equal to Tenge 1,250 thousand (31 December 2017: Tenge 1,250 thousand). Refer to Note 4.

14 Deferred Income and Provision for Credit Related Commitments (Continued)

Financial guarantees are also represented by guarantees issued by the Fund under "Business Road Map 2020" program, initiated by the Government, to the small and medium sized entities. This program is subsidised by the Government (the "Principal"), in accordance with government regulation No.301 issued as at 13 April 2010, wherein the Fund acts as an agent between the Principal and the final recipient and receives 20% commission of the insured amount. The consideration received is deferred and amortized on a straight-line basis over the life of the guarantee issued.

Refer to Note 23 for disclosure of the fair value of liabilities on deferred income and provision for credit related commitments. Information on related party balances is disclosed in Note 24.

15 Other Liabilities

In thousands of Kazakhstani Tenge	30 June 2018 (unaudited)	31 December 2017
Dividend payable	1,234,153	-
Accrued liabilities and other creditors	649,804	643,454
Trade payables	28,665	189,160
Total financial liabilities	**1,912,622**	**832,614**
Advances received	285,360	95,349
Unused vacation reserve	191,758	228,818
Accrued employee benefit costs	62,860	62,963
Taxes payable other than on income	34,853	35,290
Other	500	500
Total other liabilities	**2,487,953**	**1,255,534**

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

Refer to Note 23 for disclosure of the fair value of other liabilities on deferred income and provision for credit related commitments. Information on related party balances is disclosed in Note 24.

16 Share Capital

In thousands of Kazakhstani Tenge except for number of shares	Number of outstanding shares (in thousands)	Ordinary shares	Total
At 1 January 2017	**27,462**	**72,920,273**	**72,920,273**
New shares issued	-	-	-
At 30 June 2017	**27,462**	**72,920,273**	**72,920,273**
At 1 January 2018	**27,462**	**72,920,273**	**72,920,273**
New shares issued	-	-	-
At 30 June 2018	**27,462**	**72,920,273**	**72,920,273**

At the meeting of the Sole Shareholder on 16 May 2018, the Fund declared dividends in respect of the year ended 31 December 2017, totalling Tenge 1,234,153 thousand. The Fund recognised liability for the full amount within other financial liabilities. Refer to Note 15.

At the meeting of the Sole Shareholder on 25 May 2017, the Fund declared dividends in respect of the year ended 31 December 2016, totalling to Tenge 1,678,218 thousand. The amount was paid to the shareholder on 22 August 2017.

17 Interest Income and Expense

In thousands of Kazakhstani Tenge	Six months ended 30 June 2018 (unaudited)	Six months ended 30 June 2017 (unaudited)
Interest income		
Due from financial institutions	9,531,813	16,757,188
Cash and cash equivalents	925,153	1,920,122
Loans and advances to customers	452,863	837,547
Securities at fair value through profit or loss	-	200,684
Investment securities at fair value through profit or loss	76,576	-
Investment securities at fair value through other comprehensive income	26,279	26,217
Total interest income	**11,012,684**	**19,741,758**
Interest expense		
Borrowed funds	(4,043,112)	(3,844,557)
Total interest expense	**(4,043,112)**	**(3,844,557)**
Net interest income	**6,969,572**	**15,897,201**

Interest income for six months ended 30 June 2018 includes Tenge 1,737,154 thousand (six months ended 30 June 2017: Tenge 8,971,423 thousand) interest income from unwinding of discount on loans given at rates below the market.

Interest income for six months ended 30 June 2018 includes Tenge 455,351 thousand (six months ended 30 June 2017: Tenge 282,839 thousand) interest income from unwinding of discount on initial recognition of loans.

18 Gains less Losses from Financial Derivatives

In thousands of Kazakhstani Tenge	Six months ended 30 June 2018 (unaudited)	Six months ended 30 June 2017 (unaudited)
Unrealised gain/(loss) from swap transactions	1,539,629	(17,433,525)
Realised gain from swap agreements	-	4,702,294
Interest expense on swap agreements	(687,980)	(1,148,902)
Unrealised gain on indexed payments	122,313	120,196
Total gains less losses/(losses less gains) from financial derivatives	**973,962**	**(13,759,937)**

Detailed description of the transactions and the assessment of the financial results are given in Critical Accounting Estimates, and Judgements in Applying Accounting Policies - Fair value of derivatives and certain other instruments. Refer to Notes 4.

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

On 28 April 2017, within the framework of cession agreement, the Fund received a portfolio of loans to small and medium size enterprises as settlement of loans to Delta Bank JSC for Tenge 15,443,912 thousand of principal and Tenge 253,529 thousand of accrued interest. The Fund recognised loss on initial recognition of these loans of Tenge 4,278,675 thousand during the six months ended 30 June 2017. Detailed description of the transactions and the assessment of the financial results is given in Critical Accounting Estimates, and Judgements in Applying Accounting Policies – Impairment losses and reversals on loans and advances to customers and amounts due from financial institutions. Refer to Note 4.

During the first half of 2018, the Fund provided loans to commercial banks at rates below market and recognised loss at initial recognition totalling Tenge 4,443,157 thousand.

20 Income Taxes

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

In thousands of Kazakhstani Tenge	Six months ended 30 June 2018 (unaudited)	Six months ended 30 June 2017 (unaudited)
Current income tax expense	783,798	-
Deferred tax expense/(benefit)	(506,883)	165,386
Income tax expense for the period	**276,915**	**165,386**

21 Financial Risk Management

Management of risk is fundamental to the Fund's business and is an essential element of its operations. The Fund manages risks in the course of the ongoing process of risk identification, monitoring, assessment and control as well as by establishment of the risk limits and other internal control arrangements. The risk management process is critical to support the Fund's stable profitability and each employee of the Fund is responsible for the risks associated with his/her duties. Market risk (including price risk, interest rate risk and currency risk), as well as credit risk and liquidity risk are the major risks which the Fund has to manage in the course of its normal business.

The objectives, policies and processes for managing the financial risks and the methods used to measure the risks applied by the Fund during the six months ended 30 June 2018 are consistent with those applied during the year 2017.

Currency risk. The following table shows the foreign currency exposure structure of financial assets and liabilities as at 30 June 2018:

In thousands of Kazakhstani Tenge	KZT	USD	Other	Total
FINANCIAL ASSETS				
Cash and cash equivalents	59,204,379	6,378	1,030	59,211,787
Due from financial institutions	236,141,995	3,577,041	-	239,719,036
Due from subsidy programs	2,248	-	-	2,248
Loans and advances to customers	973,622	-	-	973,622
Investment securities at fair value through other comprehensive income	538,108	-	-	538,108
Investment securities at fair value through profit or loss	1,946,708	-	-	1,946,708
Other financial assets	320,798	-	-	320,798
Total financial assets	**299,127,858**	**3,583,419**	**1,030**	**302,712,307**
FINANCIAL LIABILITIES				
Borrowed funds	159,684,250	66,635,994	-	226,320,244
Liabilities under subsidy programs	10,574,062	-	-	10,574,062
Deferred income and provision for credit related commitments	5,705,594	-	-	5,705,594
Other financial liabilities	1,912,622	-	-	1,912,622
Total financial liabilities	**177,876,528**	**66,635,994**	**-**	**244,512,522**
Net position before derivatives as at 30 June 2018	**121,251,330**	**(63,052,575)**	**1,030**	**58,199,785**
CURRENCY DERIVATIVES				
Claims on financial derivatives	-	64,069,464	-	64,069,464
Obligations on financial derivatives	(37,341,168)	-	-	(37,341,168)
Net position as at 30 June 2018	**83,910,162**	**1,016,889**	**1,030**	**84,928,081**

21 Financial Risk Management (Continued)

The following table shows the foreign currency exposure structure of financial assets and liabilities as at 31 December 2017:

	KZT	USD	Other	Total
FINANCIAL ASSETS				
Cash and cash equivalents	44,046,521	28,361	48	44,074,930
Securities at fair value through profit or loss	2,659,323	-	-	2,659,323
Due from financial institutions	221,719,359	3,858,919	-	225,578,278
Due from subsidy programs	34,550	-	-	34,550
Loans and advances to customers	3,324,539	-	-	3,324,539
Investment securities available for sale	567,017	-	-	567,017
Other financial assets	62,637	-	-	62,637
Total financial assets	**272,413,946**	**3,887,280**	**48**	**276,301,274**
FINANCIAL LIABILITIES				
Borrowed funds	138,102,569	64,900,334	-	203,002,903
Liabilities under subsidy programs	3,177,338	-	-	3,177,338
Deferred income and provision for credit related commitments	5,263,531	-	-	5,263,531
Other financial liabilities	832,614	-	-	832,614
Total financial liabilities	**147,376,052**	**64,900,334**	**-**	**212,276,386**
Net position before derivatives as at 31 December 2017	**125,037,894**	**(61,013,054)**	**48**	**64,024,888**
CURRENCY DERIVATIVES				
Claims on financial derivatives	-	59,545,282	-	59,545,282
Obligations on financial derivatives	(34,352,218)	-	-	(34,352,218)
Net position as at 31 December 2017	**90,685,676**	**(1,467,772)**	**48**	**89,217,952**

Derivatives presented above are monetary financial assets or monetary financial liabilities, but are presented separately in order to show the Fund's gross exposure.

Amounts disclosed in respect of derivatives represent the fair value, at the end of the reporting period, of the respective currency that the Fund agreed to buy (positive amount) or sell (negative amount) before netting of positions and payments with the counterparty. The net total represents the fair value of the currency derivatives. The above analysis includes only monetary assets and liabilities. Investments in equities and non-monetary assets are not considered to give rise to any material currency risk.

21 Financial Risk Management (Continued)

Liquidity risk. The analysis for financial assets at carrying amount and maturity analysis of financial liabilities as at 30 June 2018 is as follows:

In thousands of Kazakhstani Tenge	Demand and less than 1 month	1-3 months	3-6 months	6-12 months	Over 1 year	Total
30 June 2018						
FINANCIAL ASSETS						
Cash and cash equivalents	59,211,787	-	-	-	-	59,211,787
Investment securities at fair value through profit or loss	-	-	-	-	1,946,708	1,946,708
Due from financial institutions	6,023,172	9,389,794	1,939,711	5,578,354	216,788,005	239,719,036
Due from subsidy programs	2,248	-	-	-	-	2,248
Loans and advances to customers	694,855	8,006	56,596	50,745	163,420	973,622
Investment securities at fair value through other comprehensive income	-	-	-	-	538,108	538,108
Gross settled swaps:						
- inflows	-	(198,418)	-	(203,887)	70,364,723	69,962,418
- outflows		11,966	-	(448,705)	(42,797,383)	(43,234,122)
Other financial assets	320,798	-	-	-	-	320,798
Other financial assets	**66,252,860**	**9,211,348**	**1,996,307**	**4,976,507**	**247,003,581**	**329,440,603**
FINANCIAL LIABILITIES						
Borrowed funds	366,652	1,459,711	953,591	6,706,430	216,833,860	226,320,244
Liabilities on subsidy programs	10,574,062	-	-	-	-	10,574,062
Deferred income and provision for credit related commitments	5,705,594	-	-	-	-	5,705,594
Other financial liabilities	2,487,953	-	-	-	-	2,487,953
Total potential future payments for financial obligations	**19,134,261**	**1,459,711**	**953,591**	**6,706,430**	**216,833,860**	**245,087,853**
Liquidity gap arising from financial instruments	**47,118,599**	**7,751,637**	**1,042,716**	**(1,729,923)**	**30,169,721**	**84,352,750**

21 Financial Risk Management (Continued)

The analysis for financial assets at carrying amount and maturity analysis of financial liabilities as at 31 December 2017 is as follows:

In thousands of Kazakhstani Tenge	Demand and less than 1 month	1-3 months	3-6 months	6-12 months	Over 1 year	Total
31 December 2017						
FINANCIAL ASSETS						
Cash and cash equivalents	44,074,930	-	-	-	-	44,074,930
Securities at fair value through profit or loss	-	-	-	727,421	1,931,902	2,659,323
Due from financial institutions	6,963,477	3,615,870	13,291,079	7,471,324	194,236,528	225,578,278
Due from subsidy programs	34,550	-	-	-	-	34,550
Loans and advances to customers	595,241	263,103	513,871	810,735	1,141,589	3,324,539
Investment securities available for sale	-	-	-	-	567,017	567,017
Gross settled swaps:						
- inflows	-	185,987	-	190,751	68,545,453	68,922,191
- outflows	(50,906)	(118,498)	(501,887)	(1,008,631)	(42,049,205)	(43,729,127)
Other financial assets	62,637	-	-	-	-	62,637
Total financial assets	**51,679,929**	**3,946,462**	**13,303,063**	**8,191,600**	**224,373,284**	**301,494,338**
FINANCIAL LIABILITIES						
Borrowed funds	1,350,707	33,780	107,744	6,211,166	195,299,506	203,002,903
Liabilities on subsidy programs	3,177,338	-	-	-	-	3,177,338
Deferred income and provision for credit related commitments	5,263,531	-	-	-	-	5,263,531
Other financial liabilities	832,614	-	-	-	-	832,614
Total potential future payments for financial obligations	**10,624,190**	**33,780**	**107,744**	**6,211,166**	**195,299,506**	**212,276,386**
Liquidity gap arising from financial instruments	**41,055,739**	**3,912,682**	**13,195,319**	**1,980,434**	**29,073,778**	**89,217,952**

22 Contingencies and Commitments

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

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

22 Contingencies and Commitments (Continued)

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

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

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

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

Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans. With respect to credit risk on commitments to extend credit, the Fund is potentially exposed to loss in an amount equal to the total unused commitments, if the unused amounts were to be drawn down. However, the likely amount of loss is less than the total unused commitments since most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Fund monitors the term to maturity of credit related commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments. Outstanding credit related commitments are as follows:

In thousands of Kazakhstani Tenge	**30 June 2018**	**31 December 2017**
Guarantees issued as collateral of loans	45,281,705	45,281,705
Guarantees issued	35,000,439	25,413,102
Undrawn irrevocable credit lines	24,138,088	15,865,834
Less: Provision for credit related commitments	(1,325,577)	(1,104,245)
Total credit related commitments, net of provision	**103,094,655**	**85,456,396**

During 2015, the Fund issued guarantees to Bank CenterCredit JSC in respect of credit lines opened by Bank CenterCredit in European Bank for Reconstruction and Development (the "EBRD") for the total amount of Tenge 27,220 million. As of 30 June 2018, Bank CenterCredit had drown down the EBRD loans for the amount of Tenge 20,470 million (31 December 2017: Tenge 20,470 million). The management of the Fund assessed fair value of these guarantees based on commission fees received and estimated the fair value to be equal to Tenge 229,222 thousand. As of 30 June 2018, the amount of accrued commission income was 90,112 thousand (31 December 2017: Tenge 179,161 thousand). Refer to Notes 4 and 14.

During 2016, the Fund issued guarantees to ForteBank JSC and Microfinance Organisation KMF LLP ("MFO KMF") in respect of credit lines opened by ForteBank and MFO KMF in the EBRD for Tenge 9,907 million and Tenge 3,776 million, respectively. As of 30 June 2018, ForteBank and MFO KMF had drawn down the EBRD loans for the amount of Tenge 19,243 million and Tenge 3,776 million, respectively. (31 December 2017: Tenge 19,243 million and 3,776 million, respectively). The management of the Fund assessed fair value of these guarantees based on commission fees received from ForteBank and MFO KMF and estimated the fair value to be equal to Tenge 47,294 thousand and Tenge 19,409 thousand, respectively (31 December 2017: Tenge 57,030 thousand and 25,669 thousand, respectively). Refer to Notes 4 and 14.

During 2017, the Fund issued guarantees to Bank Kassa Nova in respect of credit lines opened by Bank Kassa Nova in EBRD for Tenge 1,793 million. As of 30 June 2018, Bank Kassa Nova had drawn down the EBRD loans for the amount of Tenge 1,793 million (31 December 2017: Tenge 1,793 million). The management of the Fund assessed fair value of these guarantees based on commission fees received and estimated the fair value to be equal to Tenge 1,250 thousand (31 December 2017: Tenge 1,250 thousand). Refer to Notes 4 and 14.

The other increase is due to overall increase in volume of guarantees issued to Small and Medium Entrepreneurships. The total outstanding contractual amount of undrawn credit lines, letters of credit, and guarantees does not necessarily represent future cash requirements, as these financial instruments may expire or terminate without being funded.

23 Fair Value Disclosures

Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two 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), and (iii) level three 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.

(a) Recurring fair value measurements

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

In thousands of Kazakhstani Tenge	**30 June 2018**		**31 December 2017**	
	Level 1	**Level 2**	**Level 1**	**Level 2**
FINANCIAL ASSETS				
Investment securities at fair value through profit or loss				
- Corporate bonds	-	1,190,992	-	1,179,806
- Kazakhstani government bonds	-	755,715	-	1,479,517
Investment securities at fair value through other comprehensive income				
- Corporate bonds	-	538,108	-	567,017
Other financial assets				
- Financial derivatives	-	26,728,296	-	25,193,064
TOTAL ASSETS RECURRING FAIR VALUE MEASUREMENTS	**-**	**29,213,111**	**-**	**28,419,404**

The Fund uses a discounted cash flow valuation technique to measure the fair value of currency swaps that are not traded in an active market. However, in accordance with IFRS, the fair value of an instrument at inception is generally the transaction price. If the transaction price differs from the amount determined at inception using the valuation technique, that difference is amortised on a straight line basis over the term of the currency swaps.

23 Fair Value Disclosures (Continued)

(b) Assets and liabilities not measured at fair value but for which fair value is disclosed

In thousands of Kazakhstani Tenge	30 June 2018 (Unaudited) Level 1	Level 2	Level 3	Balance cost
FINANCIAL ASSETS				
Cash and cash equivalents	59,211,787	-	-	59,211,787
Due from financial institutions				
- Loans given to financial institutions	-	215,012,002	-	225,576,587
- Placements with other banks with original maturities of more than three months	-	14,129,584	-	14,142,449
Due from subsidy programs				
- Due from subsidy programs	-	2,248	-	2,248
Loans and advances to customers	-	-	973,622	973,622
Other financial assets				
- Other	-	-	320,798	320,798
TOTAL FINANCIAL ASSETS CARRIED AT AMORTISED COST	**59,211,787**	**229,143,834**	**1,294,420**	**300,227,491**
FINANCIAL LIABILITIES				
Borrowed funds				
- Asian Development Bank	-	80,502,355	-	80,774,806
- Baiterek NMH JSC	-	48,409,586	-	74,115,485
- Municipal authorities	-	28,936,136	-	45,505,890
- Samruk-Kazyna NWF JSC	-	24,206,704	-	25,536,659
- Ministry of Finance of the Republic of Kazakhstan	-	387,404	-	387,404
Liabilities on subsidy programs				
- Municipal authorities	-	10,372,525	-	10,372,525
- Banks	-	201,537	-	201,537
Deferred income and provision for credit related commitments				
- Deferred income	-	4,380,018	-	4,380,018
- Financial guarantees (provision for credit related commitments)	-	1,325,576	-	1,325,576
Other financial liabilities				
- Other	-	1,912,622	-	1,912,622
TOTAL FINANCIAL LIABILITIES CARRIED AT AMORTISED COST	**-**	**200,634,463**	**-**	**244,512,522**

23 Fair Value Disclosures (Continued)

In thousands of Kazakhstani Tenge	31 December 2017 Level 1	Level 2	Balance cost
FINANCIAL ASSETS			
Cash and cash equivalents	44,074,930	-	44,074,930
Due from financial institutions			
- Loans given to financial institutions	-	196,949,941	216,059,786
- Placements with other banks with original maturities of more than three months	9,518,492	-	9,518,492
Due from subsidy programs			
- Due from subsidy programs	-	34,550	34,550
Loans and advances to customers			
- Loans to small and medium size entities	-	3,295,094	3,295,094
- Loans to microfinance organisations	-	18,366	18,366
- Net investments in finance lease	-	1,708	1,708
- Loans to others	-	9,370	9,370
Other financial assets			
- Other	-	62,637	62,637
TOTAL FINANCIAL ASSETS CARRIED AT AMORTISED COST	**53,593,428**	**200,371,666**	**273,074,933**
FINANCIAL LIABILITIES			
Borrowed funds			
- Asian Development Bank	-	72,472,682	72,472,682
- Baiterek NMH JSC	-	49,130,003	71,948,648
- Samruk-Kazyna NWF JSC	-	25,449,768	32,754,338
- Municipal authorities	-	32,604,300	25,449,768
- Ministry of Finance of the Republic of Kazakhstan	-	377,466	377,467
Liabilities on subsidy programs			
- Municipal authorities	-	1,758,695	1,758,695
- Banks	-	1,418,643	1,418,643
Deferred income and provision for credit related commitments			
- Deferred income	-	4,159,286	4,159,286
- Financial guarantees (provision for credit related commitments)	-	1,104,245	1,104,245
Other financial liabilities			
- Other	-	832,615	832,615
TOTAL FINANCIAL LIABILITIES CARRIED AT AMORTISED COST	**-**	**189,307,703**	**212,276,387**

24 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.

24 Related Party Transactions (Continued)

At 30 June 2018, the outstanding balances with related parties were as follows:

In thousands of Kazakhstani Tenge	Sole shareholder	Entities under common control	Associates	Other related parties
Cash and cash equivalents	-	-	-	21,801,155
Investment securities at fair value through profit or loss	-	-	-	755,715
Current income tax prepayment	-	-	-	14,258,928
Investments in associates	-	-	8,000	-
Other financial assets	-	-	-	12,849
Other assets	-	-	-	30,074
Borrowed funds	74,115,485	-	-	71,429,953
Liabilities on subsidy programs	-	-	-	10,372,525
Deferred income tax liability	-	-	-	4,618,375
Other liabilities	1,234,153	8,297	-	905,969

The income and expense items with related parties during the six months ended 30 June 2018 were as follows:

In thousands of Kazakhstani Tenge	Sole shareholder	Entities under common control	Associates	Other related parties
Interest income	-	-	-	32,055
Interest expense	(2,316,838)	-	-	(620,374)
Commission income	-			194,388
Commission expense	-	-	-	(34)
Gains less losses from securities at fair value through profit or loss	-	-	-	39,136
General and administrative expenses	-	(8,297)	-	-
Income tax expense	-	-	-	(276,915)

Aggregate amounts lent to and repaid by related parties during the six months ended 30 June 2018 were as follows:

In thousands of Kazakhstani Tenge	Sole shareholder	Entities under common control	Associates	Other related parties
Amounts lent to related parties during the period	-	-	-	-
Amounts repaid by related parties during the period	-	-	-	-

Aggregate amounts received from and repaid to related parties by the Fund during the six months ended 30 June 2018 were as follows:

In thousands of Kazakhstani Tenge	Sole shareholder	Entities under common control	Associates	Other related parties
Amounts received from related parties during the period	-	-	-	12,884,305
Amounts repaid to related parties during the period	127,500	-	-	666,150

24 Related Party Transactions (Continued)

At 31 December 2017, the outstanding balances with related parties were as follows:

In thousands of Kazakhstani Tenge	Sole shareholder	Entities under common control	Associates	Other related parties
Cash and cash equivalents	-	-	-	18,692,460
Securities at fair value through profit or loss	-	-	-	1,479,517
Due from financial institutions				
Current income tax prepayment	-	-	-	13,721,713
Other assets	-	-	8,000	62,847
Borrowed funds	71,948,648	-	-	58,581,573
Liabilities on subsidy programs	-	273	-	1,758,695
Deferred income tax liability	-	-	-	6,065,416
Other liabilities				560,427

The income and expense items with related parties during the six months ended 30 June 2017 were as follows:

In thousands of Kazakhstani Tenge	Sole shareholder	Entities under common control	Associates	Other related parties
Interest income	-	202,222	-	145,327
Interest expense	(2,182,484)	(146)	-	(592,786)
Commission income	-	110,488	-	-
Losses less gains from financial derivatives	-	-	-	-
Gains less losses from securities at fair value through profit or loss	-	-	-	158,732
Administrative and other operating expenses	-	(4,752)	-	(10)
Income tax expense	-	-	-	(165,386)

Aggregate amounts lent to and repaid by related parties during the six months ended 30 June 2017 were as follows:

In thousands of Kazakhstani Tenge	Sole shareholder	Entities under common control	Associates	Other related parties
Amounts lent to related parties during the period	-	-	-	-
Amounts repaid by related parties during the period	-	-	-	-

Aggregate amounts received from and repaid to related parties by the Fund during the six months ended 30 June 2017 were as follows:

In thousands of Kazakhstani Tenge	Sole shareholder	Entities under common control	Associates	Other related parties
Amounts received from related parties during the period	-	-	-	11,949,660
Amounts repaid to related parties during the period	127,500	182,329	-	962,062

24 Related Party Transactions (Continued)

Key management of the Fund represents members of the Board of Directors and the Management Board. Key management compensation is presented below:

In thousands of Kazakhstani Tenge	**Six months ended 30 June 2018 (unaudited)** Expense	Accrued liability	**Six months ended 30 June 2017 (unaudited)** Expense	Accrued liability
Short-term benefits:				
- Salaries	91,635	9,988	75,613	8,113
- Short-term bonuses	10,519	-	3,313	-
- Benefits in-kind	7,482	-	4,336	-
Total	**109,636**	**9,988**	**83,262**	**8,113**

25 Events after the End of the Reporting Period

No significant events occurred after the reporting date.