Citibank Kazakhstan JSC

Financial Statements

for the year ended
31 December 2016

Contents

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

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

Independent Auditors' Report

To the Shareholders of Citibank Kazakhstan JSC

Opinion

We have audited the financial statements of Citibank Kazakhstan JSC (the "Bank"), which comprise the statement of financial position as at 31 December 2016, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Auditors' Responsibilities for the Audit of the Financial Statements, continued

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The engagement partner on the audit resulting in this independent auditors' report is:

Ashley Clarke
Engagement Partner

Ravshan Irmatov
Certified Auditor
of the Republic of Kazakhstan,
Auditor's Qualification Certificate
No. МФ-0000053 of 6 January 2012

KPMG Audit LLC

State Licence to conduct audit # 0000021 dated 6 December 2006 issued by the Ministry of Finance of the Republic of Kazakhstan

Assel Khairova
General Director of KPMG Audit LLC
acting on the basis of the Charter

13 April 2017

	Note	2016 '000 KZT	2015 '000 KZT
Interest income	4	15,140,603	9,211,622
Interest expense	4	(4,031,916)	(4,940,404)
Net interest income		**11,108,687**	**4,271,218**
Fee and commission income	5	3,378,760	2,305,574
Fee and commission expense	6	(961,976)	(722,644)
Net fee and commission income		**2,416,784**	**1,582,930**
Net foreign exchange gain	7	21,906,766	51,080,091
Net gain/(loss) on derivative financial instruments		6,064,966	(345,884)
Net realised gain on available-for-sale financial assets		23,049	(685)
Other operating expenses, net		932,977	364,248
Operating income		**42,453,229**	**56,951,918**
General administrative expenses	8	(7,867,519)	(5,804,969)
Profit before tax		**34,585,710**	**51,146,949**
Income tax expense	9	(5,751,441)	(10,130,249)
Profit for the year		**28,834,269**	**41,016,700**
Other comprehensive loss, net of income tax			
Items that are or may be reclassified subsequently to profit or loss:			
Revaluation reserve for available-for-sale financial assets			
- Net change in fair value of available-for-sale financial assets		(346,039)	(516,695)
Total other comprehensive loss for the year		**(346,039)**	**(516,695)**
Total comprehensive income for the year		**28,488,230**	**40,500,005**

The financial statements as set out on pages 6 to 53 were signed on its behalf by:

Andrey Kurilin
Chief Executive Officer

Natalya Suslova
Chief Accountant

The statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to, and forming part of, the financial statements.

	Note	2016 ’000 KZT	2015 ’000 KZT
ASSETS			
Cash and cash equivalents	10	460,454,364	340,775,906
Placements with banks	11	431,764	1,188,579
Loans to banks	11	-	186,127
Financial instruments at fair value through profit or loss	12	909,003	1,479,816
Loans to customers	13	78,886,509	84,193,370
Available-for-sale financial assets	14	35,306,473	9,497,826
Property, equipment and intangible assets	15	588,408	531,506
Current tax assets		4,695,012	705,316
Other assets	18	3,343,338	970,691
Total assets		**584,614,871**	**439,529,137**
LIABILITIES			
Financial instruments at fair value through profit or loss	12	153,157	1,917,426
Deposits and balances from banks and other financial institutions	16	10,813,813	4,846,504
Current accounts and deposits from customers	17	448,782,247	326,590,716
Amounts payable under repurchase agreements		-	4,593,884
Deferred tax liability	9	517,354	310,000
Other liabilities	18	2,929,843	1,390,380
Total liabilities		**463,196,414**	**339,648,910**
EQUITY			
Share capital	19	12,497,625	12,497,625
Additional paid-in capital		61,975	61,975
Dynamic reserve		2,380,583	2,380,583
Revaluation reserve for available-for-sale financial assets		(894,251)	(548,212)
Retained earnings		107,372,525	85,488,256
Total equity		**121,418,457**	**99,880,227**
Total liabilities and equity		**584,614,871**	**439,529,137**

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

	2016 '000 KZT	2015 '000 KZT
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest receipts	15,053,979	10,053,053
Interest payments	(4,077,651)	(5,471,270)
Fee and commission receipts	3,382,735	2,305,786
Fee and commission payments	(978,056)	(738,328)
Net receipts/(payments) from foreign exchange and derivatives	29,542,233	(11,352,785)
Other receipts	932,975	363,563
General administrative payments	(7,790,379)	(5,803,165)
(Increase)/decrease in operating assets		
Due from the National Bank of the Republic of Kazakhstan	-	1,441,903
Placements with banks	921,509	3,034,102
Loans to customers	4,338,415	30,709,689
Other assets	(2,524,634)	(651,306)
Increase/(decrease) in operating liabilities		
Deposits and balances from banks	5,974,397	(10,813,483)
Amounts payable under repurchase agreements	(4,536,004)	4,651,764
Current accounts and deposits from customers	134,016,727	(120,916,990)
Other liabilities	1,572,990	465,131
Net cash provided from operating activities before income tax paid	**175,829,236**	**(102,722,336)**
Income tax paid	(9,533,782)	(11,103,208)
Cash flows from/(used in) operating activities	**166,295,454**	**(113,825,544)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of available-for-sale financial assets	(399,403,160)	-
Sales and redemption of available-for-sale financial assets	373,284,541	7,103,438
Purchases of property, equipment and intangible assets	(135,181)	(127,594)
Sales of property, equipment and intangible assets	1,137	99,304
Cash flows (used in)/from investing activities	**(26,252,663)**	**7,075,148**
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(6,950,000)	(2,000,000)
Cash flow used in financing activities	**(6,950,000)**	**(2,000,000)**
Net increase/(decrease) in cash and cash equivalents	**133,092,791**	**(108,750,396)**
Effect of changes in exchange rates on cash and cash equivalents	(13,414,333)	188,169,014
Cash and cash equivalents at beginning of the year	340,775,906	261,357,288
Cash and cash equivalents at end of the year (Note 10)	**460,454,364**	**340,775,906**

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

'000 KZT	**Share capital**	**Additional paid-in capital**	**Dynamic reserve**	**Revaluation reserve for available-for-sale financial assets**	**Retained earnings**	**Total equity**
Balance at 1 January 2015	**12,497,625**	**61,975**	**2,380,583**	**(31,517)**	**46,471,556**	**61,380,222**
Total comprehensive income						
Profit for the year	-	-	-	-	41,016,700	41,016,700
Other comprehensive loss						
Items that are or may be reclassified subsequently to profit or loss:	-	-	-	-	-	-
-Net change in fair value of available-for-sale financial assets	-	-	-	(516,695)	-	(516,695)
Total other comprehensive loss	-	-	-	(516,695)	-	(516,695)
Total comprehensive income	**-**	**-**	**-**	**(516,695)**	**41,016,700**	**40,500,005**
Transactions with owners, recorded directly in equity						
Additional reserve capital allocation	-	-	-	-	(2,000,000)	(2,000,000)
Balance at 31 December 2015	**12,497,625**	**61,975**	**2,380,583**	**(548,212)**	**85,488,256**	**99,880,227**
Total comprehensive income for the year						
Profit for the year	-	-	-	-	28,834,269	28,834,269
Other comprehensive loss						
Items that are or may be reclassified subsequently to profit or loss:						
-Net change in fair value of available-for-sale financial assets	-	-	-	(346,039)	-	(346,039)
Total other comprehensive loss	-	-	-	(346,039)	-	(346,039)
Total comprehensive income for the year	**-**	**-**	**-**	**(346,039)**	**28,834,269**	**28,488,230**
Transactions with owners, recorded directly in equity						
Dividends declared and paid (Note 19)	-	-	-	-	(6,950,000)	(6,950,000)
Balance at 31 December 2016	**12,497,625**	**61,975**	**2,380,583**	**(894,251)**	**107,372,525**	**121,418,457**

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

1 Background

(a) Principal activities

Citibank Kazakhstan JSC (the “Bank“) was established as a joint stock company in the Republic of Kazakhstan. The Bank was granted its general banking license in 1998 and the license for conduction of operations on the securities market in 1999 and these licenses were updated in 2009. The Bank is a member of the state deposit insurance system in the Republic of Kazakhstan.

The principal activities of the Bank are corporate deposit taking, corporate lending, cash management, custody operations, operations with government securities, money market and foreign exchange transactions. The activities of the Bank are regulated by the National Bank of the Republic of Kazakhstan (the “NBRK”).

The address of the Bank’s registered office is: Park Palace, Building A, 2nd floor, 41 Kazybek Bi Str., Almaty, A25T0A1, Republic of Kazakhstan. The majority of the Bank’s assets and liabilities are located in the Republic of Kazakhstan.

(b) Shareholder

The Bank is wholly-owned by Citibank N.A. (the “Shareholder Bank”). As a result the Bank is economically dependent upon the Shareholder Bank. In addition, the activities of the Bank are closely linked with the requirements of the Shareholder Bank and determination of the pricing of the Bank’s services to the Shareholder Bank is undertaken in conjunction with other Shareholder Bank companies.

(c) Kazakhstan business environment

The Bank’s operations are primarily located in Kazakhstan. Consequently, the Bank is exposed to the economic and financial markets of Kazakhstan, which display emerging-market characteristics. Legal, tax and regulatory frameworks continue to develop, but are subject to varying interpretations and frequent changes that, together with other legal and fiscal impediments, contribute to the challenges faced by entities operating in Kazakhstan. In addition, recent depreciation of the Kazakhstan tenge, and reductions in the global price of oil, have increased the level of uncertainty in the business environment. The financial statements reflect management’s assessment of the impact of the Kazakhstan business environment on the operations and financial position of the Bank. The future business environment may differ from management’s assessment.

2 Basis of preparation

(a) Statement of compliance

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

(b) Basis of measurement

The financial statements are prepared on the historical cost basis except that financial instruments at fair value through profit or loss and available-for-sale financial assets are stated at fair value.

(c) Functional and presentation currency

The functional currency of the Bank is the tenge (“KZT”) as, being the national currency of the Republic of Kazakhstan, it reflects the economic substance of the majority of underlying events and circumstances relevant to the Bank.

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

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

2 Basis of preparation, continued

(d) Use of estimates and judgments

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

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

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies is described in Note 13 “Loans to customers” and Note 26 “Fair value of financial instruments”.

3 Significant accounting policies

The accounting policies set out below are applied consistently to all periods presented in these financial statements.

(a) Foreign currency transactions

Transactions in foreign currencies are translated to the KZT - the functional currency of the Bank (the functional currency) at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments unless the difference is due to impairment in which case foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss.

The exchange rates between the USD and the KZT and the EUR and the KZT as at 31 December 2016 and 2015 were as follows:

Currency	2016	2015
1 United States Dollar	333.29	340.01
1 Euro	352.42	371.46

(b) Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, unrestricted balances (nostro accounts) held with the NBRK and other banks and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value, and are used by the Bank in the management of short-term commitments. Cash and cash equivalents are carried at amortised cost in the statement of financial position.

3 Significant accounting policies, continued

(c) Financial instruments

(i) Classification

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

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

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

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

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

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

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

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

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Bank has the positive intention and ability to hold to maturity, other than those that:

- the Bank upon initial recognition designates as at fair value through profit or loss
- the Bank designates as available-for-sale or,
- meet the definition of loans and receivables.

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investments or financial instruments at fair value through profit or loss.

3 Significant accounting policies, continued

(c) Financial instruments, continued

(ii) Recognition

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

(iii) Measurement

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

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

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

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

(iv) Amortised cost

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

(v) Fair value measurement principles

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

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

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

3 Significant accounting policies, continued

(c) Financial instruments, continued

(v) Fair value measurement principles, continued

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

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

The Bank recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

(vi) Gains and losses on subsequent measurement

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

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

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

(vii) Derecognition

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

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

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

3 Significant accounting policies, continued

(c) Financial instruments, continued

(vii) Derecognition, continued

If the Bank purchases its own debt, it is removed from the statement of financial position and the difference between the carrying amount of the liability and the consideration paid is included in gains or losses arising from early retirement of debt.

The Bank writes off assets deemed to be uncollectible.

(viii) Repurchase and reverse repurchase agreements

Securities sold under sale and repurchase (repo) agreements are accounted for as secured financing transactions, with the securities retained in the statement of financial position and the counterparty liability included in amounts payable under repo transactions. The difference between the sale and repurchase prices represents interest expense and is recognised in profit or loss over the term of the repo agreement using the effective interest method.

Securities purchased under agreements to resell (reverse repo) are recorded as amounts receivable under reverse repo transactions. The difference between the purchase and resale prices represents interest income and is recognised in profit or loss over the term of the repo agreement using the effective interest method.

If assets purchased under an agreement to resell are sold to third parties, the obligation to return securities is recorded as a trading liability and measured at fair value.

(ix) Derivative financial instruments

Derivative financial instruments include swaps, forwards, futures, spot transactions and options in interest rates, foreign exchanges, precious metals and stock markets, and any combinations of these instruments.

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. All derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

Changes in the fair value of derivatives are recognised immediately in profit or loss.

Derivatives may be embedded in another contractual arrangement (a host contract). An embedded derivative is separated from the host contract and is accounted for as a derivative if, and only if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the combined instrument is not measured at fair value with changes in fair value recognised in profit or loss. Derivatives embedded in financial assets or financial liabilities at fair value through profit or loss are not separated.

Although the Bank trades in derivative instruments for risk hedging purposes, these instruments do not qualify for hedge accounting.

(x) Placements with banks

In the normal course of business, the Bank maintains nostro accounts, loans, and deposits for various periods of time with other banks. Placements with banks with a fixed maturity terms are subsequently measured at amortised cost using the effective interest method. Those that do not have fixed maturities are carried at amortised cost based on expected maturities. Placements with banks are carried net of any allowance for impairment loss, if any.

3 Significant accounting policies, continued

(c) Financial instruments, continued

(xi) Offsetting

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

(d) Property and equipment

(i) Owned assets

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

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

(ii) Depreciation

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

Offices and leasehold improvements	50 years
Computers	3 years
Fixtures and fittings	5 years
Vehicles	5 years

(e) Intangible assets

Acquired intangible assets are stated at cost less accumulated amortisation and impairment losses.
Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.
Amortisation is charged to profit or loss on a straight-line basis over the estimated useful life of 5 years.

(f) Impairment

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

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

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

In addition, for an investment in an equity security available-for-sale a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

3 Significant accounting policies, continued

(f) Impairment, continued

(i) Financial assets carried at amortised cost

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

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

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

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

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

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

(ii) Financial assets carried at cost

Financial assets carried at cost include unquoted equity instruments included in available-for-sale financial assets that are not carried at fair value because their fair value cannot be reliably measured. If there is objective evidence that such investments are impaired, the impairment loss is calculated as the difference between the carrying amount of the investment and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset.

All impairment losses in respect of these investments are recognised in profit or loss and cannot be reversed.

3 Significant accounting policies, continued

(f) Impairment, continued

(iii) Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by transferring the cumulative loss that is recognised in other comprehensive income to profit or loss as a reclassification adjustment. The cumulative loss that is reclassified from other comprehensive income to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in profit or loss. Changes in impairment provisions attributable to time value are reflected as a component of interest income.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

(iv) Non financial assets

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

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

(g) Provisions

A provision is recognised in the statement of financial position when the Bank has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for restructuring is recognised when the Bank has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating costs are not provided for.

(h) Credit related commitments

In the normal course of business, the Bank enters into credit related commitments, comprising undrawn loan commitments, letters of credit and guarantees, and provides other forms of credit insurance.

Financial guarantees are contracts that require the Bank to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

3 Significant accounting policies, continued

(h) Credit related commitments, continued

A financial guarantee liability is recognised initially at fair value net of associated transaction costs, and is measured subsequently at the higher of the amount initially recognised less cumulative amortisation or the amount of provision for losses under the guarantee. Provisions for losses under financial guarantees and other credit related commitments are recognised when losses are considered probable and can be measured reliably.

Financial guarantee liabilities and provisions for other credit related commitment are included in other liabilities.

Loan commitments are not recognised, except for the following:

- loan commitments that the Bank designates as financial liabilities at fair value through profit or loss

- if the Bank has a past practice of selling the assets resulting from its loan commitments shortly after origination, then the loan commitments in the same class are treated as derivative instruments

- loan commitments that can be settled net in cash or by delivering or issuing another financial instrument

- commitments to provide a loan at a below-market interest rate.

(i) Share capital

(i) Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

(ii) Dividends

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

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

(j) Taxation

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

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

Deferred tax assets and liabilities are recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow the manner in which the Bank expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

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

3 Significant accounting policies, continued

(k) Income and expense recognition

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

Accrued discounts and premiums on financial instruments at fair value through profit or loss are recognised in gains less losses from financial instruments at fair value through profit or loss.

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

Other fees, commissions and other income and expense items are recognised in profit or loss when the corresponding service is provided. Dividend income is recognised in profit or loss on the date that the dividend is declared.

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

(l) Fiduciary assets

The Bank provides custody services for assets held by clients in Kazakhstan securities market. These assets and the income arising there from are excluded from these financial statements as they are not assets of the Bank. Commissions received from such business are shown within fee and commission income in the profit or loss.

(m) New standards and interpretations not yet adopted

The following new standards, amendments to standards, and interpretations are not yet effective as at 31 December 2016, and are not applied in preparing these financial statements. The Bank plans to adopt these pronouncements when they become effective.

IFRS 9 *Financial Instruments*

IFRS 9 *Financial instruments*, published in July 2014, replaces the existing guidance in IAS 39 *Financial Instruments: Recognition and Measurement*, and includes requirements for classification and measurement of financial instruments, impairment of financial assets and hedge accounting.

(i) Classification and measurement

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. The standard eliminates the existing IAS 39 categories of held-to-maturity, loans and receivables and available-for-sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are not separated. Instead, the whole hybrid instrument is assessed for classification. Equity investments are measured at fair value.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities.

3 Significant accounting policies, continued

(m) New standards and interpretations not yet adopted, continued

IFRS 9 *Financial Instruments, continued*

(ii) Impairment

IFRS 9 replaces the ‘incurred loss’ model in IAS 39 with an ‘expected credit loss’ model. The new impairment model applies to financial assets measured at amortised cost and FVOCI, lease receivables, certain loan commitments and financial guarantee contracts. The new impairment model generally requires to recognise expected credit losses in profit or loss for all financial assets, even those that are newly originated or acquired. Under IFRS 9, impairment is measured as either expected credit losses resulting from default events on the financial instrument that are possible within the next 12 months (‘12-month ECL’) or expected credit losses resulting from all possible default events over the expected life of the financial instrument (‘lifetime ECL’). Initial amount of expected credit losses recognized for a financial asset is equal to 12-month ECL (except for certain trade and lease receivables, and contract assets, or purchased or originated credit-impaired financial assets). If the credit risk on the financial instrument has increased significantly since initial recognition, the loss allowance is measured at an amount equal to lifetime ECL.

Financial assets for which 12-month ECL is recognized are considered to be in stage 1; financial assets that have experienced a significant increase in credit risk since initial recognition, but are not defaulted are considered to be in stage 2; and financial assets that are in default or otherwise credit-impaired are considered to be in stage 3.

Measurement of expected credit losses is required to be unbiased and probability-weighted, should reflect the time value of money and incorporate reasonable and supportable information that is available without undue cost or effort about past events, current conditions and forecasts of future economic conditions. Under IFRS 9, credit losses are recognised earlier than under IAS 39, resulting in increased volatility in profit or loss. It will also tend to result in an increased impairment allowance, since all financial assets will be assessed for at least 12-month ECL and the population of financial assets to which lifetime ECL applies is likely to be larger than the population with objective evidence of impairment identified under IAS 39.

Calculation of expected credit losses is likely to be based on the PDxLGDxEAD approach (at least for some portfolios), depending on the type of the exposure, stage at which the exposure is classified under IFRS 9, collective or individual assessment, etc.

(iii) Hedge accounting

The general hedge accounting requirements aim to simplify hedge accounting, aligning the hedge accounting more closely with risk management strategies. The standard does not explicitly address macro hedge accounting, which is being considered in a separate project. IFRS 9 includes an accounting policy choice to continue to apply the hedge accounting requirements of IAS 39.

(iv) Transition

The classification and measurement and impairment requirements are generally applied retrospectively (with some exemptions) by adjusting the opening retained earnings and reserves at the date of initial application, with no requirement to restate comparative periods.

IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018. Early adoption of the standard is permitted. The Bank does not intend to adopt the standard earlier.

The Bank has not started a formal assessment of potential impact on its financial statements resulting from the application of IFRS 9 neither has initiated any specific actions towards the preparation for implementation of IFRS 9. Accordingly, it is not practicable to estimate the impact that the application of IFRS 9 will have on the Bank’s financial statements.

3 Significant accounting policies, continued

(m) New standards and interpretations not yet adopted, continued

Other amendments

The following new or amended standards are not expected to have a significant impact of the Bank's financial statements.

- IFRS 15 *Revenue from Contracts with Customers*
- IFRS 16 Leases
- Disclosure Initiative (Amendments to IAS 7 *Statement of Cash Flows*)
- Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12 *Income Taxes*)
- Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2 *Share-Based Payment*).

4 Net interest income

	2016 '000 KZT	2015 '000 KZT
Interest income		
Cash and cash equivalents	1,876,005	76,007
Loans to customers	8,318,517	8,422,174
Available-for-sale financial assets	4,941,766	576,078
Loans to banks	282	135,840
Placements with banks	4,033	1,523
	15,140,603	**9,211,622**
Interest expense		
Current accounts and deposits from customers	3,431,876	3,400,801
Deposits and balances from banks and other financial institutions	112,647	952,338
Amounts payable under repurchase agreements	487,393	587,265
	4,031,916	**4,940,404**
Net interest income	**11,108,687**	**4,271,218**

5 Fee and commission income

	2016 '000 KZT	2015 '000 KZT
Transfers	1,607,628	788,704
Credit cards	316,571	736,328
Guarantees issued	666,193	327,697
Letters of credit provided	311,418	219,899
Custodian fees	371,417	133,291
Accounts maintenance	627	28,664
Cash transactions	20,275	12,687
Other	84,631	58,304
	3,378,760	**2,305,574**

6 Fee and commission expense

	2016 '000 KZT	2015 '000 KZT
Credit cards	388,488	355,269
Guarantee and letter of credit issuance fees	172,230	155,881
Custodian fees	11,440	8,319
Other	389,818	203,175
	961,976	**722,644**

7 Net foreign exchange gain

	2016 '000 KZT	2015 '000 KZT
Revaluation of foreign currency denominated instruments	(2,763,957)	62,638,442
Net forex trading gain/(loss)	24,670,723	(11,558,351)
	21,906,766	**51,080,091**

Revaluation of foreign currency denominated instruments includes gain from spot transactions.

8 General administrative expenses

	2016 '000 KZT	2015 '000 KZT
Administrative support provided by related banks	3,718,312	2,385,662
Employee compensation	1,800,325	1,730,600
Taxes other than on income	990,236	502,982
Administration	231,832	216,827
Cash collection	219,459	197,299
Taxes related to employees	216,159	170,457
Rent	176,860	91,398
Communications and information services	132,742	156,921
Travel expenses	85,838	77,892
Depreciation and amortisation	77,141	49,112
Office supplies	60,100	52,525
Representative expenses	48,697	44,945
Repairs and maintenance	39,004	42,639
Professional services	33,437	54,181
Security	19,658	18,949
Advertising and marketing	510	1,395
Other	17,209	11,185
	7,867,519	**5,804,969**

9 Income tax expense

	2016 '000 KZT	2015 '000 KZT
Current tax expense		
Current year	5,766,730	10,503,005
Overprovided in prior years	(222,643)	(214,094)
	5,544,087	**10,288,911**
Deferred tax expense		
Origination and reversal of temporary differences	207,354	(158,662)
Total income tax expense	**5,751,441**	**10,130,249**

Reconciliation of effective tax rate:

	2016 '000 KZT	%	2015 '000 KZT	%
Profit before tax	**34,585,710**	**100.00**	**51,146,949**	**100.00**
Income tax at the applicable tax rate	6,917,142	20.00	10,229,390	20.00
Current tax expense overrprovided in prior years	(222,643)	(0.65)	(214,094)	(0.42)
Non-taxable income	(995,363)	(2.88)	(121,552)	(0.24)
Non-deductible expenses	216,477	0.63	266,435	0.52
Change in unrecognised deferred tax assets	(164,172)	(0.47)	(29,930)	(0.06)
	5,751,441	**16.63**	**10,130,249**	**19.80**

Deferred tax asset and liability

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes give rise to net deferred tax liabilities as of 31 December 2016 and 2015.

Deferred tax assets on losses on non-deliverable derivatives are not recognised in these financial statements. Future tax benefits will only be realised if taxable profits from similar financial instruments will be available against which unused tax losses can be utilised and there are no changes to the law and regulations that adversely affect the Bank's ability to claim deductions in future periods. These future tax benefits are not recognised by the Bank due to uncertainties concerning their realisation.

The Bank's applicable tax rate in 2016 is the income tax rate of 20% for Kazakhstan companies (2015: 20%).

9 Income tax expense, continued

Deferred tax asset and liability, continued

Movements in temporary differences during the years ended 31 December 2016 and 2015 are presented as follows:

’000 KZT	Balance 1 January 2016	Recognised in profit or loss	Balance 31 December 2016
Financial instruments at fair value through profit or loss	87,521	(188,267)	(100,746)
Loans to customers	(476,116)	-	(476,116)
Property and equipment	(32,483)	(14,164)	(46,647)
Other assets	111,078	(4,923)	106,155
Tax losses carry forward on non-deliverable derivatives	1,633,592	(164,172)	1,469,420
Total deferred tax assets	**1,323,592**	**(371,526)**	**952,066**
Unrecognised deferred tax asset	(1,633,592)	164,172	(1,469,420)
Recognised deferred tax liabilities	**(310,000)**	**(207,354)**	**(517,354)**

’000 KZT	Balance 1 January 2015	Recognised in profit or loss	Balance 31 December 2015
Financial instruments at fair value through profit or loss	(22,768)	110,289	87,521
Loans to customers	(476,116)	-	(476,116)
Property and equipment	(24,570)	(7,913)	(32,483)
Other assets	54,792	56,286	111,078
Tax losses carry forward on non-deliverable derivatives	1,663,522	(29,930)	1,633,592
Total deferred tax assets	**1,194,860**	**128,732**	**1,323,592**
Unrecognised deferred tax asset	(1,663,522)	29,930	(1,633,592)
Recognised deferred tax liabilities	**(468,662)**	**158,662**	**(310,000)**

10 Cash and cash equivalents

Cash and cash equivalents at the end of the financial year are composed of the following items:

	2016 ’000 KZT	2015 ’000 KZT
Placements with the NBRK	**418,346,380**	**305,404,392**
Placements with banks		
Nostro accounts:		
- rated A+ to A	40,400,877	33,203,733
- rated BBB- to B-	698,117	1,584,949
Total placements with banks	**41,098,994**	**34,788,682**
Cash on hand	1,008,990	582,832
Total cash and cash equivalents	**460,454,364**	**340,775,906**

Ratings are based on Standard and Poor’s rating system.

None of the cash and cash equivalents are impaired or past due.

10 Cash and cash equivalents, continued

Concentration of placements with banks

As at 31 December 2016 the Bank has 2 banks except for the NBRK (2015: 2 bank except for the NBRK) whose balances exceed 10% of equity. The gross value of this balance as at 31 December 2016 is KZT 40,374,945 thousand (2015: KZT 33,191,745 thousand).

Nostro accounts include overnight placement amounting to KZT 14,237,171 thousand as at 31 December 2016 (2015: KZT 13,201,971 thousand) placed with entities of Citigroup Inc.

Minimum reserve requirements of the National Bank of the Republic of Kazakhstan

Minimum reserve requirements are calculated in accordance with regulations issued by the NBRK and should be maintained as average of cash on hand and balances on current account with the NBRK for the four week period calculated as certain minimum level of residents' and non-residents' customer deposits and current accounts balances as well as other bank liabilities. As at 31 December 2016 the minimum reserve requirements equaled KZT 11,144,116 thousand (31 December 2015: KZT 8,741,504 thousand).

11 Placements with banks and loans to banks

	2016 ’000 KZT	2015 ’000 KZT
Placements with banks with original maturities more than three months		
- rated A- to A	431,497	1,188,579
- rated BBB-	267	-
Total placements with banks	**431,764**	**1,188,579**
Loans to banks		
- rated BB	-	186,127
Total loans to banks	**-**	**186,127**

Ratings are based on Standard and Poor’s rating system.

No placements with banks were impaired or past due as at 31 December 2016 (2015: none).

As at 31 December 2016 the Bank pledged a margin deposit for liabilities on derivative financial instruments of KZT 431,497 thousand (31 December 2015: KZT 1,188,579 thousand).

12 Financial instruments at fair value through profit or loss

	2016 ’000 KZT	2015 ’000 KZT
Assets		
Derivative financial instruments		
Forward exchange contracts	909,003	1,479,816
Liabilities		
Derivative financial instruments		
Forward exchange contracts	153,157	1,917,426

The table below summarises, by major currency, the contractual amounts of the Bank's forward exchange contracts outstanding at 31 December 2016 and 2015 with details of the contracted exchange rates and remaining periods to maturity. Foreign currency amounts presented below are translated at rates ruling at the reporting date. The resultant unrealised gains and losses on these unmatured contracts, along with the amounts payable and receivable on the matured but unsettled contracts, have been recognised in profit or loss and in financial instruments at fair value through profit or loss, as appropriate.

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

	Notional amount		Weighted average contracted exchange rates	
	2016 '000 KZT	2015 '000 KZT	2016	2015
Buy USD sell KZT				
Less than three months	16,096,000	1,100,000	333.01	343
Sell USD buy KZT				
Less than three months	125,089,821	113,239,119	334.87	345.98
Between three months and one year	7,403,900	1,697,350	352.58	292.76
Sell EUR buy KZT				
Less than three months	2,088,970	4,407,784	389.86	356.44
Between three months and one year	460,200	234,371	383.5	399.09
Buy EUR sell KZT				
Less than three months	20,278	-	352.2	-
Sell USD buy EUR				
Less than three months	2,124,779	11,160,051	1.1	1.1
Between three months and one year	456,357	-	1.07	-
Buy USD sell EUR				
Less than three months	78,728	-	1.07	-
Buy USD sell RUB				
Less than three months		30,955		72.92
Between three months and one year		-		-
Buy KZT sell RUB				
Less than three months	997,819	472,647	5.41	2.54
Between three months and one year	1,245,550	445,935	5.46	4.98
Buy RUB sell USD				
Less than three months	5,899,829	3,044,275	61.9	65.41
Between three months and one year	1,227,455	472,916	65.2	62.2
Buy KZT sell other currencies				
Less than three months	254,360	87,683	-	-
Between three months and one year	2,805	46,601	-	-
Buy other currencies sell USD				
Less than three months	251,918	-	-	-
Between three months and one year	2,780	47,113	-	-

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

The following table provides information on the credit quality of foreign currency contracts, which are assets:

	2016 '000 KZT	2015 '000 KZT
Large OECD banks	370,689	1,393,099
Medium and small Kazakhstan companies	538,314	86,717
	909,003	**1,479,816**

No financial instruments at fair value through profit or loss are past due as at 31 December 2016 (2015: none).

13 Loans to customers

	2016 '000 KZT	2015 '000 KZT
Loans to large corporates	78,489,500	83,643,731
Loans to retail customers	397,009	549,639
Loans to customers	**78,886,509**	**84,193,370**

(a) Credit quality of loan portfolio

The Bank has no overdue loans as at 31 December 2016 (2015: nil). None of the loans are impaired at 31 December 2016 and 2015. No collective provision was recognised in respect of loans to customers as all possible risks have been considered in individual impairment test. Change in estimates could affect the loan impairment provision. For example, to the extent that the net present value of the estimated cash flows differs by minus one percent, the impairment allowance on loans to customers as at 31 December 2016 would be KZT 788,865 thousand higher (31 December 2015: KZT 841,934 thousand).

Analysis of collateral

(i) Loans to large corporates

The following tables provides information on collateral and other credit enhancements securing loans to corporate customers, net of impairment, by types of collateral:

31 December 2016 **'000 KZT**	**Loans to customers, carrying amount**	**Fair value of collateral not determined**
Guarantees from related parties	7,737,396	7,737,396
Third party guarantees	34,722,463	34,722,463
No collateral	36,029,642	-
Total loans to large corporates	**78,489,501**	**42,459,859**

13 Loans to customers, continued

(a) Credit quality of loan portfolio, continued

(i) Loans to large corporates, continued

31 December 2015 '000 KZT	Loans to customers, carrying amount	Fair value of collateral not determined
Guarantees from related parties	4,713,288	4,713,288
Third party guarantees	30,631,679	30,631,679
No collateral	48,298,764	-
Total loans to large corporates	**83,643,731**	**35,344,967**

The tables above exclude over collateralisation.

Third party guarantees are mainly provided by large Kazakhstan state-owned corporations or by headquarters of international corporations operating in Kazakhstan. The recoverability of these loans is primarily dependent on the creditworthiness of the borrowers rather than the value of collateral, and the current value of the collateral does not impact the impairment assessment.

(ii) Loans to retail customers

Mortgage loans are secured by the underlying housing real estate.

The following tables provides information on real estate collateral securing mortgage loans and personal unsecured loans:

31 December 2016 '000 KZT	Loans to customers, carrying amount	Fair value of collateral – for collateral assessed as of loan inception date
Mortgage	394,438	394,383
No collateral	2,571	-
Total loans to retail customers	**397,009**	**394,383**

31 December 2015 '000 KZT	Loans to customers, carrying amount	Fair value of collateral – for collateral assessed as of loan inception date
Mortgage	533,977	533,977
No collateral	15,662	-
Total loans to retail customers	**549,639**	**533,977**

The tables above exclude overcollateralisation.

For certain mortgage loans the Bank updates the appraised values of collateral obtained at inception of the loan to the current values considering the approximate changes in property values. For the remaining mortgage loans the fair value of collateral was estimated at inception of the loans and was not adjusted for subsequent changes to the reporting date.

13 Loans to customers, continued

(b) Industry and geographical analysis of the loan portfolio

Loans and advances to customers are issued primarily to customers located within the Republic of Kazakhstan, who operate in the following economic sectors:

	31 December 2016 '000 KZT	31 December 2015 '000 KZT
Trade	41,708,533	31,399,278
Finance	19,850,091	20,118,422
Manufacturing	12,732,553	18,827,364
Chemical	4,147,895	680,134
Loans to individuals	397,009	549,639
Transportation	30,834	1,312,931
Miscellaneous services	19,594	6,805,513
Energy and natural resources	-	4,424,137
Food production	-	68,597
Other	-	7,355
	78,886,509	**84,193,370**

(c) Significant credit exposures

As at 31 December 2016 the Bank had two borrowers (2015: two), whose loan balances exceeded 10% of equity. The gross value of these loans as at 31 December 2016 was KZT 45,327,215 thousand (2015: KZT 38,316,489 thousand).

14 Available-for-sale financial assets

	2016 '000 KZT	2015 '000 KZT
Debt instruments		
Bonds issued by the Ministry of Finance of the Republic of Kazakhstan (Country sovereign rating: BBB+)	11,996,924	9,497,826
Notes issued by the National Bank of the Republic of Kazakhstan (Country sovereign rating: BBB+)	23,309,549	-
	35,306,473	**9,497,826**

None of available-for-sale financial assets are past due or impaired as at 31 December 2016 (2015: none). None of bonds were collateralized against amounts payable under repurchase agreements as at 31 December 2016 (31 December 2015: KZT 4,536,004 thousand).

15 Property, equipment and intangible assets

’000 KZT	Offices and leasehold improvements	Computers	Fixtures and fittings	Vehicles	Computer software	Total
Cost						
Balance at 1 January 2015	**597,032**	**68,442**	**293,643**	**92,682**	**106,482**	**1,158,281**
Additions	4,505	8,873	89,642	5,574	19,000	127,594
Disposals	(1,034)	(13,063)	(79,091)	(4,950)	(1,166)	(99,304)
Balance at 31 December 2015	**600,503**	**64,252**	**304,194**	**93,306**	**124,316**	**1,186,571**
Additions	88,405	8,222	38,553	-	-	135,180
Disposals	(15,755)	(28,152)	(14,734)	-	-	(58,641)
Balance at 31 December 2016	**673,153**	**44,322**	**328,013**	**93,306**	**124,316**	**1,263,110**
Depreciation						
Balance at 1 January 2015	**(213,002)**	**(60,336)**	**(245,753)**	**(79,319)**	**(106,358)**	**(704,768)**
Depreciation and amortisation charge	(19,222)	(5,682)	(18,581)	(5,066)	(561)	(49,112)
Disposals	629	13,062	79,009	4,950	1,165	98,815
Balance at 31 December 2015	**(231,595)**	**(52,956)**	**(185,325)**	**(79,435)**	**(105,754)**	**(655,065)**
Depreciation and amortisation charge	(23,239)	(6,504)	(35,313)	(5,719)	(6,367)	(77,142)
Disposals	15,756	28,152	13,597	-	-	57,505
Balance at 31 December 2016	**(239,078)**	**(31,308)**	**(207,041)**	**(85,154)**	**(112,121)**	**(674,702)**
Net book value at 1 January 2016	**368,908**	**11,296**	**118,869**	**13,871**	**18,562**	**531,506**
Net book value at 31 December 2016	**434,075**	**13,014**	**120,972**	**8,152**	**12,195**	**588,408**

16 Deposits and balances from banks and other financial institutions

	2016 '000 KZT	2015 '000 KZT
Vostro accounts	7,381,964	4,513,409
Term deposits	3,431,849	333,095
	10,813,813	**4,846,504**

Concentration of deposits and balances from banks and other financial institutions

As at 31 December 2016 the Bank has no financial institution (2015: none), whose balances exceed 10% of equity. The gross value of these balances as at 31 December 2016 is nil (2015: nil).

17 Current accounts and deposits from customers

	2016 '000 KZT	2015 '000 KZT
Current accounts and demand deposits		
- Retail	5,722,295	4,637,019
- Corporate	412,640,840	303,827,956
Term deposits		
- Corporate	30,419,112	18,125,741
	448,782,247	**326,590,716**

Concentrations of current accounts and customer deposits

As at 31 December 2016, the Bank had 5 customers (2015: 4 customers) whose balances exceeded 10% of equity. These balances as at 31 December 2016 amount to KZT 160,034,947 thousand (2015: KZT 68,161,726 thousand).

18 Other assets and liabilities

ASSETS	2016 '000 KZT	2015 '000 KZT
Debtors on documentary settlements	3,178,490	798,842
Other assets	164,848	171,850
	3,343,338	**970,692**

As at 31 December 2016 and 31 December 2015 no other assets were past due or impaired.

Other liabilities	2016 '000 KZT	2015 '000 KZT
Documentary settlements	1,500,223	-
Other liabilities	1,429,620	1,390,380
	2,929,843	**1,390,380**

19 Equity

(a) Issued capital

The authorised, issued and outstanding share capital comprises 621 ordinary shares (2015: 621). All shares have a par value of KZT 20,125 thousand. During 2016 the Bank did not issue ordinary shares (2015: nil).

(b) Dividends

In accordance with Kazakhstan legislation the Bank's distributable reserves are limited to the balance of retained earnings as recorded in the Bank's statutory financial statements prepared in accordance with IFRS or profit for the year if there is an accumulated loss brought forward. A distribution cannot be made if this would result in negative equity or the Bank's insolvency. Under Kazakhstan legislation, as at the reporting date, reserves available for distribution amounted to KZT 107,372,525 thousand (2015: KZT 85,488,258 thousand). During 2016 there were dividends declared and paid of KZT 11,192 thousand per share in the total amount of KZT 6,950,000 thousand (2015: KZT 2,000,000 thousand).

(c) Dynamic reserve

In accordance with Resolution of the National Bank of the Republic of Kazakhstan #137 dated 27 May 2013 On Approval of Rules on Forming Dynamic Reserves by Second-Tier Banks and Establishment of Minimum Size of Dynamic Reserves and Expected Loss, the Bank has established a dynamic reserve calculated using a formula determined in the Rules.

In accordance with the Rules, dynamic reserve cannot be less than zero and shall be calculated as the difference between expected losses and actual charge on deductible for tax purposes impairment losses recognised during the reporting quarter in accordance with IFRS net of income from recovery of provisions. Expected losses are estimated based on the increase of loans to customers during the reporting quarter multiplied by certain coefficients. The Resolution has been effective from 1 January 2013.

In 2016, the dynamic reserve is temporarily frozen by the NBRK at the level of 31 December 2013.

As at 31 December 2016 and 31 December 2015 the non-distributable dynamic reserve of the Bank is KZT 2,380,583 thousand.

20 Risk management

Management of risk is fundamental to the business of banking and is an essential element of the Bank's operations. The major risks faced by the Bank are those related to market risk, which includes price, interest rate and currency risks, credit risk and liquidity risk.

(a) Risk management policies and procedures

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

The Board of Directors of the Bank has overall responsibility for the oversight of the risk management framework, overseeing the management of key risks and reviewing its risk management policies and procedures as well as approving significantly large exposures.

The Management Board of the Bank is responsible for monitoring and implementing risk mitigation measures, and ensuring that the Bank operates within established risk parameters.

Credit, market and liquidity risks, both at the portfolio and transactional levels, are managed and controlled through a Credit Committee and an Asset and Liability Management Committee (ALCO).

20 Risk management, continued

(a) Risk management policies and procedures, continued

Both external and internal risk factors are identified and managed throughout the organisation. Particular attention is given to identifying the full range of risk factors and determining the level of assurance over current risk mitigation procedures.

The Bank calculates mandatory ratios on a daily basis in accordance with the requirement of the NBRK. As at 31 December 2016 and 2015 the mandatory ratios were in compliance with limits set by the NBRK.

(b) Market risk

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

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

Overall authority for market risk is vested in the ALCO, which is chaired by the President. Market risk limits are approved by the ALCO, based on recommendations of the Risk Department.

The Bank manages its market risk by setting open position limits in relation to financial instruments, interest rate maturity and currency positions and stop-loss limits. These are monitored on a regular basis and reviewed and approved by the Management Board. In addition, the Bank uses a wide range of stress tests to model the financial impact of a variety of exceptional market scenarios on individual trading portfolios and the Bank's overall position. Stress tests provide an indication of the potential size of losses that could arise in extreme conditions. The stress tests carried out by the Bank include: risk factor stress testing, where stress movements are applied to each risk category and ad hoc stress testing, which includes applying possible stress events to specific positions.

(i) Interest rate risk

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

20 Risk management, continued

(b) Market risk, continued

(i) Interest rate risk, continued

Interest rate gap analysis

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

’000 KZT	**Less than 3 months**	**3-6 months**	**6-12 months**	**1-5 years**	**More than 5 years**	**Non-interest bearing**	**Total**
31 December 2016							
ASSETS							
Cash and cash equivalents	70,042,778	-	-	-	-	390,411,586	460,454,364
Placements with banks	431,497	-	-	-	-	267	431,764
Loans to customers	58,641,520	19,848,319	2,233	17,803	376,634	-	78,886,509
Available-for-sale financial assets	-	-	23,309,548	11,996,924	-	-	35,306,472
	129,115,795	**19,848,319**	**23,311,781**	**12,014,727**	**376,634**	**390,411,853**	**575,079,109**
LIABILITIES							
Deposits and balances from banks and other financial institutions	3,408,396	-	-	-	-	7,405,417	10,813,813
Current accounts and deposits from customers	225,971,974	-	-	-	-	222,810,273	448,782,247
	229,380,370	**-**	**-**	**-**	**-**	**230,215,690**	**459,596,060**
	(100,264,575)	**19,848,319**	**23,311,781**	**12,014,727**	**376,634**	**160,196,163**	**115,483,049**

20 Risk management, continued

(b) Market risk, continued

(i) Interest rate risk, continued

Interest rate gap analysis, continued

’000 KZT	Less than 3 months	3-6 months	6-12 months	1-5 years	More than 5 years	Non-interest bearing	Total
31 December 2015							
ASSETS							
Cash and cash equivalents	13,201,971	-	-	-	-	327,573,935	340,775,906
Placements with banks	1,188,579	-	-	-	-	-	1,188,579
Loans to banks	186,127	-	-	-	-	-	186,127
Loans to customers	57,620,530	23,814,147	2,215,585	33,005	510,103	-	84,193,370
Available-for-sale financial assets	-	-	4,233,162	5,264,664	-	-	9,497,826
	72,197,207	**23,814,147**	**6,448,747**	**5,297,669**	**510,103**	**327,573,935**	**435,841,808**
LIABILITIES							
Deposits and balances from banks and other financial institutions	331,497	-	-	-	-	4,515,007	4,846,504
Current accounts and deposits from customers	64,969,439	-	-	-	-	261,621,277	326,590,716
Amounts payable under repurchase agreements	4,593,884	-	-	-	-	-	4,593,884
	69,894,820	**-**	**-**	**-**	**-**	**266,136,284**	**336,031,104**
	2,302,387	**23,814,147**	**6,448,747**	**5,297,669**	**510,103**	**61,437,651**	**99,810,704**

20 Risk management, continued

(b) Market risk, continued

(i) Interest rate risk, continued

Average interest rates

The table below displays average effective interest rates for interest bearing assets and liabilities as at 31 December 2016 and 2015.

	2016 Average effective interest rate, %			2015 Average effective interest rate, %		
	KZT	USD	Other currencies	KZT	USD	Other currencies
Interest bearing assets						
Cash and cash equivalents	10.99	-	-	-	0.37	-
Placements with banks	-	0.55	-	-	0.2	-
Loans to banks	-	-	-	-	-	3.2
Loans to customers	14.70	3.59	3.00	25.73	1.24	-
Available-for-sale financial assets	7.73	-	-	9.62	-	-
Interest bearing liabilities						
Deposits and balances from banks and other financial institutions						
- Term deposits	7.00	0.50	-	-	-	-
Current accounts and deposits from customers						
- Current accounts and demand deposits	2.92	0.07	4.00	1.81	0.06	4.47
- Term deposits	8.02	0.02	0.50	26.09	-	-
Amounts payable under repurchase agreements	-	-	-	65	-	-

The Bank is exposed to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest margins may increase as a result of such changes but may also reduce or create losses in the event that unexpected movements occur.

Interest rate sensitivity analysis

The management of interest rate risk, based on an interest rate gap analysis, is supplemented by monitoring the sensitivity of financial assets and liabilities. An analysis of the sensitivity of net profit or loss and equity (net of taxes) to changes in interest rates (repricing risk), based on a simplified scenario of a 100 basis point (bp) symmetrical fall or rise in all yield curves and positions of interest-bearing assets and liabilities existing as at 31 December 2016 and 2016, is as follows:

	31 December 2016		31 December 2015	
	Net income	Equity	Net income	Equity
100 bp parallel increase	(202,906)	(202,906)	(6,915)	(6,915)
100 bp parallel decrease	202,906	202,906	6,915	6,915

20 Risk management, continued

(b) Market risk, continued

(i) Interest rate risk, continued

Fair value interest rate sensitivity analysis

An analysis of the sensitivity of net profit or loss and equity as a result of changes in the fair value of financial instruments at fair value though profit or loss and financial assets available-for-sale due to changes in the interest rates, based on positions existing as at 31 December 2016 and 2015 and a simplified scenario of a 100 bp symmetrical fall or rise in all yield curves, is as follows:

	31 December 2016		31 December 2015	
	Net income	**Equity**	**Net income**	**Equity**
100 bp parallel increase	-	(498,882)	-	(173,095)
100 bp parallel decrease	-	459,594	-	179,203

(ii) Currency risk

The Bank has assets and liabilities denominated in several foreign currencies. Foreign currency risk arises when the actual or forecasted assets in a foreign currency are either greater or less than the liabilities in that currency. For further information on the Bank's exposure to currency risk at year end refer to Note 27.

An analysis of sensitivity of the Bank's net income for the year and equity to changes in the foreign currency exchange rates based on positions existing as at 31 December 2016 and 2015 and a simplified scenario of a +/-20% change in USD and other currencies to Kazakhstan Tenge exchange rates is as follows:

	2016		2015	
	Net income	**Equity**	**Net income**	**Equity**
20% appreciation of USD against KZT (2015: 20%)	(1,701,050)	(1,701,050)	399,111	399,111
20% depreciation of USD against KZT (2015: 20%)	1,701,050	1,701,050	(399,111)	(399,111)
20% appreciation of other currencies against KZT (2015: 20%)	4,116	4,116	(27,932)	(27,932)
20% depreciation of other currencies against KZT (2015: 20%)	(4,116)	(4,116)	27,932	27,932

20 Risk management, continued

(c) Credit risk

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

The credit policy establishes:

- procedures for reviewing and approving loan credit applications
- methodology for the credit assessment of corporate borrowers and/or issuers
- methodology for the credit assessment of counterparties
- methodology for the evaluation of collateral
- credit documentation requirements
- procedures for the ongoing monitoring of loans and other credit exposures

Credit approval requests are originated by the relevant client managers and are then passed for approval to the Credit Committee in the form of a Credit Package. Client manager collects inputs from Credit Risk, Legal and Business Security Units to form the Credit Package. The Credit Committee reviews the Credit Approval requests on the basis of submissions by the Corporate Business.

The Bank continuously monitors the performance of individual credit exposures and regularly reassesses the creditworthiness of its customers. The review is based on the customer's most recent financial statements and other information submitted by the borrower, or otherwise obtained by the Bank.

Apart from individual customer analysis, the credit portfolio is assessed by the Risk Department with regard to credit concentration risk.

The maximum exposure to credit risk is generally reflected in the carrying amounts of financial assets in the statement of financial position and unrecognised contractual commitment amounts and pre-settlement value of derivative transactions. The impact of the possible netting of assets and liabilities to reduce potential credit exposure is not significant. The maximum exposure to credit risk from unrecognised contractual commitments at the reporting date is presented in Note 22.

The Bank monitors concentrations of credit risk by type of obligors and by industry/sector. For the analysis of concentration of credit risk in respect of loans and advances to customers refer to Note 13 "Loans to customers".

20 Risk management, continued

(c) Credit risk, continued

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

	2016 '000 KZT	2015 '000 KZT
ASSETS		
Cash and cash equivalents	459,445,374	340,193,074
Placements with banks	431,764	1,188,579
Loans to banks	-	186,127
Financial instruments at fair value through profit or loss	909,003	1,479,816
Loans to customers	78,886,509	84,193,370
Available-for-sale financial assets	35,306,473	9,497,826
Total maximum exposure	**574,979,123**	**436,738,792**

(d) Offsetting financial assets and financial liabilities

The disclosures set out in the tables below include financial assets and financial liabilities that:

- are offset in the Bank's statement of financial position or
- are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments, irrespective of whether they are offset in the statement of financial position.

Similar agreements include derivative clearing agreements, global master repurchase agreements, and global master securities lending agreements. Similar financial instruments include derivatives, sales and repurchase agreements, reverse sale and repurchase agreements, and securities borrowing and lending agreements. Financial instruments such as loans and deposits are not disclosed in the table below, unless they are offset in the statement of financial position.

The Bank conducts derivative transactions that are not transacted on the exchange through a central counterparty. Management believes that such settlements are, in effect, equivalent to net settlement, and that the Bank meets the net settlement criterion as this gross settlement mechanism has features that eliminate or result in insignificant credit and liquidity risk, and that the Bank will process receivables and payables in a single settlement process or cycle.

The Bank receives and accepts collateral in the form of cash and marketable securities in respect of the following transactions:

- derivatives
- sale and repurchase, and reverse sale and repurchase agreements and
- securities lending and borrowing.

Such collateral is subject to the standard industry terms of the International Derivative Swaps and Dealers Association (ISDA) Credit Support Annex. This means that securities received/given as collateral can be pledged or sold during the term of the transaction, but must be returned on maturity of the transaction. The terms also give each counterparty the right to terminate the related transactions upon the counterparty's failure to post collateral.

20 Risk management, continued

(d) Offsetting financial assets and financial liabilities, continued

The table below shows financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar arrangements as at 31 December 2016:

’000 KZT

Types of financial assets/liabilities	Gross amounts of recognised financial asset/liability	Gross amount of recognised financial liability/asset offset in the statement of financial position	Net amount of financial assets/liabilities presented in the statement of financial position	Related amounts not offset in the statement of financial position Financial instruments	Net amount
Financial instruments at fair value through profit or loss - assets	909,003	-	909,003	(417,974)	491,029
Placements with banks	431,764	-	431,764	(431,764)	-
Financial instruments at fair value through profit or loss - liabilities	(153,157)	-	(153,157)	140,676	(12,481)

The table below shows financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar arrangements as at 31 December 2015:

’000 KZT

Types of financial assets/liabilities	Gross amounts of recognised financial asset/liability	Gross amount of recognised financial liability/asset offset in the statement of financial position	Net amount of financial assets/liabilities presented in the statement of financial position	Related amounts not offset in the statement of financial position Financial instruments	Net amount
Financial instruments at fair value through profit or loss - assets	1,479,816	-	1,479,816	(94,460)	1,385,356
Placements with banks	1,188,579	-	1,188,579	(1,188,579)	-
Loans to banks	186,127	-	186,127	-	186,127
Amounts payable under repurchase agreements	(4,593,884)	-	(4,593,884)	4,593,884	-
Financial instruments at fair value through profit or loss - liabilities	(1,917,426)	-	(1,917,426)	1,283,039	(634,387)

20 Risk management, continued

(d) Offsetting financial assets and financial liabilities, continued

The gross amounts of financial assets and financial liabilities and their net amounts as presented in the statement of financial position that are disclosed in the above tables are measured in the statement of financial position on the following basis:

- derivative assets and liabilities – fair value
- assets and liabilities resulting from sale and repurchase agreements, reverse sale and repurchase agreements and securities lending and borrowing – amortised cost.

The amounts in the above tables that are offset in the statement of financial position are measured on the same basis.

(e) Liquidity risk

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

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

The Bank seeks to actively support a diversified and stable funding base comprising debt securities in issue, long- and short-term loans from other banks, core corporate and retail customer deposits, accompanied by diversified portfolios of highly liquid assets, in order to be able to respond quickly and efficiently to unforeseen liquidity requirements.

The liquidity management policy requires:

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

The Treasury Department receives information from business units regarding the liquidity profile of their financial assets and liabilities and details of other projected cash flows arising from projected future business. The Treasury Department then provides for an adequate portfolio of short-term liquid assets to be maintained, largely made up of short-term liquid trading securities, loans to banks and other inter-bank facilities, to ensure that sufficient liquidity is maintained within the Bank as a whole.

20 Risk management, continued

(e) Liquidity risk, continued

The daily liquidity position is monitored and regular liquidity stress testing under a variety of scenarios covering both normal and more severe market conditions, is performed by the Treasury Department. Under normal market conditions, liquidity reports covering the liquidity position are presented to senior management on a weekly basis. Decisions on liquidity management are made by the Asset and Liability Management Committee (ALCO) and implemented by the Treasury Department.

The Bank also calculates mandatory liquidity ratios on a daily basis in accordance with the requirements of the NBRK. The Bank was in compliance with these ratios as at 31 December 2016 and 2015.

To manage the liquidity risk arising from financial liabilities, the Bank holds liquid assets comprising cash and cash equivalents, short-term state securities for which there is a liquid market. These assets can be readily sold to meet liquidity requirements. Hence, the Bank believes that it is not necessary to disclose a maturity analysis in respect of these assets to enable users to evaluate the nature and extent of liquidity risk.

In accordance with Kazakhstan legislation, depositors can withdraw their term deposits at any time, losing in most of the cases the accrued interest. These deposits are classified in accordance with their stated maturity dates.

However management believes that in spite of this early withdrawal option and the fact that a substantial portion of customers accounts are on demand, diversification of these customer accounts and deposits by number and type of depositors, and the past experience of the Bank indicates that these customers accounts provide a long-term and stable source of funding.

The following tables show the undiscounted cash flows of non-derivative financial liabilities, including issued financial guarantee contracts, and unrecognised loan commitments on the basis of their earliest possible contractual maturity. For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called. The total gross amount (inflow)/ outflow disclosed in the table is the contractual, undiscounted cash flow on the financial liability. The Bank's expected cash flows on these financial liabilities may vary significantly from this analysis.

20 Risk management, continued

(e) Liquidity risk, continued

The table below shows an analysis, by contractual maturities, of undiscounted liabilities recognised in the statement of financial position as at 31 December 2016:

’000 KZT	Demand and less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	More than 1 year	Total gross amount	Carrying amount
Non-derivative liabilities							
Deposits and balances from banks and other financial institutions	10,813,813	-	-	-	-	10,813,813	10,813,813
Current accounts and deposits from	448,782,247	-	-	-	-	448,782,247	448,782,247
Other liabilities	2,929,843	-	-	-	-	2,929,843	2,929,843
Derivatives							
- Inflow	(145,271,645)	(7,436,821)	(7,601,364)	(3,176,370)	-	(163,486,200)	(909,003)
- Outflow	144,889,177	7,060,756	7,263,598	2,999,610	-	162,213,141	153,157
Total	**462,143,435**	(376,065)	(337,766)	(176,760)	-	461,252,844	461,770,057
Credit related commitments	**278,914,288**	-	-	-	-	278,914,288	-

The table below shows an analysis, by contractual maturities, of undiscounted liabilities recognised in the statement of financial position as at 31 December 2015:

’000 KZT	Demand and less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	More than 1 year	Total gross amount	Carrying amount
Non-derivative liabilities							
Deposits and balances from banks and other financial institutions	4,846,504	-	-	-	-	4,846,504	4,846,504
Current accounts and deposits from customers	326,994,278	-	-	-	-	326,994,278	326,590,716
Other liabilities	1,390,380	-	-	-	-	1,390,380	1,390,380
Derivatives						-	
- Inflow	(125,888,295)	(8,254,299)	(2,597,557)	(242,980)	-	(136,983,131)	(1,479,816)
- Outflow	124,365,197	9,161,096	2,726,137	234,371	-	136,486,801	1,917,426
Total	**331,708,064**	**906,797**	**128,580**	**(8,609)**	**-**	**332,734,832**	**333,265,210**
Credit related commitments	**272,815,509**	**-**	**-**	**-**	**-**	**272,815,509**	**-**

21 Capital management

The NBRK sets and monitors capital requirements for the Bank.

The Bank defines as capital the following items defined by statutory regulation as capital for banks:

- Tier 1 capital, which is comprised of common equity and additional capital. Common equity comprises a share capital in the form of ordinary shares, additional paid-in capital, retained earnings of current year and prior periods and provisions less ordinary treasury shares, intangible assets including goodwill, current year and prior period losses, deferred tax asset less deferred tax liability and other revaluation reserves. Additional capital comprises perpetual financial instruments and paid-in preferred stock less adjustments for the Bank's investments in its own perpetual financial instruments and preferred treasury stock;
- Tier 2 capital, which comprises the subordinated debt denominated in the national currency, less investments in the subordinated debt of the financial organisations, in which the Bank owns 10% and more of the issued shares (interests in the charter capital) of a legal entity.

The equity is the sum of tier 1 capital, tier 2 capital.

Various further limits and qualifying criteria are applied to the above elements of the capital base.

Under the current capital requirements set by the NBRK banks have to maintain:

- a ratio of common equity to the sum of assets and contingent liabilities, financial derivatives weighted by the level of credit risk, assets, contingent assets and liabilities, calculated based on the market risk and a quantitative measure of operational risk (k1);
- a ratio of tier 1 capital to the sum of assets and contingent liabilities, financial derivatives weighted by the level of credit risk, assets, contingent assets and liabilities, calculated based on the market risk and a quantitative measure of operational risk (k1-2);
- a ratio of total capital to the sum of assets and contingent liabilities, financial derivatives weighted by the level of credit risk, assets, contingent assets and liabilities, calculated based on the market risk and a quantitative measure of operational risk (k2).

As at 31 December 2016, the minimum level of ratios as applicable to the Bank are as follows:

- k1 – 5,5%
- k1-2 – 6,5%
- k2 – 8%.

The Bank has complied with all externally imposed capital requirements as at 31 December 2016 and 2015.

21 Capital management, continued

The following table shows the composition of the Bank's capital position calculated in accordance with the NBRK Management Board decree #147 dated 30 May 2016, as at 31 December 2016 and 31 December 2015:

	2016 KZT'000	2015 KZT'000
Common equity	121,406,262	99,624,787
Tier 1 capital	121,406,262	99,624,787
Total statutory equity	**121,406,262**	**99,624,787**
Risk-weighed statutory assets, contingent liabilities, operational and market risks		
Risk-weighted statutory assets	64,781,489	87,229,068
Risk-weighted contingent liabilities	45,004,799	46,054,677
Risk weighted derivative financial instruments	2,000,960	1,569,211
Operational risk	26,139,507	12,085,377
Market risk	10,616,775	2,248,526
Total statutory risk weighted assets, contingent liabilities, operational and market risk	**148,543,530**	**149,186,859**
k1 ratio	**81.70%**	**66.78%**
k1-2 ratio	**81.70%**	**66.78%**
k2 ratio	**81.70%**	**66.78%**

The Bank's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the Bank recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and advantages and security afforded by a sound capital position.

22 Credit related commitments

The Bank has outstanding credit related commitments to extend loans. These credit related commitments take the form of approved loans and credit card limits and overdraft facilities.

The Bank provides financial guarantees and letters of credit to guarantee the performance of customers to third parties. These agreements have fixed limits and generally extend for a period of up to five years.

The Bank applies the same credit risk management policies and procedures when granting credit commitments, financial guarantees and letters of credit as it does for granting loans to customers.

The contractual amounts of credit related commitments are set out in the following table by category. The amounts reflected in the table for credit related commitments assume that amounts are fully advanced. The amounts reflected in the table for guarantees and letters of credit represent the maximum accounting loss that would be recognised at the reporting date if counterparties failed completely to perform as contracted.

22 Credit related commitments, continued

	2016 '000 KZT	2015 '000 KZT
Contracted amount		
Undrawn facilities	233,088,605	229,515,563
Guarantees and letters of credit	45,825,683	43,299,946
	278,914,288	**272,815,509**

The total outstanding contractual credit related commitments above do not necessarily represent future cash requirements, as these credit related commitments may expire or terminate without being funded. The majority of loan and credit line commitments do not represent an unconditional commitment by the Bank.

23 Contingencies

(a) Insurance

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

(b) Litigation

In the ordinary course of business, the Bank is subject to legal actions and complaints. Management believes that the ultimate liability, if any, arising from such actions or complaints, will not have a material adverse effect on the financial condition or the results of future operations.

(c) Taxation contingencies

The taxation system in the Republic of Kazakhstan continues to evolve and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are sometimes contradictory and subject to varying interpretation by different tax authorities, including opinions with respect to IFRS treatment of revenues, expenses and other items in the financial statements. Taxes are subject to review and investigation by a number of authorities who have the authority to impose severe fines, penalties and interest charges. A tax year remains open for review by the tax authorities during the five subsequent calendar years; however, under certain circumstances a tax year may remain open longer. Recent events within the Republic of Kazakhstan suggest that the tax authorities are taking a more assertive position in their interpretation and enforcement of tax legislation.

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

24 Custody activities

The Bank provides custody services to its customers, whereby it holds securities on behalf of customers and receives fee income for providing these services. These securities are not assets of the Bank and are not recognised in the statement of financial position.

25 Related party transactions

(a) Control relationships

The Bank is wholly-owned by the Shareholder Bank which is ultimately owned by Citigroup Inc., a public company listed on several stock exchanges. Both entities produce publicly available financial statements.

Related parties include the Parent as well as other Citigroup entities, members of the Board of Directors and members of the Management Board, as well as other legal entities and individuals identified in accordance with criteria set by the Law "On Banks and Banking Activities" and the Law "On Joint Stock Companies".

(b) Transactions with members of the Board of Directors and the Management Board

Total remuneration included in employee compensation (refer Note 8):

	2016 ’000 KZT	2015 ’000 KZT
Members of the Management Board	262,213	160,238
Members of the Board of Directors	122,804	91,337
	385,017	**251,575**

The above amounts include non-cash benefits in respect of the Management Board.

The Board of Directors and the Management Board had no outstanding balances as at 31 December 2016 and 2015.

The outstanding balances and average interest rates as at 31 December 2016 and 2015 for transaction with the members of the Board of Directors and the management Board are as follows:

	2016 ’000 KZT	Average interest rate, %	2015 ’000 KZT	Average interest rate, %
Separate statement of financial position				
ASSETS				
Loans to customers	67,379	2.5	26,006	2.5
LIABILITIES				
Current accounts and deposits from customers	8,923	4	4,188	4

Amounts included in profit or loss in relation to transactions with the members of the Board of Directors and the Management Board for the years ended 31 December 2016 and 2015 are as follows:

	2016 ’000 KZT	2015 ’000 KZT
Profit or loss		
Interest income	1,808	682
Interest expense	(28)	(9)

25 Related party transactions, continued

(c) Transactions with other related parties

The outstanding balances and the related average interest rates as of 31 December 2016 and 31 December 2015 and related income statement amounts of transactions for the year ended 31 December 2016 and 2015 with other related parties were as follows.

	The Shareholder Bank				Other Citigroup entities				Total	
	’000 KZT		Average interest rate, %		’000 KZT		Average interest rate, %		’000 KZT	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Statement of Financial Position										
Assets										
Cash and cash equivalents	40,376,475	33,191,745	0.37	0.37	721,642	1,596,937	-	-	**41,098,117**	**34,788,682**
Placements with banks	431,497	1,188,579	0.55	0.20	-	-	-	-	**431,497**	**1,188,579**
Financial instruments at fair value through profit or loss	370,299	1,393,099	-	-	-	-	-	-	**370,299**	**1,393,099**
Other assets	867	738	-	-	8,329	2,034	-	-	**9,196**	**2,772**
Liabilities										
Current accounts and deposits from customers	-	-	-	-	228,080	-	-	-	**228,080**	**-**
Deposits and balances from banks and other financial institutions	480,691	876,526	-	-	209,650	1,128,206	-	-	**690,341**	**2,004,732**
Financial instruments at fair value through profit or loss	129,038	112,411	-	-	-	-	-	-	**129,038**	**112,411**
Other liabilities	11,536	-	-	-	21,732	21,246			**33,268**	**21,246**
Items not recognised in the statement of financial position										
Guarantees granted	2,545,211	340,671	-	-	-	2,132,778	-	-	**2,545,211**	**2,473,449**
Guarantees received	2,246,269	3,829	-	-	71,823,995	67,924,713	-	-	**74,070,264**	**67,928,542**
Commitments to buy foreign currency	23,693,846	12,165,235	-	-	-	-	-	-	**23,693,846**	**12,165,235**
Commitments to sell foreign currency	128,641,846	115,675,235	-	-	-	-	-	-	**128,641,846**	**115,675,235**

25 Related party transactions, continued

(c) Transactions with other related parties, continued

As at 31 December 2016 financial instruments at fair value through profit or loss represent deliverable forward agreements to buy KZT and sell USD in the amount of KZT 118,600,000 thousand and USD 355,090 thousand, respectively, with terms of 5 days (31 December 2015: deliverable forward on buy KZT and sell USD in the amount of KZT 92,400,000 thousand and USD 268,214 thousand with terms from 5 to 6 days).

As at 31 December 2016 the guarantees granted were provided for the period from 2.7 to 85.5 months at annual interest rates from 0.9% to 3.5% (31 December 2015: period from 8.0 to 73.3 months at annual interest rates from 0.9% to 3.5%).

As at 31 December 2016 the guarantees received were provided for the period from 3.7 to 60.5 months at an annual interest rate of 0.17% (31 December 2015: period from 8.2 to 44.6 months at annual interest rate of 0.25%).

’000 KZT	**The Shareholder Bank**		**Other Citigroup entities**		**Total**	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**
Statement of Profit or Loss and Other Comprehensive Income						
Interest income	314,385	77,528	1	1,326	**314,386**	**78,854**
Interest expense	-	(256)	-	(1)	**-**	**(257)**
Net gain/(loss) on derivative financial instruments	(766,717)	(6,414,540)	1,591,209	321,433	**824,492**	**(6,093,107)**
Fee and commission income	87,673	7,869	253,996	16,169	**341,669**	**24,038**
Fee and commission expense	(391,168)	(170,209)	(4,745)	(1,377)	**(395,913)**	**(171,586)**
General administrative expenses	(1,138,378)	(525,654)	(2,601,319)	(1,860,008)	**(3,739,697)**	**(2,385,662)**
Net foreign exchange gain	16,078,671	11,711,274	413,399	77,322	**16,492,070**	**11,788,596**
Other operating income/ (expenses)	719,114	161,903	330,415	(8,243)	**1,049,529**	**153,660**

26 Fair value of financial instruments

The estimated fair values of all financial instruments approximate their carrying values at 31 December 2016 and 2015.

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

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments the Bank determines fair values using other valuation techniques.

The objective of valuation techniques is to arrive at a fair value determination that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date that would have been determined by market participants acting at arm’s length.

26 Fair value of financial instruments, continued

The Bank uses widely recognised valuation models for determining the fair value of common and more simple financial instruments, like interest rate and currency swaps that use only observable market data and require little management judgment and estimation. Observable prices and model inputs are usually available in the market for listed debt and equity securities, exchange traded derivatives and simple over the counter derivatives like interest rate swaps.

Fair value hierarchy

For more complex instruments, the Bank uses proprietary valuation models. Some or all of the significant inputs into these models may not be observable in the market, and are derived from market prices or rates or are estimated based on assumptions. Example of instruments involving significant unobservable inputs include certain loans and securities for which there is no active market, and certain over the counter structured derivatives.

The Bank measures fair values for financial instruments recorded on the statement of financial position using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: inputs other than quotes prices included within Level 1 that are observable either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: inputs that are unobservable. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument’s valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The Bank has a control framework with respect to the measurement of fair values. This framework includes a Product Control function, which is independent of front office management and which has overall responsibility for independently verifying the results of trading and investment operations and all significant fair value measurements. Specific controls include:

- verification of observable pricing
- re-performance of model valuations
- a review and approval process for new models and changes to models
- quarterly calibration and back testing of models against observed market transactions
- analysis and investigation of significant daily valuation movements;
- review of significant unobservable inputs, valuation adjustments and significant changes to the fair value measurement of Level 3 instruments compared to previous month.

Where third-party information, such as broker quotes or pricing services, are used to measure fair value, Product Control assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS. This includes:

- verifying that the broker or pricing service is approved by the Bank for use in pricing the relevant type of financial instrument
- understanding how the fair value has been arrived at the extent to which it represents actual market transactions
- when prices for similar instruments are used to measure fair value, how these prices have been adjusted to reflect the characteristics of the instrument subject to measurement
- where a number of quotes for the same financial instrument have been obtained, how fair value has been determined using those quotes.

26 Fair value of financial instruments, continued

The table below analyses financial instruments measured at fair value at 31 December 2016 by the level in the fair value hierarchy into which the fair value measurement is categorised:

'000 KZT	**Level 2**
ASSETS	
Available-for-sale financial assets	35,306,473
Financial instruments at fair value through profit or loss	909,003
LIABILITIES	
Financial instruments at fair value through profit or loss	(153,157)

The table below analyses financial instruments measured at fair value at 31 December 2015 by the level in the fair value hierarchy into which the fair value measurement is categorised:

'000 KZT	**Level 2**
ASSETS	
Available-for-sale financial assets	9,497,826
Financial instruments at fair value through profit or loss	1,479,816
LIABILITIES	
Financial instruments at fair value through profit or loss	(1,917,426)

For the rest of financial instruments, not measured at fair value, estimated fair values approximate their carrying values due to their short-term nature or market interest rates at period end as determined by reference to inputs from observable market data.

27 Currency analysis

The following table shows the currency structure of assets and liabilities at 31 December 2016:

'000 KZT	**KZT**	**USD**	**Other currencies**	**Total**
Assets				
Cash and cash equivalents	87,709,584	345,943,559	26,801,221	460,454,364
Placements with banks	-	431,764	-	431,764
Financial instruments at fair value through profit or loss	909,003	-	-	909,003
Loans to customers	26,138,751	51,332,556	1,415,202	78,886,509
Available-for-sale financial assets	35,306,473	-	-	35,306,473
Property, equipment and intangible assets	588,408	-	-	588,408
Current tax assets	4,695,012	-	-	4,695,012
Other assets	113,956	3,182,632	46,750	3,343,338
Total assets	**155,461,187**	**400,890,511**	**28,263,173**	**584,614,871**
Liabilities				
Financial instruments at fair value through profit or loss	153,157	-	-	153,157
Deposits and balances from banks and other financial institutions	10,168,645	620,309	24,859	10,813,813
Current accounts and deposits from customers	131,534,248	284,191,681	33,056,318	448,782,247
Deferred tax liability	517,354	-	-	517,354
Other liabilities	1,217,581	1,664,020	48,242	2,929,843
Total liabilities	**143,590,985**	**286,476,010**	**33,129,419**	**463,196,414**
Net position as at 31 December 2016	**11,870,202**	**114,414,501**	**(4,866,246)**	**121,418,457**
The effect of derivatives held for risk management purposes	121,427,147	(125,046,060)	4,891,973	1,273,060
Net position after derivatives held for risk management purposes as at 31 December 2016	**133,297,349**	**(10,631,559)**	**25,727**	**122,691,517**

27 Currency analysis, continued

The following table shows the currency structure of assets and liabilities at 31 December 2015:

’000 KZT	KZT	USD	Other currencies	Total
Assets				
Cash and cash equivalents	8,741,504	310,407,216	21,627,186	340,775,906
Placements with banks	-	1,188,579	-	1,188,579
Loans to banks	-	-	186,127	186,127
Financial instruments at fair value through profit or loss	1,391,151	88,665	-	1,479,816
Loans to customers	34,163,702	50,029,668	-	84,193,370
Available-for-sale financial assets	9,497,826	-	-	9,497,826
Property, equipment and intangible assets	531,506	-	-	531,506
Current tax asset	705,316	-	-	705,316
Other assets	136,397	774,172	60,122	970,691
Total assets	**55,167,402**	**362,488,300**	**21,873,435**	**439,529,137**
Liabilities				
Financial instruments at fair value through profit or loss	1,677,213	37,713	202,500	1,917,426
Deposits and balances from banks and other financial institutions	4,110,032	735,304	1,168	4,846,504
Current accounts and deposits from customers	65,478,387	230,448,445	30,663,884	326,590,716
Current tax liability	4,593,884	-	-	4,593,884
Deferred tax liability	310,000	-	-	310,000
Other liabilities	1,158,956	231,209	215	1,390,380
Total liabilities	**77,328,472**	**231,452,671**	**30,867,767**	**339,648,910**
Net position as at 31 December 2015	**(22,161,070)**	**131,035,629**	**(8,994,332)**	**99,880,227**
The effect of derivatives held for risk management purposes	120,217,761	(128,541,186)	8,819,755	496,330
Net position after derivatives held for risk management purposes as at 31 December 2015	**98,056,691**	**2,494,443**	**(174,577)**	**100,376,557**