JSC HALYK BANK

Interim condensed consolidated
financial information (unaudited)
for the nine months ended 30 September 2018

JSC Halyk Bank

Statement of Management's Responsibilities
for the Preparation and Approval
of the Interim Condensed Consolidated Financial Information
for the Nine Months ended 30 September 2018 (unaudited)

Management is responsible for the preparation of the interim condensed consolidated financial information that presents fairly the consolidated financial position of JSC Halyk Bank ("the Bank") and its subsidiaries (collectively – "the Group") as at 30 September 2018, the results of its operations for the three and nine months then ended, and cash flows and changes in equity for the nine months then ended, in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34").

In preparing the interim condensed consolidated financial information, management is responsible for:

- Properly selecting and applying accounting policies;
- Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Providing additional disclosures when compliance with the specific requirements in IAS 34 are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's consolidated financial position and financial performance; and
- Making an assessment of the Group's ability to continue as a going concern.

Management is also responsible for:

- Designing, implementing and maintaining an effective and sound system of internal controls, throughout the Group;
- Maintaining adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the consolidated financial position of the Group, and which enable them to ensure that the interim condensed consolidated financial information of the Group comply with IAS 34;
- Maintaining accounting records in compliance with the Republic of Kazakhstan legislation;
- Taking such steps as are reasonably available to them to safeguard the assets of the Group; and
- Preventing and detecting fraud and other irregularities.

The interim condensed consolidated financial information of the Group for the nine months ended 30 September 2018 was authorized for issue by the Management Board on 15 November 2018.

On behalf of the Management Board:

Umut B. Shayakhmetova
Chairperson of the Board

15 November 2018
Almaty, Kazakhstan

Pavel A. Cheussov
Chief Accountant

15 November 2018
Almaty, Kazakhstan

Deloitte.

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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

To the Shareholders and Board of Directors of JSC Halyk Bank

Introduction

We have reviewed the accompanying interim consolidated statement of financial position of JSC Halyk Bank and its subsidiaries ("the Group") as at 30 September 2018 and the related interim consolidated statements of profit or loss, other comprehensive income for the three and nine months then ended, interim consolidated statements of changes in equity and cash flows for the nine months then ended, and selected explanatory notes. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with IAS 34, *Interim Financial Reporting.* Our responsibility is to express a conclusion on this interim condensed consolidated 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 condensed consolidated 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 interim condensed consolidated financial information is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.

Deloitte, LLP

15 November 2018
Almaty, Kazakhstan

JSC Halyk Bank

Interim Consolidated Statement of Financial Position
as at 30 September 2018 (unaudited)
(millions of Kazakhstani Tenge)

	Notes	30 September 2018 (unaudited)	31 December 2017
ASSETS			
Cash and cash equivalents	5	1,695,827	1,780,548
Obligatory reserves	6	107,852	111,039
Financial assets at fair value through profit or loss	7	149,147	144,976
Amounts due from credit institutions	8	71,804	87,736
Available-for-sale investment securities	9	n/a	2,565,425
Financial assets at fair value through other comprehensive income	9	1,525,552	n/a
Debt securities at amortized cost, net of allowance for expected credit losses	10	1,035,691	n/a
Precious metals		3,715	5,111
Loans to customers	11, 35	3,260,081	3,251,102
Investment property		53,970	37,517
Commercial property		79,682	48,774
Investments in associate	16	19,239	-
Current income tax assets	21	35,657	15,320
Deferred income tax assets	21	250	517
Property and equipment		131,899	137,684
Intangible assets		7,652	8,251
Goodwill		3,085	3,085
Insurance assets	12	43,989	40,162
Other assets	13	96,238	68,129
		8,321,330	8,305,376
Assets classified as held for sale	14, 15	68,545	552,405
TOTAL ASSETS		**8,389,875**	**8,857,781**
LIABILITIES AND EQUITY			
LIABILITIES			
Amounts due to customers	17, 35	6,068,200	6,131,750
Amounts due to credit institutions	18	161,416	255,151
Financial liabilities at fair value through profit or loss	7	3,418	5,831
Debt securities issued	19	895,042	962,396
Current income tax liability	21	139	2,720
Deferred tax liability	21	61,955	8,789
Provisions	20, 24	15,436	16,098
Insurance liabilities	12	159,353	139,543
Other liabilities	22	47,039	66,419
		7,411,998	7,588,697
Liabilities directly associated with assets classified as held for sale	14	-	334,627
Total liabilities		**7,411,998**	**7,923,324**
EQUITY			
Share capital	23	209,027	143,695
Share premium reserve		1,845	1,839
Treasury shares		(111,424)	(104,234)
Retained earnings and other reserves		878,423	820,716
		977,871	862,016
Non-controlling interest		6	72,441
Total equity		**977,877**	**934,457**
TOTAL LIABILITIES AND EQUITY		**8,389,875**	**8,857,781**

On behalf of the Management Board:

Umut B. Shayakhmetova
Chairperson of the Board

15 November 2018
Almaty, Kazakhstan

Pavel A. Cheussov
Chief Accountant

15 November 2018
Almaty, Kazakhstan

The notes on pages 10 to 60 form an integral part of this interim condensed consolidated financial information.

JSC Halyk Bank

Interim Consolidated Statement of Profit or Loss
for the Three and Nine Months ended 30 September 2018 (unaudited)

(millions of Kazakhstani Tenge, except for earnings per share which is in Tenge)

	Notes	Three months ended 30 September 2018 (unaudited)	Three months ended 30 September 2017 (unaudited)	Nine months ended 30 September 2018 (unaudited)	Nine months ended 30 September 2017 (unaudited)
CONTINUING OPERATIONS					
Interest income	25, 35	167,867	154,347	502,606	339,052
Interest expense	25, 35	(83,044)	(86,314)	(253,374)	(172,236)
NET INTEREST INCOME BEFORE CREDIT LOSS EXPENSE	25	84,823	68,033	249,232	166,816
Credit loss expense	20	(8,266)	(13,322)	(31,142)	(24,153)
NET INTEREST INCOME		76,557	54,711	218,090	142,663
Fee and commission income	26	29,350	28,893	83,736	58,880
Fee and commission expense	26	(10,199)	(9,922)	(28,172)	(16,029)
Fees and commissions, net		19,151	18,971	55,564	42,851
Net gain from financial assets and liabilities at fair value through profit or loss	27	55,709	67,018	84,472	59,537
Net realised gain from financial assets at fair value through other comprehensive income (IAS 39 - available-for-sale investment securities)		447	609	3,407	827
Net loss on foreign exchange operations	28	(31,992)	(61,699)	(37,054)	(48,165)
Insurance underwriting income	29	17,606	16,143	49,725	36,428
Share in profit of associate	16	1,011	-	1,716	-
Other income		1,387	5,673	23,612	7,938
OTHER NON-INTEREST INCOME		44,168	27,744	125,878	56,565
Operating expenses	30	(34,041)	(26,369)	(102,977)	(64,613)
Loss from impairment of non-financial assets	15	(1,230)	-	(31,538)	-
Recoveries of other credit loss expense	20	698	151	3,045	462
Insurance claims incurred, net of reinsurance	29	(16,407)	(13,785)	(46,738)	(32,868)
NON-INTEREST EXPENSES		(50,980)	(40,003)	(178,208)	(97,019)
INCOME BEFORE INCOME TAX EXPENSE		88,896	61,423	221,324	145,060
Income tax expense	21	(10,947)	(7,524)	(68,144)	(17,431)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		**77,949**	**53,899**	**153,180**	**127,629**
DISCONTINUED OPERATIONS					
Profit for the period from discontinued operations	14	-	2,590	9,974	7,742
NET PROFIT		**77,949**	**56,489**	**163,154**	**135,371**
Attributable to:					
Non-controlling interest		162	50	(807)	50
Common shareholders		77,787	56,439	163,961	135,321
		77,949	**56,489**	**163,154**	**135,371**
EARNINGS PER SHARE	31				
(in Kazakhstani Tenge)					
Basic and diluted earnings per share		6.62	5.14	14.67	12.31
Basic and diluted earnings per share from continuing operations		6.62	4.90	13.78	11.60

On behalf of the Management Board:

Umut B. Shayakhmetova
Chairperson of the Board

15 November 2018
Almaty, Kazakhstan

Pavel A. Cheussov
Chief Accountant

15 November 2018
Almaty, Kazakhstan

The notes on pages 10 to 60 form an integral part of this interim condensed consolidated financial information.

JSC Halyk Bank

Interim Consolidated Statement of Other Comprehensive Income for the Three and Nine Months ended 30 September 2018 (unaudited)

(millions of Kazakhstani Tenge)

	Three months ended 30 September 2018 (unaudited)	Three months ended 30 September 2017 (unaudited)	Nine months ended 30 September 2018 (unaudited)	Nine months ended 30 September 2017 (unaudited)
Net profit	77,949	56,489	163,154	135,371
Other comprehensive income:				
Items that will not to be subsequently reclassified to profit or loss:				
Gain/(loss) on revaluation of property (net of tax – KZT Nil)	131	(117)	2,088	(119)
Gain on revaluation of equity financial assets at fair value through other comprehensive income (net of tax – KZT Nil)	197	n/a	305	n/a
Items that may be subsequently reclassified to profit or loss:				
Gain/(loss) on revaluation of financial assets at fair value through other comprehensive income, including impaired during the period (IAS 39 - available-for-sale investment securities) (net of tax – KZT Nil)	5,469	18,943	(1,520)	29,088
Reclassification adjustment relating to financial assets at fair value through other comprehensive income disposed of in the period (IAS 39 - available-for-sale investment securities) (net of tax – KZT Nil)	(447)	(609)	(3,407)	(827)
Share of other comprehensive loss of associate	(182)	-	(182)	-
Exchange differences on translation of foreign operations (net of tax – KZT Nil)	1,525	3,715	1,208	4,045
Other comprehensive income/(loss) for the period	6,693	21,932	(1,508)	32,187
Total comprehensive income	**84,642**	**78,421**	**161,646**	**167,558**
Attributable to:				
Non-controlling interest	(1,860)	50	(1,954)	50
Common shareholders	86,502	78,371	163,600	167,508
Total comprehensive income	**84,642**	**78,421**	**161,646**	**167,558**

On behalf of the Management Board:

Umut B. Shayakhmetova
Chairperson of the Board

15 November 2018
Almaty, Kazakhstan

Pavel A. Cheussov
Chief Accountant

15 November 2018
Almaty, Kazakhstan

The notes on pages 10 to 60 form an integral part of this interim condensed consolidated financial information.

JSC Halyk Bank

Interim Consolidated Statement of Changes in Equity
for the Nine Months ended 30 September 2018 (unaudited)
(millions of Kazakhstani Tenge)

	Share capital Common shares	Share premium reserve	Treasury common shares	Cumulative translation reserve*	Revaluation reserve of financial assets at fair value through other comprehensi-ve income*	Property revaluation reserve*	Retained earnings*	Total equity	Non-controlling interest	Total equity
31 December 2017	143,695	1,839	(104,234)	6,570	13,008	15,470	785,668	862,016	72,441	934,457
Impact of adopting IFRS 9	-	-	-	-	(9,539)	-	(33,032)	(42,571)	(11,857)	(54,428)
Restated opening balance under IFRS 9	143,695	1,839	(104,234)	6,570	3,469	15,470	752,636	819,445	60,584	880,029
Net income	-	-	-	-	-	-	163,961	163,961	(807)	163,154
Other comprehensive income/(loss)	-	-	-	1,548	(4,003)	2,365	(271)	(361)	(1,147)	(1,508)
Total comprehensive income/(loss)	-	-	-	1,548	(4,003)	2,365	163,690	163,600	(1,954)	161,646
Treasury shares purchased	-	-	(456)	-	-	-	-	(456)	-	(456)
Treasury shares sold	-	6	657	-	-	-	-	663	-	663
Effect from exchange of preferred shares of JSC Kazkommertsbank	-	-	-	-	-	-	(817)	(817)	6,175	5,358
Dividends – common shares	-	-	-	-	-	-	(69,363)	(69,363)	-	(69,363)
Change in share due to the legal merger with JSC Kazkommertsbank	65,332	-	(7,391)	303	(927)	4,127	3,355	64,799	(64,799)	-
Release of property and equipment revaluation reserve on depreciation and disposal of previously revalued assets	-	-	-	-	-	(728)	728	-	-	-
30 September 2018 (unaudited)	209,027	1,845	(111,424)	8,421	(1,461)	21,234	850,229	977,871	6	977,877

Interim Consolidated Statement of Changes in Equity
for the Nine Months ended 30 September 2018 (unaudited) (continued)
(millions of Kazakhstani Tenge)

	Share capital Common shares	Share premium reserve	Treasury shares	Cumulative translation reserve*	Revaluation reserve of available-for-sale investment securities*	Property revaluation reserve*	Retained earnings*	Total equity	Non-controlling interest	Total equity
31 December 2016	143,695	1,911	(103,121)	5,097	(15,679)	16,609	617,081	665,593	-	665,593
Net income	-	-	-	-	-	-	135,321	135,321	50	135,371
Other comprehensive income/(loss)	-	-	-	4,045	28,261	(119)	-	32,187	-	32,187
Total comprehensive income/(loss)	**-**	**-**	**-**	**4,045**	**28,261**	**(119)**	**135,321**	**167,508**	**50**	**167,558**
Treasury shares purchased	-	(48)	(3,529)	-	-	-	-	(3,577)	-	(3,577)
Treasury shares sold	-	-	474	-	-	-	-	474	-	474
Insurance bonuses to the insured	-	-	-	-	-	-	(12)	(12)	-	(12)
Purchase of additional share capital of JSC Kazkommertsbank	-	-	-	-	-	-	(3,927)	(3,927)	7	(3,920)
Change in the share related to the acquisition of JSC Kazkommertsbank	-	-	-	-	-	-	-	-	567	567
Release of property and equipment revaluation reserve on depreciation and disposal of previously revalued assets	-	-	-	-	-	(862)	862	-	-	-
30 September 2017 (unaudited)	**143,695**	**1,863**	**(106,176)**	**9,142**	**12,582**	**15,628**	**749,325**	**826,059**	**624**	**826,683**

* These amounts are included within Retained earnings and other reserves in the interim consolidated statement of financial position.

On behalf of the Management Board:

Umut B. Shayakhmetova
Chairperson of the Board

15 November 2018
Almaty, Kazakhstan

Pavel A. Cheussov
Chief Accountant

15 November 2018
Almaty, Kazakhstan

The notes on pages 10 to 60 form an integral part of this interim condensed consolidated financial information.

Interim Consolidated Statement of Cash Flows for the Nine Months ended 30 September 2018 (unaudited)

(millions of Kazakhstani Tenge)

	Nine months ended 30 September 2018 (unaudited)	Nine months ended 30 September 2017 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Interest received from financial assets at fair value through profit or loss	2,435	125
Interest received from cash equivalents and amounts due from credit institutions	26,210	14,203
Interest received on available-for-sale investment securities	n/a	20,637
Interest received on financial assets at fair value through other comprehensive income	29,982	n/a
Interest received on debt securities at amortized cost, net of allowance for expected credit losses	70,085	n/a
Interest received from loans to customers	317,927	211,024
Interest paid on due to customers	(161,886)	(133,693)
Interest paid on due to credit institutions	(3,140)	(3,792)
Interest paid on debt securities issued	(39,033)	(34,158)
Fee and commission received	81,011	57,962
Fee and commission paid	(18,623)	(15,986)
Insurance underwriting income received	48,565	23,194
Ceded insurance share paid	(1,697)	(7,026)
Receipts from derivative operations	20,520	3,006
Other income received	16,685	9,439
Operating expenses paid	(94,021)	(48,382)
Insurance reimbursements paid	(36,499)	(23,269)
Cash flows from operating activities before changes in net operating assets	258,521	73,284
Changes in operating assets and liabilities:		
Decrease/(increase) in operating assets:		
Obligatory reserves	3,254	(31,086)
Financial assets at fair value through profit or loss	63,618	293,730
Amounts due from credit institutions	37,059	46,387
Precious metals	1,455	(591)
Loans to customers	4,737	(39,698)
Assets held-for-sale	14,659	-
Insurance assets	(2,254)	12,171
Other assets	44,870	(55,403)
(Decrease)/increase in operating liabilities:		
Amounts due to customers	(301,083)	(326,550)
Amounts due to credit institutions	(95,703)	(99,324)
Financial liabilities at fair value through profit or loss	(2,484)	(397)
Insurance liabilities	10,298	9,277
Other liabilities	(74,529)	(132,139)
Net cash outflow from operating activities before income tax	(37,582)	(250,339)
Income tax paid	(37,629)	(43,821)
Net cash outflow from operating activities	(75,211)	(294,160)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase and prepayment for property and equipment and intangible assets	(4,281)	(5,288)
Proceeds on sale of property and equipment and intangible assets	1,420	1,799
Proceeds on sale of commercial property	10,890	2,062
Proceeds from sale of financial assets at fair value through other comprehensive income (IAS 39 – available-for-sale investment securities)	321,713	584,790
Purchase of financial assets at fair value through other comprehensive income (IAS 39 – available-for-sale investment securities)	(232,427)	(947,416)
Net cash inflow on acquisition of a subsidiary	-	678,622
Net cash outflow from disposal of JSC Altyn Bank	(110,175)	-
Proceeds on sale of investment property	1,041	-
Purchase of debt securities at amortized cost, net of allowance for expected credit losses	(41,174)	n/a
Proceeds from sale of debt securities at amortized cost, net of allowance for expected credit losses	34,797	n/a
Capital expenditures on commercial property	(727)	(1,019)
Net cash (outflow)/inflow from investing activities	(18,923)	313,550

Interim Consolidated Statement of Cash Flows (continued)
for the Nine Months ended 30 September 2018 (unaudited)
(millions of Kazakhstani Tenge)

	Notes	Nine months ended 30 September 2018 (unaudited)	Nine months ended 30 September 2017 (unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds on sale of treasury shares		663	474
Purchase of treasury shares		(456)	(3,577)
Purchase of shares by subsidiary		(6,984)	-
Redemption and repayment of debt securities issued	19	(126,221)	(204,337)
Dividends paid – common shares		(69,363)	-
Net cash outflow from financing activities		(202,361)	(207,440)
Effect of changes in foreign exchange rate fluctuations on cash and cash equivalents		69,038	29,942
Net change in cash and cash equivalents		(227,457)	(158,108)
CASH AND CASH EQUIVALENTS, beginning of the period*	**5**	**1,923,284**	**1,774,519**
CASH AND CASH EQUIVALENTS, end of the period	**5**	**1,695,827**	**1,616,411**

*As at 31 December 2017 (beginning of the period), cash and cash equivalents includes cash and cash equivalents of asset held for sale of KZT 142,736 million (Note 14).

On behalf of the Management Board:

Umut B. Shayakhmetova
Chairperson of the Board

15 November 2018
Almaty, Kazakhstan

Pavel A. Cheussov
Chief Accountant

15 November 2018
Almaty, Kazakhstan

The notes on pages 10 to 60 form an integral part of this interim condensed consolidated financial information.

1. Principal activities

JSC Halyk Bank ("the Bank") and its subsidiaries (collectively, "the Group") provide corporate and retail banking services principally in Kazakhstan, Russia, Kyrgyzstan, Tajikistan and Georgia, leasing services in Kazakhstan and Russia, as well as asset management, insurance and brokerage services in Kazakhstan. The primary state registration of the Bank with the authorities of justice of Kazakhstan was made on 20 January 1994. The Bank operates under license No. 1.2.47/230/38/1 for carrying out banking and other operations and activities on the securities market, renewed by the National Bank of the Republic of Kazakhstan ("NBRK") on 8 November 2016. The Bank is a member of the obligatory deposit insurance system provided by the JSC Kazakhstan Deposit Insurance Fund.

The Bank's primary business includes originating loans and guarantees, collecting deposits, trading in securities and foreign currencies, executing transfers, cash and payment card operations as well as rendering other banking services to its customers. In addition, the Bank acts as a non-exclusive agent of the Government of the Republic of Kazakhstan in channeling various budgetary payments and pensions through its nationwide branch network.

The Bank has a primary listing with the Kazakhstan Stock Exchange ("KASE"). In addition, the Bank's Global Depository Receipts ("GDRs") and Eurobonds are primary listed on the London Stock Exchange.

The Group is ultimately controlled by Timur Kulibayev and his wife Dinara Kulibayeva.

As at 30 September 2018, the Bank operated through its head office in Almaty and its 22 regional branches, 122 sub-regional offices and 480 cash settlement units (31 December 2017 – 45, 122, 532, respectively) located throughout Kazakhstan. The address of the Bank's registered office is 40 Al-Farabi Avenue, Almaty, A26M3K5, Republic of Kazakhstan.

As at 30 September 2018, the number of the Group's full-time equivalent employees was 15,734 (31 December 2017 – 18,410).

The interim condensed consolidated financial information of the Group for the nine months ended 30 September 2018 was authorized for issue by the Management Board on 15 November 2018.

Legal proceedings

From time to time and in the normal course of business, claims against the Group are received from customers and counterparties. Management is of the opinion that no material unaccrued losses will be incurred and accordingly no provision has been made in this interim condensed consolidated financial information.

Operating environment

Emerging markets such as Kazakhstan are subject to different risks than more developed markets, including economic, political, social, legal and legislative risks. Laws and regulations affecting businesses in Kazakhstan continue to change rapidly, tax and regulatory frameworks are subject to varying interpretations. The future economic direction of Kazakhstan is heavily influenced by the fiscal and monetary policies adopted by the government, together with developments in the legal, regulatory, and political environment.

Because Kazakhstan produces and exports large volumes of oil and gas, its economy is particularly sensitive to the price of oil and gas on the world market. During 2014-2016, the oil price decreased significantly, which led to a significant decrease in the national export revenue.

As at 30 September 2018, the base rate set by NBRK was 9.25% ± 1% (as at 31 December 2017 – 10.25% ± 1%). Due to the relatively high cost of funding during the nine months of 2018, the demand for new loans continued to be relatively low, while KZT liquidity in the banking system demonstrated excess levels. Short-term notes of the NBRK remain the key instrument to withdraw excess tenge liquidity from the system. Compared to the end of 2017, the operating environment in the third quarter 2018 did not reveal any significant changes.

Management of the Group is monitoring developments in the current environment and taking measures it considers necessary in order to support the sustainability and development of the Group's business in the foreseeable future. However, the impact of further economic developments on the future operations and financial position of the Group is at this stage difficult to determine.

(millions of Kazakhstani Tenge)

Ownership

As at 30 September 2018 and 31 December 2017 the Bank's shares represented by common shares only. As at 30 September 2018 and 31 December 2017, the Group was owned by the following shareholders, which own individually more than 5% of the issued shares of the Group:

30 September 2018 (unaudited)

	Total shares	Stake in total shares in circulation	Common shares	Stake in common shares in circulation
JSC HG Almex	8,756,202,348	75.0%	8,756,202,348	75.0%
Unified Accumulative Pension Fund Joint Stock Company	718,054,740	6.1%	718,054,740	6.1%
GDR holders	1,847,070,040	15.8%	1,847,070,040	15.8%
Other	361,736,627	3.1%	361,736,627	3.1%
Total shares in circulation (on consolidated basis)	11,683,063,755	100%	11,683,063,755	100%

31 December 2017

	Total shares	Stake in total shares in circulation	Common shares	Stake in common shares in circulation
JSC HG Almex	8,086,451,772	73.6%	8,086,451,772	73.6%
Unified Accumulative Pension Fund Joint Stock Company	716,281,746	6.5%	716,281,746	6.5%
GDR holders	1,852,878,720	16.8%	1,852,878,720	16.8%
Other	338,204,581	3.1%	338,204,581	3.1%
Total shares in circulation (on consolidated basis)	10,993,816,819	100%	10,993,816,819	100%

2. Basis of presentation

Accounting basis

The interim condensed consolidated financial information of the Group has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting".

The interim condensed consolidated financial information is unaudited and does not include all the information and disclosures required in the annual financial statements. The Group omitted disclosures which would substantially duplicate the information contained in its audited annual consolidated financial statements for the year ended 31 December 2017 prepared in accordance with International Financial Reporting Standards ("IFRS"), such as accounting policies and details of accounts which have not changed significantly in amount or composition. Additionally, the Group has provided disclosures where significant events have occurred subsequent to the issuance of the Group's annual consolidated financial statements for the year ended 31 December 2017 prepared in accordance with IFRS. Management believes that the disclosures in this interim condensed consolidated financial information are adequate to make the information presented not misleading if this interim condensed consolidated financial information is read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2017 prepared in accordance with IFRS. In management's opinion, this interim condensed consolidated financial information reflects all adjustments necessary to present fairly the Group's financial position, results of operations, statements of changes in shareholders' equity and cash flows for the interim reporting periods.

This interim condensed consolidated financial information is presented in millions of Kazakhstani Tenge ("KZT" or "Tenge"), except for earnings per share amounts and unless otherwise indicated.

(millions of Kazakhstani Tenge)

Consolidated subsidiaries

This interim condensed consolidated financial information includes the following immediate subsidiaries:

Subsidiary	Holding, % 30 September 2018 (unaudited)	Holding, % 31 December 2017	Country	Industry
JSC Halyk-Leasing	100	100	Kazakhstan	Leasing
JSC Kazteleport	100	100	Kazakhstan	Telecommunications
OJSC Halyk Bank Kyrgyzstan	100	100	Kyrgyzstan	Banking
JSC Halyk Finance	100	100	Kazakhstan	Broker and dealer activities
LLC Halyk Collection	100	100	Kazakhstan	Cash collection services
JSC Halyk-Life	100	100	Kazakhstan	Life insurance
JSC Kazakhinstrakh	99.86	100	Kazakhstan	Insurance
JSC Halyk Bank Georgia	100	100	Georgia	Banking
LLC Halyk Project	100	100	Kazakhstan	Management of doubtful and loss assets
JSC Commercial Bank Moskommertsbank*	100	100	Russia	Banking
CJSC Kazkommerstbank Tajikistan*	100	100	Tajikistan	Banking
JSC Kazkommertsbank Securities*	100	100	Kazakhstan	Broker and dealer activities
JSC Life Insurance Company Kazkommerts Life*	100	100	Kazakhstan	Life insurance
LLP KUSA KKB-1*	100	100	Kazakhstan	Management of doubtful and loss assets
LLP KUSA KKB-2*	100	100	Kazakhstan	Management of doubtful and loss assets
LLP KUSA KKB-3*	100	100	Kazakhstan	Management of doubtful and loss assets
JSC QPayments*	100	100	Kazakhstan	Payment card processing and other related services
JSC Insurance Company Kazkommerts-Policy	-	99.97	Kazakhstan	Insurance
Kazkommerts Finance 2 B.V.*	-	100	Kingdom of the Netherlands	Raising funds for the Bank on international capital markets
Kazkommerts International B.V.*	-	100	Kingdom of the Netherlands	Raising funds for the Bank on international capital markets
JSC Kazkommertsbank and its subsidiaries	-	74.72	Kazakhstan	Banking
OJSC NBK-Bank	-	100	Russia	Banking
JSC Altyn Bank (SB of JSC Halyk Bank) (Note 14)	-	100	Kazakhstan	Banking

* As at 31 December 2017, the ownership is held by subsidiary undertaking - JSC Kazkommertsbank.

On 19 March 2018, JSC Kazkommertsbank ("KKB") exchanged its preferred shares for common shares on terms and conditions and within the period established by the General Shareholders Meeting of KKB on 16 February 2018, and in accordance with KKB Charter and changes to the KKB Share Issue Prospectus registered by the National Bank of the Republic of Kazakhstan on 12 March 2018. The purpose of the exchange is to optimise the capital structure of KKB within the framework of the current legislation of the Republic of Kazakhstan.

On 22 May 2018, the Group announced the completion of the reorganization thereof through the merger of JSC NBK-Bank (Subsidiary of JSC Halyk Bank) into the Commercial Bank "Moskommertsbank" (JSC) (Subsidiary of JSC Kazkommertsbank).

On 26 July 2018, the Joint General Shareholder Meeting (JGSM) of the Bank and KKB made a resolution to approve the Transfer Certificate stipulating the transfer to the Bank, as the assignee, of KKB's property, rights and obligations, as well as all rights and obligations with respect to all KKB's creditors and debtors, and the Bank's succession of all KKB's rights and obligations. At the same time, the JGSM approved the ratio of 0.956552, at which KKB common shares would be exchanged for the Bank's common shares. The exchange ratio was calculated in accordance with the formula approved by the resolution of the JGSM of the Bank and KKB dated 20 April 2018.

On 27 July 2018, the Bank and KKB signed the Transfer Certificate, which represents legal registration of the transfer of all KKB's property, rights and obligations to the Bank within the framework of voluntary reorganisation of the Bank and KKB via a legal merger of KKB with the Bank.

Within the framework of the voluntary reorganization of the Bank and KKB via a legal merger of KKB with the Bank, the Bank’s 758,687,723 common shares were allocated among the shareholders of KKB (excluding the Bank) in exchange for KKB’s common shares according to the share exchange ratio approved at the JGSM of the Bank and KKB dated 26 July 2018.

On 29 August 2018, the Group announced the completion of transferring all property and all rights and obligations of JSC Insurance Company Kazkommerts-Policy (Subsidiary of JSC Kazkommertsbank) to JSC Kazakhinstrakh (Subsidiary of JSC Halyk Bank).

3. Significant accounting policies

In preparing this interim condensed consolidated financial information the Group has applied the same accounting policies and methods of computation as those applied in the annual consolidated financial statements of the Group for the year ended 31 December 2017, except for the adoption of new standard effective as at 1 January 2018. The nature and the impact that is relevant to the Group's operations is described below.

In these interim condensed consolidated financial information, the Group has applied IFRS 9 for the first time, effective for annual periods beginning on or after 1 January 2018. The Group has not adopted early any other standard, interpretation or amendment that has been issued but is not yet effective. IFRS 9 replaces IAS 39 for annual periods on or after 1 January 2018. The Group has not restated comparative information for 2017 for financial instruments in the scope of IFRS 9.

As such, fiscal 2018 results reflect the adoption of IFRS 9, while prior period reflect results under IAS 39. Differences arising from the adoption of IFRS 9 have been recognised directly in retained earnings as of 1 January 2018 and are disclosed in the interim consolidated statement of changes in equity and in the table below.

IFRS 9 *Financial Instruments*

From 1 January 2018, the Group started applying IFRS 9 Financial Instruments. This standard suggests changes in classification principles of financial instruments and replacement of “incurred losses” model applied by IAS 39 with “expected losses” model.

Classification and measurement

For financial assets accounting IFRS 9 provides for 3 classification categories:

- instruments estimated at amortised value;
- instruments estimated at fair value, which changes are reflected in other comprehensive income;
- instruments estimated at fair value, which changes are reflected in profit or loss statement for the reporting period.

In accordance with IFRS 9 recommendations the Group uses the following financial assets management business models:

- *Retention of an asset to obtain the cash flows stipulated by the contract.* This business model suggests financial asset management aims to realize cash flows by receiving principal and interest payments over the life of the financial instrument. Within the framework of this business model, holding a financial asset to maturity is a priority, but early disposal is not prohibited.
- *Retention of an asset with a view for obtaining contractual cash flows and sale of financial assets.* This business model assumes that the management of financial assets is aimed at both obtaining contractual cash flows and sale of financial assets. Within the framework of this business model, the receipt of cash from the sale of a financial asset is a priority, which is characterized by a greater frequency and volume of sales compared to "holding an asset to receive contractual cash flows" business model.
- *Retention of an asset for other purposes.* Within the framework of this business model, financial assets can be managed with the following purposes:
  - management with a view to selling cash flows through the sale of financial assets;
  - liquidity management to meet daily funding needs;
  - a portfolio, which management and performance is measured on a fair value basis;
  - a portfolio, which matches the definition of held for trading. Financial assets are deemed to be held for trading if they were acquired mainly with a view to subsequent disposal in the near future (up to 180 days), gaining short-term profit, or represent derivative financial instruments (except for a financial guarantee or derivative financial instrument that was designated as a hedging instrument).

In accordance with IFRS 9, financial assets are classified as follows:

- bank loans classified as assets at amortised cost are contained within the framework of a business model which aims to receive cash flows exclusively for repayment of unpaid interest and principal stipulated by loan agreement;
- balances on correspondent accounts, interbank loans/deposits, repo transactions are classified, as a rule, as assets, estimated at amortised cost, since they are managed within the framework of a business model, which aims to receive cash flows stipulated by the contract;
- debt securities may be classified into any of the three classification categories, taking into account the selected business model and compliance with the Solely payments of principal and interest "SPPI" criterion;
- equity securities are generally classified as instruments at fair value through profit or loss;
- trading securities and derivatives are classified as financial assets at fair value through profit or loss.

Impairment

Calculation of financial assets impairment was made taking into account the following factors:

- In order to calculate the expected credit losses, the Bank performs loan assessment on an individual basis and on a group basis depending on general credit risk features.
- Expected credit losses represent estimates of expected credit losses weighted at probability of a default and calculated as present value of all expected losses in amounts due. Calculations are based on justified and verified information, which may be received without any significant costs or efforts. Calculation of the present value of the expected future cash flows of the secured financial asset reflects the cash flow that may result from foreclosure, less the cost of obtaining and selling collateral, regardless of whether the recovery is probable or not. The allowance is based on the Group's own experience in assessing losses and management assumptions about the level of losses likely to be recognised on assets in each category of a credit risk, based on debt servicing capabilities and borrower's credit track record.
- Impairment for treasury operations (investments in debt securities, reverse repurchase transactions, interbank loans and deposits, correspondent account transactions, accounts receivable under treasury transactions) is calculated taking into account the counterparty's rating, probability of default, duration of a transaction and the extent of loss in case of a default.
- Assets classified at fair value through profit or loss are not subject to impairment under IFRS 9.
- The estimated credit losses for treasury operations are estimated on an individual basis (except for individual claims in the form of receivables).

Financial assets are segmented by stages in accordance with the following approach:

- Stage 1: There is no significant increase in credit risk since recognition of an asset, impairment is recognised as expected losses over the next 12 months;
- Stage 2: Significant increase in credit risk since recognition of an asset, impairment is recognised as expected losses over the life of a financial asset;
- Stage 3: Financial asset is in default or has signs of impairment.

(millions of Kazakhstani Tenge)

Summary of impact upon adoption of IFRS 9 – Classification and measurement

The following table set out the classification and measurement impact of adopting IFRS 9 on the interim consolidated statement of financial position and retained earnings including the effect of replacing IAS 39 incurred credit loss calculations with IFRS 9 expected credit loss calculations. Reclassifications represent movements of the carrying amount of financial assets and liabilities which have changed their classification. Remeasurement represents changes in the carrying amount of the financial assets and liabilities due to changes in their measurement. A reconciliation between the carrying amounts under IAS 39 to the balances reported under IFRS 9 as at 1 January 2018 is as follows:

	IAS 39 Measurement category	As at 31 December 2017, IAS 39 Carrying Amount	Reclassification	Remeasurement	As at 1 January 2018, IFRS 9 Carrying Amount	IFRS 9 Measure-ment category
Cash and cash equivalents	Loans and receivables	1,780,548	-	(10)	1,780,538	Amortized cost
Amounts due from credit institutions	Loans and receivables	87,736	-	(334)	87,402	Amortized cost
Financial assets at fair value through profit or loss	FVTPL*	144,976	(44,917)	-	100,059	FVTPL*
Financial assets at fair value through other comprehensive income (2017: available-for-sale investment securities)	FVTPL*	2,565,425	(1,006,110)	(16,226)	1,543,089	FVOCI**
Debt securities at amortized cost, net of allowance for expected credit losses (2017: available-for-sale investment securities)	FVTPL*	-	1,050,734	(8)	1,050,726	Amortized cost
Loans to customers	Loans and receivables	3,251,102	-	(38,008)	3,213,094	Amortized cost
Other assets	Loans and receivables	68,129	293	(1,825)	66,597	Amortized cost
Provisions on commitments and contingencies	-	(16,098)	-	(2,353)	(18,451)	-

*Fair value through profit or loss
** Fair value through other comprehensive income

The application of other new and revised IFRSs standards effective for periods beginning on or after 1 January 2018 has had no significant impact on the Group's interim condensed consolidated financial information.

Business combination under common control

A business combination involving business entities under common control is a business combination whereby all of the combining business entities are ultimately controlled by the same party or parties, both before and after the business combination, and that control is not transitory.

The effects of combinations of businesses under common control are accounted for by the Group by the pooling of interests method, assuming that: assets and liabilities of the combining business entities are measured at their carrying values as disclosed in the Group's consolidated financial statements, merger-related transaction costs are expensed in the interim consolidated statement of profit or loss, mutual balances are eliminated, any difference between the purchase price paid/transferred and the value of net assets acquired (at their carrying values disclosed in the interim consolidated financial statements) shall be recognized in equity of the acquirer.

(millions of Kazakhstani Tenge)

The Group did not early adopt any other standards, amendments or interpretations that have been issued and are not yet effective.

4. Significant accounting estimates

In preparing this interim condensed consolidated financial information, the significant judgments made by the Management in applying the Group's accounting policies and the key sources of estimation uncertainty were consistent with those that applied to the Group's annual consolidated financial statements for the year ended 31 December 2017 prepared in accordance with IFRS, except for changes relating to IFRS 9 discussed in Note 3 of the interim condensed consolidated financial information.

5. Cash and cash equivalents

Cash and cash equivalents comprise:

	30 September 2018 (unaudited)	31 December 2017
Cash on hand	184,456	190,396
Correspondent accounts with Organization for Economic Co-operation and Development countries (the "OECD") based banks	198,328	214,596
Short-term deposits with OECD based banks	217,903	150,656
Overnight deposits with OECD based banks	138,236	36,584
Correspondent accounts with NBRK	704,556	699,256
Short-term deposits with NBRK	127,732	61,378
Short-term deposits with Kazakhstan banks (incl. loans under reverse repurchase agreements)	110,483	373,956
Correspondent accounts with non-OECD based banks	11,133	20,439
Short-term deposits with non-OECD based banks	-	33,233
Overnight deposits with non-OECD based banks	3,000	54
	1,695,827	1,780,548
Cash and cash equivalents of JSC Altyn Bank	-	142,736
Total per consolidated statement of cash flows	1,695,827	1,923,284

As at 30 September 2018, cash and cash equivalents allowance for expected credit losses comprised KZT 13 million (Note 20).

Interest rates and currencies in which interest earning cash and cash equivalents are denominated are as follows:

	30 September 2018 (unaudited)		31 December 2017	
	KZT	Foreign currencies	KZT	Foreign currencies
Short-term deposits with OECD based banks	-	2.1%-2.4%	-	0.8%-1.8%
Overnight deposits with OECD based banks	-	1.3%-2.3%	-	1.4%-1.5%
Short-term deposits with NBRK	8.0%	-	9.3%	-
Short-term deposits with Kazakhstan banks	2.0%-13.0%	-	9.0%-12.3%	-
Short-term deposits with non-OECD based banks	-	-	-	1.7%
Overnight deposits with non-OECD based banks	9.0%	-	-	1.7%-1.8%

(millions of Kazakhstani Tenge)

Fair value of assets pledged and carrying amounts of loans under reverse repurchase agreements included into short-term deposits with Kazakhstan banks as at 30 September 2018 and 31 December 2017 are as follows:

	30 September 2018 (unaudited)		31 December 2017	
	Carrying amount of deposits	Fair value of collateral	Carrying amount of deposits	Fair value of collateral
Treasury bills of the Ministry of Finance of Kazakhstan	30,286	31,289	228,642	228,516
NBRK notes	21,314	21,975	132,879	132,791
Treasury bills of the Ministry of Finance of Russian Federation	17,726	19,300	-	-
Equity securities	4,835	6,680	11,122	11,080
	74,161	79,244	372,643	372,387

As at 30 September 2018 and 31 December 2017, maturities of loans under reverse repurchase agreements were less than one month.

6. Obligatory reserves

Obligatory reserves comprise:

	30 September 2018 (unaudited)	31 December 2017
Cash and due from banks allocated to obligatory reserves	107,852	111,039
	107,852	111,039

The obligatory reserves represent the minimum reserve deposits and cash on hand balances required by the National Banks of the Republic of Kazakhstan, Kyrgyzstan, Georgia, Tajikistan and Central Bank of the Russian Federation and used for calculation of the minimum reserve requirements. As at 30 September 2018, obligatory reserves of the Bank’s subsidiaries – OJSC Halyk Bank Kyrgyzstan, JSC Halyk Bank Georgia, JSC Commercial Bank Moskommertsbank and CJSC Kazkommertsbank Tajikistan comprised KZT 8,539 million (31 December 2017 – KZT 48,196 million).

7. Financial assets and liabilities at fair value through profit or loss

Financial assets at fair value through profit or loss comprise:

	30 September 2018 (unaudited)	31 December 2017
Financial assets held for trading:		
Derivative financial instruments	63,245	39,723
Corporate bonds	28,135	21,212
Treasury bills of the Ministry of Finance of Kazakhstan	11,778	44,171
Bonds of Kazakhstan banks	11,656	5,547
Equity securities of Kazakhstan corporations	10,647	14,478
Bonds of foreign organizations	7,208	5,126
Bonds of JSC Development Bank of Kazakhstan	6,255	5,252
Notes of NBRK	5,842	8,310
Equity securities of foreign organizations	4,381	675
Equity securities of Kazakhstan banks	-	482
	149,147	144,976

(millions of Kazakhstani Tenge)

Financial liabilities at fair value through profit or loss comprise:

	30 September 2018 (unaudited)	31 December 2017
Financial liabilities at fair value through profit or loss:		
Derivative financial instruments	3,418	5,831

Interest rates on financial assets at fair value through profit or loss are presented in the table below. Interest rates in the table below are calculated as weighted average of the effective interest rates for the respective financial assets:

	30 September 2018 (unaudited)	31 December 2017
Corporate bonds	11.3%	8.6%
Treasury bills of the Ministry of Finance of Kazakhstan	7.4%	5.6%
Bonds of Kazakhstan banks	10.9%	11.1%
Bonds of foreign organizations	7.7%	7.0%
Bonds of JSC Development Bank of Kazakhstan	9.2%	7.1%
Notes of NBRK	6.9%	10.3%

Derivative financial instruments comprise:

	30 September 2018 (unaudited)			31 December 2017		
	Notional amount	Fair value		Notional amount	Fair value	
		Asset	Liability		Asset	Liability
Foreign currency contracts:						
Swaps	978,598	63,109	3,232	1,172,217	39,671	5,828
Spots	52,363	24	100	10,309	23	3
Forwards	17,395	112	86	4,085	29	-
		63,245	3,418		39,723	5,831

On 3 July 2018, KKB and NBRK closed a one-year cross-currency swap deal existing as at 31 December 2017 and at the same concluded another one-year cross-currency swap deal for the notional amount of KZT 699,000 million. The purpose of the deal is the placement of excess foreign currency liquidity.

As at 30 September 2018 and 31 December 2017, the Group used quoted market prices from independent information sources for all of its financial assets at fair value through profit or loss, except for derivative financial instruments, which are valued using valuation models based on observable market data.

8. Amounts due from credit institutions

Amounts due from credit institutions comprise:

	30 September 2018 (unaudited)	31 December 2017
Term deposits	46,930	59,711
Loans to credit institutions	16,924	18,719
Deposit pledged as collateral for derivative financial instruments	8,174	9,306
	72,028	87,736
Less – Allowance for expected credit losses (Note 20)/ (2017: Allowance for impairment)	(224)	-
	71,804	87,736

(millions of Kazakhstani Tenge)

Interest rates and maturities of amounts due from credit institutions are as follows:

	30 September 2018 (unaudited) Interest rate	Maturity, year	31 December 2017 Interest rate	Maturity, year
Term deposits	2.7%-14.0%	2024	0.4%-15.0%	2018
Loans to credit institutions	2.0%-8.5%	2018	8.5%-16.0%	2018
Deposit pledged as collateral for derivative financial instruments	0.2%-3.0%	2046	1.1%-1.8%	2046

9. Financial assets at fair value through other comprehensive income (IAS 39 – Available-for-sale investment securities)

Debt securities comprise:

	30 September 2018 (unaudited)	31 December 2017
Notes of NBRK	607,030	459,895
Treasury bills of the Ministry of Finance of Kazakhstan	379,751	1,366,494
Treasury bills of the USA	208,192	264,821
Corporate bonds	193,324	280,106
Bonds of JSC Development Bank of Kazakhstan	73,955	66,792
Bonds of foreign organizations	33,176	82,935
Bonds of Kazakhstan banks	19,662	25,017
Treasury bills of Hungary	8,301	7,987
Treasury bills of the Russian Federation	-	909
Treasury bills of the Kyrgyz Republic	-	1,710
Treasury bills of Georgia	-	2,156
Notes of National Bank of Kyrgyz Republic	-	1,400
	1,523,391	2,560,222

Equity securities comprise:

	30 September 2018 (unaudited)	31 December 2017
Equity securities of Kazakhstan corporations	2,161	3,407
Equity securities of foreign organizations	-	1,756
Equity securities of Kazakhstan banks	-	40
	2,161	5,203
Total financial assets at fair value through other comprehensive income	1,525,552	2,565,425

As at 30 September 2018, the allowance for expected credit losses on financial assets at fair value through other comprehensive income was KZT 2,645 million (Note 20).

As at 30 September 2018 and 31 December 2017, financial assets at fair value through other comprehensive income included Treasury bills of the Ministry of Finance of Kazakhstan at fair value of KZT 422 million and KZT 92,719 million, respectively, which were pledged under repurchase agreements with other banks (see Note 18). All repurchase agreements as at 30 September 2018 and 31 December 2017 mature before 4 October 2018 and 3 January 2018, respectively.

(millions of Kazakhstani Tenge)

Interest rates and maturities of debt securities are presented in the table below. Interest rates in the table below are calculated as weighted average of the effective interest rates for the respective securities.

	30 September 2018 (unaudited)		31 December 2017	
	Interest rate, %	Maturity, year	Interest rate, %	Maturity, year
Notes of NBRK	8.7%	2018-2019	10.0%	2018
Treasury bills of the Ministry of Finance of Kazakhstan	6.2%	2018-2045	7.0%	2018-2045
Treasury bills of the USA	1.7%	2018	1.0%	2018
Corporate bonds	8.0%	2018-2047	7.0%	2018-2047
Bonds of JSC Development Bank of Kazakhstan	6.2%	2020-2032	5.7%	2020-2032
Bonds of foreign organizations	5.0%	2019-2047	8.0%	2018-2046
Bonds of Kazakhstan banks	9.8%	2018-2024	11.3%	2018-2024
Treasury bills of Hungary	3.2%	2023	3.2%	2023
Treasury bills of the Russian Federation	-	-	8.1%	2021
Treasury bills of the Kyrgyz Republic	-	-	6.1%	2018-2021
Treasury bills of Georgia	-	-	10.8%	2019-2025
Notes of National Bank of Kyrgyz Republic	-	-	2.8%	2018

10. Debt securities at amortized cost, net of allowances for expected credit losses

Debt securities at amortized cost, net of allowances for expected credit losses comprise:

	30 September 2018 (unaudited)
Treasury bills of the Ministry of Finance of Kazakhstan	1,021,819
Bonds of foreign organizations	4,645
Treasury bills of the Kyrgyz Republic	3,048
Notes of National Bank of Georgia	2,312
Notes of National Bank of Tajikistan	3,007
Treasury bills of the Russian Federation	860
	1,035,691

As at 30 September 2018, the allowance for expected credit losses on debt securities at amortized cost was KZT 423 million (Note 20).

Interest rates and maturities of debt securities at amortized cost, net of allowance for expected credit losses are presented in the table below. Interest rates in the table below are calculated as weighted average of the effective interest rates for the respective securities.

	30 September 2018 (unaudited)	
	Interest rate, %	Maturity, year
Treasury bills of the Ministry of Finance of Kazakhstan	6.9%	2022-2027
Bonds of foreign organizations	6.9%	2018-2026
Treasury bills of the Kyrgyz Republic	4.2%	2018-2021
Notes of National Bank of Georgia	8.0%	2019-2025
Notes of National Bank of Tajikistan	7.1%	2018
Treasury bills of the Russian Federation	3.9%	2021

(millions of Kazakhstani Tenge)

11. Loans to customers

Loans to customers comprise:

	30 September 2018 (unaudited)	31 December 2017
Originated loans to customers	3,590,008	3,547,621
Overdrafts	24,414	20,642
	3,614,422	3,568,263
Stage 1	2,720,307	n/a
Stage 2	143,366	n/a
Stage 3	637,365	n/a
Purchased or originated credit-impaired assets ("POCI")	113,384	n/a
Total	3,614,422	n/a
Less – Allowance for expected credit losses (Note 20)/ (2017: Allowance for loan impairment losses)	(354,341)	(317,161)
Loans to customers	3,260,081	3,251,102

The weighted average interest rate on loans to customers is calculated as interest income on loans to customers divided by monthly average balances of loans to customers. As at 30 September 2018, the average interest rate on loans was 13.4% per annum (as at 31 December 2017 – 13.0% per annum).

As at 30 September 2018, the Group's loan concentration to the ten largest borrowers was KZT 754,168 million, which comprised 21% of the Group's total gross loan portfolio (as at 31 December 2017 – KZT 617,144 million; 17%) and 77% of the Group's total equity (as at 31 December 2017 – 66%).

As at 30 September 2018, the allowance for expected credit losses against these loans amounted to KZT 39,741 million (as at 31 December 2017 – KZT 56,807 million).

As at 30 September 2018 and 31 December 2017, loans were extended to customers operating in the following sectors:

	30 September 2018 (unaudited)	%	31 December 2017	%
Retail loans:				
- consumer loans	723,917	20%	679,674	19%
- mortgage loans	268,486	7%	265,454	8%
	992,403		945,128	
Services	637,280	17%	527,618	15%
Wholesale trade	447,134	12%	376,064	11%
Real estate	205,899	6%	174,221	5%
Construction	198,512	5%	282,412	8%
Retail trade	184,308	5%	185,733	5%
Metallurgy	178,394	5%	153,761	4%
Agriculture	137,907	4%	150,186	4%
Transportation	110,159	3%	131,843	4%
Oil and gas	69,027	3%	73,620	2%
Mining	64,698	2%	63,555	2%
Financial services	63,714	2%	83,193	2%
Energy	60,746	2%	95,838	3%
Machinery	56,236	2%	33,377	1%
Communication	43,851	1%	49,731	1%
Food industry	40,047	1%	78,417	2%
Hotel industry	37,402	1%	63,241	2%
Chemical industry	31,756	1%	38,036	1%
Light industry	10,010	0%	17,255	0%
Other	44,939	1%	45,034	1%
	3,614,422	100%	3,568,263	100%

(millions of Kazakhstani Tenge)

As at 30 September 2018, accrued interest on loans comprised KZT 152,616 million (as at 31 December 2017 − KZT 145,535 million).

As at 30 September 2018 and 31 December 2017 loans to customers included loans of KZT 471,800 million and KZT 340,445 million, respectively, which terms were renegotiated. Otherwise, these loans would be past due or impaired.

12. Insurance assets and liabilities

Insurance assets comprised the following:

	30 September 2018 (unaudited)	31 December 2017
Unearned reinsurance premium	19,590	17,893
Reinsurance amounts	8,986	8,987
	28,576	26,880
Premiums receivable	15,413	13,282
Insurance assets	43,989	40,162

Insurance liabilities comprised the following:

	30 September 2018 (unaudited)	31 December 2017
Reserves for insurance claims	109,835	99,597
Gross unearned insurance premium reserve	36,384	29,172
	146,219	128,769
Payables to reinsurers and agents	13,134	10,774
Insurance liabilities	159,353	139,543

13. Other assets

Other assets comprise:

	30 September 2018 (unaudited)	31 December 2017
Other financial assets:		
Debtors on banking activities	53,111	33,084
Debtors on non-banking activities	29,049	13,037
Accrued commission income	5,354	4,895
Others	116	363
	87,630	51,379
Less − Allowance for expected credit losses (Note 20)/ (2017: Allowance for impairment)	(12,288)	(5,921)
	75,342	45,458
Other non-financial assets:		
Prepayments for investment property	12,047	11,816
Advances for taxes other than income tax	3,562	3,767
Inventory	1,470	1,335
Other investments	799	453
Prepayments for property and equipment	250	1,679
Others	2,768	3,621
	20,896	22,671
	96,238	68,129

(millions of Kazakhstani Tenge)

14. Disposal of a subsidiary

On 7 June 2017, the bank entered into an agreement with CITIC Bank and China Shuangwei Investment Co., Ltd. in relation to the sale of 60% of the share capital in JSC Altyn Bank.
On 24 April 2018, the Group sold its 60% shareholding in the subsidiary JSC Altyn Bank.
As at 30 September 2018, the Group remains a 40% shareholder of JSC Altyn Bank, which is accounted for as an investment in associate (Note 16). In relation to the Group's equity investment in JSC Altyn Bank, the Group has the right to designate three members out of nine of JSC Altyn Bank's Board of Directors.

The combined results of the discontinued operations of JSC Altyn Bank up to the disposal date (24 April 2018) included in the interim consolidated statement of profit and loss are set out below.

	Three months ended 30 September 2018 (unaudited)	Three months ended 30 September 2017 (unaudited)	Nine months ended 30 September 2018 (unaudited)	Nine months ended 30 September 2017 (unaudited)
Interest income	-	6,987	8,421	19,120
Interest expense	-	(3,860)	(4,281)	(9,435)
NET INTEREST INCOME BEFORE CREDIT LOSS EXPENSE	-	3,127	4,140	9,685
(Credit loss expense)/recovery of credit loss expense	-	(45)	161	346
NET INTEREST INCOME	-	3,082	4,301	10,031
Fee and commission income	-	461	625	1,256
Fee and commission expense	-	(201)	(531)	(735)
Fees and commissions, net	-	260	94	521
Net gain from financial assets and liabilities at fair value through profit or loss	-	884	1,500	1,080
Net realized loss from available-for-sale investment securities	-	(8)	-	-
Net foreign exchange (loss)/gain	-	(257)	(633)	770
Other income	-	-	503	33
OTHER NON-INTEREST INCOME	-	619	1,370	1,883
Operating expenses	-	(1,533)	(2,046)	(4,587)
Other credit loss expense	-	(58)	(3)	(33)
NON-INTEREST EXPENSES	-	(1,591)	(2,049)	(4,620)
INCOME BEFORE INCOME TAX EXPENSE	-	2,370	3,716	7,815
Income tax benefit/(expense)	-	220	(234)	(73)
PROFIT FOR THE PERIOD FROM DISCONTINUED OPERATIONS	-	2,590	3,482	7,742
Gain on disposal	-	-	6,492	-
NET PROFIT FOR THE PERIOD FROM DISCONTINUED OPERATIONS	-	2,590	9,974	7,742

(millions of Kazakhstani Tenge)

Analysis of assets and liabilities over which control was lost:

	24 April 2018 (unaudited)	31 December 2017
Cash and cash equivalents (including obligatory reserves and amounts due from credit institutions)	136,733	149,170
Financial assets at fair value through profit or loss	854	7
Financial assets at fair value through other comprehensive income	137,140	115,715
Loans to customers	120,586	115,955
Property, equipment and intangible assets	5,205	5,252
Other assets	6,475	5,346
Total assets	406,993	391,445
Amounts due to customers	344,463	318,900
Amounts due to credit institutions	20,005	12,624
Other liabilities	4,754	3,103
Total liabilities	369,222	334,627
Net assets disposed of	37,771	56,818

Gain on disposal of a subsidiary:

	Nine months ended 30 September 2018 (unaudited)
Consideration received	26,558
Fair value of 40% interest retained	17,705
Net assets disposed of	(37,771)
Gain on disposal	6,492

The gain on disposal is included in the profit for the period from discontinued operations.

Net cash outflow from disposal of subsidiary:

	Nine months ended 30 September 2018 (unaudited)
Consideration received	26,558
Less: cash and cash equivalents disposed of	(136,733)
Net cash outflow	(110,175)

15. Assets classified as held for sale

After the default of some counterparties on loans to customers, the Group recognised the property pledged as collateral for those loans as assets held for sale at fair value. The assets have been subsequently measured at the lower of fair value less disposal costs or the carrying value, as the Group's management of the appropriate level committed to a plan to sell the assets and an active programme to locate a buyer and complete the plan was initiated.

Assets held for sale comprised the following:

	30 September 2018 (unaudited)	31 December 2017
Real estate	39,568	43,290
Land plots	28,335	114,267
Movable property	642	3,403
Assets classified as held for sale related to JSC Altyn Bank	-	391,445
Total assets classified as held for sale	68,545	552,405

(millions of Kazakhstani Tenge)

In June 2018, the Group performed an independent valuation of its non-financial assets and based on the results recognised an impairment loss of KZT 31,538 million in the interim consolidated statement of profit or loss. This impairment loss is comprised from KZT 22,913 million loss on assets held for sale, KZT 6,083 million loss on buildings and constructions and KZT 2,542 million loss on investment property.

Despite the Group actively marketing these assets for sale, the majority have not been sold within a short timeframe. However, the management remains committed to the sale of these assets. As the assets are carried at a price not exceeding the current fair value less costs to sell, they continued to be classified as held for sale as at 30 September 2018.

The fair value of the Group's non-current assets held for sale was determined by independent appraisers. Income approach, comparative approach and cost based approach were used to estimate the fair value of those non-current assets. To estimate the fair value of the properties, the highest and best use of the properties is their current use. There has been no change to the valuation technique during the period.

Details of the Group's assets held for sale and information about the fair value hierarchy as at 30 September 2018 and 31 December 2017 are as follows:

	Level 2	Level 3
31 December 2017		
Land plots	-	114,267
Real estate	23,657	19,633
Movable property	-	3,403
30 September 2018 (unaudited)		
Land plots	-	28,335
Real estate	19,323	20,245
Movable property	-	642

16. Investments in associate

Significant associate of the Group accounted for using the equity method as at reporting date is set out below:

Name	Principal activity	Place of incorporation and principal place of business	Proportion of ownership interest and voting rights held by the Group 30 September 2018 (unaudited)
JSC Altyn Bank	Bank	Kazakhstan	40%

Summarised financial information in respect of the Group’s investment in associate is set out below.

	30 September 2018 (unaudited)
Total assets	395,063
Total liabilities	357,039
Net assets	38,024

(millions of Kazakhstani Tenge)

	From 24 April 2018 until 30 September 2018 (unaudited)
Interest income	11,699
Net profit	4,290
Other comprehensive income for the period	(457)
Total comprehensive loss for the period	3,565
Dividends received from associate during the period	-

Reconciliation of the above summarised financial information to the carrying amount of the interest in JSC Altyn Bank recognised in the consolidated financial statements:

	30 September 2018 (unaudited)
Acquisition cost	17,705
The Group's share of the associate's profit	1,716
Share of other comprehensive loss of associate	(182)
Carrying amount of the Group's interest in JSC Altyn Bank	19,239

17. Amounts due to customers

Amounts due to customers include the following:

	30 September 2018 (unaudited)	31 December 2017
Recorded at amortized cost:		
Term deposits:		
Individuals	2,848,028	2,691,886
Legal entities	1,229,160	1,705,971
	4,077,188	4,397,857
Current accounts:		
Legal entities	1,591,788	1,321,530
Individuals	399,224	412,363
	1,991,012	1,733,893
	6,068,200	6,131,750

As at 30 September 2018, the Group's ten largest groups of related customers accounted for approximately 28% of the total amounts due to customers (31 December 2017 – 32%), where each group of related customers represents customers related to each other within that group.

As at 30 September 2018, amounts due to customers included amounts held as collateral of KZT 73,801 million (31 December 2017 – KZT 83,501 million).

Management believes that in the event of withdrawal of funds, the Group would be given sufficient notice so as to realize its liquid assets to enable repayment.

(millions of Kazakhstani Tenge)

Customer accounts by sectors were as follows:

	30 September 2018 (unaudited)	Share	31 December 2017	Share
Individuals and entrepreneurs	3,247,252	54%	3,104,249	51%
Oil and gas	495,077	8%	712,840	12%
Financial sector	436,762	7%	90,204	2%
Other consumer services	395,551	6%	208,610	4%
Wholesale trade	226,998	4%	199,766	3%
Government	206,226	3%	489,422	8%
Construction	160,822	3%	138,326	2%
Transportation	125,348	2%	125,828	2%
Metallurgy	119,542	2%	358,939	6%
Healthcare and social services	108,520	2%	129,962	2%
Communication	89,383	1%	81,260	1%
Insurance and pension funds activity	85,555	1%	17,779	0%
Education	49,442	1%	86,508	1%
Energy	37,544	1%	44,568	1%
Other	284,178	5%	343,489	6%
	6,068,200	100%	6,131,750	100%

18. Amounts due to credit institutions

Amounts due to credit institutions comprise:

	30 September 2018 (unaudited)	31 December 2017
Recorded at amortized cost:		
Loans from JSC Entrepreneurship Development Fund DAMU	84,353	79,971
Loans from JSC Development Bank of Kazakhstan	38,464	37,434
Correspondent accounts	20,185	23,953
Loans from other financial institutions	6,266	2,148
Loans and deposits from Kazakhstan banks (incl. loans under repurchase agreements)	5,845	105,166
Loans from JSC National Managing Holding KazAgro	3,347	3,869
Loans and deposits from non-OECD based banks	2,642	2,227
Loans and deposits from OECD based banks	314	383
	161,416	255,151

As at 30 September 2018, loans from JSC Entrepreneurship Development Fund DAMU ("DAMU") included long-term loans of KZT 83,667 million (31 December 2017 – KZT 79,566 million) at 1.0%-5.5% interest rate maturing in 2019-2035 with an early recall option. These loans were received in accordance with the Government program ("the Program") to finance small and medium enterprises ("SME") operating in certain industries. According to the loan agreement between DAMU and the Group, the Group is responsible to extend loans to SME borrowers, eligible to participate in the Program, up to 10 years at 6.0% interest rate.

As at 30 September 2018, loans from JSC Development Bank of Kazakhstan ("DBK") included long-term loans of KZT 30,921 million (31 December 2017 – KZT 32,012 million) at 1.0%-7.9% interest rate maturing in 2019-2037 to finance corporate enterprises operating in manufacturing industries, as well as long-term loans of KZT 7,425 million (31 December 2017 – KZT 5,300 million) at 1.0% interest rate maturing in 2035 to finance the purchase of cars by the Group's retail customers. According to the loan agreement between DBK and the Group, the Group is responsible to extend loans to corporate borrowers, eligible to participate in the Program, up to 10 years at 6.0% interest rate, and to retail borrowers – up to 5 years at 4.0% interest rate.

(millions of Kazakhstani Tenge)

As at 30 September 2018, loans from JSC National Managing Holding KazAgro ("KazAgro") included long-term loans of KZT 3,343 million (31 December 2017 - KZT 3,865 million) at 3.0% interest rate maturing in 2022. These loans were received for restructuring/refinancing of loan/leasing debts of the Bank's borrowers operating in agricultural sector, originated before 1 January 2014 in connection with working capital loans, loans for the purchase of property and equipment, loans for construction-and-assembling works and loans for leasing of agriculture and technology equipment. Restructuring/refinancing of loan/leasing obligations is provided at 6.0% - 7.0% interest rate for the period not later than 31 December 2022.

The management of the Group believes that there are no other similar financial instruments and due to their specific nature, the loans from DAMU, KazAgro and DBK represent separate segments in corporate, SME and retail lending. As a result, the loans from DAMU, KazAgro and DBK were received in an orderly transaction and as such have been recorded at fair value at the recognition date, which was determined to be the cash consideration transferred to the customers.

Interest rates and maturities of amounts due to credit institutions are as follows:

	30 September 2018 (unaudited)		31 December 2017	
	Interest rate, %	Maturity, year	Interest rate, %	Maturity, year
Loans from JSC Entrepreneurship Development Fund DAMU	1.0%-5.5%	2019-2035	1.0%-4.5%	2018-2035
Loans from JSC Development Bank of Kazakhstan	1.0%-7.9%	2019-2037	1.0%-7.9%	2019-2035
Loans from other financial institutions	1.0%-10.0%	2018-2023	10.0%	2023
Loans and deposits from Kazakhstan banks (incl. loans under repurchase agreements)	1.8%	2018	1.0%-9.5%	2018
Loans from JSC National Managing Holding KazAgro	3.0%	2022	3.0%	2022
Loans and deposits from non-OECD based banks	1.0%-8.0%	2020-2023	1.0%-9.5%	2018-2022
Loans and deposits from OECD based banks	4.1%	2019	3.1%	2018

Fair value of assets pledged (Note 9) and carrying amounts of loans included in loans and deposits from Kazakhstan banks under repurchase agreements as at 30 September 2018 and 31 December 2017 are as follows:

	30 September 2018 (unaudited)		31 December 2017	
	Fair value of collateral	Carrying amount of loans	Fair value of collateral	Carrying amount of loans
Treasury bills of the Ministry of Finance of Kazakhstan	422	417	92,719	90,046
	422	417	92,719	90,046

Details of transferred financial assets that are not derecognized in their entirety as at 30 September 2018 and 31 December 2017 are disclosed below.

Loans under repurchase agreements are used by the Group to provide current cash flows in KZT within the Group's operating activities. The Group regularly uses this type of instrument to attract short-term liquidity and plans to continue raising funds through loans under repurchase agreements when necessary.

The Group has determined that it retains substantially all the risks and rewards of these securities, which include credit risk and market risk, and therefore it has not derecognised them. In addition, it recognises a financial liability for cash received as collateral.

(millions of Kazakhstani Tenge)

	Financial assets at fair value through other comprehen-sive income (Note 9)
As at 30 September 2018 (unaudited):	
Carrying amount of transferred assets	422
Carrying amount of associated liabilities	417
As at 31 December 2017:	
Carrying amount of transferred assets	92,719
Carrying amount of associated liabilities	90,046

In accordance with the contractual terms of the loans from certain OECD based banks, the Group is required to maintain certain financial ratios, particularly with regard to capital adequacy. Some of the Group's outstanding financing agreements include covenants restricting the Group's ability to create security interests over its assets. Should the Group default under these covenants, this could result in cross-accelerations and cross-defaults under the terms of the Group's other financing arrangements.

The Group's management believes that as at 30 September 2018 and 31 December 2017, the Group was in compliance with the covenants of the agreements that the Group has with other banks and credit institutions.

19. Debt securities issued

Debt securities issued consisted of the following:

	30 September 2018 (unaudited)	31 December 2017
Recorded at amortized cost:		
Subordinated debt securities issued:		
KZT denominated bonds, fixed rate	85,963	77,330
KZT denominated bonds, indexed to inflation	13,698	12,976
USD denominated bonds, floating rate	-	18,776
Total subordinated debt securities outstanding	99,661	109,082
Unsubordinated debt securities issued:		
USD denominated bonds	405,013	464,435
KZT denominated bonds	390,368	388,526
RUB denominated bonds	-	353
Total unsubordinated debt securities outstanding	795,381	853,314
Total debt securities issued	895,042	962,396

On 9 February 2018, KKB redeemed USD 100 million perpetual subordinated Eurobonds issued in November 2005. The repayment was made out of KKB's own funds.

On 11 May 2018, KKB repurchased Eurobonds issued in May 2011 with an initial placement amount of USD 300 million. The repayment was made out of KKB's own funds.

(millions of Kazakhstani Tenge)

The coupon rates and maturities of these debt securities issued are as follows:

	30 September 2018 (unaudited)		31 December 2017	
	Coupon rate, %	Maturity, year	Coupon rate, %	Maturity, year
Subordinated debt securities issued:				
KZT denominated bonds, fixed rate	9.5%	2025	9.5%	2025
KZT denominated bonds, indexed to inflation	1%+Inflation rate	2018-2019	1%+Inflation rate	2018-2019
USD denominated bonds, floating rate	-	-	Libor+6.2%	perpetual
Unsubordinated debt securities issued:				
USD denominated bonds	5.5%-12.0%	2021-2022	5.5%-8.5%	2018-2022
KZT denominated bonds	7.5%-8.8%	2019-2025	7.5%-8.8%	2019-2025
RUB denominated bonds	-	-	5.5%-12.0%	2019

As at 30 September 2018, the amount of accrued interest on debt securities issued was KZT 20,207 million (as at 31 December 2017 – KZT 10,754 million).

Subordinated securities are unsecured obligations of the Group and are subordinated in right of payments to all present and future senior indebtedness and certain other obligations of the Group. Coupon payments on debt securities issued are payable on a semi-annual and an annual basis.

In accordance with the terms of the USD denominated bonds, the Group is required to maintain certain financial covenants particularly with regard to its capital adequacy, limitations on transactions at less than fair market value and payment of dividends. Furthermore, the terms of the USD denominated bonds include covenants restricting the Group's ability to create security interests over its assets. Should the Group default under these covenants, this could result in cross-accelerations and cross-defaults under the terms of the Group's other financing arrangements. The Group's management believes that as at 30 September 2018 and 31 December 2017 the Group was in compliance with the covenants of the agreements that the Group has with the notes' trustees and holders.

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

			Non-cash changes		
	1 January 2018	Financing cash flows	Foreign exchange movement	Changes in amortised cost	30 September 2018 (unaudited)
Debt securities issued	962,396	(126,221)	33,602	25,265	895,042

			Non-cash changes			
	1 January 2017	Financing cash flows	Acquisition of subsidiary	Foreign exchange movement	Changes in amortised cost	31 December 2017
Debt securities issued	584,933	(197,892)	579,662	(2,671)	(1,636)	962,396

(millions of Kazakhstani Tenge)

20. Allowances for expected credit losses

The movements in accumulated allowances of financial assets at fair value through other comprehensive income, the allowances for impairment of interest earning and other assets were as follows:

	Loans to customers (Note 11)				Other assets (Note 13)			Financial assets at fair value through other comprehensive income* (Note 9,10)			Cash and cash equivalents (Note 5)	Amounts due from credit institutions (Note 8)	
	Stage 1	Stage 2	Stage 3	POCI	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 1	TOTAL
30 June 2018 (unaudited)	(22,794)	(34,873)	(215,936)	(78,155)	(1,086)	(3,716)	(8,418)	(676)	(4)	(1,398)	(13)	(549)	(367,618)
Transfer to Stage 1	212	(318)	106	-	-	-	-	(4)	4	-	-	-	-
Transfer to Stage 2	4,244	(6,446)	2,202	-	-	(106)	106	-	-	-	-	-	-
Transfer to Stage 3	7,460	1,753	(9,213)	-	-	-	-	-	-	-	-	-	-
Changes in models/risk parameters	(4,410)	(1,455)	(9,877)	18,916	153	218	(1,765)	46	1	(5)	-	338	2,160
New originations or purchases of financial assets	(6,157)	(1,235)	(40,909)	-	-	-	-	(297)	-	-	-	-	(48,598)
Derecognition of financial assets	2,097	747	9,762	25,579	-	-	-	(13)	-	-	-	-	38,172
Write-offs	-	-	17,435	13,027	7	-	1,157	-	-	349	-	-	31,975
Foreign exchange differences	(739)	(1,244)	(17,111)	(7,009)	169	(507)	1,500	-	-	(39)	-	(13)	(24,993)
Other	-	-	-	-	-	-	-	(142)	(2)	(888)	-	-	(1,032)
30 September 2018 (unaudited)	(20,087)	(43,071)	(263,541)	(27,642)	(757)	(4,111)	(7,420)	(1,086)	(1)	(1,981)	(13)	(224)	(369,934)
Total				(354,341)			(12,288)			(3,068)	(13)	(224)	(369,934)

(millions of Kazakhstani Tenge)

	Loans to customers (Note 11)				Other assets (Note 13)			Financial assets at fair value through other comprehensive income* (Note 9,10)			Cash and cash equivalents (Note 5)	Amounts due from credit institutions (Note 8)	
	Stage 1	Stage 2	Stage 3	POCI	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 1	TOTAL
1 January 2018	(34,207)	(31,973)	(214,884)	(78,155)	(952)	(3,298)	(3,738)	(1,223)	(4)	(1,480)	(10)	(334)	(370,258)
Transfer to Stage 1	(395)	173	222	-	(2)	2	-	(4)	4	-	-	-	-
Transfer to Stage 2	4,442	(6,666)	2,224	-	25	(132)	107	-	-	-	-	-	-
Transfer to Stage 3	10,045	3,215	(13,260)	-	-	376	(376)	-	-	-	-	-	-
Changes in models/risk parameters	8,981	(5,028)	(21,210)	18,916	(27)	(2,370)	(5,992)	524	1	70	2	172	(5,961)
New originations or purchases of financial assets	(16,104)	(3,581)	(61,015)	-	-	-	-	(263)	-	-	-	-	(80,963)
Derecognition of financial assets	7,233	2,152	20,832	25,579	-	-	-	(14)	-	-	-	-	55,782
Write-offs	59	-	39,587	13,027	8	649	1,788	17	-	355	-	-	55,490
Foreign exchange differences	(141)	(1,363)	(16,037)	(7,009)	191	662	791	19	-	(38)	(5)	(62)	(22,992)
Other	-	-	-	-	-	-	-	(142)	(2)	(888)	-	-	(1,032)
30 September 2018 (unaudited)	(20,087)	(43,071)	(263,541)	(27,642)	(757)	(4,111)	(7,420)	(1,086)	(1)	(1,981)	(13)	(224)	(369,934)
Total				(354,341)			(12,288)			(3,068)	(13)	(224)	(369,934)

*Including debt securities at amortized cost (Note 10).

New originations in stage 2 and stage 3 relates to new tranches under credit lines issued to borrowers, classified in stage 2 and stage 3.

(millions of Kazakhstani Tenge)

	Loans to customers (Note 10)	Amounts due from credit institutions (Note 8)	Available-for-sale investment securities	Other assets (Note 12)	Total
30 June 2017 (unaudited)	(282,693)	-	(3,320)	(4,280)	(290,293)
Additional provisions recognized	(90,598)	(166)	(274)	(3,064)	(94,102)
Recovery of provision	77,630	97	257	2,796	80,780
Write-offs	9,026	69	23	474	9,592
Foreign exchange differences	(3,475)	-	(99)	(416)	(3,990)
30 September 2017 (unaudited)	(290,110)	-	(3,413)	(4,490)	(298,013)
31 December 2016	(284,752)	-	(3,884)	(4,516)	(293,152)
Additional provisions recognized	(176,627)	(166)	(424)	(5,134)	(182,351)
Recovery of provision	152,236	97	975	4,890	158,198
Write-offs	17,192	69	23	648	17,932
Disposal of a subsidiary	2,603	-	-	7	2,610
Foreign exchange differences	(762)	-	(103)	(385)	(1,250)
30 September 2017 (unaudited)	(290,110)	-	(3,413)	(4,490)	(298,013)

During the nine months ended 30 September 2018 and 2017, the Group has written off loans (with and without being considered forgiveness of the loan) of KZT 38,793 million and KZT 4,665 million, respectively, which allow the writing off loans without being considered forgiveness of the loan for tax purpose and are therefore not subject to corporate income tax.

Provision represents other credit loss expenses against letters of credit and guarantees issued. The movements in provisions were as follows:

	Three months ended 30 September 2018 (unaudited)			
	Stage 1	Stage 2	Stage 3	Total
At the beginning of the period	(256)	(2,384)	(13,463)	(16,103)
Transfer to Stage 1	(204)	201	3	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Recoveries/(additional provisions recognized)	361	239	98	698
Foreign exchange differences	(62)	(1)	32	(31)
At the end of the period	(161)	(1,945)	(13,330)	(15,436)

	Nine months ended 30 September 2018 (unaudited)			
	Stage 1	Stage 2	Stage 3	Total
Restated opening balance under IFRS 9	(129)	(13,539)	(4,783)	(18,451)
Transfer to Stage 1	(312)	309	3	-
Transfer to Stage 2	-	(629)	629	-
Transfer to Stage 3	-	11,598	(11,598)	-
Recoveries	303	316	2,426	3,045
Foreign exchange differences	(23)	-	(7)	(30)
At the end of the period	(161)	(1,945)	(13,330)	(15,436)

(millions of Kazakhstani Tenge)

	Three months ended 30 September 2017 (unaudited)	Nine months ended 30 September 2017 (unaudited)
At the beginning of the period	(182)	(987)
Additional provisions recognized	(2,051)	(2,504)
Recovery of provisions	2,202	2,966
Write-offs	20	20
Acquisition of a subsidiary	(17,336)	(17,336)
Disposal of a subsidiary	-	501
Foreign exchange differences	(102)	(109)
At the end of the period	(17,449)	(17,449)

21. Taxation

The income tax expense comprises:

	Three months ended 30 September 2018 (unaudited)	Three months ended 30 September 2017 (unaudited)	Nine months ended 30 September 2018 (unaudited)	Nine months ended 30 September 2017 (unaudited)
Current tax charge	(2,356)	4,655	14,711	16,724
Deferred tax expense relating to origination and reversal of temporary differences	13,303	2,869	53,433	707
Income tax expense	10,947	7,524	68,144	17,431

Deferred tax assets and liabilities comprise:

	30 September 2018 (unaudited)	31 December 2017
Tax effect of deductible temporary differences:		
Bonuses accrued	3,195	3,246
Vacation pay accrual	481	474
Fair value of derivatives	272	1,334
Tax loss carry forward	-	45,491
Other	192	2,439
Deferred tax asset	4,140	52,984
Tax effect of taxable temporary differences:		
Fair value adjustment on customer accounts	(43,129)	(43,633)
Fair value of derivatives and financial assets at fair value through other comprehensive income	(12,705)	(744)
Property and equipment, accrued depreciation	(9,609)	(12,740)
Allowance for loans to customers	(284)	(3,920)
Other	(118)	(219)
Deferred tax liability	(65,845)	(61,256)
Net deferred tax liability	(61,705)	(8,272)

On 20 April 2018, at the Annual General Meeting of Shareholders of KKB and at the Joint General Meeting of Shareholders of the Bank and KKB, it was decided to carry out a voluntary reorganization of KKB in the form of a merger with the Bank. In June 2018, National Bank of the Republic of Kazakhstan, in its capacity as regulator of the banking system of Kazakhstan, granted its permission on the reorganization. In accordance with Kazakh tax legislation, in the event of a merger, tax losses incurred resulting from the creation of loan provisions cannot be transferred between legal entities. As a result, the deferred tax asset recognized by KKB, in relation to tax losses, cannot be transferred to the Bank, and therefore KKB has derecognized these deferred tax assets as at 30 September 2018.

(millions of Kazakhstani Tenge)

Current income tax assets/(liabilities) comprise:

	30 September 2018 (unaudited)	31 December 2017
Current income tax refund receivable	35,657	15,320
Current income tax payable	(139)	(2,720)
Net current income tax asset	35,518	12,600

The Group has offset deferred tax assets and liabilities on the interim consolidated statement of financial position where a right of offset existed. The amounts presented after offset comprise:

	30 September 2018 (unaudited)	31 December 2017
Deferred tax asset	250	517
Deferred tax liability	(61,955)	(8,789)
Net deferred tax liability	(61,705)	(8,272)

Management believes that the Group is in compliance with the tax laws applicable to its operations; however, there is a risk that relevant authorities could take differing positions interpreting those laws.

22. Other liabilities

Other liabilities comprise:

	30 September 2018 (unaudited)	31 December 2017
Other financial liabilities:		
Salary payable	18,138	18,240
Creditors on non-banking activities	4,163	5,250
Creditors on bank activities	3,516	7,539
Payable for general and administrative expenses	2,552	1,994
Settlements on card transactions	1,989	4,318
Liabilities on preferred shares*	-	12,149
Others	760	883
	31,118	50,373
Other non-financial liabilities:		
Taxes payable other than income tax	3,366	4,088
Amounts due to original investors on commercial property	9,267	9,589
Other prepayments received	3,288	2,369
	15,921	16,046
Total other liabilities	47,039	66,419

* On 20 March 2018, KKB completed the exchange of its preferred shares to common shares under the conditions, procedures and terms approved by the Extraordinary General Shareholders' Meeting of KKB on 16 February 2018 inclusive of the partial buyback of shares upon the shareholders' request. A gain for KZT 592 million was recognized and included to the "Other income" line item in the interim consolidated statement of profit or loss.

(millions of Kazakhstani Tenge)

23. Equity

Authorized, issued and fully paid number of shares as at 30 September 2018 and 2017 were as follows:

30 September 2018 (unaudited)	Share capital authorized	Share capital authorized and not issued	Fully paid and issued share capital	Share capital repurchased	Outstanding shares
Common shares	25,000,000,000	(11,552,455,218)	13,447,544,782	(1,764,481,027)	11,683,063,755

30 September 2017 (unaudited)	Share capital authorized	Share capital authorized and not issued	Fully paid and issued share capital	Share capital repurchased	Outstanding shares
Common shares	25,000,000,000	(12,311,142,941)	12,688,857,059	(1,694,181,631)	10,994,675,428

All shares are denominated in KZT. Movements in shares outstanding are as follows:

	Number of shares Common	Nominal (placement) amount Common
31 December 2016	10,993,619,331	40,574
Purchases of treasury shares	(3,625,505)	(3,529)
Sale of treasury shares	4,681,602	474
30 September 2017 (unaudited)	10,994,675,428	37,519
31 December 2017	10,993,816,819	39,461
Issue of common shares	758,687,723	65,332
Purchases of treasury shares	(5,402,734)	(456)
Sale of treasury shares	2,943,849	657
Purchases of treasury shares due to the legal merger	(66,981,902)	(7,391)
30 September 2018 (unaudited)	11,683,063,755	97,603

Common shares

As at 30 September 2018 and 31 December 2017, share capital comprised KZT 209,027 million and KZT 143,695 million, respectively. As at 30 September 2018, the Group held 1,764,481,027 shares of the Group's common shares as treasury shares at KZT 111,424 million (31 December 2017 – 1,695,040,240 at KZT 104,234 million).

Each common share outstanding is entitled to one vote and dividends. Treasury shares are not entitled to any vote or dividends.

24. Commitments and contingencies

Financial commitments and contingencies

The Group's financial commitments and contingencies comprised the following:

	30 September 2018 (unaudited)	31 December 2017
Guarantees issued	302,776	300,565
Commercial letters of credit	68,695	70,454
Commitments to extend credit	50,008	59,056
Financial commitments and contingencies	421,479	430,075
Less: cash collateral against letters of credit	(34,198)	(50,144)
Less: provisions (Note 20)	(15,436)	(16,098)
Financial commitments and contingencies, net	371,845	363,833

(millions of Kazakhstani Tenge)

Guarantees issued represent bank guarantees issued by the Bank by order of its clients and which are in effect as at the reporting date. As at 30 September 2018, the ten largest guarantees accounted for 46% of the Group's total financial guarantees (as at 31 December 2017 – 46%) and represented 14% of the Group's total equity (as at 31 December 2017 – 15%).

Commercial letters of credit represent letters of credit issued by the Bank by order of its clients, and under which as at the reporting date, the payment has not yet been made. As at 30 September 2018, the ten largest unsecured letters of credit accounted for 48% of the Group's total commercial letters of credit (31 December 2017 – 44%) and represented 3% of the Group's total equity (31 December 2017 – 3%).

The Group requires collateral to support credit-related financial instruments when it is deemed necessary. The Group typically requires collateral support unless it is determined to be not necessary through review of the credit risk of the borrower or analysis of other deposit accounts held by the Group. Collateral held varies, but may include deposits held in the banks, government securities and other assets.

Capital commitments

As at 30 September 2018, the Group had commitments for capital expenditures in respect of construction in progress in the amount of KZT 921 million (31 December 2017 – KZT 2,480 million).

Operating lease commitments

There were no material operating lease commitments under operating leases outstanding as at 30 September 2018 and 31 December 2017.

25. Net interest income

	Three months ended 30 September 2018 (unaudited)	Three months ended 30 September 2017 (unaudited)	Nine months ended 30 September 2018 (unaudited)	Nine months ended 30 September 2017 (unaudited)
Interest income:				
Loans to customers	110,311	95,210	319,846	235,402
Financial assets at fair value through other comprehensive income (IAS 39 – Available-for-sale investment securities)	22,774	49,371	76,026	82,121
Debt securities at amortized cost, net of allowance for expected credit losses	23,244	-	70,907	-
Amounts due from credit institutions and cash and cash equivalents	7,609	7,537	25,948	14,659
Financial assets at fair value through profit or loss	1,919	2,229	4,616	6,870
Other financial assets	2,010	-	5,263	-
Total interest income	167,867	154,347	502,606	339,052
Interest expense:				
Amounts due to customers	(62,070)	(63,999)	(186,513)	(128,310)
Debt securities issued	(20,125)	(20,839)	(64,222)	(40,407)
Amounts due to credit institutions	(849)	(1,476)	(2,639)	(3,519)
Total interest expense	(83,044)	(86,314)	(253,374)	(172,236)
Net interest income before credit loss expense	84,823	68,033	249,232	166,816

(millions of Kazakhstani Tenge)

26. Fees and commissions

Fees and commissions derived from the following sources:

	Three months ended 30 September 2018 (unaudited)	Three months ended 30 September 2017 (unaudited)	Nine months ended 30 September 2018 (unaudited)	Nine months ended 30 September 2017 (unaudited)
Payment cards maintenance	7,667	8,480	25,055	14,353
Bank transfers - settlements	7,319	5,912	17,859	13,616
Cash operations	6,722	6,400	18,037	11,567
Letters of credit and guarantees issued	1,817	1,794	5,077	3,621
Customers' pension payments service	1,708	2,051	5,630	5,679
Bank transfers - salary projects	1,632	1,814	5,356	5,269
Customer accounts maintenance	1,421	1,126	3,612	2,330
Other	1,064	1,316	3,110	2,445
	29,350	28,893	83,736	58,880

Fee and commission expense is derived from the following sources:

	Three months ended 30 September 2018 (unaudited)	Three months ended 30 September 2017 (unaudited)	Nine months ended 30 September 2018 (unaudited)	Nine months ended 30 September 2017 (unaudited)
Payment cards	(6,094)	(4,664)	(14,620)	(7,130)
Deposit insurance	(2,941)	(4,049)	(9,234)	(6,689)
Bank transfers	(573)	(498)	(1,426)	(831)
Cash operations	(328)	(288)	(746)	(545)
Commission paid to collectors	(124)	(81)	(333)	(290)
Other	(139)	(342)	(1,813)	(544)
	(10,199)	(9,922)	(28,172)	(16,029)

27. Net gain from financial assets and liabilities at fair value through profit or loss

Net gain on financial assets and liabilities at fair value through profit or loss comprises:

	Three months ended 30 September 2018 (unaudited)	Three months ended 30 September 2017 (unaudited)	Nine months ended 30 September 2018 (unaudited)	Nine months ended 30 September 2017 (unaudited)
Net gain on operations with financial assets and liabilities classified as held for trading:				
Unrealized net gain on trading and derivative operations*	31,517	61,036	63,952	53,794
Realized net gain on derivative operations	23,484	2,726	16,833	2,737
Realized net gain on trading operations	708	3,256	3,687	3,006
Total net gain on operations with financial assets and liabilities classified as held for trading	55,709	67,018	84,472	59,537

*For the nine months ended 30 September 2018, the gain occurred as a result of the weakening of the tenge against the US dollar and relates to the revaluation of the cross-currency swap between KKB and NBRK (Note 7).

(millions of Kazakhstani Tenge)

28. Net foreign exchange loss

Net foreign exchange loss comprises:

	Three months ended 30 September 2018 (unaudited)	Three months ended 30 September 2017 (unaudited)	Nine months ended 30 September 2018 (unaudited)	Nine months ended 30 September 2017 (unaudited)
Dealing, net	10,763	10,909	25,816	17,865
Translation differences, net	(42,755)	(72,608)	(62,870)	(66,030)
Net foreign exchange loss	(31,992)	(61,699)	(37,054)	(48,165)

29. Insurance underwriting income

Insurance underwriting income/(expense) comprised:

	Three months ended 30 September 2018 (unaudited)	Three months ended 30 September 2017 (unaudited)	Nine months ended 30 September 2018 (unaudited)	Nine months ended 30 September 2017 (unaudited)
Insurance premiums written, gross	25,360	21,763	83,221	55,546
Ceded reinsurance share	(7,596)	(6,820)	(28,332)	(19,813)
Change in unearned insurance premiums, net	(158)	1,200	(5,164)	695
Insurance underwriting income	17,606	16,143	49,725	36,428
Insurance reserves expenses	(7,703)	(3,038)	(14,431)	(8,472)
Commissions to agents	(7,492)	(5,573)	(20,732)	(12,473)
Insurance payments	(1,212)	(5,174)	(11,575)	(11,923)
Insurance claims incurred, net of reinsurance	(16,407)	(13,785)	(46,738)	(32,868)
Net insurance income	1,199	2,358	2,987	3,560

30. Operating expenses

Operating expenses comprised:

	Three months ended 30 September 2018 (unaudited)	Three months ended 30 September 2017 (unaudited)	Nine months ended 30 September 2018 (unaudited)	Nine months ended 30 September 2017 (unaudited)
Salaries and other employee benefits	19,720	10,580	59,557	31,724
Depreciation and amortization expenses	2,684	2,637	8,302	6,084
Taxes other than income tax	2,230	2,180	5,482	4,252
Repairs and maintenance	1,382	1,080	4,163	1,956
Communication	1,259	911	3,226	1,813
Rent	1,244	1,244	3,806	2,094
Information services	1,039	955	2,751	2,167
Utilities expenses	760	930	2,478	1,909
Stationery and office supplies	640	421	1,397	851
Professional services	583	1,088	1,483	3,820
Security and encashment services	507	1,146	3,204	2,468
Insurance agent fees	386	604	1,312	941
Business trip expenses	242	304	792	660
Transportation	203	203	649	461
Advertisement	131	441	995	729
Other	1,031	1,645	3,380	2,684
	34,031	26,369	102,977	64,613

(millions of Kazakhstani Tenge)

31. Earnings per share

Basic and diluted earnings per share are calculated by dividing the net income for the period attributable to equity holders of the Bank by the weighted average number of participating shares outstanding during the period.

According to Kazakhstan legislation on Joint Stock Companies, dividend payments per common share cannot exceed the dividend payments per preferred share for the same period. Therefore, net profit for the period is allocated to the common shares and the preferred shares in accordance with their legal and contractual dividend rights to participate in undistributed earnings.

The following table presents basic and diluted earnings per share:

	Three months ended 30 September 2018 (unaudited)	Three months ended 30 September 2017 (unaudited)	Nine months ended 30 September 2018 (unaudited)	Nine months ended 30 September 2017 (unaudited)
Basic and diluted earnings per share				
Net income for the period attributable to equity holders of the parent	77,787	56,439	163,961	135,321
Earnings attributable to common shareholders	77,787	56,439	163,961	135,321
Earnings for the period from continuing operations	77,787	53,849	153,987	127,579
Earnings for the period from discontinued operations	-	2,590	9,974	7,742
Weighted average number of common shares for the purposes of basic earnings per share	11,750,545,493	10,994,884,343	11,174,506,106	10,994,655,783
Basic and diluted earnings per share (in Tenge)	6.62	5.14	14.67	12.31
Basic and diluted earnings per share from continuing operations (in Tenge)	6.62	4.90	13.78	11.60
Basic and diluted earnings per share from discontinued operations (in Tenge)	-	0.24	0.89	0.71

As required by KASE rules for listed companies the book value of one share per each class of shares as at 30 September 2018 and 31 December 2017, is disclosed as follows:

			30 September 2018 (unaudited)
Class of shares	Outstanding shares	Equity (as calculated per KASE rules)	Book value of one share, in KZT
Common	11,683,063,755	970,225	83.05
		970,225	

			31 December 2017
Class of shares	Outstanding shares	Equity (as calculated per KASE rules)	Book value of one share, in KZT
Common	10,993,816,819	926,206	84.25
		926,206	

Equity attributable to common shares is calculated as the difference between the total equity and total net book value of intangible assets.

The management of the Group believes that it fully complies with the requirement of KASE as at the reporting date.

32. Financial risk management

Risk management is fundamental to the Group's banking business. The main risks inherent to the Group's operations are those related to:

- Credit risk;
- Liquidity risk; and
- Market risk

The Group recognizes that it is essential to have efficient and effective risk management processes in place. To enable this, the Group has established a risk management framework, whose main purpose is to protect the Group from risk and allow it to achieve its performance objectives. Through the risk management framework, the Group manages the following risks:

Credit risk

Credit risk is the risk of loss arising for the Group when counterparty is unable to meet its contractual obligations on time or in full.

Risk Management division plays an important role in managing and controlling the credit risk. This division is responsible for credit risk identification and evaluation and implementation of control and monitoring measures. The Risk Management division directly participates in credit decision-making processes and consideration of internal rules, regulations and loan programs. In addition, the division provides independent recommendations concerning credit exposure minimization measures, controls limits and monitors credit risks, provides relevant reporting to management and ensures compliance of the credit process with external laws/regulations as well as internal requirements and procedures.

The Group structures the level of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower/counterparty, or groups of borrowers, and to industry (and geographical) segments. Limits on the level of credit risk concentration by industry sector are approved and controlled by the Assets and Liabilities Management Committee (ALMC). Limits on credit risk exposure with respect to credit programmes (Small and medium enterprises (SME) and retail) are approved by the Management Board. The exposure to any one borrower, including banks and brokers, covers on and off-balance sheet exposures which are reviewed by the Credit Committees and ALMC. Actual exposures against limits are monitored daily.

The risk that the counterparty will not meet its obligations is restricted by the limits covering on and off-balance sheet exposure.

Commitments to extend credit represent unused portions of credit in the form of loans, guarantees or letters of credit. The credit risk for off-balance sheet financial instruments is defined as a probability of losses due to the inability of counterparty to comply with the contractual terms and conditions. With respect to credit risk on commitments to extend credit, the Group is potentially exposed to a loss in an amount equal to the total unused commitments. However, the likely amount of the loss is less than the total unused commitments since most commitments to extend credit are contingent upon counterparties maintaining specific credit standards. The Group applies the same credit policy to the contingent liabilities as it does to the financial instruments recorded in the consolidated statement of financial position, i.e. the one based on the procedures for approving the grant of loans, using limits to mitigate the risk, and current monitoring. The Group monitors the term to maturity of off-balance sheet contingencies because longer term commitments generally have a greater degree of credit risk than short-term commitments.

Liquidity Risk

Liquidity risk is the risk resulting from the inability of the Group to provide funds for repayment of its obligations when they become due. The Group's liquidity risk arises when terms of assets on active operations and maturity dates of obligations do not match.

Short-term liquidity needs are managed by the Group's Treasury function collecting daily customers' cash inflow/outflow forecasts. Long-term liquidity management is performed by ALMC by analyzing longer term liquidity positions and making decisions on managing significant gaps through various available means.

In order to manage liquidity risk, the Group analyzes the financial assets and liabilities, and obligatory reserves taking into account payment schedules for loans issued to customers. The following tables provide an analysis of financial assets and liabilities grouped on the basis of the remaining period from the reporting date to the earliest of the contractual maturity date or available maturity date, except for financial assets at fair value through profit or loss which are included in the column "Less than 1 month" as they are available to meet the Group's short-term liquidity needs.

(millions of Kazakhstani Tenge)

	30 September 2018 (unaudited)					
	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
FINANCIAL ASSETS:						
Cash and cash equivalents	1,695,827	-	-	-	-	1,695,827
Obligatory reserves	67,587	7,553	21,193	10,690	829	107,852
Financial assets at fair value through profit or loss	87,692	85	61,370	-	-	149,147
Amounts due from credit institutions	31,573	7,976	25,958	3,699	2,598	71,804
Financial assets at fair value through other comprehensive income	381,754	253,349	297,658	290,683	302,108	1,525,552
Debt securities at amortized cost, net of allowance for expected credit losses	5,410	48	25,433	502,939	501,861	1,035,691
Loans to customers	275,096	281,941	1,760,826	768,392	173,826	3,260,081
Other financial assets	26,010	1,440	724	43,782	3,386	75,342
	2,570,949	552,392	2,193,162	1,620,185	984,608	7,921,296
FINANCIAL LIABILITIES:						
Amounts due to customers	2,836,872	751,422	1,827,104	406,560	246,242	6,068,200
Amounts due to credit institutions	26,481	4,037	3,177	16,013	111,708	161,416
Financial liabilities at fair value through profit or loss	-	302	18	2,129	969	3,418
Debt securities issued	9,501	17,508	16,499	524,124	327,410	895,042
Other financial liabilities	24,386	3,406	3,023	191	112	31,118
	2,897,240	776,675	1,849,821	949,017	686,441	7,159,194
Net position	(326,291)	(224,283)	343,341	671,168	298,167	
Accumulated gap	(326,291)	(550,574)	(207,233)	463,935	762,102	

(millions of Kazakhstani Tenge)

						31 December 2017
	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
FINANCIAL ASSETS:						
Cash and cash equivalents	1,746,100	34,448	-	-	-	1,780,548
Obligatory reserves	67,863	7,264	25,913	4,372	5,627	111,039
Financial assets at fair value through profit or loss	88,026	165	37,695	9,040	10,050	144,976
Amounts due from credit institutions	41,090	26,417	14,838	3,056	2,335	87,736
Available-for-sale investment securities	370,578	166,677	347,918	639,530	1,040,722	2,565,425
Loans to customers	297,204	276,167	1,911,598	598,089	168,044	3,251,102
Other financial assets	22,224	1,245	3,868	18,121	-	45,458
	2,633,085	512,383	2,341,830	1,272,208	1,226,778	7,986,284
FINANCIAL LIABILITIES:						
Amounts due to customers	2,856,379	415,118	1,449,676	1,065,364	345,213	6,131,750
Amounts due to credit institutions	162,072	189	2,340	8,723	81,827	255,151
Financial liabilities at fair value through profit or loss	244	-	492	5,095	-	5,831
Debt securities issued	13,030	4,046	114,024	578,030	253,266	962,396
Other financial liabilities	31,529	3,034	3,370	260	12,180	50,373
	3,063,254	422,387	1,569,902	1,657,472	692,486	7,405,501
Net position	(430,169)	89,996	771,928	(385,264)	534,292	
Accumulated gap	(430,169)	(340,173)	431,755	46,491	580,783	

Assets and liabilities are recorded on the basis of their contractual maturity and payment schedules. The Group possesses a right to unilaterally call back part of long-term loans provided to customers in ten months period after proper notification would be issued by the Group.

A significant portion of the Group's liabilities is represented by customer term deposits, current accounts of corporate and retail customers, and bonds.

Management believes that although a substantial portion of current accounts and customer deposits are on demand and mature in less than one month, diversification of these deposits by number and type of depositors, and the past experience of the Group indicate that these deposits provide a long-term and stable source of funding for the Group. Therefore, an essential part of current accounts is considered as stable resources for the purposes of liquidity analysis and management.

Currency Risk

The Group is exposed to currency risk. Currency risk arises from open positions in foreign currencies and adverse movements of market exchange rates that may have a negative impact on the financial performance of the Group.

ALMC controls currency risk by management of the open currency position based on the estimations of KZT devaluation and other macroeconomic indicators, which gives the Group an opportunity to minimize losses from significant currency rates fluctuations of national and foreign currencies.

The Treasury Department performs daily monitoring of the Group’s open currency position with the aim to comply with the requirements of the regulatory authority.

The Group is exposed to the effects of fluctuation in the prevailing foreign currency exchange rates (primarily USD) on its financial position, results of operations and cash flows, which are monitored daily. ALMC sets limits on the level of exposure by currencies within the authority approved by the Board of Directors. These limits also comply with the minimum requirements of the regulator authority.

The Group’s principal cash flows are generated in KZT and USD. As a result, potential movements in the exchange rate between KZT and USD will affect the carrying values of the Group’s USD denominated monetary assets and liabilities. Currency risk is assessed in relation to the consolidated statement of financial position and off-balance sheet positions. The Group's current sensitivity to fluctuations in exchange rates is acceptable due to the fact that the off balance sheet items significantly neutralize the risk in the statement of financial position.

(millions of Kazakhstani Tenge)

The Group's exposure to foreign currency exchange rate risk is as follows:

	30 September 2018 (unaudited)						
	USD	EURO	RUR	Other	Total foreign currencies	KZT	TOTAL
FINANCIAL ASSETS:							
Cash and cash equivalents	1,068,188	141,531	31,229	127,151	1,368,099	327,728	1,695,827
Obligatory reserves	56,931	2,355	1,237	1,783	62,306	45,546	107,852
Financial assets at fair value through profit or loss	13,685	-	4,515	266	18,466	130,681	149,147
Amounts due from credit institutions	16,290	2,698	15,160	-	34,148	37,656	71,804
Financial assets at fair value through other comprehensive income	535,217	8,660	-	1	543,878	981,674	1,525,552
Debt securities at amortized cost, net of allowance for expected credit losses	354	-	5,505	8,014	13,873	1,021,818	1,035,691
Loans to customers	946,457	5,603	22,652	18,736	993,448	2,266,633	3,260,081
Other financial assets	7,638	1,501	2,276	1,877	13,292	62,050	75,342
	2,644,760	162,348	82,574	157,828	3,047,510	4,873,786	7,921,296
FINANCIAL LIABILITIES:							
Amounts due to customers	3,101,453	138,053	53,589	28,144	3,321,239	2,746,961	6,068,200
Amounts due to credit institutions	21,201	1,286	3,728	1,583	27,798	133,618	161,415
Financial liabilities at fair value through profit or loss	-	-	770	-	770	2,648	3,418
Debt securities issued	382,157	-	-	-	382,157	512,885	895,042
Other financial liabilities	2,115	753	606	1,190	4,664	26,454	31,118
	3,506,926	140,092	58,693	30,917	3,736,628	3,422,566	7,159,193
Net position – on balance	(862,166)	22,256	23,881	126,911	(689,118)	1,451,220	762,103
Net position – off-balance	883,754	(22,729)	(18,600)	(116,050)	726,375	(676,663)	
Net position	21,588	(473)	5,281	10,861	37,257	774,557	

(millions of Kazakhstani Tenge)

							31 December 2017
	USD	EURO	RUR	Other	Total foreign currencies	KZT	TOTAL
FINANCIAL ASSETS:							
Cash and cash equivalents	1,109,425	46,437	45,162	61,609	1,262,633	517,915	1,780,548
Obligatory reserves	39,987	648	1,081	1,945	43,661	67,378	111,039
Financial assets at fair value through profit or loss	10,674	-	2,628	283	13,585	131,391	144,976
Amounts due from credit institutions	20,107	1,002	17,897	-	39,006	48,730	87,736
Available-for-sale investment securities	571,589	7,818	6,151	11,890	597,448	1,967,977	2,565,425
Loans to customers	888,479	40,131	22,775	14,149	965,534	2,285,568	3,251,102
Other financial assets	1,785	2,466	2,220	114	6,585	38,873	45,458
	2,642,046	98,502	97,914	89,990	2,928,452	5,057,832	7,986,284
FINANCIAL LIABILITIES:							
Amounts due to customers	3,192,513	118,900	56,485	34,852	3,402,750	2,729,000	6,131,750
Amounts due to credit institutions	25,698	690	281	943	27,612	227,539	255,151
Financial liabilities at fair value through profit or loss	-	-	213	-	213	5,618	5,831
Debt securities issued	483,213	-	353	-	483,566	478,830	962,396
Other financial liabilities	14,369	279	684	628	15,960	34,413	50,373
	3,715,793	119,869	58,016	36,423	3,930,101	3,475,400	7,405,501
Net position – on balance	(1,073,747)	(21,367)	39,898	53,567	(1,001,649)	1,582,432	580,783
Net position – off-balance	1,103,118	21,258	(37,399)	(47,001)	1,039,976	(995,954)	
Net position	29,371	(109)	2,499	6,566	38,327	586,478	

33. Segment analysis

The Group is managed and reported on the basis of three main operating segments – corporate banking, SME banking and retail banking. These segments are strategic business units that offer different products and services and are managed separately.

Retail banking represents private banking services to individuals, including private customer current accounts, deposits, investment savings products, custody, credit and debit cards, consumer loans and mortgages, cash and foreign currency related services to individuals.

Corporate banking represents banking services to corporate clients and financial organisations, including current accounts and correspondent accounts, deposits, custody, overdrafts, loans and other credit facilities, documentary operations, including guarantees and letters of credit, trade finance products, interbank operations, as well as cash services and foreign exchange transactions.

SME banking represents banking services to SME clients and individual entrepreneurs, including current accounts, deposits, overdrafts, loans and other credit facilities, documentary operations and guarantees, foreign exchange transactions and trade finance products.

Investment banking represents services on sale and purchase of securities on the market.

Unallocated amounts are account balances and classes of transactions which are not allocated to a particular segment, not initiated by any business function and relate to the current activity of the Group. Unallocated assets include fixed assets, intangible assets, non-current assets held for sale, cash on hand and other unallocated assets. Unallocated liabilities include deferred tax liabilities and other unallocated liabilities. Unallocated income includes other income from the main and non-operating activities and insurance income. Unallocated expenses include the provision on accounts receivable, operating overhead expenses, insurance expenses and income tax.

The segment information below is based on financial information used for performance evaluation by the Bank's Chairperson of the Management Board, the Group's chief operating decision maker, in accordance with IFRS 8. The Group's management reviews discrete financial information for each segment, including the evaluation of operating results, assets and liabilities.

There were no transactions between business segments during the nine months ended 30 September 2018 and 2017.

(millions of Kazakhstani Tenge)

Segment information for the main reportable business segments of the Group as at 30 September 2018 and 2017 and for the nine months then ended is set out below:

	Retail banking	Corporate banking	SME banking	Investment banking	Unallocated	Total
As at 30 September 2018 and for the nine months then ended (unaudited)						
External revenues	187,855	263,646	63,312	157,668	79,838	752,319
Total revenues	187,855	263,646	63,312	157,668	79,838	752,319
Total revenues comprise:						
- Interest income	128,715	173,898	47,401	151,769	823	502,606
- Fee and commission income	58,645	7,577	15,401	379	1,734	83,736
- Net gain from financial assets and liabilities at fair value through profit or loss	-	82,359	-	2,113	-	84,472
- Net realised gain from financial assets at fair value through other comprehensive income	-	-	-	3,407	-	3,407
- Insurance underwriting income and other income	-	-	-	-	73,337	73,337
- Share in profit of associate	-	-	-	-	1,716	1,716
- Recoveries of other credit loss expense/(other credit loss expense)	495	(188)	510	-	2,228	3,045
Total revenues	187,855	263,646	63,312	157,668	79,838	752,319
- Interest expense	(120,447)	(60,821)	(7,883)	(64,223)	-	(253,374)
- (Credit loss expense)/recovery of credit loss expense	(22,360)	4,368	(2,735)	78	(10,493)	(31,142)
- Fee and commission expense	(11,008)	(796)	(696)	(119)	(15,553)	(28,172)
- Operating expenses	(59,714)	(5,426)	(13,468)	(6,602)	(17,767)	(102,977)
- Loss from impairment of non-financial assets	-	-	-	-	(31,538)	(31,538)
- Net gain/(loss) on foreign exchange operations	11,007	(70,294)	9,782	438	12,013	(37,054)
- Insurance claims incurred, net of reinsurance	-	-	-	-	(46,738)	(46,738)
Segment result	(14,667)	130,677	48,312	87,240	(30,238)	221,324
Income before income tax expense						221,324
Income tax expense						(68,144)
Profit for the period from discontinued operation						9,974
Net income						163,154
Total segment assets	859,267	3,687,431	479,590	2,638,927	724,662	8,389,875
Total segment liabilities	3,259,990	2,252,843	752,890	896,642	249,633	7,411,998
Other segment items:						
Capital expenditures					(4,281)	(4,281)
Depreciation and amortization					(8,302)	(8,302)

(millions of Kazakhstani Tenge)

	Retail banking	Corporate banking	SME banking	Investment banking	Unallocated	Total
As at 30 September 2017 and for the nine months then ended (unaudited)						
External revenues	196,287	116,826	44,741	86,357	60,414	504,625
Total revenues	196,287	116,826	44,741	86,357	60,414	504,625
Total revenues comprise:						
- Interest income	89,184	132,019	28,858	88,991	-	339,052
- Fee and commission income	42,112	5,888	8,520	-	2,360	58,880
- Net gain/(loss) from financial assets and liabilities at fair value through profit or loss	64,991	(21,194)	7,340	(3,471)	11,871	59,537
- Net realized gain from available-for-sale investment securities	-	-	-	827	-	827
- Insurance underwriting income and other income	-	-	-	-	44,366	44,366
- Recovery of other credit loss expense		113	23	10	316	462
Total revenues	196,287	116,826	44,741	86,357	58,913	503,124
- Interest expense	(78,040)	(48,611)	(5,178)	(40,407)	-	(172,236)
- Recovery of credit loss expense/(credit loss expense)	2,207	(27,380)	372	170	478	(24,153)
- Fee and commission expense	(11,646)	(847)	(227)	(30)	(3,279)	(16,029)
- Operating expenses	(40,057)	(5,312)	(9,195)	(3,425)	(6,624)	(64,613)
- Net foreign exchange (loss)/gain	(63,408)	18,240	3,349	(11,521)	5,175	(48,165)
- Insurance claims incurred, net of reinsurance	-	-	-	-	(32,868)	(32,868)
Segment result	5,343	52,916	33,862	31,144	21,795	145,060
Income before income tax expense						145,060
Income tax expense					(17,431)	(17,431)
Profit from discontinued operation						7,742
Net income						135,371
As at 31 December 2017:						
Total segment assets	860,802	4,023,358	528,025	2,786,877	658,719	8,857,781
Total segment liabilities	3,170,388	2,863,345	659,120	1,000,269	230,202	7,923,324
Other segment items:						
Capital expenditures					(5,288)	(5,288)
Depreciation and amortization					(6,084)	(6,084)

(millions of Kazakhstani Tenge)

Geographical information

Information for the main geographical areas of the Group is set out below as at 30 September 2018 and 31 December 2017 and for the nine months ended 30 September 2018 and 2017.

	Kazakhstan	OECD	Non-OECD	Total
30 September 2018 (unaudited)				
Total assets	7,381,226	823,339	185,313	8,389,875
31 December 2017				
Total assets	7,833,566	768,199	256,016	8,857,781
Nine months ended 30 September 2018 (unaudited)				
External revenues	714,652	20,281	17,386	752,319
Capital expenditure	(4,281)	-	-	(4,281)
Nine months ended 30 September 2017 (unaudited)				
External revenues	485,913	8,612	10,100	504,625
Capital expenditure	(5,288)	-	-	(5,288)

External revenues, assets and credit related commitments have generally been allocated based on domicile of the counterparty. Cash on hand, property and equipment and capital expenditure have been allocated based on the country in which they are physically held.

34. Fair values of financial instruments

IFRS defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value of the Group's financial assets and financial liabilities measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Financial assets and financial liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurements. Management assessment of the significance of a particular input to the fair value measurements requires judgment, and may affect the valuation of the assets and liabilities being measured and their placement within the fair value hierarchy.

The Group considers that the accounting estimate related to valuation of financial instruments where quoted markets prices are not available is a key source of estimation uncertainty because: (i) it is highly susceptible to change from period to period because it requires management to make assumptions about interest rates, volatility, exchange rates, the credit rating of the counterparty, valuation adjustments and specific feature of the transactions and (ii) the impact that recognizing a change in the valuations would have on the assets reported on its consolidated statement of financial position as well as its profit/(loss) could be material.

The tables below summarizes the Group's financial assets and liabilities held at fair value by valuation methodology at 30 September 2018 and 31 December 2017.

(millions of Kazakhstani Tenge)

Financial Assets/Liabilities	Fair value 30 September 2018 (unaudited)	Fair value 31 December 2017	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Non-derivative financial assets at fair value through profit or loss (Note 7)	83,273	105,253	Level 1	Quoted bid prices in an active market.	Not applicable	Not applicable
Non-derivative financial assets at fair value through profit or loss (Note 7)	2,630	-	Level 2	Discounted cash flows. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period).	Not applicable	Not applicable
Derivative financial assets at fair value through profit or loss, excluding options (Note 7)	1,933	147	Level 2	Discounted cash flows. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period).	Not applicable	Not applicable
Derivative financial assets at fair value through profit or loss, excluding options (Note 7)	61,311	39,576	Level 3	Future cash flows in USD discounted using the LIBOR rate obtained from available sources. Future cash flows in KZT discounted using the internal rate of return, which was calculated based on LIBOR and foreign exchange rates obtained from available sources. The difference between net present values of these discounted cash flows should be equal to nil at initial recognition.	KZT implied rate	The greater KZT implied rate − the smaller fair value
Total financial assets at fair value through profit or loss	149,147	144,976				
Derivative financial liabilities at fair value through profit or loss, excluding options (Note 7)	3,418	5,339	Level 2	Discounted cash flows. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting year).	Not applicable	Not applicable
Derivative financial liabilities at fair value through profit or loss (Note 7)	-	492	Level 3	Future cash flows in USD discounted using LIBOR rate obtained from available sources. Future cash flows in KZT discounted using internal rate of return, which was calculated based on LIBOR and foreign exchange rates obtained from available sources. The difference between net present values of these discounted cash flows should be equal to zero at initial recognition.	KZT implied rate	The internal rate of return on KZT is calculated at the initial recognition of the instrument and is not subsequently recalculated
Total financial liabilities at fair value through profit or loss	3,418	5,831				

(millions of Kazakhstani Tenge)

Financial Assets/Liabilities	Fair value 30 September 2018 (unaudited)	Fair value 31 December 2017	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Non-derivative available-for-sale investment securities (Note 9)	n/a	1,501,882	Level 1	Quoted bid prices in an active market.	Not applicable	Not applicable
Non-derivative available-for-sale investment securities (Note 9)	n/a	1,061,654	Level 2	Quoted bid prices in a market that is not active.	Not applicable	Not applicable
Non-derivative available-for-sale investment securities included in bonds of foreign organizations (Note 9)	n/a	1,871	Level 2	Discounted cash flows. Future cash flows discounted using LIBOR adjusted for credit risk of the issuer obtained from available sources.	Not applicable	Not applicable
Non-derivative available-for-sale investment securities – unquoted equity securities (Note 9)	n/a	18	Level 3	Valuation model based on internal rating model.	Percentage discount	The greater discount - the smaller fair value
Available-for-sale investment securities	n/a	2,565,425				
Non-derivative financial assets at fair value through other comprehensive income (Note 9)	1,523,594	n/a	Level 1	Quoted bid prices in an active market.	Not applicable	Not applicable
Non-derivative financial assets at fair value through other comprehensive income in bonds of foreign organisations (Note 9)	1,940	n/a	Level 2	Quoted bid prices in a market that is not active.	Not applicable	Not applicable
Non-derivative financial assets at fair value through other comprehensive income – unquoted equity securities (Note 9)	18	n/a	Level 3	Valuation model based on internal rating model.	Percentage discount	The greater discount - the smaller fair value
Financial assets at fair value through other comprehensive income	1,525,552	n/a				

(millions of Kazakhstani Tenge)

There were no transfers between Levels 1 and 2, nor between Levels 2 and 3, during the nine months ended 30 September 2018 and 2017.

	Derivative financial assets at fair value through profit or loss (Level 3)	Financial assets at fair value through other comprehen-sive income Unquoted equity securities (Level 3)	Derivative financial liabilities at fair value through profit or loss (Level 3)
31 December 2016	76,683	82	-
Additions on acquisition of a subsidiary	63,414	-	242
Gain/(loss) to profit or loss	3,651	(3)	-
Redemption	-	(61)	-
30 September 2017 (unaudited)	143,748	18	242
31 December 2017	39,576	18	492
Purchases	30,987	-	-
Redemption	(71,875)	-	(1,000)
Gain to profit or loss	21,735	-	508
30 September 2018 (unaudited)	61,311	18	-

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

The following methods and assumptions are used by the Group to estimate the fair value of financial instruments not carried at fair value.

Amounts due from and to credit institutions

For assets and liabilities maturing within one month, the carrying amount approximates fair value due to the relatively short-term maturity of these financial instruments. For the assets and liabilities maturing in over one month, the fair value was estimated as the present value of estimated future cash flows discounted at the appropriate year-end market rates.

Loans to customers

The estimate was made by discounting the scheduled future cash flows of the individual loans through the estimated maturity using prevailing market rates at the respective period-end.

Amounts due to customers

Interest rates charged to customers closely approximate market interest rates and accordingly, the carrying amounts approximate fair values.

Debt securities issued

Market values have been used to determine the fair value of debt securities traded on an active market. For other debt securities, the fair value was estimated as the present value of estimated future cash flows discounted at the period-end market rates.

(millions of Kazakhstani Tenge)

The following table sets out the carrying amount and fair values of financial assets and liabilities not carried at their fair values:

	30 September 2018 (unaudited)		31 December 2017	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Amounts due from credit institutions	71,804	68,870	87,736	85,199
Loans to customers	3,260,081	3,367,707	3,251,102	3,396,385
Debt securities at amortized cost, net of allowance for expected credit losses	1,035,691	1,043,171	n/a	n/a
Financial liabilities				
Amounts due to customers	6,068,200	6,326,288	6,131,750	6,176,030
Amounts due to credit institutions	161,416	135,945	255,151	231,465
Debt securities issued	895,042	963,730	962,396	1,034,387

	30 September 2018 (unaudited)			
	Level 1	Level 2	Level 3	Total
Financial assets				
Amounts due from credit institutions	-	68,970	-	68,970
Loans to customers	-	-	3,367,707	3,367,707
Debt securities at amortized cost, net of allowance for expected credit losses	-	1,043,171	-	1,043,171
Financial liabilities				
Amounts due to customers	-	6,326,288	-	6,326,288
Amounts due to credit institutions	-	137,566	-	137,566
Debt securities issued	963,730	-	-	963,730

	31 December 2017			
	Level 1	Level 2	Level 3	Total
Financial assets				
Amounts due from credit institutions	-	85,199	-	85,199
Loans to customers	-	-	3,396,385	3,396,385
Financial liabilities				
Amounts due to customers	-	6,176,030	-	6,176,030
Amounts due to credit institutions	-	231,465	-	231,465
Debt securities issued	1,034,387	-	-	1,034,387

The carrying amounts of cash equivalents, obligatory reserves, other financial assets and other financial liabilities approximates fair value due to the short-term nature of such financial instruments.

35. Related party transactions

Related parties or transactions with related parties are assessed in accordance with IAS 24 "Related Party Disclosures". Related parties may enter into transactions which unrelated parties might not. Transactions between related parties are generally effected on the same terms, conditions and amounts as transactions between unrelated parties.

Considering each possible related party not only their legal status is taken into account but also the substance of the relationship between these parties.

(millions of Kazakhstani Tenge)

As at 30 September 2018 and 31 December 2017, the Group had the following outstanding balances with related parties:

	30 September 2018 (unaudited)		31 December 2017	
	Related party balances	Total category as per financial statements caption	Related party balances	Total category as per financial statements caption
Loans to customers before allowance for expected credit losses	1,812	3,614,422	2,350	3,568,263
- entities with joint control or significant influence over the entity	1,709		2,193	
- key management personnel of the entity or its Parent	85		115	
- other related parties	18		42	
Allowance for expected credit losses	(29)	(354,341)	(10)	(317,161)
- entities with joint control or significant influence over the entity	(28)		(10)	
- key management personnel of the entity or its Parent	(1)		-	
Amounts due to customers	209,419	6,068,200	156,137	6,131,750
- the Parent	94,448		29,773	
- entities with joint control or significant influence over the entity	8,243		3,175	
- key management personnel of the entity or its parent	10,726		9,003	
- other related parties	96,003		114,186	

The following amounts resulted from transactions with related parties and have been reflected in the interim consolidated statement of profit or loss for the nine months ended 30 September 2018 and 2017:

	Nine months ended 30 September 2018 (unaudited)		Nine months ended 30 September 2017 (unaudited)	
	Related party transactions	Total category as per financial statements caption	Related party transactions	Total category as per financial statements caption
Interest income	285	502,606	132	339,052
- entities with joint control or significant influence over the entity	100		123	
- key management personnel of the entity or its Parent	10		6	
- other related parties	175		3	
Interest expense	(2,943)	(253,374)	(2,780)	(172,236)
- the Parent	(1,584)		(2,076)	
- entities with joint control or significant influence over the entity	(13)		(2)	
- key management personnel of the entity or its Parent	(172)		(166)	
- other related parties	(1,174)		(536)	

(millions of Kazakhstani Tenge)

	Nine months ended 30 September 2018 (unaudited)		Nine months ended 30 September 2017 (unaudited)	
	Related party transactions	Total category as per financial statements caption	Related party transactions	Total category as per financial statements caption
Key management personnel compensation:	2,980	59,557	1,767	31,724
- short-term employee benefits	2,980		1,767	

36. Subsequent events

On 1 November 2018, within the framework of voluntary reorganization, JSC Halyk-Life (Subsidiary of JSC Halyk Bank) and JSC Life Insurance Company Kazkommerts Life (Subsidiary of JSC Kazkommertsbank) signed the Transfer Certificate, as a result of which JSC Halyk-Life became the full assignee of all the rights and obligations of JSC Life Insurance Company Kazkommerts Life.

On 14 November 2018, the Bank redeemed subordinated bonds issued in November 2008 with an initial placement amount of KZT 10 billion. The repayment was made out of the Bank's own funds.