



JSC HALYK BANK

Interim condensed consolidated
financial information (unaudited)
for the six months ended 30 June 2022

JSC Halyk Bank

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**Statement of Management's Responsibilities
for the Preparation and Approval
of the Interim Condensed Consolidated Financial Information
for the Six Months ended 30 June 2022 (unaudited)**

Management is responsible for the preparation of the interim condensed consolidated financial information that presents fairly the financial position of JSC Halyk Bank (the "Bank") and its subsidiaries (collectively – the "Group") as at 30 June 2022, and the related interim condensed consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flows for the six months then ended, in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34").

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

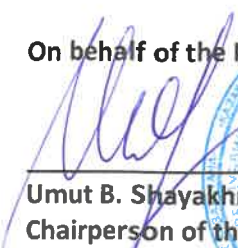
- Properly selecting and applying accounting policies;
- Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Providing additional disclosures when compliance with the specific requirements in IAS 34 are insufficient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

Management is also responsible for:

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

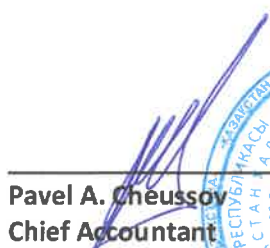
The interim condensed consolidated financial information of the Group for the six months ended 30 June 2022 was authorized for issue by the Management Board on 15 August 2022.

On behalf of the Management Board:



Umut B. Shayakhmetova
Chairperson of the Board

15 August 2022
Almaty, Kazakhstan



Pavel A. Cheussov
Chief Accountant

15 August 2022
Almaty, Kazakhstan

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

To the Shareholders and Board of Directors of JSC Halyk Bank

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of JSC Halyk Bank and its subsidiaries (the "Group") as at 30 June 2022 and the related interim condensed consolidated statements of profit or loss, other comprehensive income for the three and six months then ended, changes in equity and cash flows for the six months then ended, and selected explanatory notes. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

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

Conclusion

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

Deloitte LLP

15 August 2022

Almaty, Republic of Kazakhstan

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Interim Condensed Consolidated Statement of Financial Position
as at 30 June 2022 (unaudited)
(millions of Kazakhstani Tenge)

	Notes	30 June 2022 (unaudited)	31 December 2021
ASSETS			
Cash and cash equivalents	5	2,119,772	1,438,521
Obligatory reserves		225,732	194,931
Financial assets at fair value through profit or loss	6	299,469	283,333
Amounts due from credit institutions	7	199,278	602,125
Financial assets at fair value through other comprehensive income	8	1,698,253	1,871,677
Debt securities at amortized cost, net of allowance for expected credit losses	9	1,354,544	1,288,178
Loans to customers	10, 30	7,258,438	5,872,228
Investment property		44,063	28,007
Commercial property		87,240	92,412
Assets classified as held for sale		32,330	45,412
Current income tax assets		1,996	1,942
Deferred income tax assets		218	250
Property and equipment and intangible assets		192,452	183,849
Insurance assets	11	69,264	54,111
Other assets		152,530	134,394
TOTAL ASSETS		13,735,579	12,091,370
LIABILITIES AND EQUITY			
LIABILITIES			
Amounts due to customers	12, 30	9,985,097	8,473,407
Amounts due to credit institutions	13	943,699	1,071,642
Financial liabilities at fair value through profit or loss	6	43,023	2,276
Debt securities issued	14	468,861	499,812
Current income tax liability		15,489	11,539
Deferred tax liability		44,837	50,469
Provisions	17	16,823	13,193
Insurance liabilities	11	283,350	240,281
Other liabilities		169,722	155,147
Total liabilities		11,970,901	10,517,766
EQUITY			
Share capital	16	209,027	209,027
Share premium reserve		8,596	9,067
Treasury shares		(259,256)	(259,322)
Retained earnings and other reserves		1,806,303	1,614,824
Total equity attributable to owners of the Group		1,764,670	1,573,596
Non-controlling interest		8	8
Total equity		1,764,678	1,573,604
TOTAL LIABILITIES AND EQUITY		13,735,579	12,091,370

On behalf of the Management Board:

Umut B. Shayakhmetova
Chairperson of the Board

15 August 2022
Almaty, Kazakhstan

Pavel A. Cheussov
Chief Accountant

15 August 2022
Almaty, Kazakhstan

The notes on pages 10 to 62 form an integral part of this interim condensed consolidated financial information.

**Interim Condensed Consolidated Statement of Profit or Loss
for the Three and Six Months ended 30 June 2022 (unaudited)**
(millions of Kazakhstani Tenge, except for earnings per share which is in Tenge)

	Notes	Three months ended 30 June 2022 (unaudited)	Three months ended 30 June 2021 (unaudited)	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)
Interest income calculated using effective interest method	18, 30	291,290	208,765	538,709	397,140
Other interest income	18	6,445	5,235	12,802	10,497
Interest expense	18, 30	(143,465)	(83,650)	(252,853)	(164,720)
NET INTEREST INCOME BEFORE CREDIT LOSS EXPENSE		154,270	130,350	298,658	242,917
(Credit loss expense)/recovery of credit loss expense	5, 7, 9, 10, 30	(31,522)	9,501	(56,877)	3,254
NET INTEREST INCOME		122,748	139,851	241,781	246,171
Fee and commission income	19	45,778	34,919	79,300	66,912
Fee and commission expense	19	(23,488)	(17,438)	(43,830)	(33,306)
Fees and commissions, net		22,290	17,481	35,470	33,606
Net (loss)/gain from financial assets and liabilities at fair value through profit or loss	20	(20,121)	(1,865)	(283)	8,817
Net realised (loss)/gain from financial assets at fair value through other comprehensive income		(1,004)	128	(1,106)	202
Net gain on foreign exchange operations	21	82,754	14,355	109,401	16,113
Insurance underwriting income	22	38,898	34,841	69,145	65,419
Share in profit of associate	30	2,426	1,649	4,411	3,123
Income in non-banking activities	24	10,887	3,493	15,615	7,076
Other income		1,259	3,856	8,101	3,021
OTHER NON-INTEREST INCOME		115,099	56,457	205,284	103,771
Operating expenses	23	(49,992)	(39,930)	(95,598)	(77,103)
Loss from impairment of non-financial assets		-	(48)	(60)	(487)
Recovery of other credit loss expense/(other credit loss expense)	17	587	(3,261)	(902)	(4,378)
Insurance claims incurred, net of reinsurance	22	(35,965)	(22,952)	(65,810)	(47,442)
NON-INTEREST EXPENSES		(85,370)	(66,191)	(162,370)	(129,410)
INCOME BEFORE INCOME TAX EXPENSE		174,767	147,598	320,165	254,138
Income tax expense	15	(17,603)	(18,988)	(38,764)	(28,700)
NET PROFIT		157,164	128,610	281,401	225,438
Attributable to:					
Common shareholders		157,164	128,610	281,401	225,438
		157,164	128,610	281,401	225,438

EARNINGS PER SHARE

25

(in Kazakhstani Tenge)

Basic and diluted earnings per share

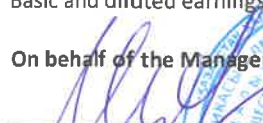
14.43

10.97

25.83

19.26

On behalf of the Management Board:


Umut B. Shayakhmetova
 Chairperson of the Board

 15 August 2022
 Almaty, Kazakhstan


Pavel A. Chelusov
 Chief Accountant

 15 August 2022
 Almaty, Kazakhstan

The notes on pages 10 to 62 form an integral part of this interim condensed consolidated financial information.

**Interim Condensed Consolidated Statement of Other Comprehensive Income
for the Three and Six Months ended 30 June 2022 (unaudited)**
(millions of Kazakhstani Tenge)

	Three months ended 30 June 2022 (unaudited)	Three months ended 30 June 2021 (unaudited)	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)
Net profit	157,164	128,610	281,401	225,438
Other comprehensive income:				
<i>Items that will not be subsequently reclassified to profit or loss:</i>				
Gain on revaluation of property (net of tax – KZT Nil)	570	294	570	165
Gain/(loss) on revaluation of equity financial assets at fair value through other comprehensive income (net of tax – KZT Nil)	125	3	1,473	(1,747)
<i>Items that may be subsequently reclassified to profit or loss:</i>				
Exchange differences on translation of foreign operations (net of tax – KZT Nil)	17,859	2,556	23,111	1,492
Share of other comprehensive income/(loss) of associate on revaluation of debt financial assets at fair value through other comprehensive income	45	(141)	(1,611)	(256)
Share of other comprehensive income of associate on revaluation of property and equipment	2	-	2	-
Loss on revaluation of debt financial assets at fair value through other comprehensive income, including impaired during the period (net of tax – KZT Nil)	(9,630)	(448)	(114,657)	(5,706)
Reclassification adjustment relating to financial assets at fair value through other comprehensive income disposed of in the period (net of tax – KZT Nil)	1,004	(128)	1,106	(202)
Other comprehensive income/(loss) for the period	9,975	2,136	(90,006)	(6,254)
Total comprehensive income	167,139	130,746	191,395	219,184
Attributable to:				
Common shareholders	167,139	130,746	191,395	219,184
Total comprehensive income	167,139	130,746	191,395	219,184

On behalf of the Management Board:

Umut B. Shayakhmetova
Chairperson of the Board

15 August 2022
Almaty, Kazakhstan

Pavel A. Cheussov
Chief Accountant

15 August 2022
Almaty, Kazakhstan

The notes on pages 10 to 62 form an integral part of this interim condensed consolidated financial information.

JSC Halyk Bank



Interim Condensed Consolidated Statement of Changes in Equity for the Six Months ended 30 June 2022 (unaudited) (millions of Kazakhstanian Tenge)

	Share capital Common shares	Share premium reserve	Treasury common shares	Cumulative translation reserve*	Revaluation reserve of financial assets at fair value through other comprehensive income*	Property revaluation reserve *	Retained earnings*	Total equity	Non-controlling interest	Total equity
31 December 2021	209,027	9,067	(259,322)	5,582	25,115	27,521	1,556,606	1,573,596	8	1,573,604
Net income	-	-	-	-	-	-	281,401	281,401	-	281,401
Other comprehensive income/(loss)	-	-	-	23,111	(113,689)	572	-	(90,006)	-	(90,006)
Total comprehensive income/(loss)	-	-	-	23,111	(113,689)	572	281,401	191,395	-	191,395
Treasury shares purchased (Note 16)	-	(471)	(3,337)	-	-	-	-	(3,808)	-	(3,808)
Treasury shares sold (Note 16)	-	-	3,403	-	-	-	-	3,403	-	3,403
Recovery of reserves for bonuses to the insured	-	-	-	-	-	-	84	84	-	84
Release of property and equipment revaluation reserve on depreciation and disposal of previously revalued assets	-	-	-	-	-	(918)	918	-	-	-
30 June 2022 (unaudited)	209,027	8,596	(259,256)	28,693	(88,574)	27,175	1,839,009	1,764,670	8	1,764,678

JSC Halyk Bank



Interim Condensed Consolidated Statement of Changes in Equity for the Six Months ended 30 June 2022 (unaudited) (continued) (millions of Kazakhstani Tenge)

	Share capital Common shares	Share premium reserve	Treasury common shares	Cumulative translation reserve*	Revaluation reserve of financial assets at fair value through other comprehensive income*	Property revaluation reserve*	Retained earnings*	Total equity	Non-controlling interest	Total equity
31 December 2020	209,027	5,741	(111,027)	4,516	53,198	27,802	1,304,004	1,493,261	7	1,493,268
Net income	-	-	-	-	-	-	225,438	225,438	-	225,438
Other comprehensive income/(loss)	-	-	-	1,492	(7,911)	165	-	(6,254)	-	(6,254)
Total comprehensive income/(loss)	-	-	-	1,492	(7,911)	165	225,438	219,184	-	219,184
Treasury shares purchased (Note 16)	-	-	(2,425)	-	-	-	-	(2,425)	-	(2,425)
Treasury shares sold (Note 16)	-	2,763	8,228	-	-	-	-	10,991	-	10,991
Dividends – common shares	-	-	-	-	-	-	(210,783)	(210,783)	-	(210,783)
Release of property and equipment revaluation reserve on depreciation and disposal of previously revalued assets	-	-	-	-	-	(388)	388	-	-	-
30 June 2021 (unaudited)	209,027	8,504	(105,224)	6,008	45,287	27,579	1,319,047	1,510,228	7	1,510,235

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

On behalf of the Management Board:

Umut B. Shayakhmetova
Chairperson of the Board

15 August 2022
Almaty, Kazakhstan



Pavel A. Cheussov
Chief Accountant

15 August 2022
Almaty, Kazakhstan



The notes on pages 10 to 62 form an integral part of this interim condensed consolidated financial information.

Interim Condensed Consolidated Statement of Cash Flows
for the Six Months ended 30 June 2022 (unaudited)
(millions of Kazakhstani Tenge)

	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Interest received from financial assets at fair value through profit or loss	11,645	10,000
Interest received from cash equivalents and amounts due from credit institutions	8,665	9,055
Interest received on financial assets at fair value through other comprehensive income	55,544	26,765
Interest received on debt securities at amortized cost, net of allowance for expected credit losses	15,479	15,150
Interest received from loans to customers	413,865	274,575
Interest paid on due to customers	(189,204)	(132,509)
Interest paid on due to credit institutions	(40,263)	(3,179)
Interest paid on debt securities issued	(18,100)	(26,305)
Fee and commission received	79,298	71,172
Fee and commission paid	(42,392)	(33,284)
Insurance underwriting income received	69,145	65,419
Ceded insurance share paid	(14,900)	(20,345)
(Payments)/ receipts from derivative operations	(2,739)	5,497
Other income received	23,718	15,146
Operating expenses paid	(90,982)	(64,361)
Insurance claims paid	(27,313)	(27,133)
Cash flows from operating activities before changes in net operating assets	251,466	185,663
Changes in operating assets and liabilities:		
(Increase)/decrease in operating assets:		
Obligatory reserves	(30,801)	(14,879)
Financial assets at fair value through profit or loss	7,377	5,353
Amounts due from credit institutions	410,225	(99,950)
Loans to customers	(1,298,729)	(611,192)
Assets classified as held for sale	7,963	6,904
Insurance assets	(5,623)	(10,245)
Other assets	(9,433)	1,409
Increase/(decrease) in operating liabilities:		
Amounts due to customers	1,288,473	686,364
Amounts due to credit institutions	(142,238)	71,278
Financial liabilities at fair value through profit or loss	40,565	201
Insurance liabilities	10,356	33,367
Other liabilities	18,636	32,449
Net cash inflow from operating activities before income tax	548,237	286,722
Income tax paid	(40,468)	(18,183)
Net cash inflow from operating activities	507,769	268,539
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase and prepayment for property and equipment and intangible assets	(16,025)	(9,053)
Proceeds on sale of property and equipment	3,396	547
Proceeds on sale of commercial property	8,953	14,034
Proceeds on sale of financial assets at fair value through other comprehensive income	352,807	317,969
Purchase of financial assets at fair value through other comprehensive income	(221,353)	(886,031)
Proceeds on sale of investment property	1,384	290
Purchase of debt securities at amortized cost, net of allowance for expected credit losses	(35,158)	(13,963)
Proceeds from sale of debt securities at amortized cost, net of allowance for expected credit losses	4,104	5,496
Capital expenditures on commercial property	(1,898)	(706)
Net cash inflow/(outflow) from investing activities	96,210	(571,417)

Interim Condensed Consolidated Statement of Cash Flows
for the Six Months ended 30 June 2022 (unaudited) (continued)
(millions of Kazakhstani Tenge)

		Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)
	Notes		
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds on sale of treasury shares		3,403	10,991
Purchase of treasury shares		(3,808)	(2,425)
Redemption and repayment of debt securities issued	14	(177,600)	(305,470)
Proceeds from issue of debt securities issued	14	130,882	-
Dividends paid – common shares		-	(210,783)
Repayment of the lease liabilities		(2,301)	(1,246)
Net cash outflow from financing activities		(49,424)	(508,933)
Effect of changes in foreign exchange rate fluctuations on cash and cash equivalents		126,696	34,142
Net change in cash and cash equivalents		681,251	(777,669)
CASH AND CASH EQUIVALENTS, beginning of the period	5	1,438,521	1,757,477
CASH AND CASH EQUIVALENTS, end of the period	5	2,119,772	979,808

On behalf of the Management Board:


Umut B. Shayakhmetova
 Chairperson of the Board

15 August 2022
 Almaty, Kazakhstan


Pavel A. Cheussov
 Chief Accountant

15 August 2022
 Almaty, Kazakhstan

The notes on pages 10 to 62 form an integral part of this interim condensed consolidated financial information.

**Selected Explanatory Notes to the Interim Condensed
Consolidated Financial Information for the Six Months
ended 30 June 2022 (unaudited)
(millions of Kazakhstani Tenge)**

1. Principal activities

JSC Halyk Bank (the “Bank”) and its subsidiaries (collectively, the “Group”) provide corporate and retail banking services principally in Kazakhstan, Russia, Kyrgyzstan, Tajikistan, Georgia and Uzbekistan, leasing services in Kazakhstan and Russia, as well as asset management, insurance and brokerage services in Kazakhstan. The primary state registration of the Bank with the authorities of justice of Kazakhstan was made on 20 January 1994. The Bank operates under license No. 1.2.47/230/38/1 for carrying out banking and other operations and activities on the securities market, renewed by the Agency of the Republic of Kazakhstan for Regulation and Development of the Financial Market on 3 February 2020. The Bank is a member of the obligatory deposit insurance system provided by the JSC Kazakhstan Deposit Insurance Fund.

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

The Bank has a primary listing with the Kazakhstan Stock Exchange (“KASE”) and Astana International Exchange. The Bank’s Global Depository Receipts (“GDRs”) are primary listed on the London Stock Exchange, KASE and Astana International Exchange.

The Group is ultimately controlled by Timur Kulibayev and his wife Dinara Kulibayeva via JSC HG Almex.

As at 30 June 2022, the Bank operated through its head office in Almaty and its 24 regional branches, 120 sub-regional offices and 433 cash settlement units (31 December 2021 – 24, 120 and 445, respectively) located throughout Kazakhstan. The address of the Bank’s registered office is 40 Al-Farabi Avenue, Almaty, A26M3K5, Republic of Kazakhstan.

As at 30 June 2022, the number of the Group’s full-time equivalent employees was 16,528 (31 December 2021 – 17,038).

The interim condensed consolidated financial information of the Group for the six months ended 30 June 2022 was authorized for issue by the Management Board on 15 August 2022.

Legal proceedings

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

**Selected Explanatory Notes to the Interim Condensed
Consolidated Financial Information for the Six Months
ended 30 June 2022 (unaudited) (continued)**
(millions of Kazakhstani Tenge)

Operating environment

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

Because Kazakhstan produces and exports large volumes of oil and gas, its economy is particularly sensitive to the price of oil and gas on the world market. Moreover, the state of the economy is significantly influenced by government spending on major infrastructure projects and various programs of the country's socio-economic development.

During the six months ended 30 June 2022, the average price of Brent crude oil was approximately 110 USD/bbl. (60.97 USD/bbl. during the six months ended 30 June 2021 year). In the first half of 2022, the economy grew by 3.4%, which is generally in line with the forecasts of the National Bank of the Republic of Kazakhstan ("NBRK") until the end of 2022 at the level of 2.8-3.8%. All major sectors of the economy are growing, but some sectors are slowing down. In June 2022, annual inflation accelerated to 14.5%. Prices are rising for all its components - food products (19.2%), non-food products (13.2%) and paid services (9.2%). This comes as a result of rising cost-push inflation due to disruptions in supply chains, rising external inflationary pressures, as well as strong demand supported by fiscal stimulus, and a depreciating tenge.

At the start of January 2022, Kazakhstan witnessed mass protests, which turned into unrest. On 5 January 2022, the President introduced a state of emergency across the country, which was in place until 19 January 2022. During the mass protests internet access was restricted across Kazakhstan, bank operations and transactions were suspended, stock and commodity exchanges were closed, and flights were cancelled, resulting in businesses being unable to function effectively. The situation in Kazakhstan stabilised and was under the control of the authorities by 15 January 2022. The government continues to focus on addressing the political and socio-economic situation.

As at the date of issuance of the consolidated financial information, damages to the Bank's property from the actions of marauders amounted to KZT 730 million. Some of the Group's corporate clients also received damages. For the majority of the Group's customers, the Group does not expect related damages to adversely affect the ability of such customers to meet their obligations to the Group in a timely manner and in full.

In June 2022, the Monetary Policy Committee of the NBRK decided to set the base rate at 14.0% per annum with an interest corridor of +/- 1.00 p.p. The decision was made taking into account the current balance of inflation risks in the short and medium term, as well as the updated forecasts of the National Bank. This level of the base rate, in the absence of new shocks, will ensure a smooth decline in inflation by 2024. Monetary conditions will normalize as inflationary processes slow down in 2023.

**Selected Explanatory Notes to the Interim Condensed
Consolidated Financial Information for the Six Months
ended 30 June 2022 (unaudited) (continued)
(millions of Kazakhstani Tenge)**

At present, the geopolitical crisis continues to be one of the key factors influencing the formation of inflationary processes and economic activity in the world. The aftermath of the events in Ukraine, which have been more than three months since the beginning, has exacerbated the problems with global logistics and production chains that began during the pandemic. Against the backdrop of expectations of a shortage of supply due to the sanctions imposed on Russia, energy prices continued to rise actively. Thus, the price of Brent oil rose from 86.5 USD/bbl. in January of 2022 to 97.5 USD/bbl. in July of 2022. High energy prices, rising food prices, as well as a deteriorating supply situation contributed to an increase in the pro-inflationary background in the world and in the countries that are Kazakhstan's trading partners. High oil prices, high inflation and supply disruptions will have a dampening effect on global economic activity. According to the International Monetary Fund forecasts, in the near future the world economy will develop at a slower pace than previously predicted. It is expected that in 2022-2023 the global economy will grow by 3.6% (previous forecast for 2022 - 4.4%, for 2023 - 3.8%).

The impact of anti-Russian sanctions has an insignificant and limited impact on the Group's currency risk, the credit risks on Russian securities and Russian banks are immaterial in relation to the Group's assets. The risk on securities of Russian issuers is represented mainly by bonds of the Eurasian Development Bank (S&P rating agency: BBB-, not included in the sanctions lists), claims on Russian banks are represented by insignificant amounts of balances on nostro accounts. The Group also has claims on the securities of the issuers of the Republic of Kazakhstan, denominated in Russian rubles, in amounts that are immaterial in relation to the Group's assets. Due to significant changes in the operating environment caused by the realized geopolitical risks, an extraordinary stress-testing of the Bank's financial stability was carried out. The results of stress testing show some decrease in certain financial indicators (growth in provisions for expected credit losses, decrease in net profit and outflow of customer funds). At the same time, given that the Group has a sufficient amount of equity capital and liquid assets, a significant deterioration in the Group's financial position and violation of regulatory requirements and standards is not expected.

As a result of significant changes in the operating environment, the financial condition of the Bank's large borrowers is not expected to deteriorate significantly. The Bank's clients to larger extent were able to make necessary changes to their supply and logistics chains and continue the implementation and completion of previously launched investment projects.

Management of the Group is monitoring developments in the economic and political situation, including any sanctions related risks, and taking measures it considers necessary to support the sustainability and development of the Group's business for the foreseeable future. However, the consequences of these events and related future changes may have a significant impact on the Group's operations.

Ownership

As at 30 June 2022 and 31 December 2021, the Group's shares were represented by common shares only.

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Six Months ended 30 June 2022 (unaudited) (continued)
(millions of Kazakhstani Tenge)

As at 30 June 2022 and 31 December 2021, the Group was owned by the following shareholders, which own individually more than 5% of the issued shares of the Group:

30 June 2022 (unaudited)

	Total shares (Common shares)	Stake in total shares in circulation
JSC HG Almex	7,583,538,228	69.6%
GDR holders	3,100,682,400	28.5%
Other	208,001,755	1.9%
Total shares in circulation (on consolidated basis)	10,892,222,383	100%

31 December 2021

	Total shares (Common shares)	Stake in total shares in circulation
JSC HG Almex	7,583,538,228	69.6%
GDR holders	3,119,831,600	28.6%
Other	192,635,022	1.8%
Total shares in circulation (on consolidated basis)	10,896,004,850	100%

2. Basis of presentation

Accounting basis

The interim condensed consolidated financial information of the Group has been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting”. This interim condensed consolidated financial information has been prepared assuming that the Group is a going concern, as the Group have the resources to continue in operation for the foreseeable future. In making this assessment, the management have considered a wide range of information in relation to present and future economic conditions, including projections of cash flows, profit and capital resources.

The interim condensed consolidated financial information is unaudited and does not include all the information and disclosures required in the annual financial statements. The Group omitted disclosures, which would substantially duplicate the information contained in its audited annual consolidated financial statements for the year ended 31 December 2021 prepared in accordance with International Financial Reporting Standards (“IFRS”), such as accounting policies and details of accounts, which have not changed significantly in amount or composition. Additionally, the Group has provided disclosures, where significant events have occurred subsequent to the issuance of the Group’s annual consolidated financial statements for the year ended 31 December 2021 prepared in accordance with IFRS. Management believes that the disclosures in this interim condensed consolidated financial information are adequate to make the information presented not misleading if this interim condensed consolidated financial information is read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2021 prepared in accordance with IFRS. In management’s opinion, this interim condensed consolidated financial information reflects all adjustments necessary to present fairly the Group’s financial position, results of the operations, changes in shareholders’ equity and cash flows for the interim reporting periods.

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Six Months ended 30 June 2022 (unaudited) (continued)
(millions of Kazakhstani Tenge)

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

Consolidated subsidiaries

No significant changes in the Group structure occurred during the six months ended 30 June 2022 in comparison with the structure as at 31 December 2021, except for the following:

On 16 May 2022, the Board of Directors of the Bank has approved the legal merger of Bank's subsidiaries LLP Halyk Activ 1 and LLC Halyk Project with Bank's subsidiary LLP Halyk Activ.

3. Significant accounting policies

In preparing this interim condensed consolidated financial information, the Group has applied the same accounting policies and methods of computation as those applied in the annual consolidated financial statements of the Group for the year ended 31 December 2021.

The following amended standards and interpretations became effective for the Group from 1 January 2022, but did not have any significant impact on the Group's interim condensed consolidated financial information for the six months ended 30 June 2022:

- Amendments to IAS 16 - *Property, Plant and Equipment — Proceeds before Intended Use*;
- Annual Improvements to IFRS Standards 2018–2020 (May 2020);
- Amendments to IFRS 3 (May 2020) - *Reference to the Conceptual Framework*;
- Amendments to IAS 37 (May 2020) - *Onerous Contracts - Cost of Fulfilling a Contract*.

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

4. 4a. Significant accounting estimates

In preparing this interim condensed consolidated financial information, the significant judgments made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were consistent with those that applied to the Group's annual consolidated financial statements for the year ended 31 December 2021 prepared in accordance with IFRS. There have been no changes to the basis upon which the significant accounting estimates have been determined compared with 31 December 2021, except for those disclosed in this Note below.

Measurement of allowances for expected credit losses ("ECL")

Due to significant changes in the operating environment caused by the realized geopolitical risks, an extraordinary stress-testing of the Group's financial stability was carried out. When conducting stress testing, the Group used, among other things, a stress scenario, including changes in such macro indicators as: increased inflation, weakening of the national currency, changes in oil prices, an increase in the base rate, etc. The results of the stress test were taken into account when calculating the ECL at the end of the first quarter of 2022 with a weighting degree of 20%, the effect of the stress scenario in the ECL dynamics for the first half of 2022 amounted to KZT 2,958 million.

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Six Months ended 30 June 2022 (unaudited) (continued)
(millions of Kazakhstani Tenge)

4b. Reclassifications

Certain reclassifications have been made to the interim condensed consolidated statement of profit or loss for the six months ended 30 June 2021 to conform to the presentation for the six months ended 30 June 2022, as current period presentation provides better view of the financial performance of the Group.

Reclassification of operating expenses in amount of KZT 6,040 million includes:

- The reclassification of agency fee expenses related to customer acquisition by insurance subsidiaries in amount of KZT 2,466 million. Since these expenses are directly related to insurance business, the Group's management has decided to reclassify them from operating expenses to insurance expenses.
- The reclassification of bonuses to customers on card transactions, which in turn should be recognized under IFRS 15 as a "decrease in revenue", i.e. in this case, a decrease in fee and commission income

	As previously reported 30 June 2021	Reclassification amount 30 June 2021	As reclassified 30 June 2021
insurance claims incurred, net of reinsurance	(44,976)	(2,466)	(47,442)
Fee and commission income	70,486	(3,574)	66,912
Operating expenses	(83,143)	6,040	(77,103)

The reclassification of interest expenses to other expenses is related to the recognition of a loss from the early redemption of Eurobonds that occurred in 2021. The Group's management believes that the difference between the carrying amount and the consideration paid should be recognized within other non-interest income in the Interim Condensed Consolidated Statement of Profit or Loss.

	As previously reported 30 June 2021	Reclassification amount 30 June 2021	As reclassified 30 June 2021
Interest expense	(169,769)	5,049	(164,720)
Other income	8,070	(5,049)	3,021

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Six Months ended 30 June 2022 (unaudited) (continued)
(millions of Kazakhstani Tenge)

5. Cash and cash equivalents

Cash and cash equivalents comprise:

	30 June 2022 (unaudited)	31 December 2021
Cash on hand	356,903	245,615
Correspondent accounts with Organization for Economic Co-operation and Development countries (the "OECD") based banks	242,265	156,830
Short-term deposits with OECD based banks	79,961	-
Overnight deposits with OECD based banks	143,455	86,360
Correspondent accounts with NBRK	-	108,649
Short-term deposits with NBRK	1,098,753	525,076
Correspondent accounts with Kazakhstan banks	24,664	-
Short-term deposits with Kazakhstan banks (incl. loans under reverse repurchase agreements)	60,020	217,387
Correspondent accounts with non-OECD based banks	28,931	47,543
Short-term deposits with non-OECD based banks	23,394	41,779
Overnight deposits with non-OECD based banks	61,426	9,282
Total cash and cash equivalents	2,119,772	1,438,521

As at 30 June 2022 and 31 December 2021, cash and cash equivalents allowance for expected credit losses comprised KZT 98 million and KZT 42 million, respectively.

The movements in accumulated allowances for expected credit losses of cash and cash equivalents were as follows:

	Three months ended 30 June 2022 (unaudited) Stage 1	Three months ended 30 June 2021 (unaudited) Stage 1	Six months ended 30 June 2022 (unaudited) Stage 1	Six months ended 30 June 2021 (unaudited) Stage 1
At the beginning of the period	(45)	(40)	(42)	(46)
Changes in risk parameters	(93)	18	(66)	19
Foreign exchange differences and other movements	40	3	10	8
At the end of the period	(98)	(19)	(98)	(19)

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Six Months ended 30 June 2022 (unaudited) (continued)
(millions of Kazakhstani Tenge)

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

	30 June 2022 (unaudited)		31 December 2021	
	KZT	Foreign currencies	KZT	Foreign currencies
Short-term deposits with OECD based banks	-	1.6%	-	-
Overnight deposits with OECD based banks	-	1.5%-2.1%	-	0.1%
Short-term deposits with NBRK	13.0%	1.0%-1.8%	8.8%	0.3%
Short-term deposits with Kazakhstan banks	13.0%	-	8.8%-10.8%	0.3%
Short-term deposits with non-OECD based banks	-	8.8%-19.0%	-	5.0%-14.0%
Overnight deposits with non-OECD based banks	-	2.0%-16.0%	-	5.5%-10.5%

Fair value of assets pledged and carrying amounts of loans under reverse repurchase agreements included into short-term deposits with Kazakhstan banks as at 30 June 2022 and 31 December 2021 are as follows:

	30 June 2022 (unaudited)		31 December 2021	
	Carrying amount of loans	Fair value of collateral	Carrying amount of loans	Fair value of collateral
Treasury bills of the Ministry of Finance of Kazakhstan	59,758	57,042	169,204	168,195
Equity securities of Kazakhstan corporations	212	214	-	-
Bonds of Kazakhstan corporations	50	51	18,053	18,058
Notes of NBRK	-	-	10,774	10,774
Eurobonds of the Russian Federation	-	-	10,697	10,234
	60,020	57,307	208,728	207,261

As at 30 June 2022 and 31 December 2021, maturities of loans under reverse repurchase agreements were less than one month.

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

Financial assets at fair value through profit or loss comprise:

	30 June 2022 (unaudited)	31 December 2021
Financial assets held for trading:		
Corporate bonds	152,122	142,817
Treasury bills of the Ministry of Finance of Kazakhstan	54,337	41,576
Bonds of JSC Development Bank of Kazakhstan	24,679	24,311
Derivative financial instruments	16,812	5,633
Bonds of Kazakhstan banks	13,264	22,855
Equity securities of foreign organizations	11,833	10,476
Bonds of foreign states	9,504	5,332
Bonds of foreign organizations	7,943	19,253
Equity securities of Kazakhstan corporations	7,819	11,080
Notes of NBRK	1,156	-
Total financial assets at fair value through profit or loss	299,469	283,333

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Six Months ended 30 June 2022 (unaudited) (continued)
(millions of Kazakhstani Tenge)

Financial liabilities at fair value through profit or loss comprise:

	30 June 2022 (unaudited)	31 December 2021
Financial liabilities held for trading:		
Derivative financial instruments	43,023	2,276

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

	30 June 2022 (unaudited)	31 December 2021
Corporate bonds	11.4%	10.2%
Treasury bills of the Ministry of Finance of Kazakhstan	6.9%	6.2%
Bonds of JSC Development Bank of Kazakhstan	11.7%	10.2%
Bonds of Kazakhstan banks	12.2%	10.5%
Bonds of foreign states	4.5%	3.9%
Bonds of foreign organizations	7.6%	5.7%
Notes of NBRK	13.7%	-

Derivative financial instruments comprise:

	30 June 2022 (unaudited)			31 December 2021		
	Notional amount	Fair value		Notional amount	Fair value	
		Asset	Liability		Asset	Liability
Foreign currency contracts						
Swaps	545,358	14,792	10,299	267,388	5,069	1,660
Spots	563,597	2,020	32,553	26,511	552	578
Forwards	2,188	-	171	12,155	12	38
		16,812	43,023		5,633	2,276

As at 30 June 2022 and 31 December 2021, the Group used quoted market prices from independent information sources for all of its financial assets at fair value through profit or loss, except for derivative financial instruments, which are valued using valuation models based on observable market data.

7. Amounts due from credit institutions

Amounts due from credit institutions comprise:

	30 June 2022 (unaudited)	31 December 2021
Term deposits and restricted accounts	137,304	550,272
Deposit pledged as collateral	40,614	31,029
Loans to credit institutions	21,478	21,022
	199,396	602,323
Less - Allowance for expected credit losses	(118)	(198)
Total amounts due from credit institutions	199,278	602,125

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Six Months ended 30 June 2022 (unaudited) (continued)
(millions of Kazakhstani Tenge)

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

	30 June 2022 (unaudited)		31 December 2021	
	Interest rate, %	Maturity, year	Interest rate, %	Maturity, year
Term deposits and restricted accounts	0.4%-11.5%	2022-2023	0.3%-18.0%	2022-2023
Deposit pledged as collateral	0.1%-2.5%	2046	0.1%-2.5%	2046
Loans to credit institutions	2.5%-13.0%	2022-2023	2.0%-13.0%	2023

The movements in accumulated allowances for expected credit losses of amounts due from credit institutions were as follows:

	Three months ended 30 June 2022 (unaudited)	Three months ended 30 June 2021 (unaudited)	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)
	Stage 1	Stage 1	Stage 1	Stage 1
At the beginning of the period	(202)	(170)	(198)	(261)
Changes in risk parameters	92	(2)	79	92
Foreign exchange differences and other movements	(8)	(4)	1	(7)
At the end of the period	(118)	(176)	(118)	(176)

8. Financial assets at fair value through other comprehensive income

Debt securities comprise:

	30 June 2022 (unaudited)	31 December 2021
Treasury bills of the Ministry of Finance of Kazakhstan	1,040,000	1,087,639
Corporate bonds	197,063	199,402
Bonds of JSC Development Bank of Kazakhstan	149,282	216,932
Bonds of foreign states	143,947	127,123
Bonds of foreign organisations	134,912	184,344
Bonds of Kazakhstan banks	13,597	13,818
Local municipal bonds	10,653	11,573
Notes of NBRK	-	21,685
	1,689,454	1,862,516

Equity securities comprise:

	30 June 2022 (unaudited)	31 December 2021
Equity securities of Kazakhstan corporations	8,799	9,161
	8,799	9,161
Total financial assets at fair value through other comprehensive income	1,698,253	1,871,677

As at 30 June 2022 and 31 December 2021, the allowance for expected credit losses on financial assets at fair value through other comprehensive income comprised KZT 2,684 million and KZT 2,677 million, respectively (Note 9).

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Six Months ended 30 June 2022 (unaudited) (continued)
(millions of Kazakhstani Tenge)

As at 30 June 2022 and 31 December 2021, financial assets at fair value through other comprehensive income included Treasury bills of the Ministry of Finance of Kazakhstan at fair value of KZT 630,072 million and KZT 886,912 million, respectively, which were pledged under repurchase agreements with other banks (see Note 13). All repurchase agreements as at 30 June 2022 and 31 December 2021 mature before 27 July 2022 and 28 January 2022, respectively.

Interest rates and maturities of financial assets at fair value through other comprehensive income securities are presented in the table below. Interest rates in the table below are calculated as the weighted average of the effective interest rates for the respective securities.

	30 June 2022 (unaudited)		31 December 2021	
	Interest rate, %	Maturity, year	Interest rate, %	Maturity, year
Treasury bills of the Ministry of Finance of Kazakhstan	4.8%	2022-2045	4.6%	2022-2045
Corporate bonds	10.7%	2022-2047	10.1%	2022-2047
Bonds of JSC Development Bank of Kazakhstan	4.6%	2022-2032	5.1%	2022-2032
Bonds of foreign states	1.0%	2022-2025	1.0%	2022-2025
Bonds of foreign organisations	3.9%	2022-2027	3.4%	2022-2027
Bonds of Kazakhstan banks	11.7%	2022-2026	10.9%	2022-2026
Local municipal bonds	10.8%	2026	10.8%	2026
Notes of NBRK	-	-	9.2%	2022

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

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

	30 June 2022 (unaudited)	31 December 2021
Treasury bills of the Ministry of Finance of Kazakhstan	1,079,463	1,045,031
Corporate bonds	194,512	178,538
Bonds of foreign organizations	58,576	56,793
Notes of National Bank of Uzbekistan	13,646	-
Treasury bills of the Kyrgyz Republic	3,862	3,849
Treasury bills of National Bank of Georgia	2,794	2,436
Bonds of Kazakhstan banks	1,691	1,531
Total debt securities at amortized cost, net of allowances for expected credit losses	1,354,544	1,288,178

As at 30 June 2022, the portfolio of debt securities measured at amortized cost less allowance for expected credit losses contains securities of Russian issuers in the amount of KZT 1,920 million. The Group's management believes that these securities are Stage 2, as the issuers of these securities show no signs of deterioration in their financial condition, coupon payments are made on time, and these issuers are not subject to any sanctions.

As at 30 June 2022 and 31 December 2021, the allowance for expected credit losses on debt securities at amortized cost comprised KZT 683 million and KZT 545 million, respectively.

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Six Months ended 30 June 2022 (unaudited) (continued)
(millions of Kazakhstani Tenge)

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

	30 June 2022 (unaudited)		31 December 2021	
	Interest rate, %	Maturity, year	Interest rate, %	Maturity, year
Treasury bills of the Ministry of Finance of Kazakhstan	9.3%	2022-2027	9.2%	2022-2027
Corporate bonds	3.3%	2024	3.2%	2024
Bonds of foreign organizations	1.4%	2023-2025	4.1%	2023-2025
Notes of National Bank of Uzbekistan	19.6%	2022	-	-
Treasury bills of the Kyrgyz Republic	9.9%	2022-2024	8.0%	2022-2024
Treasury bills of National Bank of Georgia	9.5%	2024-2028	8.8%	2024-2028
Bonds of Kazakhstan banks	4.1%	2023	4.1%	2023

JSC Halyk Bank



Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Six Months ended 30 June 2022 (unaudited) (continued) (millions of Kazakhstani Tenge)

The movements in accumulated allowances for expected credit losses of debt securities at amortised cost, net of allowances for expected credit losses and financial assets at fair value through other comprehensive income were as follows:

	Three months ended 30 June 2022 (unaudited)			Three months ended 30 June 2021 (unaudited)			Six months ended 30 June 2022 (unaudited)			Six months ended 30 June 2021 (unaudited)		
	Stage 1	Stage 2	Total	Stage 1	Stage 3	Total	Stage 1	Stage 2	Total	Stage 1	Stage 3	Total
At the beginning of the period	(1,555)	(458)	(1,653)	(1,340)	(1,083)	(2,423)	(1,628)	-	(1,594)	(1,262)	(1,022)	(2,284)
Transfer to Stage 1	(437)	437	-	-	-	-	(437)	437	-	-	-	-
Transfer to Stage 2	3	(3)	-	-	-	-	440	(440)	-	-	-	-
Changes in risk parameters*	587	(138)	(60)	(95)	(61)	(156)	281	(159)	(119)	(10)	(121)	(131)
New originations or purchases of financial assets*	(77)	-	-	(289)	-	(289)	(79)	-	(79)	(454)	-	(454)
Derecognition of financial assets*	6	-	-	7	-	7	8	-	-	7	-	7
Foreign exchange differences and other movements	33	(52)	-	9	1	10	(25)	(52)	(77)	11	-	11
At the end of the period	(1,440)	(214)	(1,713)	(1,708)	(1,143)	(2,851)	(1,440)	(214)	(1,713)	(1,708)	(1,143)	(2,851)

* FS line "(Credit loss expense)/recovery of credit loss expense" in the interim condensed consolidated statement of profit or loss is comprised from "Changes in risk parameters", "New originations or purchases of financial assets" and "Derecognition of financial assets".

10. Loans to customers

Loans to customers comprise:

	30 June 2022 (unaudited)	31 December 2021
Originated loans to customers	7,675,685	6,236,850
Overdrafts	18,780	13,410
	7,694,465	6,250,260
Stage 1	6,874,157	5,469,752
Stage 2	234,742	245,157
Stage 3	551,632	502,058
Purchased or originated credit-impaired assets ("POCI")	33,934	33,293
Total	7,694,465	6,250,260
Less – Allowance for expected credit losses	(436,027)	(378,032)
Loans to customers	7,258,438	5,872,228

The weighted average interest rate on loans to customers is calculated as interest income on loans to customers divided by monthly average balances of loans to customers. For the six months ended 30 June 2022, average interest rate on loans was 13.4% (for the six months ended 30 June 2021 – 12.5%).

As at 30 June 2022, the Group's loan concentration to the ten largest borrowers was KZT 1,370,501 million, which comprised 18% of the Group's total gross loan portfolio (as at 31 December 2021 – KZT 1,192,775 million, 19%) and 77% of the Group's total equity (as at 31 December 2021 – 76%).

As at 30 June 2022, the allowance for expected credit losses created against these loans was KZT 18,884 million (as at 31 December 2021 – KZT 5,026 million).

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Three Months ended 30 June 2022 (unaudited) (continued)
(millions of Kazakhstani Tenge)



As at 30 June 2022 and 31 December 2021, loans were granted to the following sectors:

	30 June 2022 (unaudited)	%	31 December 2021	%
Retail loans:				
- consumer loans	1,998,348	26%	1,625,469	26%
- mortgage loans	437,990	6%	286,712	5%
	2,436,338		1,912,181	
Services	817,538	11%	747,595	12%
Wholesale trade	602,679	8%	437,116	7%
Retail trade	450,079	6%	343,291	5%
Real estate	363,388	5%	306,401	5%
Financial services	342,323	4%	248,777	4%
Chemical industry	338,582	4%	297,820	5%
Oil and gas	326,387	4%	332,966	5%
Energy	296,830	4%	301,949	5%
Construction	279,195	4%	220,524	4%
Agriculture	250,841	3%	200,405	3%
Transportation	231,558	3%	155,590	2%
Machinery	208,282	3%	113,060	2%
Food industry	207,308	3%	176,100	3%
Metallurgy	141,868	2%	95,767	2%
Mining	134,774	2%	118,584	2%
Communication	75,557	1%	76,359	1%
Hotel industry	55,256	0%	58,591	1%
Light industry	52,754	0%	37,896	0%
Other	82,928	1%	69,288	1%
	7,694,465	100%	6,250,260	100%

Restructured and modified loans to customers

The Bank derecognises a financial asset, such as a loan to a customer, if the terms of the contract are renegotiated in such a way that it effectively becomes a new loan and the difference is recognized as a gain or loss on derecognition before an impairment loss is recognized. On initial recognition, loans to customers are classified in Stage 1 for the purpose of estimating expected credit losses, unless the loan originated is considered POCL. If the modification does not result in a significant change in cash flows, then derecognition does not occur. No material modification gain/(loss) of loans to customers was recognized in the second quarter of 2022 and 2021.

As at 30 June 2022, accrued interest on loans comprised KZT 180,919 million (31 December 2021 – KZT 173,466 million).

During the six months ended 30 June 2022 and 2021, the Group received financial and non-financial assets by taking possession of collateral it held as security. As at 30 June 2022 and 31 December 2021, such assets of KZT 1,774 million and KZT 14,524 million, respectively, are included in assets classified as held for sale.

As at 30 June 2022 and 31 December 2021, loans to customers included loans of KZT 286,856 million and KZT 329,185 million, respectively, which terms were renegotiated. Otherwise, these loans would be past due.

The following is a reconciliation of the gross carrying amounts at the beginning and end of period:

Corporate Business	Stage 1	Stage 2	Stage 3	POCI	Total
At the beginning of the period	2,834,605	197,214	234,273	26,974	3,293,066
Transfer to Stage 1	29,402	(28,587)	(815)	-	-
Transfer to Stage 2	(12,699)	13,229	(530)	-	-
Transfer to Stage 3	(16,137)	(22,767)	38,904	-	-
New originations or purchases of financial assets	1,066,049	-	-	-	1,066,049
Assets derecognised or repaid	(527,999)	(8,579)	(10,223)	-	(546,801)
Write-offs	-	-	-	-	-
Changes in the gross value of financial assets*	263,682	25,176	(9,644)	684	279,898
At the end of the period	3,636,903	175,686	251,965	27,658	4,092,212

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Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Six Months ended 30 June 2022 (unaudited) (continued) (millions of Kazakhstani Tenge)

	30 June 2022 (unaudited)			
Retail Business	Stage 1	Stage 2	Stage 3	POCI Total
At the beginning of the period	1,758,678	11,633	141,870	1,912,181
Transfer to Stage 1	6,193	(3,647)	(2,546)	-
Transfer to Stage 2	(11,249)	12,956	(1,707)	-
Transfer to Stage 3	(16,667)	(8,023)	24,690	-
New originations or purchases of financial assets	693,604	-	-	693,604
Assets derecognised or repaid	(113,777)	(938)	(5,644)	(120,359)
Write-offs	-	-	(11,866)	(11,866)
Changes in the gross value of financial assets*	(63,148)	9,705	16,221	(37,222)
At the end of the period	2,253,634	21,686	161,018	2,436,338

	30 June 2022 (unaudited)			
SME Business	Stage 1	Stage 2	Stage 3	POCI Total
At the beginning of the period	876,469	36,310	125,915	1,045,013
Transfer to Stage 1	2,361	(1,146)	(1,215)	-
Transfer to Stage 2	(19,809)	21,315	(1,506)	-
Transfer to Stage 3	(15,416)	(14,668)	30,084	-
New originations or purchases of financial assets	392,615	-	-	392,615
Assets derecognised or repaid	(138,185)	(6,137)	(11,895)	(156,217)
Write-offs	-	-	(7,927)	(8,278)
Changes in the gross value of financial assets*	(114,415)	1,696	5,193	(107,218)
At the end of the period	983,620	37,370	138,649	1,165,915

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Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Six Months ended 30 June 2022 (unaudited) (continued) (millions of Kazakhstan Tenge)

	30 June 2021 (unaudited)			
	Stage 1	Stage 2	Stage 3	Total
At the beginning of the period	4,015,322	216,589	533,519	4,824,316
Transfer to Stage 1	23,369	(10,905)	(12,464)	-
Transfer to Stage 2	(93,316)	96,853	(3,537)	-
Transfer to Stage 3	(68,922)	(27,921)	96,843	-
New originations or purchases of financial assets	2,433,512	-	-	2,433,512
Assets derecognised or repaid	(1,107,244)	(15,790)	(53,043)	(1,177,481)
Write-offs	-	-	(21,289)	(21,441)
Changes in the gross value of financial assets*	(558,400)	(26,925)	(26,264)	(613,755)
At the end of the period	4,644,321	231,901	513,765	5,445,151

	30 June 2021 (unaudited)			
	Stage 1	Stage 2	Stage 3	Total
Corporate Business				
At the beginning of the period	2,199,629	176,581	258,682	2,684,490
Transfer to Stage 1	1,937	(1,937)	-	-
Transfer to Stage 2	(62,244)	62,360	(116)	-
Transfer to Stage 3	(29,270)	(16,510)	45,780	-
New originations or purchases of financial assets	1,388,939	-	-	1,388,939
Assets derecognised or repaid	(718,037)	(9,385)	(36,683)	(765,509)
Write-offs	-	-	(4)	(4)
Changes in the gross value of financial assets*	(237,778)	(30,429)	(22,969)	(291,503)
At the end of the period	2,543,176	180,680	244,690	3,016,413

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Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Six Months ended 30 June 2022 (unaudited) (continued) (millions of Kazakhstan Tenge)

	30 June 2021 (unaudited)			
Retail Business	Stage 1	Stage 2	Stage 3	POCI Total
At the beginning of the period	1,161,588	14,660	159,301	- 1,335,549
Transfer to Stage 1	12,532	(6,166)	(6,366)	-
Transfer to Stage 2	(9,642)	11,672	(2,030)	-
Transfer to Stage 3	(16,071)	(5,283)	21,354	-
New originations or purchases of financial assets	603,533	-	-	603,533
Assets derecognised or repaid	(178,832)	(1,759)	(6,818)	(187,409)
Write-offs	-	-	(11,311)	(11,311)
Changes in the gross value of financial assets*	(186,667)	1,803	(7,811)	(192,675)
At the end of the period	1,386,441	14,927	146,319	- 1,547,687

	30 June 2021 (unaudited)			
SME Business	Stage 1	Stage 2	Stage 3	POCI Total
At the beginning of the period	654,105	25,348	115,536	9,288 804,277
Transfer to Stage 1	8,900	(2,802)	(6,098)	-
Transfer to Stage 2	(21,430)	22,821	(1,391)	-
Transfer to Stage 3	(23,581)	(6,128)	29,709	-
New originations or purchases of financial assets	441,040	-	-	441,040
Assets derecognised or repaid	(210,375)	(4,646)	(9,542)	(224,563)
Write-offs	-	-	(9,974)	(10,126)
Changes in the gross value of financial assets*	(133,955)	1,701	4,516	(129,577)
At the end of the period	714,704	36,294	122,756	7,297 881,051

* Changes in the gross value of financial assets includes changes in gross carrying amount associated with partial repayment of debt, accrual of interest income and foreign exchange differences

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Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Six Months ended 30 June 2022 (unaudited) (continued) (Millions of Kazakhstani Tenge)

The movements in accumulated allowances for expected credit losses of loans to customers were as follows:

	Three months ended 30 June 2022 (unaudited)					Six months ended 30 June 2022 (unaudited)				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
At the beginning of the period	(85,016)	(55,890)	(237,371)	(22,332)	(400,609)	(69,846)	(48,369)	(240,242)	(19,575)	(378,032)
Transfer to Stage 1	(3,390)	1,527	1,863	-	-	(5,574)	2,313	3,261	-	-
Transfer to Stage 2	1,321	(1,741)	420	-	-	12,465	(13,434)	969	-	-
Transfer to Stage 3	10,254	10,614	(20,868)	-	-	26,882	11,997	(38,879)	-	-
Changes in risk parameters*	684	(1,817)	(5,060)	370	(5,823)	(4,467)	(7,231)	(6,379)	588	(17,489)
New originations or purchases of financial assets*	(35,894)	-	-	-	(35,894)	(75,640)	-	-	-	(75,640)
Derecognition of financial assets**	6,615	2,238	4,520	527	13,900	11,274	10,310	19,403	527	41,514
Recoveries of allowances on previously written-off assets	-	-	(3,228)	(934)	(4,162)	-	-	(5,345)	(1,788)	(7,133)
Write-offs	-	-	8,853	351	9,204	-	-	19,793	351	20,144
Foreign exchange differences and other movements	(826)	(867)	(10,559)	(391)	(12,643)	(1,346)	(1,522)	(14,011)	(2,512)	(19,391)
At the end of the period	(106,252)	(45,936)	(261,430)	(22,409)	(436,027)	(106,252)	(45,936)	(261,430)	(22,409)	(436,027)

Corporate Business	Three months ended 30 June 2022 (unaudited)					Six months ended 30 June 2022 (unaudited)				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
At the beginning of the period	(8,009)	(47,954)	(125,803)	(19,372)	(201,138)	(5,786)	(42,199)	(127,195)	(16,698)	(191,878)
Transfer to Stage 1	(528)	528	-	-	-	(573)	528	45	-	-
Transfer to Stage 2	197	(197)	-	-	-	10,562	(10,579)	17	-	-
Transfer to Stage 3	6,051	8,180	(14,231)	-	-	20,759	8,180	(28,939)	-	-
Changes in risk parameters*	(2,147)	1,093	9,626	266	8,838	(2,178)	(1,460)	15,215	531	12,108
New originations or purchases of financial assets*	(10,791)	-	-	-	(10,791)	(38,961)	-	-	-	(38,961)
Derecognition of financial assets**	2,103	2,072	2,963	458	7,596	3,388	9,845	16,532	458	30,223
Recoveries of allowances on previously written-off assets	-	-	(2,673)	(934)	(3,607)	-	-	(3,907)	(1,788)	(5,695)
Foreign exchange differences and other movements	(625)	(414)	(3,366)	(209)	(4,614)	(960)	(1,007)	(5,252)	(2,294)	(9,513)
At the end of the period	(13,749)	(36,692)	(133,484)	(19,791)	(203,716)	(13,749)	(36,692)	(133,484)	(19,791)	(203,716)

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Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Six Months ended 30 June 2022 (unaudited) (continued) (millions of Kazakhstan Tenge)

Retail Business	Three months ended 30 June 2022 (unaudited)					Six months ended 30 June 2022 (unaudited)				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
At the beginning of the period	(65,223)	(5,299)	(63,952)	-	(134,474)	(54,991)	(4,332)	(61,020)	-	(120,343)
Transfer to Stage 1	(2,082)	774	1,308	-	-	(3,320)	1,198	2,122	-	-
Transfer to Stage 2	671	(891)	220	-	-	1,227	(1,795)	568	-	-
Transfer to Stage 3	1,808	1,587	(3,395)	-	-	3,067	2,740	(5,807)	-	-
Changes in risk parameters*	1,508	(1,003)	(13,683)	-	(13,178)	(2,960)	(2,614)	(19,830)	-	(25,404)
New originations or purchases of financial assets*	(19,182)	-	-	-	(19,182)	(27,998)	-	-	-	(27,998)
Derecognition of financial assets***	3,421	81	1,071	-	4,573	5,965	124	1,382	-	7,471
Recoveries of allowances on previously written-off assets	-	-	(373)	-	(373)	-	-	(697)	-	(697)
Write-offs	-	-	6,668	-	6,668	-	-	11,866	-	11,866
Foreign exchange differences and other movements	3	(191)	(2,390)	-	(2,578)	(66)	(263)	(3,110)	-	(3,439)
At the end of the period	(79,076)	(4,942)	(74,526)	-	(158,544)	(79,076)	(4,942)	(74,526)	-	(158,544)
SME Business	Three months ended 30 June 2022 (unaudited)					Six months ended 30 June 2022 (unaudited)				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
At the beginning of the period	(11,784)	(2,637)	(47,616)	(2,960)	(64,997)	(9,069)	(1,838)	(52,027)	(2,877)	(65,811)
Transfer to Stage 1	(780)	225	555	-	-	(1,681)	587	1,094	-	-
Transfer to Stage 2	453	(653)	200	-	-	676	(1,060)	384	-	-
Transfer to Stage 3	2,395	847	(3,242)	-	-	3,056	1,077	(4,133)	-	-
Changes in risk parameters*	1,323	(1,907)	(1,003)	104	(1,483)	671	(3,157)	(1,764)	57	(4,193)
New originations or purchases of financial assets*	(5,921)	-	-	-	(5,921)	(8,681)	-	-	-	(8,681)
Derecognition of financial assets***	1,091	85	486	69	1,731	1,921	341	1,489	69	3,820
Recoveries of allowances on previously written-off assets	-	-	(182)	-	(182)	-	-	(741)	-	(741)
Write-offs	-	-	2,185	351	2,536	-	-	7,927	351	8,278
Foreign exchange differences and other movements	(204)	(262)	(4,803)	(182)	(5,451)	(320)	(252)	(5,649)	(218)	(6,439)
At the end of the period	(13,427)	(4,302)	(53,420)	(2,618)	(73,767)	(13,427)	(4,302)	(53,420)	(2,618)	(73,767)

(millions of Kazakhstani Tenge)

Corporate Business	Three months ended 30 June 2021 (unaudited)					Six months ended 30 June 2021 (unaudited)				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
At the beginning of the period	(7,233)	(37,696)	(148,370)	(16,613)	(209,912)	(8,629)	(33,208)	(152,404)	(17,071)	(211,312)
Transfer to Stage 1	(30)	30	-	-	-	(30)	30	-	-	-
Transfer to Stage 2	-	-	-	-	-	59	(59)	-	-	-
Transfer to Stage 3	37	1,018	(1,055)	-	-	71	1,631	(1,702)	-	-
Changes in risk parameters*	841	900	15,954	(511)	17,184	16,165	(4,325)	14,781	735	27,356
New originations or purchases of financial assets*	(9,313)	-	-	-	(9,313)	(23,016)	-	-	-	(23,016)
Derecognition of financial assets**	2,991	285	11,726	764	15,766	3,291	714	21,343	764	26,112
Recoveries of allowances on previously written-off assets	-	-	(8,326)	-	(8,326)	-	-	(8,326)	(337)	(8,663)
Write-offs	-	-	4	-	4	-	-	4	-	4
Foreign exchange differences and other movements	385	(247)	2,793	350	3,281	(233)	(493)	(970)	(101)	(1,797)
At the end of the period	(12,322)	(35,710)	(127,274)	(16,010)	(191,316)	(12,322)	(35,710)	(127,274)	(16,010)	(191,316)

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Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Six Months ended 30 June 2022 (unaudited) (continued) (millions of Kazakhstani Tenge)

Retail Business	Three months ended 30 June 2021 (unaudited)					Six months ended 30 June 2021 (unaudited)				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
At the beginning of the period	(41,946)	(5,923)	(64,948)	-	(112,817)	(39,972)	(2,909)	(68,954)	-	(111,835)
Transfer to Stage 1	(1,632)	612	1,020	-	-	(3,327)	1,033	2,294	-	-
Transfer to Stage 2	-	-	-	-	-	374	(980)	606	-	-
Transfer to Stage 3	198	575	(773)	-	-	1,175	575	(1,750)	-	-
Changes in risk parameters*	5,045	1,782	(14,648)	-	(7,821)	8,530	(1,122)	(17,636)	-	(10,228)
New originations or purchases of financial assets*	(11,636)	-	-	-	(11,636)	(19,733)	-	-	-	(19,733)
Derecognition of financial assets**	2,516	224	1,357	-	4,097	5,006	512	3,683	-	9,201
Recoveries of allowances on previously written-off assets	-	-	(634)	-	(634)	-	-	(1,935)	-	(1,935)
Write-offs	-	-	6,236	-	6,236	-	-	11,311	-	11,311
Foreign exchange differences and other movements	(291)	254	(442)	-	(479)	201	415	(451)	-	165
At the end of the period	(47,746)	(2,476)	(72,832)	-	(123,054)	(47,746)	(2,476)	(72,832)	-	(123,054)

SME Business	Three months ended 30 June 2021 (unaudited)					Six months ended 30 June 2021 (unaudited)				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
At the beginning of the period	(8,878)	(1,728)	(49,871)	(1,124)	(61,601)	(7,230)	(1,362)	(45,299)	(1,003)	(54,894)
Transfer to Stage 1	(1,463)	132	1,331	-	-	(1,691)	203	1,488	-	-
Transfer to Stage 2	346	(472)	126	-	-	430	(611)	181	-	-
Transfer to Stage 3	225	513	(738)	-	-	517	517	(1,034)	-	-
Changes in risk parameters*	6,167	(698)	(6,389)	912	(8)	6,145	(1,002)	(11,085)	399	(5,543)
New originations or purchases of financial assets*	(3,609)	-	-	-	(3,609)	(6,274)	-	-	-	(6,274)
Derecognition of financial assets**	991	137	4,088	-	5,216	1,923	175	4,428	392	6,918
Recoveries of allowances on previously written-off assets	-	-	(4,261)	(720)	(4,981)	-	-	(4,261)	(720)	(4,981)
Write-offs	-	-	9,974	152	10,126	-	-	9,974	152	10,126
Foreign exchange differences and other movements	(185)	(20)	(337)	(204)	(746)	(226)	(56)	(469)	(204)	(955)
At the end of the period	(6,406)	(2,136)	(46,077)	(984)	(55,603)	(6,406)	(2,136)	(46,077)	(984)	(55,603)

* FS line "(Credit loss expense)/recovery of credit loss expense" in the interim condensed consolidated statement of profit or loss is comprised from "Changes in risk parameters", "New originations or purchases of financial assets" and "Derecognition of financial assets".

** Derecognition of financial assets includes changes in the amount of provisions for fully repaid loans to customers

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Six Months ended 30 June 2022 (unaudited)
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During the six months ended 30 June 2022 and 2021, the Group has written off loans of KZT 20,144 million and KZT 21,441 million, respectively, which allow the writing off loans without being considered forgiveness of the loan for tax purpose and are therefore not subject to corporate income tax.

During the second quarter of 2022, the Bank acquired from JSC SB Sberbank part of a high-quality commercial portfolio of Stage 1 loans for a total amount of KZT 567,904 million and RUB 2,675 million, where KZT 135,769 million and RUB 2,631 million are corporate business, KZT 101,588 million and RUB 44 million are SME business, and KZT 330,547 million are retail business. 7% of the total purchased retail and SME loans were acquired with matched funding and 30% were acquired with 7% discount. As at 30 June 2022, allowances for expected credit losses on these loans amounted to KZT 9,445 million, of which KZT 1,037 million, KZT 1,014 million and KZT 7,394 million are related to corporate business, SME business and retail business, respectively.

Allowance for expected credit losses and provisions

For the six months ended 30 June 2022, credit loss expense on loans to customers comprised KZT 51,615 million (30 June 2021 – recovery of credit loss expense on loans to customers comprised KZT 4,793 million). The increase in expected credit loss expense in the first half of 2022 is due to an increase in the retail portfolio and the impact of the macro parameters used.

11. Insurance contract assets and liabilities

Insurance contract assets comprised the following:

	30 June 2022 (unaudited)	31 December 2021
Reinsurers' share of unearned premium reserve	28,553	13,653
Reinsurers' share of reserves for claims	11,520	18,934
	40,073	32,587
Premiums receivable	29,191	21,524
Total insurance contract assets	69,264	54,111

Insurance contract liabilities comprised the following:

	30 June 2022 (unaudited)	31 December 2021
Reserves for insurance claims	204,042	180,373
Gross unearned insurance premium reserve	61,699	44,253
	265,741	224,626
Payables to reinsurers and agents	17,609	15,655
Total insurance contract liabilities	283,350	240,281

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(millions of Kazakhstani Tenge)

12. Amounts due to customers

Amounts due to customers include the following:

	30 June 2022 (unaudited)	31 December 2021
Recorded at amortised cost:		
Term deposits:		
Individuals	3,895,488	3,674,572
Legal entities	2,849,777	2,046,999
	6,745,265	5,721,571
Current accounts:		
Legal entities	2,357,177	2,011,305
Individuals	882,655	740,531
	3,239,832	2,751,836
Total amounts due to customers	9,985,097	8,473,407

As at 30 June 2022, the Group's ten largest groups of related customers accounted for approximately 18% of the total amounts due to customers (31 December 2021 – 20%), where each group of related customers represents customers related to each other within that group.

As at 30 June 2022, amounts due to customers included amounts held as collateral of KZT 185,639 million (31 December 2021 – KZT 119,885 million).

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

An analysis of customer accounts by sectors is as follows:

	30 June 2022 (unaudited)	%	31 December 2021	%
Individuals and entrepreneurs	4,778,143	48%	4,415,103	52%
Other consumer services	960,514	10%	767,535	9%
Oil and gas	819,246	8%	471,553	6%
Financial sector	669,503	7%	711,392	8%
Wholesale trade	568,474	6%	336,007	4%
Transportation	333,455	3%	258,282	3%
Metallurgy	299,397	3%	187,437	2%
Healthcare and social services	298,100	3%	246,109	3%
Construction	290,905	3%	259,836	3%
Communication	200,046	2%	116,694	1%
Education	100,979	1%	80,260	1%
Government and state-controlled companies	98,748	1%	110,568	1%
Insurance and pension funds activity	83,954	1%	77,109	1%
Energy	62,079	1%	43,678	1%
Other	421,554	4%	391,844	5%
	9,985,097	100%	8,473,407	100%

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Six Months ended 30 June 2022 (unaudited)
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13. Amounts due to credit institutions

Amounts due to credit institutions comprise:

	30 June 2022 (unaudited)	31 December 2021
Recorded at amortised cost:		
Loans and deposits from Kazakhstan banks (incl. loans under repurchase agreements)	640,556	889,941
Loans from JSC Entrepreneurship Development Fund DAMU	87,098	83,878
Correspondent accounts	78,366	25,856
Loans from JSC Development Bank of Kazakhstan	74,922	47,451
Loans from other financial institutions	31,483	1,507
Loans from JSC Industrial Development Fund	22,518	-
Loans and deposits from non-OECD based banks	8,690	22,943
Loans from JSC "National Managing Holding "Baiterek"	66	66
	943,699	1,071,642

As at 30 June 2022, loans from JSC Industrial Development Fund ("IDF") included long-term loans of KZT 22,500 million at 1.0% interest rate maturing in 2052 to finance the purchase of domestically produced vehicles by the Group's retail customers. According to the loan agreement between the IDF and the Group, the Group is responsible for providing loans to retail business borrowers at a rate of 4.0% with a maturity of no more than 7 years.

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

	30 June 2022 (unaudited)		31 December 2021	
	Interest rate, %	Maturity, year	Interest rate, %	Maturity, Year
Loans and deposits from Kazakhstan banks (incl. loans under repurchase agreements)	11.5%-15.3%	2022-2026	8.8%-11.5%	2022
Loans from JSC Entrepreneurship Development Fund DAMU	1.0%-9.0%	2022-2035	1.0%-9.0%	2022-2035
Loans from JSC Development Bank of Kazakhstan	1.0%-2.0%	2029-2037	1.0%-2.0%	2029-2037
Loans from other financial institutions	2.0%-10.0%	2023-2026	4.0%-10.0%	2023-2026
Loans from JSC Industrial Development Fund	1.0%	2052	-	-
Loans and deposits from non-OECD based banks	1.0%-12.0%	2022-2027	2.5%-10.5%	2022
Loans from JSC "National Managing Holding "Baiterek"	3.0%	2022	3.0%	2022

The fair value of assets pledged (Note 8) and the carrying value of loans included in loans and deposits from Kazakhstan banks under repurchase agreements as at 30 June 2022 and 31 December 2021, are as follows:

	30 June 2022 (unaudited)		31 December 2021	
	Fair value of collateral	Carrying amount of loans	Fair value of collateral	Carrying amount of loans
Treasury bills of the Ministry of Finance of Kazakhstan	630,072	633,060	886,912	882,990
	630,072	633,060	886,912	882,990

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Six Months ended 30 June 2022 (unaudited)
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Details of transferred financial assets that are not derecognised in their entirety as at 30 June 2022 and 31 December 2021, are disclosed below.

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

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

	Financial assets at fair value through other comprehensive income (Note 8)
As at 30 June 2022 (unaudited):	
Carrying amount of transferred assets	630,072
Carrying amount of associated liabilities	633,060
As at 31 December 2021:	
Carrying amount of transferred assets	886,912
Carrying amount of associated liabilities	882,990

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

14. Debt securities issued

Debt securities issued consisted of the following:

	30 June 2022 (unaudited)	31 December 2021
Recorded at amortised cost:		
Subordinated debt securities issued:		
KZT denominated bonds, fixed rate	93,349	86,952
Total subordinated debt securities outstanding	93,349	86,952
Unsubordinated debt securities issued:		
KZT denominated bonds	232,737	333,310
USD denominated bonds	142,775	79,550
Total unsubordinated debt securities outstanding	375,512	412,860
Total debt securities outstanding	468,861	499,812

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Six Months ended 30 June 2022 (unaudited)
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On 19 January 2022, the Group redeemed local unsubordinated bonds denominated in KZT with a coupon rate of 8.75% and maturity in 2022 in amount of KZT 93,632 million. The repayment was made from the Group's own funds.

On 1 April 2022, the Group redeemed the bonds listed on AIX with a coupon rate of 3% and maturity in 2022 in the amount of USD 100 million. The repayment was made from the Group's own funds.

On 19 April 2022, the Group redeemed the bonds listed on AIX with a coupon rate of 3% and maturity in 2022 in the amount of USD 83 million. The repayment was made from the Group's own funds.

On 28 April 2022, the Group issued the bonds listed on AIX with a coupon rate of 2.5% in the amount of USD 200 million.

On 01 June 2022, the Group issued the bonds listed on AIX with a coupon rate of 2.5% in the amount of USD 100 million.

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

	30 June 2022		31 December 2021	
	Coupon rate, %	Maturity, year	Coupon rate, %	Maturity, year
Subordinated debt securities issued:				
KZT denominated bonds, fixed rate	9.5%	2025	9.5%	2025
Unsubordinated debt securities issued:				
KZT denominated bonds	7.5%-9.9%	2024-2028	7.5%-8.8%	2022-2025
USD denominated bonds	2.5%-4.0%	2025	3.0%-7.3%	2021-2022

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

Reconciliation of liabilities arising from financing activities

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

	1 January 2022	Financing cash flows	Non-cash changes		30 June 2022 (unaudited)
			Foreign exchange movement	Changes in amortised cost	
Debt securities issued	499,812	(46,718)	16,468	(701)	468,861

	1 January 2021	Financing cash flows	Non-cash changes		30 June 2021 (unaudited)
			Foreign exchange movement	Changes in amortised cost	
Debt securities issued	778,192	(305,470)	6,615	2,554	481,891

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Six Months ended 30 June 2022 (unaudited)
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15. Taxation

The income tax expense comprises:

	Three months ended 30 June 2022 (unaudited)	Three months ended 30 June 2021 (unaudited)	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)
Current income tax expense	27,988	18,967	44,363	28,874
Deferred income tax (benefit)/expense	(10,385)	21	(5,599)	(174)
Total income tax expense	17,603	18,988	38,764	28,700

The Group's effective income tax rate for the six months ended 30 June 2022 was 12.0% (for the six months ended 30 June 2021: 11.3%). The change in the effective income tax rates for the six months ended 30 June 2022 and 2021 is mainly caused by change in tax-exempt interest income and other related income on state and other qualifying securities amounts as compared to the prior year.

The Group has offset deferred tax assets and liabilities on the interim condensed consolidated statement of financial position where a right of offset existed.

Management believes that the Group is in compliance with the tax laws affecting its operations; however, the risk remains that relevant authorities could take differing positions with regard to interpretive issues.

16. Equity

The number of shares authorised, issued and fully paid as at 30 June 2022 and 31 December 2021, were as follows:

	Share capital authorised	Share capital authorised and not issued	Fully paid and issued share capital	Share capital repurchased	Outstanding shares
30 June 2022 (unaudited):					
Common	25,000,000,000	(11,552,455,218)	13,447,544,782	(2,555,322,399)	10,892,222,383
31 December 2021:					
Common	25,000,000,000	(11,552,455,218)	13,447,544,782	(2,551,539,932)	10,896,004,850

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Six Months ended 30 June 2022 (unaudited)
(millions of Kazakhstani Tenge)

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

	Number of shares Common	Nominal (placement) amount (millions of KZT) Common
31 December 2020	11,684,340,715	98,000
Purchase common shares	(845,775,545)	(153,973)
Purchases of treasury shares	(24,003,844)	(3,541)
Sale of treasury shares	81,443,524	9,219
31 December 2021	10,896,004,850	(50,295)
Purchases of treasury shares	(28,178,737)	(3,337)
Sale of treasury shares	24,396,270	3,403
30 June 2022 (unaudited)	10,892,222,383	(50,229)

Repurchased securities are held as treasury shares as a reduction of shareholders' equity and, in accordance with the laws of the Republic of Kazakhstan, cannot be cancelled. At the same time, the repurchased treasury shares of the Bank are not included in the calculation of basic and diluted earnings per share ("EPS") and dividend per share. In the event that the Bank sells the repurchased shares, the standard procedure established by the legislation of the Republic of Kazakhstan for declared but not placed shares will be applied.

Common shares

As at 30 June 2022 and 31 December 2021, share capital comprised KZT 209,027 million.

As at 30 June 2022, the Group held 2,555,322,399 shares of the Group's common shares as treasury shares at KZT 259,256 million (31 December 2021 – 2,551,539,932 shares at KZT 259,322 million).

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

Share premium reserve

Share premium reserve represents an excess of contributions received over the nominal value of shares issued.

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Six Months ended 30 June 2022 (unaudited)
(millions of Kazakhstani Tenge)

17. Commitments and contingencies, provisions

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

	30 June (unaudited)	31 December 2021
Guarantees issued	680,091	626,319
Commercial letters of credit	99,038	65,267
Commitments to extend credit	66,459	58,101
Financial commitments and contingencies	845,588	749,687
Less: cash collateral against letters of credit	(70,172)	(35,469)
Less: provisions	(16,823)	(13,193)
Financial commitments and contingencies, net	758,593	701,025

Guarantees issued represent bank guarantees issued by the Group by order of its clients, and which are in effect as at the reporting date. As at 30 June 2022, uncovered guarantees issued for the ten largest groups of customers/groups of customers accounted for 53% of the Group's total financial guarantees (31 December 2021 – 60%) and represented 20% of the Group's total equity (31 December 2021 – 24%).

Commercial letters of credit represent letters of credit issued by the Group by order of its clients, and under which, as at the reporting date, the payment has not yet been made. As at 30 June 2022, the ten largest unsecured letters of credit accounted for 28% of the Group's total commercial letters of credit (31 December 2021 – 44%) and represented 2% of the Group's total equity (31 December 2021 – 2%).

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

Provision represents other credit loss expenses against letters of credit and guarantees issued.

The movements in provisions were as follows:

	Three months ended 30 June 2022 (unaudited)			
	Stage 1	Stage 2	Stage 3	Total
At the beginning of the period	(286)	(6,484)	(8,010)	(14,780)
Transfer to Stage 3	3,412	25	(3,437)	-
(Additional provisions recognized)/recoveries of provisions	(4,398)	(39)	5,024	587
Foreign exchange differences	(266)	(1,159)	(1,205)	(2,630)
At the end of the period	(1,538)	(7,657)	(7,628)	(16,823)

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Six Months ended 30 June 2022 (unaudited)
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				Six months ended 30 June 2022 (unaudited)
	Stage 1	Stage 2	Stage 3	Total
At the beginning of the period	(306)	(6,433)	(6,454)	(13,193)
Transfer to Stage 2	2	(6)	4	-
Transfer to Stage 3	5,661	25	(5,686)	-
(Additional provisions recognized)/recoveries of provisions	(6,661)	(12)	5,771	(902)
Foreign exchange differences	(234)	(1,231)	(1,263)	(2,728)
At the end of the period	(1,538)	(7,657)	(7,628)	(16,823)

				Three months ended 30 June 2021 (unaudited)
	Stage 1	Stage 2	Stage 3	Total
At the beginning of the period	(661)	(2,730)	(6,725)	(10,116)
Transfer to Stage 2	30	(30)	-	-
Transfer to Stage 3	8,677	1,404	(10,081)	-
(Additional provisions recognized)/recoveries of provisions	(8,587)	1,366	3,960	(3,261)
Foreign exchange differences	(10)	(18)	(240)	(268)
At the end of the period	(551)	(8)	(13,086)	(13,645)

				Six months ended 30 June 2021 (unaudited)
	Stage 1	Stage 2	Stage 3	Total
At the beginning of the period	(640)	(1,343)	(7,304)	(9,287)
Transfer to Stage 2	30	(30)	-	-
Transfer to Stage 3	8,677	1,404	(10,081)	-
(Additional provisions recognized)/recoveries of provisions	(8,607)	(37)	4,266	(4,378)
Foreign exchange differences	(11)	(2)	33	20
At the end of the period	(551)	(8)	(13,086)	(13,645)

Capital commitments

As at 30 June 2022, the Group had capital expenditures commitments in respect of construction in progress for KZT 307 million (31 December 2021 – KZT 5,998 million).

Operating lease commitments

There were no material operating lease commitments under irrevocable operating leases outstanding as at 30 June 2022 and 31 December 2021.

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Six Months ended 30 June 2022 (unaudited)
(millions of Kazakhstani Tenge)

18. Net interest income

	Three months ended 30 June 2022 (unaudited)	Three months ended 30 June 2021 (unaudited)	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)
Interest income:				
Loans to customers	236,593	151,319	429,230	287,827
- <i>Corporate business</i>	104,926	69,029	191,981	128,734
- <i>Retail business</i>	97,375	62,361	174,779	119,526
- <i>SME business</i>	34,292	19,929	62,470	39,567
Debt securities at amortized cost, net of allowance for expected credit losses	25,394	24,861	50,790	49,648
Financial assets at fair value through other comprehensive income	22,444	23,701	46,239	44,164
Amounts due from credit institutions and cash and cash equivalents	5,219	5,173	9,000	9,554
Other financial assets	1,640	3,711	3,450	5,947
Interest income calculated using effective interest method	291,290	208,765	538,709	397,140
Financial assets at fair value through profit or loss	6,445	5,235	12,802	10,497
Other interest income	6,445	5,235	12,802	10,497
Total interest income	297,735	214,000	551,511	407,637
Interest expense:				
Amounts due to customers	(111,642)	(70,827)	(194,506)	(136,363)
- <i>Individuals</i>	(51,857)	(40,509)	(97,030)	(78,395)
- <i>Legal entities</i>	(59,785)	(30,318)	(97,476)	(57,968)
Amounts due to credit institutions	(23,107)	(1,365)	(40,383)	(3,313)
Debt securities issued	(8,512)	(10,783)	(17,400)	(23,811)
Other interest expense	(1)	(485)	(152)	(807)
Other financial liabilities	(203)	(190)	(412)	(426)
Total interest expense	(143,465)	(83,650)	(252,853)	(164,720)
Net interest income	154,270	130,350	298,658	242,917

Other interest and similar expense includes loss on initial recognition of long-term financial accounts receivable.

For the three and six months ended 30 June 2022, the total interest income calculated using the EIR method for financial assets measured at amortised cost comprised KZT 268,846 million and KZT 492,470 million, respectively (for the three and six months ended 30 June 2021: KZT 185,064 million and KZT 352,976 million).

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Six Months ended 30 June 2022 (unaudited)
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19. Fees and commissions

Fee and commission income is derived from the following sources:

	Three months ended 30 June 2022 (unaudited)	Three months ended 30 June 2021 (unaudited)	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)
Plastic card operations	26,521	19,807	47,167	37,993
Bank transfers - settlements	7,211	5,522	11,783	10,484
Letters of credit and guarantees issued	3,382	2,773	6,483	5,251
Cash operations	3,302	2,713	5,590	4,958
Servicing customers' pension payments	1,583	2,063	3,127	4,265
Bank transfers - salary projects	1,133	1,285	2,049	2,430
Maintenance of customer accounts	1,253	906	2,287	1,811
Other	3,696	1,701	6,279	3,294
Loyalty program	(2,303)	(1,851)	(5,465)	(3,574)
Total fee and commission income	45,778	34,919	79,300	66,912

Fee and commission expense comprises the following:

	Three months ended 30 June 2022 (unaudited)	Three months ended 30 June 2021 (unaudited)	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)
Payment cards	(19,790)	(14,409)	(36,486)	(27,552)
Deposit insurance	(1,518)	(1,648)	(2,936)	(3,184)
Bank transfers	(1,080)	(510)	(1,695)	(981)
Cash operations	(226)	(204)	(786)	(342)
Commission paid to collectors	(32)	(58)	(68)	(88)
Other	(842)	(609)	(1,859)	(1,159)
Total fee and commission expense	(23,488)	(17,438)	(43,830)	(33,306)

20. Net (loss)/gain from financial assets and liabilities at fair value through profit or loss

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

	Three months ended 30 June 2022 (unaudited)	Three months ended 30 June 2021 (unaudited)	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)
Net (loss)/gain on operations with financial assets and liabilities classified as held for trading:				
Unrealized net (loss)/gain on derivative operations	(29,111)	(1,926)	2,456	3,320
Realized net gain(loss) on derivative operations	19,064	(79)	18,553	2,645
Net (loss)/gain on trading operations	(10,074)	140	(21,292)	2,852
Total net (loss)/gain on operations with financial assets and liabilities classified as held for trading	(20,121)	(1,865)	(283)	8,817

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Six Months ended 30 June 2022 (unaudited)
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21. Net gain on foreign exchange operations

Net foreign exchange gain comprises:

	Three months ended 30 June 2022 (unaudited)	Three months ended 30 June 2021 (unaudited)	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)
Dealing, net*	49,723	10,018	88,016	17,237
Translation differences, net	33,031	4,337	21,385	(1,124)
Total net foreign exchange gain	82,754	14,355	109,401	16,113

*The Dealing, net in second quarter of 2022 refers mainly to increased volatility and increased activity in the foreign exchange markets.

22. Insurance underwriting income/ (insurance claims incurred)

Insurance underwriting income/ (insurance claims incurred) comprised:

	Three months ended 30 June 2022 (unaudited)	Three months ended 30 June 2021 (unaudited)	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)
Insurance premiums written, gross	51,005	63,693	117,213	127,464
Ceded reinsurance share	(13,523)	(28,499)	(45,932)	(54,777)
Change in unearned insurance premiums, net	1,416	(353)	(2,136)	(7,268)
Total insurance underwriting income	38,898	34,841	69,145	65,419
Insurance reserves expenses	(18,446)	(7,194)	(31,954)	(17,713)
Insurance payments	(9,316)	(8,203)	(17,747)	(14,777)
Commissions to agents	(8,203)	(7,555)	(16,109)	(14,952)
Total insurance claims incurred, net of reinsurance	(35,965)	(22,952)	(65,810)	(47,442)
Net insurance income	2,933	11,889	3,335	17,977

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Six Months ended 30 June 2022 (unaudited)
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23. Operating expenses

Operating expenses comprised:

	Three months ended 30 June 2022 (unaudited)	Three months ended 30 June 2021 (unaudited)	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)
Salaries and other employee benefits	30,538	22,619	56,219	45,270
Depreciation and amortization expenses	4,253	3,633	8,252	7,306
Taxes other than income tax	2,672	2,229	4,726	4,191
Communication	2,080	1,260	3,834	2,463
Information services	1,874	1,480	3,542	3,247
Security	1,573	1,218	3,059	2,457
Utilities expenses	1,066	1,036	2,282	2,167
Advertisement	950	841	1,612	1,190
Charity*	949	2,221	4,823	2,235
Repairs and maintenance	919	820	1,408	1,665
Rent	752	744	1,429	1,479
Stationery and office supplies	569	360	1,035	753
Professional services	303	226	645	606
Other	1,494	1,243	2,732	2,074
Total operating expenses	49,992	39,930	95,598	77,103

In response to the economic implications of January events, the Government has prepared initiatives designed to address the current crisis. A special charitable fund “For the People of Kazakhstan”, which is funded from private and public sources, is established to support citizens of Kazakhstan in the field of healthcare, education and provide other social support. The Group has contributed KZT 3 billion to the fund, which are part of charity expenses.

24. Income on non-banking activities

	Three months ended 30 June 2022 (unaudited)	Three months ended 30 June 2021 (unaudited)	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)
Net gain/(loss) on sale of investment property	5,684	(10)	6,001	791
Net gain on sale of commercial property	2,909	3,291	7,238	6,067
Net gain on sale of assets classified as held for sale	1,002	-	447	-
Other income on non-banking activities	1,292	212	1,929	218
Income on non-banking activities	10,887	3,493	15,615	7,076

25. Earnings per share

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

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Six Months ended 30 June 2022 (unaudited)
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The following table presents basic and diluted earnings per share:

	Three months ended 30 June 2022 (unaudited)	Three months ended 30 June 2021 (unaudited)	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)
Basic and diluted earnings per share				
Net profit for the period attributable to equity holders of the parent	157,164	128,610	281,401	225,438
Earnings attributable to common shareholders	157,164	128,610	281,401	225,438
Weighted average number of common shares for the purposes of basic earnings per share	10,894,051,340	11,721,177,261	10,895,002,314	11,705,745,202
Basic and diluted earnings per share (in Tenge)	14.43	10.97	25.83	19.26

As required by KASE rules for listed companies, the book value of one share per each class of shares as at 30 June 2022 and 31 December 2021 is disclosed as follows:

Class of shares	30 June 2022		
	Outstanding shares	Equity (as calculated per KASE rules)	Book value of one share, in KZT
Common	10,892,222,383	1,750,715	160.73
		1,750,715	
Class of shares	31 December 2021		
	Outstanding shares	Equity (as calculated per KASE rules)	Book value of one share, in KZT
Common	10,896,004,850	1,560,057	143.18
		1,560,057	

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

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

26. Financial risk management

Risk management is fundamental to the Group's banking business and is an essential element of the Group's operations. The main risks inherent to the Group's operations are those related to credit risk, liquidity risk and market/currency risk.

The Group's significant policies and procedures related to financial risk management has not changed in the first half of 2022 and are disclosed in the annual consolidated financial statements for the year ended 31 December 2021.

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Six Months ended 30 June 2022 (unaudited)
(millions of Kazakhstani Tenge)

Liquidity Risk

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

	30 June 2022 (unaudited)					
	Less than 1 month	1 to 3 months to 3 months	1 to 3 months to 1 year	1 to 5 years	Over 5 years	Total
FINANCIAL ASSETS:						
Cash and cash equivalents	2,119,772	-	-	-	-	2,119,772
Obligatory reserves	124,712	6,455	67,890	16,363	10,312	225,732
Financial assets at fair value through profit or loss	286,639	-	33	6,485	6,312	299,469
Amounts due from credit institutions	97,958	966	99,634	700	20	199,278
Financial assets at fair value through other comprehensive income	19,290	25,233	160,016	1,255,935	237,779	1,698,253
Debt securities at amortised cost, net of allowance for expected credit losses	334,255	57,661	1,092	710,644	250,892	1,354,544
Loans to customers	294,304	636,569	3,878,640	2,218,636	230,289	7,258,438
Other financial assets	25,801	1,847	19,139	34,841	623	82,251
	3,302,731	728,731	4,226,444	4,243,604	736,227	13,237,737
FINANCIAL LIABILITIES:						
Amounts due to customers	5,104,867	361,592	3,698,270	391,816	428,552	9,985,097
Amounts due to credit institutions	724,135	250	32,614	24,727	161,973	943,699
Financial liabilities at fair value through profit or loss	41,420	-	678	379	546	43,023
Debt securities issued	48	3,785	8,019	454,436	2,573	468,861
Other financial liabilities	103,447	2,914	14,343	4,388	3,850	128,942
	5,973,917	368,541	3,753,924	875,746	597,494	11,569,622
Net position	(2,671,186)	360,190	472,520	3,367,858	138,733	1,668,115
Accumulated gap	(2,671,186)	(2,310,996)	(1,838,476)	1,529,382	1,668,115	

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Six Months ended 30 June 2022 (unaudited)
(millions of Kazakhstani Tenge)

	31 December 2021					
	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
FINANCIAL ASSETS:						
Cash and cash equivalents	1,425,776	12,745	-	-	-	1,438,521
Obligatory reserves	124,301	15,340	47,272	7,671	347	194,931
Financial assets at fair value through profit or loss	278,518	8	-	194	4,613	283,333
Amounts due from credit institutions	77,851	74,735	448,040	1,497	2	602,125
Financial assets at fair value through other comprehensive income	52,836	48,811	219,577	1,254,770	295,683	1,871,677
Debt securities at amortised cost, net of allowance for expected credit losses	11,992	1,559	329,197	694,656	250,774	1,288,178
Loans to customers	180,410	401,881	3,333,341	1,790,844	165,752	5,872,228
Other financial assets	15,146	6,281	4,044	42,006	3,756	71,233
	2,166,830	561,360	4,381,471	3,791,638	720,927	11,622,226
FINANCIAL LIABILITIES:						
Amounts due to customers	4,040,155	946,963	2,363,147	721,714	401,428	8,473,407
Amounts due to credit institutions	889,465	49,375	903	18,350	113,549	1,071,642
Financial liabilities at fair value through profit or loss	1,566	-	107	142	461	2,276
Debt securities issued	101,473	3,785	82,265	300,797	11,492	499,812
Other financial liabilities	90,772	688	16,752	1,184	-	109,396
	5,123,431	1,000,811	2,463,174	1,042,187	526,930	10,156,533
Net position	(2,956,601)	(439,451)	1,918,297	2,749,451	193,997	1,465,693
Accumulated gap	(2,956,601)	(3,396,052)	(1,473,781)	1,271,696	1,465,693	

The change in liquidity gaps during the reporting period is associated with a change in the volume and/or structure of liquid assets, a change in the maturity structure of the Group's assets and liabilities, including due to a change in the maturity of assets (reduction/increase in the maturity of the portfolio of securities, loans to customers) and liabilities (reduction/increase in funds of amounts due to customers, amounts due to credit institutions, for debt securities issued).

As at 30 June 2022 and 31 December 2021 the Group complies with main liquidity ratios and regulatory liquidity requirements.

The analysis of liabilities by maturity does not reflect the historical stability of customer current account balances, which have traditionally been repaid over a longer period than indicated in the tables above. In this regard, Management believes that although a substantial portion of current accounts and customer deposits are on demand and mature in less than one month, diversification of these deposits by number and type of depositors, and the past experience of the Group, indicate that these deposits provide a long-term and stable source of funding for the Group. Therefore, an essential part of the Group's current accounts is considered to be stable resources for the purposes of liquidity analysis and management. Additionally, the accumulated gap can be sufficiently covered by refinancing with the repurchase agreements and sale of liquid government and other high-quality rated securities or attracting long-term debt funding on capital markets when necessary.

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Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Six Months ended 30 June 2022 (unaudited) (millions of Kazakhstani Tenge)

Currency Risk

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

	30 June 2022 (unaudited)				
	USD	EURO	RUR	Other	Total foreign currencies
					KZT
					Total
FINANCIAL ASSETS:					
Cash and cash equivalents	1,601,770	77,438	101,676	97,686	1,878,570
Obligatory reserves	69,784	13,519	946	5,668	89,917
Financial assets at fair value through profit or loss	43,045	-	44,407	1,065	88,517
Amounts due from credit institutions	125,807	7,414	2	17,064	150,287
Financial assets at fair value through other comprehensive income	989,402	123,618	14,495	-	1,127,515
Debt securities at amortised cost, net of allowance for expected credit losses	252,859	-	1,920	20,302	275,081
Loans to customers	1,085,074	53,066	154,386	100,752	1,393,278
Other financial assets	1,148	273	20,177	2,203	23,801
	4,168,889	275,328	338,009	244,740	5,026,966
					8,210,771
					13,237,737
FINANCIAL LIABILITIES					
Amounts due to customers	4,199,952	291,585	98,162	136,564	4,726,263
Amounts due to credit institutions	50,899	4,745	13,264	1,702	70,610
Financial liabilities at fair value through profit or loss	1,325	-	1,620	30,219	33,164
Debt securities issued	142,775	-	-	958	143,733
Other financial liabilities	2,045	797	3,854	3,525	10,221
	4,396,996	297,127	116,900	172,968	4,983,991
					6,585,631
					11,569,622
Net position – on-balance	(228,107)	(21,799)	221,109	71,772	42,975
Net position – off-balance	283,666	20,600	(157,726)	10,369	156,909
Net position	55,559	(1,199)	63,383	82,141	199,884
					1,436,981

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Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Six Months ended 30 June 2022 (unaudited) (millions of Kazakhstani Tenge)

	31 December 2021				
	USD	EURO	RUR	Other	Total foreign currencies
				KZT	Total
FINANCIAL ASSETS:					
Cash and cash equivalents	870,407	37,178	28,701	64,431	1,000,717
Obligatory reserves	66,380	36,295	783	1,940	105,398
Financial assets at fair value through profit or loss	21,247	187	38,021	1,928	61,383
Amounts due from credit institutions	546,790	5,299	2	20,696	572,787
Financial assets at fair value through other comprehensive income	1,032,406	123,598	14,176	-	1,170,180
Debt securities at amortised cost, net of allowance for expected credit losses	233,320	-	3,540	6,285	243,145
Loans to customers	999,420	53,050	100,574	82,813	1,235,857
Other financial assets	799	217	3,635	1,943	6,594
	3,770,769	255,824	189,432	180,036	4,396,061
FINANCIAL LIABILITIES					
Amounts due to customers	3,770,642	162,153	55,674	107,543	4,096,012
Amounts due to credit institutions	24,206	6,027	303	2,300	32,836
Financial liabilities at fair value through profit or loss	187	197	710	131	1,225
Debt securities issued	79,550	-	-	836	80,386
Other financial liabilities	1,362	99	3,894	2,215	7,570
	3,875,947	168,476	60,581	113,025	4,218,029
Net position – on-balance	(105,178)	87,348	128,851	67,011	178,032
Net position – off-balance	150,410	(89,261)	(76,048)	1,377	(13,522)
Net position	45,232	(1,913)	52,803	68,388	164,510
					1,299,358

**Selected Explanatory Notes to the Interim Condensed
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27. Capital risk management

The Group's capital management objectives, which are a broader concept than the "equity" on the face of the consolidated statement of financial position, are as follows:

- To comply with the capital requirements set by NBRK;
- To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

The required level of capital is determined during the annual budgeting process, taking into account the above objectives, and is approved by the Management Board and the Board of Directors. As of the current date the capital adequacy of the Group is calculated according to prudential norms set for banks by the Kazakhstan regulatory authority, applying Basel Committee principles and methods.

Currently, regulatory capital is represented by:

- Tier 1 capital, which is required to maintain the normal operating activity of the Group and absorb losses as they arise. It consists of Common Equity Tier 1 capital ("CET 1 capital") and Additional Tier 1 capital, which includes common shares issued by the Group, share premium, retained earnings, other accrued comprehensive income and disclosed reserves and regulatory adjustments (deductions);
- Tier 2 capital, which is required to absorb losses in case of the Group's liquidation. This part of capital consists of instruments issued by the Group and deductions.

Risk-weighted assets are split into five different groups, based on the risk level of the investment and its possible impairment, and weighted according to the nature of and reflecting an estimate of credit, market and other risks associated with each asset and counterparty, taking into account any eligible collateral or guarantees. A similar treatment is adopted for off-balance sheet exposure, with some adjustments made to reflect the more contingent nature of the potential losses.

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Six Months ended 30 June 2022 (unaudited)
(millions of Kazakhstani Tenge)

The below table summarises the regulatory capital composition and capital adequacy ratios of the Group for the periods ended 30 June 2022 and 31 December 2021. Individual entities within the Group and the Group complied with all of the externally imposed capital requirements to which they are subject.

	30 June 2022 (unaudited)	31 December 2021
Composition of regulatory capital		
CET 1		
Common shares, net of treasury shares	(50,229)	(50,295)
Share premium	8,596	9,067
Retained earnings of prior years	1,502,835	1,039,042
Net income for the current year	281,401	462,378
Accumulated disclosed reserves*	54,773	55,186
Non-controlling interest	8	8
Property and financial assets at fair value through other comprehensive income revaluation reserves	(65,866)	48,177
Less: goodwill and intangible assets	(17,047)	(16,632)
Less: cumulative translation reserve	(28,693)	(5,582)
Common Equity Tier 1 (CET 1) Capital	1,685,778	1,541,349
Additional tier 1		
Tier 2		
Subordinated debt	56,009	52,171
Total qualifying for Tier 2 capital	56,009	52,171
Total regulatory capital	1,741,787	1,593,520
Risk weighted assets	9,621,674	8,007,464
CET 1 capital adequacy ratio	17.52%	19.25%
Tier 1 capital adequacy ratio	17.52%	19.25%
Total capital adequacy ratio	18.10%	19.90%

28. Segment analysis

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

No significant changes in the Group segments occurred during the six months ended 30 June 2022 in comparison with the year ended 31 December 2021.

There were no transactions between business segments during the six months ended 30 June 2022 and 2021.

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Segment information for the main reportable business segments of the Group as at 30 June 2022 and 2021 and for the six months then ended is set out below:

As at 30 June 2022 and for the six months then ended (unaudited)					
External revenues	Banking	Corporate banking	Banking	Investment banking	Total
	238,261	283,412	101,459	108,933	837,484
Total revenues	238,261	283,412	101,459	108,933	837,484
Total revenues comprise:					
- Interest income	174,779	201,716	65,690	108,837	551,511
- Fee and commission income, including:	54,024	9,359	14,226	96	79,300
<i>Plastic cards operations</i>	46,165	38	846	-	47,167
<i>Bank transfers – settlements</i>	5,986	2,520	3,245	-	11,783
<i>Letters of credit and guarantees issued</i>	22	4,853	1,589	-	6,483
<i>Cash operations</i>	697	911	3,955	-	5,590
<i>Servicing customers' pension payments</i>	3,127	-	-	-	3,127
<i>Maintenance of customer accounts</i>	165	356	1,671	95	2,287
<i>Bank transfers – salary projects</i>	2,049	-	-	-	2,049
<i>Other</i>	1,259	700	2,920	-	6,279
<i>Loyalty program</i>	(5,446)	(19)	-	-	(5,465)
- Net gain on foreign exchange operations	9,458	72,337	21,543	-	109,401
- Share in profit of associate	-	-	-	-	4,411
- Insurance underwriting income, income on non-banking activities and other income	-	-	-	-	92,861
Total revenues	238,261	283,412	101,459	108,933	837,484
- Interest expense	(97,030)	(114,494)	(23,297)	(17,365)	(252,853)
- Credit loss expense	(35,797)	(6,973)	(8,241)	(93)	(56,877)
- Fee and commission expense	(39,710)	(2,939)	(471)	(435)	(43,830)
- Net gain/(loss) from financial assets at fair value through profit or loss	-	13,612	-	(8,424)	(283)
- Net realised loss from financial assets at fair value through other comprehensive income	-	-	-	(1,106)	(1,106)
- Operating expenses	(50,705)	(6,452)	(9,756)	(642)	(95,598)
- Other credit loss expense	(56)	(203)	(642)	-	(902)
- Loss from impairment of non-financial assets	-	-	-	-	(60)
- Insurance claims incurred, net of reinsurance	-	-	-	-	(65,810)
Total expenses	(223,298)	(117,449)	(42,407)	(28,065)	(517,319)
Segment result	14,963	165,963	59,052	80,868	320,165
Income before income tax expense					
Income tax expense					(38,764)
Net profit					281,401
Total segment assets					
Total segment liabilities	2,289,990	6,157,504	1,095,932	3,262,502	13,735,579
Other segment items:	4,808,234	4,341,296	1,985,579	478,973	11,970,901
Capital expenditures					(16,025)
Depreciation and amortization					(8,252)
Investments in associate					36,574

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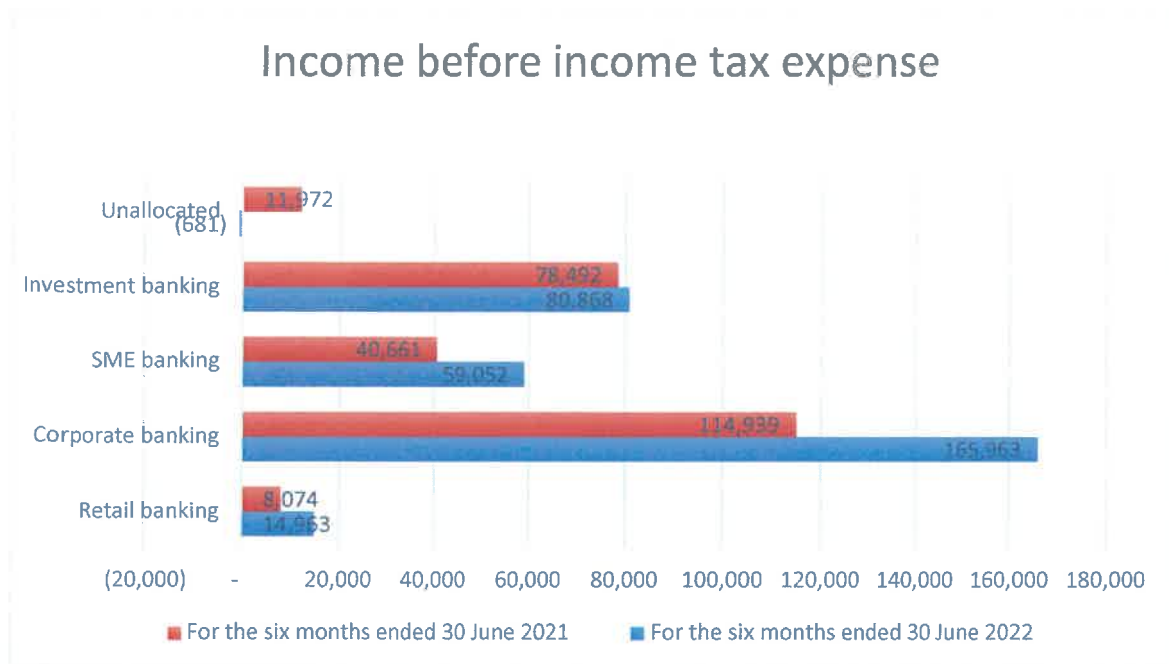


Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Six Months ended 30 June 2022 (unaudited) (millions of Kazakhstani Tenge)

	Retail banking	Corporate banking	SME banking	Investment banking	Unallocated	Total
As at 30 June 2021 and for the six months then ended (unaudited)						
External revenues	171,907	160,725	62,216	104,558	78,914	578,320
Total revenues	171,907	160,725	62,216	104,558	78,914	578,320
Total revenues comprise:						
- Interest income	119,525	140,122	45,433	102,308	249	407,637
- Fee and commission income, including:	46,754	7,459	11,297	-	1,402	66,912
<i>Plastic cards operations</i>	36,991	34	876	-	92	37,993
<i>Bank transfers – settlements</i>	5,548	1,465	3,433	-	38	10,484
<i>Letters of credit and guarantees issued</i>	16	3,968	1,251	-	16	5,251
<i>Cash operations</i>	438	870	3,633	-	17	4,958
<i>Servicing customers' pension payments</i>	4,265	-	-	-	-	4,265
<i>Bank transfers – salary projects</i>	2,430	-	-	-	-	2,430
<i>Maintenance of customer accounts</i>	219	95	1,497	-	-	1,811
<i>Other</i>	421	1,027	607	-	1,239	3,294
- Loyalty program	(3,574)	-	-	-	-	(3,574)
- Net gain from financial assets and liabilities at fair value through profit or loss	-	6,769	-	2,048	-	8,817
- Net realised gain from financial assets at fair value through other comprehensive income	-	-	-	202	-	202
- Net gain/(loss) on foreign exchange operations	5,628	6,375	5,486	-	(1,376)	16,113
- Share in profit of associate	-	-	-	-	3,123	3,123
- Insurance underwriting income, income on non-banking activities and other income	-	-	-	-	75,516	75,516
Total revenues	171,907	160,725	62,216	104,558	78,914	578,320
- Interest expense	(78,397)	(51,470)	(10,538)	(23,775)	(540)	(164,720)
- (Credit loss expense)/recovery of credit loss expense	(9,206)	17,212	(2,848)	(555)	(1,349)	3,254
- Fee and commission expense	(30,667)	(1,908)	(336)	(130)	(265)	(33,306)
- Operating expenses	(45,575)	(5,024)	(8,027)	(1,606)	(16,871)	(77,103)
- Loss from impairment of non-financial assets	-	-	-	-	(487)	(487)
- Recoveries of other credit loss expense/(other credit loss expense)	12	(4,596)	194	-	12	(4,378)
- Insurance claims incurred, net of reinsurance	-	-	-	-	(47,442)	(47,442)
Total expenses	(163,833)	(45,786)	(21,555)	(26,066)	(66,942)	(324,182)
Segment result	8,074	114,939	40,661	78,492	11,972	254,138
Income before income tax expense						254,138
Income tax expense					(28,700)	(28,700)
Net profit						225,438
Total segment assets	1,447,856	4,628,455	821,055	3,298,944	806,095	11,002,405
Total segment liabilities	4,196,710	3,201,310	1,230,192	488,514	375,444	9,492,170
Other segment items:						
Capital expenditures					(9,053)	(9,053)
Depreciation and amortization					(7,306)	(7,306)
Investments in associates					30,463	30,463

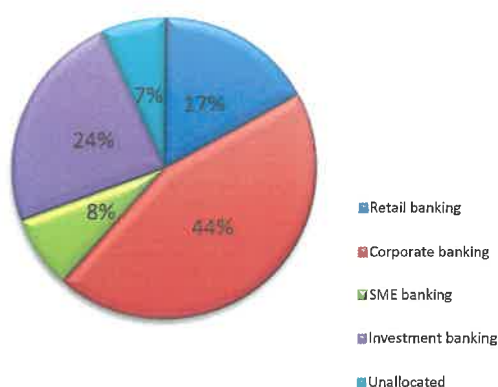
Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Six Months ended 30 June 2022 (unaudited)
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Income before income tax expense by segments were as follows:

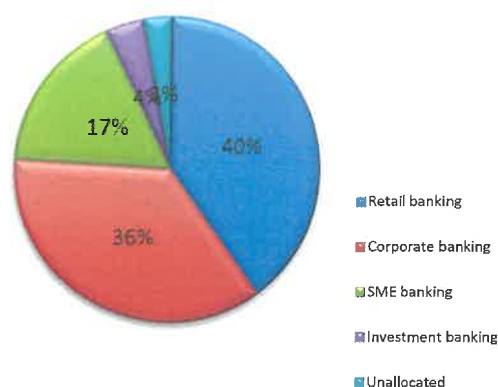


Share of segment assets and liabilities as at 30 June 2022 (unaudited) and 31 December 2021 presented as follows:

**Total segment assets
30 June 2022**

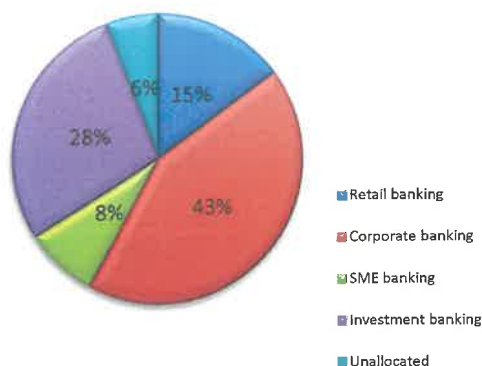


**Total segment liabilities
30 June 2022**

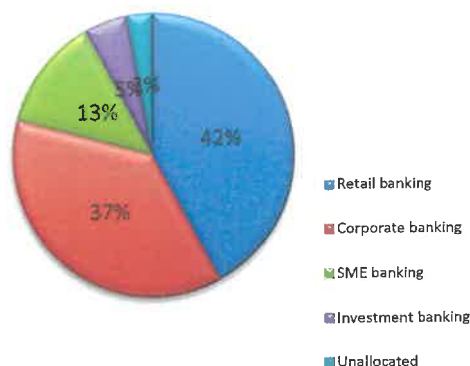


Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Six Months ended 30 June 2022 (unaudited)
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**Total segment assets
31 December 2021**



**Total segment liabilities
31 December 2021**



Geographical information

Information for the main geographical areas of the Group is set out below as at 30 June 2022 and 31 December 2021 and for the six months ended 30 June 2022 and 2021.

	Kazakhstan	OECD	Non-OECD	Total
30 June 2022 (unaudited)				
Total assets	12,235,117	744,092	756,370	13,735,579
31 December 2021				
Total assets	10,930,303	514,600	646,467	12,091,370
Six months ended				
30 June 2022 (unaudited)				
External revenues	799,023	9,323	29,138	837,484
Capital expenditures	(16,025)	-	-	(16,025)
Six months ended				
30 June 2021 (unaudited)				
External revenues	544,757	15,284	18,279	578,320
Capital expenditures	(9,053)	-	-	(9,053)

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

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Six Months ended 30 June 2022 (unaudited)
(millions of Kazakhstani Tenge)

29. Fair values of financial instruments

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

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

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

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

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

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

The tables below summarizes the Group's financial assets and liabilities held at fair value by valuation methodology at 30 June 2022 and 31 December 2021, before any allowances for expected credit losses.

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Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Six Months ended 30 June 2022 (unaudited) (millions of Kazakhstan Tenge)

Financial Assets/Liabilities	Fair value		Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	30 June 2022 (unaudited)	31 December 2021	Fair value hierarchy		
Non-derivative financial assets at fair value through profit or loss (Note 6)	134,711	111,333	Level 1	Quoted prices in an active market.	Not applicable
Non-derivative financial assets at fair value through profit or loss (Note 6)	147,936	166,357	Level 2	Quoted prices in a market that is not active.	Not applicable
Non-derivative financial assets at fair value through profit or loss (Note 7)	10	10	Level 3	Valuation model based on internal rating model. Discounted cash flows, Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period).	Percentage discount The greater discount - the smaller fair value
Derivative financial assets at fair value through profit or loss, excluding options (Note 6)	16,812	5,633	Level 2		Not applicable
Total financial assets at fair value through profit or loss	299,469	283,333			Not applicable
Derivative financial liabilities at fair value through profit or loss, excluding options (Note 6)	43,023	2,276	Level 2	Discounted cash flows. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period).	Not applicable
Total financial liabilities at fair value through profit or loss	43,023	2,276			Not applicable
Non-derivative financial assets at fair value through other comprehensive income (Note 8)	1,343,792	1,271,299	Level 1	Quoted prices in an active market.	Not applicable
Non-derivative financial assets at fair value through other comprehensive income in bonds of foreign organisations (Note 8)	353,711	599,628	Level 2	Quoted prices in a market that is not active.	Not applicable
Non-derivative financial assets at fair value through other comprehensive income – unquoted equity securities (Note 8)	750	750	Level 3	Valuation model based on internal rating model.	The greater discount - the smaller fair value
Financial assets at fair value through other comprehensive income	1,698,253	1,871,677			

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Six Months ended 30 June 2022 (unaudited)
(millions of Kazakhstani Tenge)

During the six months ended 30 June 2022 and 2021, there were no transfers between levels.

	Non-derivative financial assets at fair value through profit or loss (Level 3)	Non-derivative financial assets at fair value through other comprehensive income – unquoted equity securities (Level 3)
31 December 2020	-	63
30 June 2021 (unaudited)	-	63
31 December 2021	750	10
30 June 2022 (unaudited)	750	10

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

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

Amounts due from and to credit institutions

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

Loans to customers

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

Amounts due to customers

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

Debt securities issued

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

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Six Months ended 30 June 2022 (unaudited)
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The following table sets out the carrying amount and fair values of financial assets and liabilities not carried at their fair values:

	30 June 2022 (unaudited)		31 December 2021	
	Carrying amount	Fair value	Carrying amount	Fair Value
Financial assets				
Amounts due from credit institutions	199,278	185,913	602,125	591,059
Loans to customers	7,258,438	7,018,284	5,872,228	5,694,415
Debt securities at amortised cost, net of allowance for expected credit losses	1,354,544	1,268,963	1,288,178	1,207,816
Financial liabilities				
Amounts due to customers	9,985,097	9,915,990	8,473,407	8,663,179
Amounts due to credit institutions	943,699	937,478	1,071,642	1,075,090
Debt securities issued	468,861	440,160	499,812	492,293

	30 June 2022 (unaudited)			
	Level 1	Level 2	Level 3	Total fair value
Financial assets				
Amounts due from credit institutions	-	185,913	-	185,913
Loans to customers	-	-	7,018,284	7,018,284
Debt securities at amortised cost, net of allowance for expected credit losses	-	1,268,963	-	1,268,963
Financial liabilities				
Amounts due to customers	-	9,915,990	-	9,915,990
Amounts due to credit institutions	-	937,478	-	937,478
Debt securities issued	-	440,160	-	440,160

	31 December 2021			
	Level 1	Level 2	Level 3	Total fair value
Financial assets				
Amounts due from credit institutions	-	591,059	-	591,059
Loans to customers	-	-	5,694,415	5,694,415
Debt securities at amortised cost, net of allowance for expected credit losses	-	1,207,816	-	1,207,816
Financial liabilities				
Amounts due to customers	-	8,663,179	-	8,663,179
Amounts due to credit institutions	-	1,075,090	-	1,075,090
Debt securities issued	-	492,293	-	492,293

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

**Selected Explanatory Notes to the Interim Condensed
Consolidated Financial Information for the Six Months
ended 30 June 2022 (unaudited)
(millions of Kazakhstani Tenge)**

30. Related party transactions

Related parties or transactions with related parties are assessed in accordance with IAS 24 “Related Party Disclosures”. Related parties may enter into transactions which unrelated parties might not. Terms, conditions and amounts of related party transactions are usually same as those between unrelated parties. Transactions with related parties are settled on an arm’s-length basis and recognised in the financial statements according to the same accounting policy as for similar transactions with unrelated parties.

During 2022 and 2021, the Group entered into arm-length transactions with entities where the Group’s shareholders were one of the participants. Management believes that any control of these entities is with unrelated parties as per IFRS through the level of holding control or trust management arrangements, which are in compliance with Kazakhstan legislation. As such, these transactions are not disclosed as being with related parties.

Considering each possible related party not only their legal status is taken into account but also the substance of the relationship between these parties. The Group had the following balances outstanding as at 30 June 2022 and 31 December 2021 with related parties:

	30 June 2022 (unaudited)		31 December 2021	
	Related party balances	Total category as per financial statements caption	Related party balances	Total category as per financial statements caption
Loans to customers before allowance for expected credit losses	36,786	7,694,465	35,164	6,250,260
- <i>the parent</i>	8		-	
- <i>entities with joint control or significant influence over the Group</i>	36,587		35,163	
- <i>other related parties</i>	1		1	
- <i>key management personnel of the Group or its parent</i>	190		-	
Allowance for expected credit losses	(178)	(436,027)	(179)	(378,032)
- <i>the parent</i>	(1)		-	
- <i>entities with joint control or significant influence over the Group</i>	(175)		(179)	
- <i>key management personnel of the Group or its parent</i>	(2)		-	
Investments in associates	36,574	36,574	33,774	33,774
Amounts due to customers	472,212	9,985,097	415,111	8,473,407
- <i>the parent</i>	353,823		341,847	
- <i>entities with joint control or significant influence over the Group</i>	101,078		31,895	
- <i>key management personnel of the Group or its parent</i>	10,341		12,417	
- <i>other related parties</i>	6,970		28,952	

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Six Months ended 30 June 2022 (unaudited)
(millions of Kazakhstani Tenge)

The following amounts resulted from transactions with related parties and have been reflected in the interim condensed consolidated statement of profit or loss for the six months ended 30 June 2022 and 2021:

	Six months ended 30 June 2022 (unaudited)		Six months ended 30 June 2021 (unaudited)	
	Total category as per financial statements caption		Total category as per financial statements caption	
	Related party transactions		Related party transactions	
Interest income calculated using effective interest method	1,251	551,511	214	397,140
- entities with joint control or significant influence over the entity	1,243		214	
- other related parties	8		-	
Share in profit of associate	4,411	4,411	3,123	3,123
Interest expense	(4,184)	(252,853)	(1,636)	(169,769)
- the parent	(1,806)		(1,255)	
- entities with joint control or significant influence over the entity	(2,154)		(150)	
- key management personnel of the entity or its parent	(53)		(49)	
- other related parties	(171)		(182)	
Operating expenses	1,500	95,598	2,235	83,143
- entities with joint control or significant influence over the entity	1,500		2,235	
	Six months ended 30 June 2022 (unaudited)		Six months ended 30 June 2021 (unaudited)	
	Total category as per financial statements caption		Total category as per financial statements caption	
	Related party transactions		Related party transactions	
Key management personnel compensation:	2,989	56,219	1,640	45,270
- short-term employee benefits	2,989		1,640	

31. Subsequent events

On 3 July 2022, the debt securities at amortized cost, net of allowances for expected credit losses of the Ministry of Finance of the Republic of Kazakhstan with a coupon rate of 9.5% and a maturity of 5 years in the amount of KZT 250 billion were fully redeemed.