

REPORT ARCHIVE COPY

JSC HALYK BANK

Separate Financial Statements
and Independent Auditors' Report
For the Year Ended 31 December 2022

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JSC Halyk Bank

Statement of Management's Responsibilities For the Preparation and Approval of the Separate Financial Statements For the year ended 31 December 2022

Management is responsible for the preparation of the separate financial statements that present fairly the financial position of JSC Halyk Bank (the "Bank") as at 31 December 2022, the related statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and of significant accounting policies and notes to the financial statements (the "financial statements") in compliance with International Financial Reporting Standards ("IFRS").

In preparing the separate financial statements, 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 IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Bank's separate financial position and financial performance; and
- Making an assessment of the Bank'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 Bank;
- Maintaining adequate accounting records that are sufficient to show and explain the Bank's transactions and disclose with reasonable accuracy at any time the separate financial position of the Bank, and which enable them to ensure that the separate financial statements of the Bank comply with IFRS;
- 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 Bank; and
- Preventing and detecting fraud and other irregularities.

These separate financial statements of the Bank for the year ended 31 December 2022 were approved by the Management Board on 10 March 2023.

On behalf of the Management Board:



Murat U. Koshenov
Deputy Chairperson of the Board

10 March 2023
Almaty, Kazakhstan



Pavel A. Cheussov
Chief Accountant

10 March 2023
Almaty, Kazakhstan

INDEPENDENT AUDITORS' REPORT

To the Shareholders of JSC Halyk Bank

Opinion

We have audited the separate financial statements of JSC Halyk Bank (the "Bank"), which comprise the separate statement of financial position as at 31 December 2022, the separate statement of profit or loss, separate statement of other comprehensive income, separate statement of changes in equity and separate statement of cash flows for the year then ended, and notes to the separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate financial statements of the current period. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Why the matter was determined to be a key audit matter?

How the matter was addressed in the audit?

Collective assessment of the expected credit losses on loans to customers

As at 31 December 2022, the Bank reported total gross loans of KZT 8,083,130 million, including KZT 2,890,727 million subject to collective impairment assessment, which comprise 36% of total gross loans. The expected credit losses ("ECL") resulting from this assessment amounted to KZT 188,709 million.

Due to the significance and subjectivity of judgements used by management of the Bank and the volume of loans assessed on a collective basis, we identified the collective assessment of expected credit losses as a key audit matter. In particular, we focused on the principal assumptions and significant inputs underlying the estimation of ECL and the integrity of the models used in calculations.

Refer to Notes 4, 12 and 27 to the separate financial statements for the description of the Bank's policy and disclosures of gross carrying amounts and related allowances balances.

We obtained an understanding of processes and control procedures related to the loan origination, credit risk management and ECL for collective assessment of loans to customers.

We challenged the reasonableness of the methodology on collective loan loss provisioning and its compliance with IFRS 9 Financial Instruments requirements.

We checked that the data inputs and key assumptions used in the models for assessing PDs and LGDs reflect historical information about incurred credit losses adjusted for relevant forward-looking macroeconomic factors.

With the involvement of our credit risk advisory specialists, we tested the integrity and mathematical accuracy of the ECL credit models used by re-performing selective calculations on relevant source data.

We evaluated the adequacy and completeness of disclosures in the separate financial statements relating to the loans to customers in accordance with IFRS requirements.

Individual assessment of the expected credit losses on loans to customers

As at 31 December 2022, the Bank's gross loans assessed for impairment on an individual basis amounted to KZT 5,192,403 million, which accounts for 64% of total gross loans. The related ECL comprised KZT 222,042 million.

The amount of allowances for the ECL on individually significant loans is dependent on the accuracy of allocation of loans to appropriate stage of impairment in the provisioning system of the Bank.

The appropriate identification of significant increase in credit risk or credit impairment event require considerable judgment on the basis of quantitative and qualitative information, which results in focused audit procedures.

Additionally, the measurement of ECL on individually significant credit-impaired loans is based on the estimation of future cash flows under different scenarios.

Due to the significance of the allowance for expected credit losses on individually assessed loans and the complexity and subjectivity of management's judgements, we identified the individual assessment of ECL as a key audit matter.

Refer to Notes 4, 12 and 27 to the separate financial statements for the description of impairment indicators on individually significant loans and disclosure of gross carrying amounts and related allowances for such loans.

We obtained an understanding of the loan origination and credit risk management processes. We assessed the Bank's definitions of significant increase in credit risk and credit-impairment for assessment of individual loans' ECL. We also evaluated the design and implementation of controls related to individual assessment of the ECL on loans to customers.

For a sample of loans identified as stage 1, we performed a detailed credit review and challenged the Bank's analysis of whether there was a significant increase in credit risk (stage 2) or default (stage 3). In order to evaluate whether the loans have been appropriately classified to the respective stage, we analysed internal credit ratings (scoring), credit risk factors and checked if relevant impairment events, such as delinquency of interest or principal, restructuring events and certain financial performance indicators, had been identified on a timely manner.

On a sample basis, we re-performed calculations of allowances for ECL for individually significant loans in stage 2 and 3, including reviewing the Bank's documented credit assessment of the borrowers, challenging assumptions underlying the ECL calculation, such as estimated future cash flows and fair value of collateral.

We evaluated the adequacy and completeness of disclosures in the separate financial statements relating to the loans to customers in accordance with IFRS requirements.

Emphasis of Matter

As described in Note 2 to the separate financial statements, the Bank also prepares consolidated financial statements. These separate financial statements should be read in conjunction with the consolidated financial statements, which were authorized for issue by the Management Board on 10 March 2023.

Other Information – Annual Report

Management is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the separate financial statements and our auditors' report thereon. The Annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the separate financial statements does not cover the other information and we will not express any form of an assurance conclusion thereon.

In connection with our audit of the separate financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

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

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

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

Auditors' Responsibilities for the Audit of the Separate Financial Statements

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

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

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate financial statements of the current period, and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



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Republic of Kazakhstan
dated 13 September 2006



Zhangir Zhaisbayev
Engagement partner
Qualified auditor
of the Republic of Kazakhstan
Qualification certificate
No.MF-0000116
dated 22 November 2012
General Director,
Deloitte LLP

10 March 2023
Almaty, Republic of Kazakhstan

JSC Halyk Bank

Statement of Financial Position As at 31 December 2022 (Millions of Kazakhstani Tenge)

	Notes	31 December 2022	31 December 2021
ASSETS			
Cash and cash equivalents	5, 31	1,930,222	1,322,341
Obligatory reserves	6	234,552	177,530
Financial assets at fair value through profit or loss	7	20,250	5,101
Amounts due from credit institutions	8, 31	283,943	759,826
Financial assets at fair value through other comprehensive income	9	2,011,201	1,765,411
Debt securities at amortised cost, net of allowances for expected credit losses	10	982,956	1,276,822
Investments in subsidiaries	11, 31	371,141	349,411
Loans to customers	12, 31	7,672,379	5,671,485
Property and equipment and intangible assets	13	173,730	149,488
Assets classified as held for sale	14	20,029	37,593
Other assets	31	94,434	75,269
Total assets		13,794,837	11,590,277
LIABILITIES AND EQUITY			
LIABILITIES			
Amounts due to customers	15, 31	10,332,790	8,315,077
Amounts due to credit institutions	16, 31	847,522	1,026,123
Financial liabilities at fair value through profit or loss	7	9,642	1,761
Debt securities issued	17, 31	470,862	514,365
Provisions	20	13,806	12,685
Deferred tax liability	18	50,085	49,173
Current tax liability	19	9,844	10,345
Other liabilities		173,772	123,134
Total liabilities		11,908,323	10,052,663
EQUITY			
Share capital	21	212,690	212,690
Share premium reserve		1,768	1,850
Treasury shares		(260,599)	(260,599)
Retained earnings and other reserves		1,932,655	1,583,673
Total equity		1,886,514	1,537,614
TOTAL LIABILITIES AND EQUITY		13,794,837	11,590,277

On behalf of the Management Board:

Murat U. Koshenov
Deputy Chairperson of the Board

10 March 2023
Almaty, Kazakhstan

Pavel A. Gneussov
Chief Accountant

10 March 2023
Almaty, Kazakhstan

The notes on pages 15 to 117 form an integral part of these separate financial statements.

JSC Halyk Bank

Statement of Profit or Loss

For the year ended 31 December 2022

(Millions of Kazakhstani Tenge, Except for Earnings per Share which is in Tenge)

	Notes	Year ended 31 December 2022	Year ended 31 December 2021
Interest income calculated using the effective interest method	21, 31	1,179,868	836,213
Interest expense	21, 31	(558,760)	(367,583)
NET INTEREST INCOME BEFORE CREDIT LOSS EXPENSE		621,108	468,630
(Credit loss expense)/ recovery of credit loss expense	5, 8, 9, 10, 12	(85,632)	16,261
NET INTEREST INCOME		535,476	484,891
Fee and commission income	22, 31	171,586	174,576
Fee and commission expense	22, 31	(93,437)	(70,151)
Fees and commissions, net		78,149	104,425
Net gain from financial assets and liabilities at fair value through profit or loss	23	10,880	13,035
Net realised (loss)/gain from financial assets at fair value through other comprehensive income		(1,118)	97
Net foreign exchange gain	24	157,865	26,319
Share in profit of associate		9,708	6,640
Dividends received from subsidiaries		-	18,023
Income from non-banking activities		1,354	3,110
Other (expense)/ income		(7,264)	5,410
OTHER NON-INTEREST INCOME		171,425	72,634
Operating expenses	25, 31	(153,511)	(137,145)
Reversal of previous impairment loss of non-financial assets		2,376	5
Loss from impairment of assets held for sale		(810)	(1)
Other credit loss expense	20	(20)	(3,910)
NON-INTEREST EXPENSES		(151,965)	(141,051)
INCOME BEFORE INCOME TAX EXPENSE		633,085	520,899
Income tax expense	18	(93,974)	(59,980)
NET INCOME		539,111	460,919
Basic and diluted earnings per share (in Kazakhstani Tenge)	26	49.42	39.38

On behalf of the Management Board:

Murat U. Koshenov
Deputy Chairperson of the Board

10 March 2023
Almaty, Kazakhstan

Pavel A. Cheussov
Chief Accountant

10 March 2023
Almaty, Kazakhstan

The notes on pages 15 to 117 form an integral part of these separate financial statements.

Statement of Other Comprehensive Income
For the year ended 31 December 2022
(Millions of Kazakhstani Tenge)

	Notes	Year ended 31 December 2022	Year ended 31 December 2021
Net income		539,111	460,919
Other comprehensive income:			
<i>Items that will not be subsequently reclassified to profit or loss:</i>			
Gain resulting on revaluation of property and equipment (2022, 2021 – net of tax – KZT 4,035 million, KZT nil)		16,690	37
<i>Items to be subsequently reclassified to profit or loss:</i>			
Loss on revaluation of debt financial assets at fair value through other comprehensive income, including impaired during the year (2022, 2021 – net of tax – KZT nil)		(96,006)	(27,612)
Unrealised gain on revaluation of investments in subsidiaries		28,167	15,156
Reclassification adjustment relating to financial assets at fair value through other comprehensive income disposed of during the year (2022, 2021 – net of tax – KZT nil)		1,118	97
Share of other comprehensive loss of associate on revaluation of debt financial assets at fair value through other comprehensive income		(1,477)	(475)
Share of other comprehensive income of associate on revaluation of property and equipment		23	11
Other comprehensive loss for the year		(51,485)	(12,786)
Total comprehensive income for the year		487,626	448,133

On behalf of the Management Board:


Murat U. Kashenov
 Deputy Chairperson of the Board

10 March 2023
 Almaty, Kazakhstan


Pavel A. Zheussbov
 Chief Accountant

10 March 2023
 Almaty, Kazakhstan

The notes on pages 15 to 117 form an integral part of these separate financial statements.

JSC Halyk Bank

Statement of Changes in Equity For the year ended 31 December 2022 (Millions of Kazakhstani Tenge)

	Share capital Common shares	Share premium reserve	Treasury shares	Revaluation reserve of financial assets at fair value through other comprehensive income *	Property revaluation reserve*	Investments in subsidiaries revaluation reserve*	Retained earnings* in	Total equity
31 December 2021	212,690	1,850	(260,599)	23,974	21,226	70,193	1,468,280	1,537,614
Net income	-	-	-	-	-	-	539,111	539,111
Other comprehensive loss	-	-	-	(96,365)	16,713	28,167	-	(51,485)
Total comprehensive income	-	-	-	(96,365)	16,713	28,167	539,111	487,626
Treasury shares purchased (Note 19)	-	(82)	-	-	-	-	-	(82)
Dividends - common shares (Note 19)	-	-	-	-	-	-	(138,644)	(138,644)
Disposal of investments in subsidiaries	-	-	-	-	-	41,824	(41,824)	-
Release of property and equipment revaluation reserve on depreciation and disposal of previously revalued assets	-	-	-	-	(1,334)	-	1,334	-
31 December 2022	212,690	1,768	(260,599)	(72,391)	36,605	140,184	1,828,257	1,886,514

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

JSC Halyk Bank

Statement of Changes in Equity For the year ended 31 December 2022 (Continued) (Millions of Kazakhstani Tenge)

	Share capital Common shares	Share premium reserve	Treasury shares	Revaluation reserve of financial assets at fair value through other comprehensive income*	Property revaluation reserve*	Investments in subsidiaries revaluation reserve*	Retained earnings*	Total equity
31 December 2020	212,690	1,880	(106,626)	51,964	21,789	55,037	1,218,323	1,455,057
Net income	-	-	-	-	-	-	460,919	460,919
Other comprehensive loss	-	-	-	(27,990)	48	15,156	-	(12,786)
Total comprehensive income	-	-	-	(27,990)	48	15,156	460,919	448,133
Treasury shares purchased (Note 19)	-	(30)	(153,973)	-	-	-	-	(154,003)
Dividends - common shares (Note 19)	-	-	-	-	-	-	(211,573)	(211,573)
Release of property and equipment revaluation reserve on depreciation and disposal of previously revalued assets	-	-	-	-	(611)	-	611	-
31 December 2021	212,690	1,850	(260,599)	23,974	21,226	70,193	1,468,280	1,537,614

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

On behalf of the Management Board:

Murat U. Kachenov
Deputy Chairperson of the Board

10 March 2023
Almaty, Kazakhstan

Pavel A. Chetisson
Chief Accountant

10 March 2023
Almaty, Kazakhstan

The notes on pages 15 to 117 form an integral part of these separate financial statements.

JSC Halyk Bank

Statement of Cash Flows For the year ended 31 December 2022 (Millions of Kazakhstani Tenge)

	Year ended 31 December 2022	Year ended 31 December 2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Interest received from cash equivalents and amounts due from credit institutions	36,336	16,064
Interest received on financial assets at fair value through other comprehensive income	91,887	61,757
Interest received on debt securities at amortised cost, net of allowances for expected credit losses	99,152	98,317
Interest received from loans to customers	921,602	592,261
Interest paid on amounts due to customers	(453,148)	(259,839)
Interest paid on amounts due to credit institutions	(60,130)	(5,200)
Interest paid on debt securities issued	(38,139)	(45,763)
Fee and commission received	174,631	173,429
Fee and commission paid	(89,053)	(70,101)
Receipts from derivative financial instruments	13,586	13,035
(Other expense paid)/income received	(5,910)	8,521
Operating expenses paid	(133,641)	(116,201)
Cash flows from operating activities before changes in net operating assets	557,173	466,280
Changes in operating assets and liabilities:		
(Increase)/decrease in operating assets:		
Obligatory reserves	(57,022)	(17,627)
Financial assets at fair value through profit or loss	(17,856)	(1,431)
Amounts due from credit institutions	484,222	95,058
Loans to customers	(1,946,315)	(1,339,630)
Assets held for sale	24,224	28,745
Other assets	(25,191)	5,392
Increase/(decrease) in operating liabilities:		
Amounts due to customers	1,950,820	895,808
Amounts due to credit institutions	(195,270)	752,203
Financial liabilities at fair value through profit or loss	7,881	(711)
Other liabilities	34,018	31,248
Cash inflow from operating activities before income tax	816,684	915,335
Income tax paid	(93,563)	(51,933)
Net cash inflow from operating activities	723,121	863,402
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase and prepayments for property and equipment and intangible assets	(18,483)	(18,557)
Proceeds on sale of property and equipment	407	241
Proceeds from sale of financial assets at fair value through other comprehensive income	363,313	409,190
Purchase of financial assets at fair value through other comprehensive income	(646,334)	(876,902)
Proceeds from sale of equity securities at amortised cost, net of allowances for expected credit losses	282,365	-
Purchase of debt securities at amortised cost, net of allowances for expected credit losses	-	(61,940)
Investments to share capital of subsidiaries	-	(32,409)
Proceeds from sale investments of subsidiaries	9,895	-
Dividends received from subsidiaries	-	18,023
Net cash outflow from investing activities	8,837	(562,354)

JSC Halyk Bank

Statement of Cash Flows For the year ended 31 December 2022 (Continued) (Millions of Kazakhstani Tenge)

	Notes	Year ended 31 December 2022	Year ended 31 December 2021
CASH FLOWS FROM FINANCING ACTIVITIES:			
Dividends paid		(138,644)	(211,573)
Purchase of treasury shares		(82)	(154,003)
Proceeds from issue of debt securities issued		127,886	-
Redemption and repayment of debt securities issued	17	(177,600)	(305,470)
Repayment of lease liabilities		(1,764)	(1,318)
Net cash outflow from financing activities		(190,204)	(672,364)
Effect of changes in foreign exchange rate on cash and cash equivalents		83,801	38,095
Net change in cash and cash equivalents		607,881	(333,221)
CASH AND CASH EQUIVALENTS, beginning of the year	5	1,322,341	1,655,562
CASH AND CASH EQUIVALENTS, end of the year	5	1,930,222	1,322,341

During the years ended 31 December 2022 and 2021, there were non-cash transfers, which were excluded from the statement of cash flows and disclosed in Notes 14 and 19.

On behalf of the Management Board:


Murat U. Koshanov
 Deputy Chairperson of the Board

10 March 2023
 Almaty, Kazakhstan


Pavel A. Sheussov
 Chief Accountant

10 March 2023
 Almaty, Kazakhstan

The notes on pages 15 to 117 form an integral part of these separate financial statements.

JSC Halyk Bank

Notes to the Separate Financial Statements For the year ended 31 December 2022 (Millions of Kazakhstani Tenge)

1. Principal activities

JSC Halyk Bank (the "Bank") provides retail and corporate banking services in the Republic of Kazakhstan. The primary state registration of the Bank with the authorities of justice of the Republic 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, attracting deposits, trading in securities and foreign currencies, executing transfers, cash and payment card operations and rendering other banking services to its customers. In addition, the Bank acts as the 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 and Astana International Exchange. In addition, the Bank's Eurobonds are primary listed on the London Stock Exchange and Luxembourg Stock Exchange.

The Bank is ultimately controlled by Timur Kulibayev and his wife Dinara Kulibayeva, via JSC "Holding group Almex".

As at 31 December 2022, the Bank operated through its head office in Almaty and its 24 regional branches, 120 sub-regional offices and 428 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, Kazakhstan.

As at 31 December 2022, the number of the Bank's employees was 14,484 (31 December 2021 – 14,815).

The separate financial statements of the Bank for the year ended 31 December 2022 were authorised for issue by the Management Board on 10 March 2023.

Legal proceedings

From time to time and in the normal course of business, claims against the Bank 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 these separate financial statements.

JSC Halyk Bank

Notes to the Separate Financial Statements For the year ended 31 December 2022 (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 year ended 2022, the average price of Brent crude oil was approximately 99.8 USD/bbl. (68.63 USD/bbl. during 2021 year). For twelve months of 2022, the economy grew by 3.2%. Inflation in December 2022 was 20.3% in annual term. Prices for food products increased by 25.3%, non-food products increased by 19.4% and paid services increased by 14.1%.

In 2022, the Monetary Policy Committee of the National Bank of the Republic of Kazakhstan ("NBRK") decided to set the base rate at 16.75% per annum with an interest corridor of +/- 1.00 p.p. The decision was based on forecasts and analysis of actual data. It was based on external environmental factors in the form of the uncertainty of the geopolitical situation and its consequences, as well as persistently high food prices in the world. On the part of the domestic economy, there are historically maximum inflationary expectations, an imbalance in supply and demand, as well as a restructuring of trade with an accelerated growth in imports.

The impact of anti-Russian sanctions has an insignificant and limited impact on the Bank's currency risk, the credit risks on Russian securities and Russian banks are immaterial in relation to the Bank's assets. Claims on Russian banks are represented by insignificant amounts of balances on nostro accounts. As at 31 December 2022, the gross exposure in relation to Russian securities and banks amounts to KZT 35,838 million and net exposure is KZT 15,560 million. 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.

Activities performed by the Bank to support its clients during COVID-19 pandemic allowed to avoid significant negative impact on the Bank's operations and on its clients.

JSC Halyk Bank

Notes to the Separate Financial Statements For the year ended 31 December 2022 (Continued) (Millions of Kazakhstani Tenge)

Management of the Bank is monitoring developments in the economic, current environment 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 31 December 2022 and 2021, the Bank was owned by the following shareholders, which own individually more than 5% of the issued shares of the Bank:

31 December 2022

	Total shares (Common shares)	Stake in total shares in circulation
JSC HG Almex	7,583,538,228	69.5%
GDR holders	3,109,803,080	28.5%
Other	214,932,544	2.0%
Total shares in circulation	10,908,273,852	100.0%

31 December 2021

	Total shares (Common shares)	Stake in total shares in circulation
JSC HG Almex	7,583,538,228	69.5%
GDR holders	3,129,358,360	28.7%
Other	195,377,264	1.8%
Total shares in circulation	10,908,273,852	100.0%

2. Basis of presentation

Statement of compliance

These separate financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

These separate financial statements are the separate financial statements of the parent JSC Halyk Bank. The subsidiaries are not consolidated in these separate financial statements. Investments in subsidiaries were accounted for as financial assets at fair value through other comprehensive income. These separate financial statements should be read in conjunction with the consolidated financial statements of JSC Halyk Bank and its subsidiaries, which were authorized for the issue by Management Board of the Bank on 10 March 2023.

The consolidated financial statements are available at the head office of JSC Halyk Bank, registered at the following address: 40 Al-Farabi Avenue, Almaty, A26M3K5, Kazakhstan.

JSC Halyk Bank

Notes to the Separate Financial Statements For the year ended 31 December 2022 (Continued) (Millions of Kazakhstani Tenge)

These separate financial statements have been prepared assuming that the Bank is a going concern, as the Bank have the resources to continue in operation for the foreseeable future.

These separate financial statements are presented in millions of Kazakhstani Tenge ("KZT" or "Tenge"), except for earnings per share amounts and unless otherwise indicated.

The separate financial statements have been prepared under the historical cost basis, except for certain financial instruments that are accounted for at fair value and certain property and equipment which are carried at revalued cost less depreciation and impairment as described in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Bank takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these separate financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Bank can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The Bank presents its statement of financial position broadly in order of liquidity. An analysis regarding recovery or settlement within 12 months after the statement of financial position date (current) and more than 12 months after the statement of financial position date (non-current) is presented in Note 27.

Functional currency

Items included in the separate financial statements of the Bank are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity (the "functional currency"). The functional currency of the Bank is KZT. The presentation currency of the separate financial statements is KZT.

JSC Halyk Bank

Notes to the Separate Financial Statements
For the year ended 31 December 2022 (Continued)
(Millions of Kazakhstani Tenge)

3. Significant accounting policies

Investments in subsidiaries

A subsidiary is an entity an unincorporate entity such as partnership that is controlled by the Bank. The Bank designates its investments in subsidiaries at fair value through other comprehensive income in these separate financial statements. Changes in the fair value of investments in subsidiaries are recognized directly in equity through the statement of other comprehensive income and are not reclassified through profit or loss on derecognition.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, unrestricted balances on correspondent accounts and amounts due from credit institutions and reverse repo agreements with original maturities within three months.

Obligatory reserves

Obligatory reserves represent funds in correspondent accounts with the NBRK and cash which are not available to finance the Bank's day to day operations and, hence, are not considered as part of cash and cash equivalents for the purpose of the cash flow statement.

Amounts due from credit institutions

In the normal course of business, the Bank maintains current restricted accounts or deposits for various periods of time with other banks. Amounts due from credit institutions with a fixed maturity term are subsequently measured at amortized cost using the effective interest method. Those that do not have fixed maturities are carried at cost. Amounts due from credit institutions are carried net of any allowances for expected credit losses.

Recognition and measurement of financial instruments

The Bank recognizes financial assets and liabilities on its statement of financial position when it becomes a party to the contractual obligations of the instrument. Regular way purchases and sales of financial assets and liabilities are recognized using settlement date accounting. Where regular way purchases of financial instruments will be subsequently measured at fair value, the Bank accounts for any change in the fair value of the asset between trade date and settlement date in the same way it accounts for acquired instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss. The accounting policies for subsequent re-measurement of these items are disclosed in the respective accounting policies set out below.

JSC Halyk Bank

Notes to the Separate Financial Statements For the year ended 31 December 2022 (Continued) (Millions of Kazakhstani Tenge)

Financial assets

All financial assets are recognized and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss ("FVTPL"). Transaction costs directly attributable to the acquisition of financial assets classified as at FVTPL are recognized immediately in profit or loss.

All recognized financial assets that are within the scope of IFRS 9 *Financial Instruments* ("IFRS 9") are required to be subsequently measured at amortized cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically:

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

JSC Halyk Bank

Notes to the Separate Financial Statements For the year ended 31 December 2022 (Continued) (Millions of Kazakhstani Tenge)

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

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

Financial assets or financial liabilities at fair value through profit or loss

Financial assets at FVTPL are:

- Assets with contractual cash flows that are not SPPI; or/and
- Assets that are held in a business model other than held to collect contractual cash flows or held to collect and sell; or
- Assets designated at FVTPL using the fair value option.

Financial liabilities are classified as at fair value through profit or loss where the financial liability is either held for trading or it is designated as at fair value through profit or loss.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- it is a part of an identified portfolio of financial instruments that the Bank manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets and financial liabilities at fair value through profit or loss are recorded in the statement of financial position at fair value. Changes in fair value are recorded in net (loss)/gain on financial assets and liabilities at fair value through profit or loss. Interest earned or incurred is accrued in interest income or expense, respectively, according to the terms of the contract, while dividend income is recorded in "Other income" when the right to receive the payment has been established.

Debt instruments at amortised cost or at fair value through other comprehensive income ("FVTOCI")

The Bank assesses the classification and measurement of a financial asset based on the contractual cash flow characteristics of the asset and the Bank's business model for managing the asset.

JSC Halyk Bank

Notes to the Separate Financial Statements For the year ended 31 December 2022 (Continued) (Millions of Kazakhstani Tenge)

For an asset to be classified and measured at amortised cost or at FVTOCI, its contractual terms should give rise to cash flows that are solely payments of principal and interest on the principal outstanding.

For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI. An originated or an acquired financial asset can be a basic lending arrangement irrespective of whether it is a loan in its legal form.

An assessment of business models for managing financial assets is performed at the date of initial application of IFRS 9 to determine the classification of a financial asset. The business model is applied retrospectively to all financial assets existing at the date of initial application of IFRS 9. The Bank determines the business models at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Bank's business model does not depend on management's intentions for an individual instrument; therefore, the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

The Bank has more than one business model for managing its financial instruments that reflect how the Bank manages its financial assets in order to generate cash flows. The Bank's business models determine whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

The Bank considers all relevant information available when making the business model assessment. However, this assessment is not performed based on scenarios that the Bank does not reasonably expect to occur, such as so-called 'worst case' or 'stress case' scenarios. The Bank takes into account all relevant evidence available such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed; and
- How managers of the business are compensated (e.g. whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

At initial recognition of a financial asset, the Bank determines whether newly recognized financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Bank reassess its business models each reporting period to determine whether the business models have changed since the preceding period. For the current reporting period, the Bank has not identified a change in its business models.

JSC Halyk Bank

Notes to the Separate Financial Statements For the year ended 31 December 2022 (Continued) (Millions of Kazakhstani Tenge)

When a debt instrument measured at FVTOCI is derecognized, the cumulative gain/loss previously recognized in OCI is reclassified from equity to profit or loss. In contrast, for an equity investment designated as measured at FVTOCI, the cumulative gain/loss previously recognized in OCI is not subsequently reclassified to profit or loss but transferred within equity. Debt instruments that are subsequently measured at amortized cost or at FVTOCI are subject to impairment.

Collateral

The Bank obtains collateral in respect of customer liabilities where this is considered appropriate. The collateral normally takes the form of a lien over the customer's assets and gives the Bank a claim on these assets for both existing and future customer liabilities.

Reclassification of financial assets

If the business model under which the Bank holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that result in reclassifying the Bank's financial assets. Changes in contractual cash flows are considered under the accounting policy on *Modification and derecognition of financial assets* described below.

Modification and derecognition of financial assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date. In addition, the introduction or adjustment of existing covenants of an existing loan would constitute a modification even if these new or adjusted covenants do not yet affect the cash flows immediately but may affect the cash flows depending on whether the covenant is or is not met (e.g. a change to the increase in the interest rate that arises when covenants are breached).

Where possible, the Bank seeks to restructure loans rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, the loan is no longer considered past due. Management continuously monitors renegotiated loans to ensure that they are performing and that future payments are likely to occur. The loans continue to be subject to an individual or collective impairment assessment, calculated using the loan's original effective interest rate ("EIR"). Renegotiated terms are evidence of impairment for loans assessed for impairment on an individual basis, for which deterioration of the financial position is observed.

The Bank renegotiates loans to customers in financial difficulty to maximize collection and minimize the risk of default. A loan forbearance is granted in cases where although the borrower made all reasonable efforts to pay under the original contractual terms, there is a high risk of default or default has already happened and the borrower is expected to be able to meet the revised terms. The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness) and amendments to covenants. The Bank has an established forbearance policy, which applies for corporate and retail lending.

JSC Halyk Bank

Notes to the Separate Financial Statements For the year ended 31 December 2022 (Continued) (Millions of Kazakhstani Tenge)

When a financial asset is modified the Bank assesses whether this modification results in derecognition. In accordance with the Bank's policy a modification results in derecognition when it gives rise to substantially different terms. To determine if the modified terms are substantially different from the original contractual terms the Bank considers qualitative factors, such as contractual cash flows after modification are no longer SPPI, change in currency or change of counterparty, the extent of change in interest rates, maturity, covenants.

When a financial asset is modified due to commercial reasons, the Bank considers various qualitative factors (change in currency, interest rate, maturity) and on that basis concludes whether old loan should be derecognised and new loan should be recognised at fair value.

In the case where the financial asset is derecognised the loss allowance for ECL is remeasured at the date of derecognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on derecognition. The new financial asset will have a loss allowance measured based on 12-month ECL except in the rare occasions where the new loan is considered to be originated credit-impaired asset. This applies only in the case where the fair value of the new loan is recognized at a significant discount to its revised par amount because there remains a high risk of default, which has not been reduced by the modification. Please also refer to Note 12 for more details.

Impairment

Calculation of financial assets impairment is carried out taking into account the following factors:

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

JSC Halyk Bank

Notes to the Separate Financial Statements For the year ended 31 December 2022 (Continued) (Millions of Kazakhstani Tenge)

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

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

Allowances for expected credit losses

ECLs are required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e. lifetime ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage 1); or
- Full lifetime ECL, i.e. lifetime ECL that result from all possible default events over the life of the financial instrument, (referred to as Stage 2 and Stage 3).

For more details about staging refer to Notes 5, 8, 9, 10 and 12.

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.

- For undrawn loan commitments, the ECL is the difference between the present value of the difference between the contractual cash flows that are due to the Bank if the holder of the commitment draws down the loan and the cash flows that the Bank expects to receive if the loan is drawn down; and
- For financial guarantee contracts, the ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the Bank expects to receive from the holder, the debtor or any other party.

The Bank measures ECL on an individual basis, or on a collective basis for portfolios of loans that share similar risk characteristics. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original effective interest rate ("EIR"), regardless of whether it is measured on an individual basis or a collective basis.

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default (PD) which affects both the measurement of ECLs and the identification of a significant increase in credit risk. Please also refer to Note 4.

For the details of supportable forward-looking information, please refer to Note 27 for more details.

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Notes to the Separate Financial Statements For the year ended 31 December 2022 (Continued) (Millions of Kazakhstani Tenge)

Repurchase and reverse repurchase agreements and securities lending

The Bank enters into financial assets sale and purchase back agreements (“repos”) and financial assets purchase and sale back agreements (“reverse repos”) in the normal course of its business. Repos and reverse repos are utilized by the Bank as an element of its treasury management.

Repos are treated as secured financing transactions. Securities sold under repos are retained in the separate statement of financial position and, in case the transferee has the right, by contract or custom, to sell or repledge them, reclassified as securities pledged under sale and repurchase agreements. The corresponding liability is presented within amounts due to credit institutions.

Securities purchased under reverse repos are recorded as amounts due from credit institutions, amounts due customers or cash and cash equivalents as appropriate. The difference between the sale and repurchase prices is treated as interest and accrued over the life of the repo agreements using the effective interest method.

Securities lent to counterparties are retained in the statement of financial position. Securities borrowed are not recorded in the statement of financial position, unless these are sold to third parties, in which case the purchase and sale are recorded within net gain/(loss) on financial assets and liabilities at fair value through profit or loss in the statement of profit or loss. The obligation to return securities borrowed is recorded at fair value as a trading liability.

The Bank enters into securities repurchase agreements and securities lending transactions under which it receives or transfers collateral in accordance with normal market practice. Under standard terms for repurchase transactions in Kazakhstan and other Commonwealth of Independent States (“CIS”), the recipient of collateral has the right to sell or repledge the collateral, subject to returning equivalent securities on settlement of the transaction.

Offsetting

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. In accounting for a transfer of a financial asset that does not qualify for derecognition, the Bank does not offset the transferred asset and the associated liability. Income and expense is not offset in the statement of profit or loss unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Bank.

Derivative financial instruments

The Bank enters into a variety of derivative financial instruments some of which are held for trading while others are held to manage its exposure to interest rate risk; credit risk; and foreign exchange rate risk. Derivative held include foreign exchange forward contracts, interest rate swaps, cross currency interest rate swaps and credit default swaps.

JSC Halyk Bank

Notes to the Separate Financial Statements For the year ended 31 December 2022 (Continued) (Millions of Kazakhstani Tenge)

Derivatives are initially recognized at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain/loss is recognized in profit or loss immediately.

A derivative with a positive fair value is recognized as a financial asset whereas a derivative with a negative fair value is recognized as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realized or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

The Bank enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts, interest rate swaps and cross currency swaps. Further details of derivative financial instruments are disclosed in Note 7.

The Bank's exposure under derivative contracts is closely monitored as part of the overall management of the Bank's market, credit, and liquidity risks (Note 27).

Credit-impaired financial assets

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or past due event;
- The lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- The disappearance of an active market for a security because of financial difficulties; or
- The purchase of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event instead; the combined effect of several events may have caused financial assets to become credit-impaired. The Bank assesses whether debt instruments that are financial assets measured at amortized cost or FVTOCI are credit-impaired at each reporting date. To assess if sovereign and corporate debt instruments are credit impaired, the Bank considers factors such as bond yields, credit ratings and the ability of the borrower to raise funding.

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment. For financial assets where concessions are contemplated but not granted, the asset is deemed credit impaired when there is observable evidence of credit-impairment including meeting the definition of default. The definition of default includes unlikelihood to pay indicators and a backstop if amounts are overdue for 90 days or more. The decision to use cross-default is based on case-by-case assessment of borrower and facility conditions such as collateral and materiality of exposure.

JSC Halyk Bank

Notes to the Separate Financial Statements For the year ended 31 December 2022 (Continued) (Millions of Kazakhstani Tenge)

Purchased or originated credit-impaired ("POCI") financial assets.

POCI financial assets are treated differently because the asset is credit-impaired at initial recognition. For these assets, the Bank recognizes all changes in lifetime ECL since initial recognition as a loss allowance with any changes recognized in profit or loss. A favorable change for such assets creates an impairment gain (recovery of credit loss expense).

Write off

Loans and debt securities are written off when the Bank has no reasonable expectations of recovering the financial asset (either in its entirety or in a portion of it). This is the case when the Bank determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. The Bank may apply enforcement activities to financial assets written off. Recoveries resulting from the Bank's enforcement activities will result in impairment gains. Where loans are secured, they are generally written off after receipt of any proceeds from the sale of collateral. When such net realizable value of collateral has been determined and no reasonable expectation of further recovery, write off may be earlier.

Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the Bank has transferred its rights to receive cash flows from the asset, or retained the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; and
- the Bank either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial asset is derecognised when it has been transferred and the transfer qualifies for derecognition. A transfer requires that the Bank either: (a) transfers the contractual rights to receive the asset's cash flows; or (b) retains the right to the asset's cash flows but assumes a contractual obligation to pay those cash flows to a third party. After a transfer, the Bank reassesses the extent to which it has retained the risks and rewards of ownership of the transferred asset. If substantially all the risks and rewards have been retained, the asset remains on the statement of financial position. If substantially all of the risks and rewards have been transferred, the asset is derecognized. If substantially all the risks and rewards have been neither retained nor transferred, the Bank assesses whether or not it has retained control of the asset. If it has not retained control, the asset is derecognized. Where the Bank has retained control of the asset, it continues to recognize the asset to the extent of its continuing involvement.

JSC Halyk Bank

Notes to the Separate Financial Statements For the year ended 31 December 2022 (Continued) (Millions of Kazakhstani Tenge)

Modification and derecognition of financial liabilities

The Bank derecognizes financial liabilities when, and only when, the Bank's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

When the Bank exchanges with the existing lender one debt instrument into another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Bank accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification should be recognised in profit or loss as the modification gain or loss within other gains and losses.

Taxation

The current income tax expense is calculated in accordance with the regulations of the Republic of Kazakhstan.

Deferred tax assets and liabilities are calculated in respect of temporary differences using the balance sheet liability method. Deferred income taxes are provided for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes, except where the deferred income tax arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

A deferred tax asset is recorded only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to other comprehensive income or equity, in which case the deferred tax is also charged or credited directly to other comprehensive income or equity.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Bank is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

JSC Halyk Bank

Notes to the Separate Financial Statements For the year ended 31 December 2022 (Continued) (Millions of Kazakhstani Tenge)

Deferred tax assets and deferred tax liabilities are offset and reported net in the statement of financial position if:

- The Bank has a legally enforceable right to offset current income tax assets against current income tax liabilities; and
- Deferred income tax assets and the deferred income tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

Kazakhstan has various operating taxes that are assessed on the Bank's activities. These taxes are recorded as taxes other than income tax.

The Bank records a provision for uncertain tax positions if it is probable that the Bank will have to make a payment to tax authorities upon their examination of a tax position. This provision is measured at the Bank's best estimate of the amount expected to be paid. Provisions are reversed to income in provision for (recovery of) income taxes in the period in which management determines they are no longer required or as determined by statute.

Property and equipment

Property and equipment are carried at cost less accumulated depreciation and any accumulated impairment except for the buildings and construction which are carried at revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Depreciation of an asset begins when it is available for use. Depreciation is calculated on a straight-line basis over the following estimated useful lives:

	Years
Buildings and construction	20-100
Vehicles	5-7
Computers and banking equipment	5-10
Other	7-10

Leasehold improvements are amortized over the life of the related leased asset. Expenses related to repairs and renewals are charged when incurred and included in operating expenses unless they qualify for capitalization.

The carrying amounts of property and equipment are reviewed at each reporting date to assess whether they are recorded in excess of their recoverable amounts, and where carrying values exceed this estimated recoverable amount, assets are written down to their recoverable amount. An impairment loss is recognized in the respective period and is included in operating expenses.

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Notes to the Separate Financial Statements For the year ended 31 December 2022 (Continued) (Millions of Kazakhstani Tenge)

Buildings and construction held for use in supply of services, or for administrative purposes, are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, determined from market-based evidence by appraisal undertaken by professional independent appraisers, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the reporting date.

Any revaluation increase arising on the revaluation of such buildings and construction is credited to the property and equipment revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognized as an expense, in which case the increase is credited to the statement of profit or loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of such buildings and construction is charged as an expense to the extent that it exceeds the balance, if any, held in the property and equipment revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings and construction is charged to the statement of profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the property and equipment revaluation reserve is transferred directly to retained earnings.

Construction in progress is carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Bank's accounting policy. Such construction in progress is classified to the appropriate categories of property and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses. Intangible assets with indefinite useful lives are not subject to amortization.

JSC Halyk Bank

Notes to the Separate Financial Statements For the year ended 31 December 2022 (Continued) (Millions of Kazakhstani Tenge)

Amortisation is recognised on a straight-line basis over their estimated useful lives:

	Years
Software	10
Licensing agreements for the right to use the software	10
Other	10

Assets held for sale

A non-current asset and the liability directly associated with non-current assets are classified as held for sale ("disposal group") if it is highly probable that the net asset's carrying amount will be recovered through a sale transaction rather than through continuing use and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification of an asset as held for sale.

Assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell. If the fair value less costs to sell of an asset held for sale is lower than its carrying amount, an impairment loss is recognized in the statement of profit or loss as loss of assets held for sale. Any subsequent increase in an asset's fair value less costs to sell is recognized to the extent of the cumulative impairment loss that was previously recognized in relation to that specific asset.

Amounts due to customers and credit institutions

Amounts due to customers and credit institutions are initially recognized at the fair value of the consideration received less directly attributable transaction costs. Subsequently, amounts due are stated at amortized cost and any difference between net proceeds and the redemption value is recognized in the statement of profit or loss over the period of the borrowings using the effective interest method. If the Bank purchases its own debt, it is removed from the statement of financial position and the difference between the carrying amount of the liability and the consideration paid is recognized in the statement of profit or loss.

Debt securities issued

Debt securities issued represent bonds issued by the Bank, which are accounted for according to the same principles used for amounts due to customers and credit institutions. Any difference between proceeds received, net of debt issuance costs, and the redemption value is recognized in the statement of profit or loss over the period of the borrowings using the effective interest method.

Equity

The Bank classifies a financial instrument that it issues as a financial asset, financial liability or an equity instrument in accordance with the substance of the contractual arrangement. An instrument is classified as a liability if it is a contractual obligation to deliver cash or another financial asset, or to exchange financial assets or financial liabilities on potentially unfavourable terms. An instrument is classified as equity if it evidences a residual interest in the assets of the Bank after the deduction of liabilities.

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Notes to the Separate Financial Statements For the year ended 31 December 2022 (Continued) (Millions of Kazakhstani Tenge)

The components of a compound financial instrument issued by the Bank are classified and accounted for separately as financial assets, financial liabilities or equity as appropriate.

Share capital

External costs directly attributable to the issue of new shares, other than in a business combination, are shown as a deduction from the proceeds in equity. Prior to 13 May 2003, any excess of the fair value of consideration received over the nominal value of shares issued was recognized as share premium reserve. Effective 13 May 2003, upon a change in the law concerning "Joint Stock Companies", the nominal amount concept was restricted to placement of shares only between the founders of an entity. For all other investors, share capital is recorded at placement value being the consideration received by an entity for its shares.

Treasury shares

When the Bank acquires its own share capital, the amount of the consideration paid, including directly attributable costs, net of any related tax benefit, is recognised as a change in equity. Shares repurchased by the Bank are cancelled. Repurchased shares are classified as treasury shares and are held at cost. These shares are treated as a deduction from the issued and weighted average number of shares, and the cost price of the shares is presented as a deduction from total equity.

Dividends

Dividends are recognized as a liability and deducted from equity on the date they are declared. Dividends are disclosed when they are proposed before the reporting date or proposed or declared after the reporting date but before the separate financial statements are authorized for issue.

Equity reserves

The reserves recorded in equity (other comprehensive income) on the Bank's statement of financial position include:

- Revaluation reserve of financial assets at fair value through other comprehensive income, which comprises changes in fair value of financial assets at fair value through other comprehensive income and allowances for expected credit losses on debt financial assets at fair value through other comprehensive income;
- Cumulative translation reserve which is used to record foreign exchange differences arising from the translation of the net investment in foreign operations;
- Property revaluation reserve, which comprises revaluation reserve of land and buildings.

Contingencies

Contingent liabilities are not recognized in the statement of financial position but are disclosed, unless the possibility of any outflow in settlement is remote. A contingent asset is not recognized in the statement of financial position but disclosed in separate financial statements, when an inflow of economic benefits is probable.

JSC Halyk Bank

Notes to the Separate Financial Statements For the year ended 31 December 2022 (Continued) (Millions of Kazakhstani Tenge)

Recognition of income and expense

Interest income and expense for all financial instruments, except for financial assets measured or designated at fair value through profit or loss are recognized in 'Net interest income' as 'Interest income calculated using the effective interest method' and 'Interest expense' in the profit or loss account using the effective interest method.

The EIR is the rate that exactly discounts estimated future cash flows of the financial instrument through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. The future cash flows are estimated taking into account all the contractual terms of the instrument.

The calculation of the EIR includes all fees and points paid or received between parties to the contract that are incremental and directly attributable to the specific lending arrangement, transaction costs, and all other premiums or discounts. For financial assets at FVTPL transaction costs are recognized in profit or loss at initial recognition.

The interest income/ interest expense is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance), or to the amortized cost of financial liabilities. For credit-impaired financial assets, the interest income is calculated by applying the EIR to the amortised cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for expected credit losses). For financial assets POCI the EIR reflects the expected credit losses in determining the future cash flows expected to be received from the financial asset.

Loan origination fees for loans issued to customers are (together with related direct costs) recognised as an adjustment to the effective yield of the loans. Where it is probable that a loan commitment will lead to a specific lending arrangement, the loan commitment fees are deferred, together with the related direct costs, and recognised as an adjustment to the EIR of the resulting loan. Where it is unlikely that a loan commitment will lead to a specific lending arrangement, the loan commitment fees are recognised in profit or loss over the remaining period of the loan commitment. Where a loan commitment expires without resulting in a loan, the loan commitment fee is recognised in profit or loss on expiry.

Fee and commission income

Fee and commission income is recognised to reflect the transfer of services to customers at an amount that reflects the consideration that is expected to be received in exchange for such services. The Bank identifies the performance obligation, i.e. the services agreed with the customer, and the consideration, and recognises income in line with the transfer of services, the performance obligation, agreed with the customer.

For each performance obligation identified, the Bank determines at contract inception whether it satisfies the performance obligation over time or at a point in time, and whether the consideration is fixed or variable, including whether consideration is constrained by, for instance, external factors outside the Bank's influence. The consideration is subsequently allocated to the identified performance obligation.

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Notes to the Separate Financial Statements For the year ended 31 December 2022 (Continued) (Millions of Kazakhstani Tenge)

Fee and commission income from maintenance of customer accounts and cash operations include fees earned from deposit products in lieu of compensating balances, service charges for transactions performed upon depositors' request, as well as fees earned from performing cash management activities. Service charges on deposit products are recognized over the period in which the related service is provided, typically monthly. Service fees are recognized at a point in time upon completion of the requested service transaction. Fees on cash management products are recognized over time as services are provided.

Plastic cards operations fee and commission income include interchange income from credit and debit card transactions and are recognized at a point in time upon settlement by the associated network. Interchange rates are generally set by the associated network based on purchase volume and other factors. Other card-related fees are recognized at a point in time upon completion of the transaction.

Other banking fees include fees for various transactional banking activities such as bank transfers, letters of credit fees and other transactional services. These fees are recognized in a manner that reflects the timing of when transactions occur and as services are provided. Letter of credit fees primarily includes fees received related to letter of credit agreements and are generally recognized upon execution of the contract.

The adoption of IFRS 15 has not had any material impact on the disclosures or on the amounts reported in the separate financial statements.

Foreign currency translation

The separate financial statements are presented in KZT, which is the functional currency of the Bank. Transactions in foreign currencies are initially recorded in the functional currency, converted at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the currency rate of exchange as quoted by KASE as at the reporting date. Gains and losses resulting from the translation of foreign currency transactions into functional currency are recognized in the statement of profit or loss as net foreign exchange gain or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Differences between the contractual exchange rate of a transaction in a foreign currency and the market exchange rate on the date of the transaction are included in net foreign exchange gain or loss. The market exchange rate at 31 December 2022 was – 462.65 KZT to USD 1, KZT 6.43 to RUB 1, KZT 492.86 to EUR 1 (31 December 2021 – 431.67 KZT to USD 1, KZT 5.77 to RUB 1, KZT 487.79 to EUR 1).

Segment reporting

A segment is a distinguishable component of the Bank that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

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Notes to the Separate Financial Statements For the year ended 31 December 2022 (Continued) (Millions of Kazakhstani Tenge)

Financial guarantee contracts and letters of credit issued

Financial guarantee contracts and letters of credit issued by the Bank are credit insurance that provides for specified payments to be made to reimburse the holder for a loss it incurs because a specified debtor fails to make a payment when due under the original or modified terms of a debt instrument. Such financial guarantee contracts and letters of credit issued are initially recognized at fair value. Subsequently they are measured at the higher of (a) the amount recognized as a provision and (b) the amount initially recognized less, where appropriate, cumulative amortization of initial premium revenue received over the financial guarantee contracts or letter of credit issued.

Bank as a lessor

In cases where the Bank is the lessor under a lease, each lease is classified as an operating lease or finance lease. Contracts that transfer substantially all of the risks and rewards of ownership of the leased asset, but not necessarily the legal title to them, are classified as finance leases. At the start date of the lease, the Bank recognizes assets held under finance leases in its statement of financial position and presents them as receivables in an amount equal to the net investment in the lease. Initial direct costs are included in the initial measurement of the net investment in the lease and are deducted from the income recognized over the lease term. Finance income receivable is recognized in interest income over the lease term so as to provide a constant rate of return on the net investment in the lease.

Agreements that do not transfer substantially all of the risks and rewards of ownership of the leased asset, but not necessarily legal title to them, are classified as operating leases. Assets subject to operating leases continue to be included in the Bank's balance sheet in accordance with the category (balance sheet item) to which they were assigned. Operating lease receivables are recognized over the lease term on an accrual basis.

Bank as a lessee

When the Bank acts as a lessee, leases are accounted for using the right-of-use model. This model assumes that at the start date of the lease, the lessee has a financial obligation to make the lease payments to the lessor for the right to use the underlying asset over the lease term. The cost of a right-of-use asset includes the initial measurement of the lease liability, lease payments at or before start date of the lease, less incentive payments received for the lease, and incremental lease costs that would not have been incurred if the lease had not been concluded.

Subsequent accounting for the right-of-use asset is carried out at its historical cost:

- less accumulated depreciation and accumulated impairment losses; and
- adjusted for the revaluation of the lease liability.

Depreciation is carried out on a straight-line basis until the expiry date of the lease.

The lease liability is measured on initial recognition at the present value of the lease payments that have not yet been settled at that date. The present value is calculated by discounting the lease payments using the interest rate implicit in the lease or the incremental borrowing rate.

JSC Halyk Bank

Notes to the Separate Financial Statements For the year ended 31 December 2022 (Continued) (Millions of Kazakhstani Tenge)

After the commencement date of the lease, the Bank measures the lease liability as follows:

- increasing the carrying amount to reflect interest on the lease liability;
- reducing the carrying amount to reflect the lease payments made; and
- revaluing the carrying amount to reflect revaluation or modification of leases.

The right-of-use model does not apply to short-term leases (no longer than 12 months) that do not contain an option to purchase the underlying asset, or contracts with a low value of the underlying asset (up to USD 5,000). Lease payments for such leases are recognized as an expense over the lease term on an accrual basis.

New and amended IFRS Standards that are effective for the current year

The following amendments and interpretations are effective for the Bank effective January 1, 2022:

Amendments to IAS 16 *Property, Plant and Equipment – Proceeds before Intended Use*;
Annual Improvement 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 above standards and interpretations were reviewed by the Bank's management, but did not have a significant effect on the separate financial statements of the Bank.

New and revised IFRS Standards in issue but not yet effective

At the date of authorisation of these separate financial statements, the Bank has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

New or revised standard or interpretation	Applicable to annual reporting periods beginning on or after
Amendments to IAS 1 - <i>Classification of liabilities as current or non-current</i>	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2 – <i>"Disclosure of Accounting Policies"</i>	1 January 2023
Amendments to IAS 12 - <i>Deferred Tax Relating to Assets and Liabilities Arising from a Single Transaction</i>	1 January 2023
Amendments to IAS 8 – <i>"Definition of Accounting Estimates"</i>	1 January 2022
Amendment to IFRS 16 - <i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to IAS 1 - <i>Non-current Liabilities with Covenants</i>	1 January 2024

The Bank does not expect that the adoption of the Standards listed above will have a material impact on the separate financial statements of the Bank in future periods.

JSC Halyk Bank

Notes to the Separate Financial Statements For the year ended 31 December 2022 (Continued) (Millions of Kazakhstani Tenge)

4. Significant accounting estimates

The preparation of the Bank's separate financial statements requires management to make estimates and judgments that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amount of income and expenses during the reporting period. Management evaluates its estimates and judgments on an ongoing basis. Management bases its estimates and judgments on historical experience and on various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions. The following estimates and judgments are considered important to the portrayal of the Bank's financial condition.

Significant increase of credit risk

As explained in Note 3, ECL are measured as an allowance equal to 12-month ECL for Stage 1 assets, or lifetime ECL assets for Stage 2 or Stage 3 assets. An asset moves to Stage 2 when its credit risk has increased significantly since initial recognition. In assessing whether the credit risk of an asset has significantly increased, the Bank takes into account qualitative and quantitative reasonable and supportable forward-looking information (refer to Note 27 for more details).

Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and determining the forward-looking information relevant to each scenario

For treasury operations, the Bank calculates ECL on a financial asset based not only on the current estimates of the credit quality of the counterparty/issuer at the reporting date, but also taking into account possible deterioration of the financial condition due to the adverse macroeconomic factors of the counterparty's/issuer's environment in the future. In particular, the level of ECL for treasury operations is affected by the rating outlook (positive, stable, negative) assigned by international rating agencies, which affects the probability of default.

For bank loans, the calculation of ECL takes into account the possible estimated effects of changes in macroeconomic parameters on forecasted cash flows, migration of collective loans and collateral coverage.

When measuring ECL the Bank uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Refer to Note 27 for more details.

The key inputs used for measuring ECL are:

- Probability of default ("PD");
- Loss given default ("LGD"); and
- Exposure at default ("EAD").

JSC Halyk Bank

Notes to the Separate Financial Statements For the year ended 31 December 2022 (Continued) (Millions of Kazakhstani Tenge)

Probability of default

PD constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

PD for treasury operations is determined according to the Default Study from international rating agencies (S&P, Fitch, Moody's), which publish tabular data with the values of the probabilities of default. The probabilities of default are maintained up to date and are updated on a periodic basis as the default statistics are updated.

PD for individually assessed loans of corporate, small and medium businesses is estimated using an internal rating model based on the quantitative and qualitative characteristics of the borrower. The calculation of PD on loans assessed on a collective basis is carried out on the basis of historical data using the migration matrices and roll-rates.

Loss Given Default

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

LGD for treasury operations is determined according to the Default Study data from international rating agencies (S&P, Fitch, and Moody's) and depends on the type of debt on the financial asset: senior secured/unsecured, subordinated, sovereign. In addition, LGD may be adjusted if collateral is provided for the asset, as well as if there are indications of impairment for the financial asset (Stage 2 or Stage 3).

LGD for collectively assessed loans is calculated based on an estimate of the recoverability of debt in case of the pledged collateral sale with a discount period that corresponds to the pledged collateral implementation terms.

Exposure at Default

EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, and expected drawdowns on committed facilities. The Bank's modelling approach for EAD reflects expected changes in the balance outstanding over the lifetime of the loan exposure that are permitted by the current contractual terms, such as amortization profiles, early repayment or overpayment, changes in utilization of undrawn commitments and credit mitigation actions taken before default. The Bank uses EAD models that reflect the characteristics of the portfolios.

JSC Halyk Bank

Notes to the Separate Financial Statements For the year ended 31 December 2022 (Continued) (Millions of Kazakhstani Tenge)

Models and assumptions used

The Bank uses various models and assumptions in measuring fair value of financial assets as well as in estimating ECL. Judgement is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk. See Notes 5, 8, 9, 10, 12 and 27 for more details on allowances for ECL and Note 30 for more details on fair value measurement.

The Bank makes estimates and judgments, which are constantly analyzed based on statistical data, actual and forecast information, as well as management experience, including expectations regarding future events that are reasonable in current circumstances.

In order to reflect objectively the impact of the prevailing macroeconomic conditions and in accordance with the recommendations of the International Accounting Standards Board, the Bank adjusted the main approaches to assessing the level of expected credit losses that have the most significant effect on the amounts recorded in the separate financial statements for the year ended 31 December 2022:

- The Bank refined the approach of calculating macroeconomic parameters in the probability of default rates of borrowers, as disclosed in Note 27. The impact of macroeconomic indicators is assessed, which more accurately reflects the changing economic conditions and an updated forecast of macroeconomic indicators is used based on the most relevant information.

The allowances for ECL of financial assets in the separate financial statements have been determined on the basis of existing economic and political conditions. The Bank is not in a position to predict what changes in conditions will take place in Kazakhstan and in other countries it operates in and what effect such changes might have on the adequacy of the allowances for ECL of financial assets in future years.

The carrying amount of the allowance for ECL of loans to customers as at 31 December 2022 is KZT 410,751 million (31 December 2021 - KZT 342,456 million).

Fair value measurement and valuation process

In estimating the fair value of a financial asset or a liability, the Bank uses market-observable data to the extent it is available. Where such Level 1 inputs are not available, the Bank uses valuation models to determine the fair value of its financial instruments. Refer to Note 30 for more details on fair value measurement.

Property and equipment carried at revalued amounts

Buildings and construction are measured at revalued amounts. The latest appraisal was in November 2022. Details of the valuation techniques used are set out in Note 13.

JSC Halyk Bank

Notes to the Separate Financial Statements For the year ended 31 December 2022 (Continued) (Millions of Kazakhstani Tenge)

Taxation

Kazakhstan tax, currency and customs legislations are subject to varying interpretations and changes, which can occur frequently. Management's interpretation of such legislation as applied to the transactions and activity of the Bank may be challenged by the relevant regional and state authorities. Fiscal periods remain open to review by the authorities in respect of taxes for five calendar years preceding the year of review.

Management has concluded that all deferred tax assets are properly recognized, as it is probable that sufficient future taxable income will exist to fully utilize the assets.

As at 31 December 2022 and 2021, management believes that its interpretation of the relevant legislation is appropriate and that the Bank's tax, currency and customs positions will be sustained. Significant additional actual taxes, penalties and interest may be assessed following any challenges by the relevant authorities, which could have a material impact on the Banks's reported net income.

5. Cash and cash equivalents

Cash and cash equivalents comprise:

	31 December 2021	31 December 2021
Cash on hand	242,251	227,167
Correspondent accounts with Organization for Economic Cooperation and Development countries (the "OECD") based banks	491,662	141,498
Short-term deposits with OECD based banks	46,267	-
Overnight deposits with OECD based banks	92,536	86,360
Correspondent accounts with NBRK	236,507	108,649
Short-term deposits with NBRK	769,907	525,076
Correspondent accounts in Kazakhstan banks	27,200	-
Short-term deposits with Kazakhstan banks (incl. loans under reverse repurchase agreements)	5,003	197,696
Correspondent accounts with non-OECD based banks	15,950	20,760
Short-term deposits with non-OECD based banks	2,939	15,135
	1,930,222	1,322,341

As at 31 December 2022 and 2021, cash and cash equivalents allowances for expected credit losses comprised KZT 19 million and KZT 18 million, respectively.

JSC Halyk Bank

Notes to the Separate Financial Statements For the year ended 31 December 2022 (Continued) (Millions of Kazakhstani Tenge)

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

	31 December 2022	31 December 2021
	Stage 1	Stage 1
At the beginning of the year	(18)	(35)
Changes in risk parameters	(1)	19
Foreign exchange differences and other movements	-	(2)
At the end of the year	(19)	(18)

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

	31 December 2022		31 December 2021	
	KZT	Foreign currencies	KZT	Foreign currencies
Short-term deposit with NBRK	15.8%	4.03%-4.53%	8.8%	0.3%
Short-term deposits with Kazakhstan banks (incl. loans under reverse repurchase agreements)	17.6%	-	8.8%-10.8%	0.3%
Short-term deposits with OECD based banks	-	0.7%	-	-
Overnight deposit with OECD based banks	-	2.5%	-	0.1%
Short-term deposits with non-OECD based bank	-	3.2%-5.33%	-	1.2%

Fair value of assets pledged and carrying amounts of loans under reverse repurchase agreements as at 31 December 2022 and 2021 are as follows:

	31 December 2022		31 December 2021	
	Carrying amount of loans	Fair value of collateral	Carrying amount of loans	Fair value of collateral
Notes of NBRK	5,003	5,155	10,500	10,500
Treasury bills of the Ministry of Finance of Kazakhstan	-	-	169,148	168,135
Debt securities of Kazakhstan corporations	-	-	18,048	18,050
	5,003	5,155	197,696	196,685

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

6. Obligatory reserves

Obligatory reserves comprise:

	31 December 2022	31 December 2021
Cash and funds at the NBRK allocated to obligatory reserves	234,552	177,530
	234,552	177,530

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The obligatory reserves represent the minimum reserve deposits and cash on hand balances required by NBRK and used for calculation of the minimum reserve requirement.

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

Financial assets at fair value through profit or loss comprise:

	31 December 2022	31 December 2021
Financial assets held for trading:		
Derivative financial instruments	10,513	5,101
Equity securities of Kazakhstan corporations	9,737	-
	20,250	5,101

Financial liabilities at fair value through profit or loss comprise:

	31 December 2022	31 December 2021
Financial liabilities held for trading:		
Derivative financial instruments	9,642	1,761

Derivative financial instruments comprise:

	31 December 2022			31 December 2021		
	Notional Amount	Asset	Fair value Liability	Notional Amount	Asset	Fair value Liability
Foreign currency contracts						
Swaps	472,592	10,456	9,289	260,077	5,053	1,660
Spots	34,212	57	20	26,513	36	63
Forwards	7,198	-	333	12,155	12	38
	514,002	10,513	9,642	298,745	5,101	1,761

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

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8. Amounts due from credit institutions

Amounts due from credit institutions comprise:

	31 December 2022	31 December 2021
Term deposits and restricted accounts	122,419	648,641
Loans to credit institutions	108,588	80,969
Deposit pledged as collateral	53,424	30,631
	284,431	760,241
Less - Allowances for expected credit losses	(488)	(415)
	283,943	759,826

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

	31 December 2022		31 December 2021	
	Interest rate, %	Maturity, Year	Interest rate, %	Maturity, year
Term deposits and restricted accounts	1.5%-15.5%	2023-2028	0.3%-12.0%	2024
Loans to credit institutions	1.0%-8.9%	2023-2027	1.0%-9.5%	2028
Deposit pledged as collateral	1.8%-4.14%	2023-2046	0.1%-2.5%	2046

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

	31 December 2022	31 December 2021
	Stage 1	Stage 1
At the beginning of the year	(415)	(427)
Changes in risk parameters	26	12
Foreign exchange differences and other movements	(99)	-
At the end of the year	(488)	(415)

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Notes to the Separate Financial Statements For the year ended 31 December 2022 (Continued) (Millions of Kazakhstani Tenge)

9. Financial assets at fair value through other comprehensive income

Debt securities comprise:

	31 December 2022	31 December 2021
Treasury bills of the Ministry of Finance of Kazakhstan	1,053,885	1,010,538
Eurobonds of foreign states	404,556	110,245
Corporate bonds	223,115	184,066
Bonds of JSC Development Bank of Kazakhstan	133,463	216,879
Bonds of foreign organizations	106,449	144,627
Bonds of foreign financial organisations	68,690	55,589
Local municipal bonds	10,578	11,574
Bonds of Kazakhstan banks	10,465	10,208
Notes of NBRK	-	21,685
	2,011,201	1,765,411

As at 31 December 2022 and 2021, the allowances for expected credit losses on financial assets at fair value through other comprehensive income was KZT 952 million and KZT 979 million, respectively (Note 10).

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

	31 December 2022		31 December 2021	
	Interest rate, %	Maturity, year	Interest rate, %	Maturity, year
Treasury bills of the Ministry of Finance of Kazakhstan	4.4%	2023-2045	4.8%	2022-2045
Bonds of JSC Development Bank of Kazakhstan	4.9%	2024-2032	5.1%	2022-2032
Bonds of foreign organizations	2.1%	2023-2025	2.2%	2022-2025
Corporate bonds	10.3%	2023-2031	10.9%	2022-2031
Bonds of foreign financial organisations	7.6%	2023-2026	7.8%	2022-2026
Eurobonds of foreign countries	1.6%	2023-2025	1.0%	2022-2025
Local municipal bonds	10.8%	2026	10.8%	2026
Bonds of Kazakhstan banks	10.8%	2026	10.8%	2026
Notes of NBRK	-	-	9.2%	2022

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

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

	31 December 2022	31 December 2021
Treasury bills of the Ministry of Finance of Kazakhstan	783,594	1,045,032
Corporate bonds	191,141	178,538
Bonds of foreign organisations	8,221	53,252
	982,956	1,276,822

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As at 31 December 2022 and 2021, the allowances for expected credit losses on debt securities at amortised cost was KZT 343 million and KZT 512 million, respectively.

As at 31 December 2022 and 2021, debt securities at amortised cost, net of allowances for expected credit losses included Treasury bills of the Ministry of Finance of Kazakhstan at fair value of KZT 505,588 million and KZT 848,505 million, respectively, were pledged under repurchase agreements with the other banks (see Note 16). All repurchase agreements as at 31 December 2022 and 2021 mature before 25 January 2023 and 28 January 2022, respectively.

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

	31 December 2022		31 December 2021	
	Interest rate, %	Maturity, year	Interest rate, %	Maturity, year
Treasury bills of the Ministry of Finance of Kazakhstan	9.2%	2023-2027	9.2%	2022-2027
Corporate bonds	3.2%	2024	3.2%	2024
Bonds of foreign organisations	1.9%	2025	2.8%	2022-2025

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

	31 December 2022		31 December 2021	
	Stage 1	Total	Stage 1	Total
At the beginning of the year	(1,491)	(1,491)	(1,143)	(1,143)
Changes in risk parameters*	192	192	-	-
New originations or purchases of financial assets*	(205)	(205)	(927)	(927)
Derecognition of financial assets*	205	205	551	551
Foreign exchange differences and other movements	4	4	28	28
At the end of the year	(1,295)	(1,295)	(1,491)	(1,491)

* FS line "Credit loss expense" in the statement of profit or loss is comprised from "Changes in risk parameters", "New originations or purchases of financial assets" and "Derecognition of financial assets"

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11. Investments in subsidiaries

Subsidiaries	Holding %		Country	Industry
	31 December 2022	31 December 2021		
JSC Insurance Company Halyk	99.86	99.86	Kazakhstan	General insurance
JSCB Tenge Bank	100	100	Uzbekistan	Banking
JSC Halyk-Life	100	100	Kazakhstan	Life insurance
JSC Halyk Finance	100	100	Kazakhstan	Broker and dealer activities
LLP Halyk Activ	100	100	Kazakhstan	Management of doubtful and loss assets
JSC Halyk Global Markets	100	100	Kazakhstan	Broker and dealer activities
LLP KUSA Halyk	100	100	Kazakhstan	Management of doubtful and loss assets
JSC Halyk Bank Georgia	100	100	Georgia	Banking
OJSC Halyk Bank Kyrgyzstan	100	100	Kyrgyzstan	Banking
JSC Halyk-Leasing	100	100	Kazakhstan	Leasing
JSC Kazteleport	100	100	Kazakhstan	Telecommunications
LLC Halyk Collection	100	100	Kazakhstan	Cash collection services
LLP Halyk Finservice	100	100	Kazakhstan	Payment card processing and other related services
JSC Commercial Bank Moskommertsbank	-	100	Russia	Banking
CJSC Halyk Bank Tajikistan	-	100	Tajikistan	Banking
LLC Halyk Project	-	100	Kazakhstan	Management of doubtful and loss assets
LLP Halyk Activ-1	-	100	Kazakhstan	Management of doubtful and loss assets
Subsidiaries	31 December 2022	31 December 2021		
JSC Insurance Company Halyk	73,549	69,253		
JSC Halyk-Life	57,549	42,188		
JSCB Tenge Bank	53,557	49,362		
LLP Halyk Activ	46,425	23,585		
LLP KUSA Halyk	29,038	19,883		
JSC Halyk Bank Georgia	26,574	18,410		
JSC Halyk Finance	24,469	26,839		
JSC Halyk Global Markets	20,595	20,833		
OJSC Halyk Bank Kyrgyzstan	18,967	14,309		
JSC Halyk-Leasing	8,060	7,265		
JSC Kazteleport	5,594	5,060		
LLC Halyk Collection	3,731	3,691		
LLP Halyk Finservice	3,033	1,504		
LLP Halyk Activ-1	-	13,331		
LLC Halyk Project	-	10,262		
CJSC Halyk Bank Tajikistan	-	2,372		
JSC Commercial Bank Moskommertsbank	-	21,264		
	371,141	349,411		

On 16 May 2022, the Board of Directors of the Bank decided to merge the Bank's subsidiaries Halyk Aktiv 1 LLP and Halyk Project LLP with the Bank's subsidiary Halyk Aktiv LLP.

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On 16 November 2022, the Bank signed an agreement with CJSC International Bank of Tajikistan on the sale of 100% share capital of CJSC Halyk Bank Tajikistan (the "HBT"). On 1 December 2022, the Bank completed the procedure for the sale of 100% shares of the HBT.

On 18 November 2022, in accordance with the terms of contract of sale, the Bank sold 100% share capital of JSC CB Moskommertsbank ("MKB") in the amount of 7,923,455 ordinary shares at par value RUB 450 per share. On 20 December 2022, the Bank completed the sale of 100% shares of the MKB.

12. Loans to customers

Loans to customers comprise:

	31 December 2022	31 December 2021
Originated loans to customers	8,063,135	6,000,909
Overdrafts	19,995	13,032
	8,083,130	6,013,941
Stage 1	7,337,325	5,258,330
Stage 2	91,368	201,826
Stage 3	617,141	520,492
POCI	37,296	33,293
Total	8,083,130	6,013,941
Less – Allowances for expected credit losses	(410,751)	(342,456)
Loans to customers	7,672,379	5,671,485

The weighted average interest rate on loans to customers is calculated as interest income from loans to customers divided by monthly average balances of loans to customers. For the year ended 31 December 2022, average interest rate on loans was 14.3% (31 December 2021 - 12.8%).

As at 31 December 2022, the Bank had a concentration of loans of KZT1,549,351 million to the ten largest borrowers that comprised 19% of the Bank's total gross loan portfolio (31 December 2021 – KZT 1,192,775 million, 20%) and 82% of the Bank's total equity (31 December 2021 – 78%).

As at 31 December 2022, the allowances for expected credit losses created against these loans was KZT 23,725 million (31 December 2021 – KZT 5,026 million).

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The table below summarizes the amount of loans secured by type of collateral, rather than the fair value of the collateral itself:

	31 December 2022	31 December 2021
Loans collateralized by pledge of real estate or rights thereon	2,061,182	1,565,109
Consumer loans issued within the framework of payroll projects*	1,453,510	1,089,888
Loans collateralized by mixed types of collateral	1,032,697	598,442
Loans collateralized by guarantees	850,181	1,171,590
Loans collateralized by cash	426,791	356,212
Loans collateralized by pledge of equipment	355,808	99,573
Loans collateralized by pledge of corporate shares	344,630	148,009
Loans collateralized by pledge of vehicles	299,764	195,840
Loans collateralized by pledge of inventories	217,962	66,759
Loans collateralized by pledge of agricultural products	183	276
Unsecured loans	1,040,422	722,243
	8,083,130	6,013,941
Less – Allowances for expected credit losses	(410,751)	(342,456)
Total loans to customers	7,672,379	5,671,485

*These loans are collateralized by cash to be received in the future from the employees of companies within the framework of salary projects.

Loans are granted to the following sectors:

	31 December 2022	%	31 December 2021	%
Retail loans:				
- consumer loans	2,073,832	26%	1,576,490	26%
- mortgage loans	359,748	4%	212,568	4%
	2,433,580		1,789,058	
Services	791,199	10%	747,773	12%
Wholesale trade	627,378	8%	357,399	6%
Retail trade	506,446	6%	328,246	5%
Real estate	396,427	5%	400,808	7%
Oil and gas	393,721	5%	323,573	5%
Financial services	370,164	4%	115,710	2%
Transportation	326,189	4%	301,299	5%
Chemical industry	327,015	4%	52,280	1%
Energy	319,488	4%	296,915	5%
Food industry	283,754	4%	108,652	2%
Construction	270,752	3%	258,900	4%
Agriculture	257,224	3%	154,172	3%
Machinery	214,519	3%	94,846	2%
Metallurgy	183,323	2%	200,200	3%
Mining	145,072	2%	190,213	3%
Communication	92,857	1%	152,118	3%
Hotel industry	43,750	1%	74,747	1%
Light industry	35,509	0%	49,565	1%
Other	64,763	1%	17,467	0%
	8,083,130	100%	6,013,941	100%

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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 POCI. If the modification does not result in a significant change in cash flows, then derecognition does not occur.

As at 31 December 2022, accrued interest on loans comprised KZT 173,607 million (31 December 2021 – KZT 161,862 million).

During the years ended 31 December 2022 and 2021, the Bank received financial and non-financial assets by taking possession of collateral it held as security. As at 31 December 2022 and 2021, such assets of KZT 4,032 million and KZT 14,524 million, respectively, are included in assets classified as held for sale.

As at 31 December 2022 and 2021, loans to customers included loans of KZT 273,204 million and KZT 329,185 million, respectively, which terms were renegotiated. Otherwise, these loans would be past due or impaired.

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

	31 December 2022			
	Stage 1	Stage 2	Stage 3	POCI Total
At the beginning of the year	5,258,330	201,826	520,492	33,293
Transfer to Stage 1	106,700	(66,217)	(40,483)	-
Transfer to Stage 2	(156,157)	162,784	(6,627)	-
Transfer to Stage 3	(272,112)	(116,461)	388,573	-
New originations or purchases of financial assets	6,330,162	-	-	14,180
Assets derecognised or repaid	(2,646,011)	(57,104)	(140,358)	(1,963)
Write-offs	-	-	(37,139)	(725)
Changes in the gross value of financial assets*	(1,283,587)	(33,460)	(67,317)	(7,489)
At the end of the year	7,337,325	91,368	617,141	37,296
				8,083,130

	31 December 2022			
	Stage 1	Stage 2	Stage 3	POCI Total
At the beginning of the year	2,850,118	179,521	296,909	26,973
Transfer to Stage 1	68,195	(48,861)	(19,334)	-
Transfer to Stage 2	(77,457)	77,457	-	-
Transfer to Stage 3	(149,928)	(73,900)	223,828	-
New originations or purchases of financial assets	3,415,552	-	-	4,079
Assets derecognised or repaid	(1,727,442)	(44,362)	(62,655)	(606)
Write-offs	-	-	(587)	-
Changes in the gross value of financial assets*	(353,617)	(26,006)	(77,155)	(2,476)
At the end of the year	4,025,421	63,849	361,006	27,970
				4,478,246

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Retail Business	31 December 2022			
	Stage 1	Stage 2	Stage 3	POCI Total
At the beginning of the year	1,657,216	7,122	124,720	-
Transfer to Stage 1	23,234	(11,919)	(11,315)	-
Transfer to Stage 2	(40,512)	43,221	(2,709)	-
Transfer to Stage 3	(77,312)	(23,318)	100,630	-
New originations or purchases of financial assets	1,645,115	-	-	5,450
Assets derecognised or repaid	(432,332)	(504)	(45,772)	1,650,565
Write-offs	-	-	(25,065)	(478,608)
Changes in the gross value of financial assets*	(515,087)	(1,539)	16,454	(25,065)
At the end of the year	2,260,322	13,063	156,943	3,252
				2,433,580

SME Business	31 December 2022			
	Stage 1	Stage 2	Stage 3	POCI Total
At the beginning of the year	750,996	15,183	98,863	6,320
Transfer to Stage 1	15,271	(5,437)	(9,834)	-
Transfer to Stage 2	(38,188)	42,106	(3,918)	-
Transfer to Stage 3	(44,872)	(19,243)	64,115	-
New originations or purchases of financial assets	1,269,495	-	-	4,651
Assets derecognised or repaid	(486,237)	(12,238)	(31,931)	(1,357)
Write-offs	-	-	(11,487)	(725)
Changes in the gross value of financial assets*	(414,883)	(5,915)	(6,616)	(2,815)
At the end of the year	1,051,582	14,456	99,192	6,074
				1,171,304

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	Stage 1	Stage 2	Stage 3	POCI	31 December 2021
At the beginning of the year	3,859,663	183,941	586,789	60,656	4,691,049
Transfer to Stage 1	51,583	(34,256)	(17,327)	-	-
Transfer to Stage 2	(163,885)	166,819	(2,934)	-	-
Transfer to Stage 3	(183,566)	(37,191)	220,757	-	-
New originations or purchases of financial assets	5,168,857	-	-	5,689	5,174,546
Assets derecognised or repaid	(2,312,269)	(23,956)	(116,138)	(17,884)	(2,470,247)
Write-offs	-	-	(48,790)	(4,172)	(52,962)
Changes in the gross value of financial assets*	(1,162,053)	(53,531)	(101,865)	(10,996)	(1,328,445)
At the end of the year	5,258,330	201,826	520,492	33,293	6,013,941

Corporate Business	Stage 1	Stage 2	Stage 3	POCI	31 December 2021
At the beginning of the year	2,187,745	166,903	347,771	51,367	2,753,786
Transfer to Stage 1	20,739	(20,739)	-	-	-
Transfer to Stage 2	(110,860)	110,976	(116)	-	-
Transfer to Stage 3	(111,985)	(15,547)	127,532	-	-
New originations or purchases of financial assets	2,946,550	-	-	5,689	2,952,239
Assets derecognised or repaid	(1,541,950)	(15,033)	(52,706)	(17,632)	(1,627,321)
Write-offs	-	-	(13,540)	(3,796)	(17,336)
Changes in the gross value of financial assets*	(540,121)	(47,039)	(112,032)	(8,655)	(707,847)
At the end of the year	2,850,118	179,521	296,909	26,973	3,353,521

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Retail Business	31 December 2021			
	Stage 1	Stage 2	Stage 3	POCI Total
At the beginning of the year	1,101,093	3,923	141,186	1,246,202
Transfer to Stage 1	16,718	(7,574)	(9,144)	-
Transfer to Stage 2	(20,933)	22,494	(1,561)	-
Transfer to Stage 3	(37,574)	(10,317)	47,891	-
New originations or purchases of financial assets	1,327,101	-	-	1,327,101
Assets derecognised or repaid	(377,312)	(457)	(39,752)	(417,521)
Write-offs	-	-	(21,878)	(21,878)
Changes in the gross value of financial assets*	(351,877)	(947)	7,978	(344,846)
At the end of the year	1,657,216	7,122	124,720	1,789,058

SME Business	31 December 2021			
	Stage 1	Stage 2	Stage 3	POCI Total
At the beginning of the year	570,825	13,115	97,832	691,061
Transfer to Stage 1	14,126	(5,943)	(8,183)	-
Transfer to Stage 2	(32,092)	33,349	(1,257)	-
Transfer to Stage 3	(34,007)	(11,327)	45,334	-
New originations or purchases of financial assets	895,206	-	-	895,206
Assets derecognised or repaid	(393,007)	(8,466)	(23,680)	(425,405)
Write-offs	-	-	(13,372)	(13,748)
Changes in the gross value of financial assets*	(270,055)	(5,545)	2,189	(275,752)
At the end of the year	750,996	15,183	98,863	871,362

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

	31 December 2022			
	Stage 1	Stage 2	Stage 3	POCI Total
At the beginning of the year	(65,956)	(44,761)	(212,163)	(19,576) (342,456)
Transfer to Stage 1	(12,620)	3,898	8,722	-
Transfer to Stage 2	3,400	(4,925)	1,525	-
Transfer to Stage 3	803	32,767	(33,570)	-
Changes in risk parameters*	14,026	(18,430)	(79,574)	275
New originations or purchases of financial assets*	(73,291)	-	-	(83,702)
Derecognition of financial assets**	25,122	14,997	37,622	(73,291)
Recoveries of allowances on previously written-off assets	-	-	(20,372)	80,068
Write-offs	-	-	37,139	(23,481)
Foreign exchange differences and other movements	(1,766)	(323)	(1,904)	725
At the end of the year	(110,281)	(16,777)	(262,575)	(1,760) (410,751)

	31 December 2022			
	Stage 1	Stage 2	Stage 3	POCI Total
Corporate Business				
At the beginning of the year	(11,490)	(42,456)	(112,851)	(16,698) (183,495)
Transfer to Stage 1	(2,512)	569	1,943	-
Transfer to Stage 2	392	(392)	-	-
Transfer to Stage 3	(2,698)	24,741	(22,043)	-
Changes in risk parameters*	(8,250)	(10,633)	(7,490)	540
New originations or purchases of financial assets*	(12,909)	-	-	(25,832)
Derecognition of financial assets**	6,651	13,786	27,825	(12,909)
Recoveries of allowances on previously written-off assets	-	-	(13,440)	49,326
Write-offs	-	-	587	(15,947)
Foreign exchange differences and other movements	(1,923)	(323)	(1,558)	587
At the end of the year	(32,739)	(14,708)	(127,027)	(1,680) (193,755)

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Notes to the Separate Financial Statements For the year ended 31 December 2022 (Continued) (Millions of Kazakhstani Tenge)

Retail Business	31 December 2022			
	Stage 1	Stage 2	Stage 3	POCI Total
At the beginning of the year	(49,063)	(1,643)	(60,138)	- (110,844)
Transfer to Stage 1	(8,790)	2,702	6,088	-
Transfer to Stage 2	2,828	(4,243)	1,415	-
Transfer to Stage 3	6,380	5,642	(12,022)	-
Changes in risk parameters*	15,807	(3,881)	(59,841)	(125)
New originations or purchases of financial assets*	(49,086)	-	-	(48,040)
Derecognition of financial assets*/**	13,995	104	6,015	(49,086)
Recoveries of allowances on previously written-off assets	-	-	(5,041)	20,114
Write-offs	-	-	25,065	(5,041)
Foreign exchange differences and other movements	-	-	(269)	25,065
At the end of the year	(67,929)	(1,319)	(98,728)	(125) (168,101)

SME Business	31 December 2022			
	Stage 1	Stage 2	Stage 3	POCI Total
At the beginning of the year	(5,403)	(662)	(39,174)	(2,878) (48,117)
Transfer to Stage 1	(1,318)	627	691	-
Transfer to Stage 2	180	(290)	110	-
Transfer to Stage 3	(2,879)	2,384	495	-
Changes in risk parameters*	6,469	(3,916)	(12,243)	(140)
New originations or purchases of financial assets*	(11,296)	-	-	(9,830)
Derecognition of financial assets*/**	4,476	1,107	3,782	(11,296)
Recoveries of allowances on previously written-off assets	-	-	(1,891)	10,628
Write-offs	-	-	11,487	(2,493)
Foreign exchange differences and other movements	157	-	(77)	725
At the end of the year	(9,614)	(750)	(36,820)	(80) (48,896)

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	31 December 2021			
	Stage 1	Stage 2	Stage 3	POCI Total
At the beginning of the year	(52,351)	(34,463)	(241,749)	(14,602) (343,165)
Transfer to Stage 1	(8,337)	2,333	6,004	-
Transfer to Stage 2	4,077	(5,152)	1,075	-
Transfer to Stage 3	15,796	5,138	(20,934)	-
Changes in risk parameters*	52,593	(14,287)	(14,229)	(9,813)
New originations or purchases of financial assets*	(96,568)	-	-	(278)
Derecognition of financial assets*/**	19,024	1,672	46,309	19,998
Recoveries of allowances on previously written-off assets	-	-	(36,624)	(17,954)
Write-offs	(190)	(2)	48,790	4,172
Foreign exchange differences and other movements	(65,956)	(44,761)	(805)	(1,099)
At the end of the year	(65,956)	(44,761)	(212,163)	(19,576) (342,456)

	31 December 2021			
	Stage 1	Stage 2	Stage 3	POCI Total
At the beginning of the year	(9,173)	(32,914)	(146,596)	(13,599) (202,282)
Transfer to Stage 1	(106)	106	-	-
Transfer to Stage 2	1,728	(1,728)	-	-
Transfer to Stage 3	10,652	1,631	(12,283)	-
Changes in risk parameters*	23,435	(10,845)	7,389	(8,701)
New originations or purchases of financial assets*	(41,696)	-	-	(278)
Derecognition of financial assets*/**	3,860	1,296	33,995	19,383
Recoveries of allowances on previously written-off assets	-	-	(8,299)	(16,201)
Write-offs	(190)	(2)	13,540	3,796
Foreign exchange differences and other movements	(11,490)	(42,456)	(597)	(1,098)
At the end of the year	(11,490)	(42,456)	(112,851)	(16,698) (183,495)

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Retail Business	31 December 2021			
	Stage 1	Stage 2	Stage 3	POCI Total
At the beginning of the year	(36,921)	(1,012)	(59,036)	- (96,969)
Transfer to Stage 1	(6,108)	2,004	4,104	-
Transfer to Stage 2	1,588	(2,473)	885	-
Transfer to Stage 3	2,652	2,784	(5,436)	-
Changes in risk parameters*	20,633	(3,048)	(22,605)	(5,020)
New originations or purchases of financial assets*	(43,213)	-	-	(43,213)
Derecognition of financial assets**	12,306	102	8,053	20,461
Recoveries of allowances on previously written-off assets	-	-	(7,804)	(7,804)
Write-offs	-	-	21,878	21,878
Foreign exchange differences and other movements	-	-	(177)	(177)
At the end of the year	(49,063)	(1,643)	(60,138)	- (110,844)

SME Business	31 December 2021			
	Stage 1	Stage 2	Stage 3	POCI Total
At the beginning of the year	(6,257)	(537)	(36,117)	(1,003) (43,914)
Transfer to Stage 1	(2,123)	223	1,900	-
Transfer to Stage 2	761	(951)	190	-
Transfer to Stage 3	2,492	723	(3,215)	-
Changes in risk parameters*	8,525	(394)	987	(1,112) 8,006
New originations or purchases of financial assets*	(11,659)	-	-	- (11,659)
Derecognition of financial assets**	2,858	274	4,261	615 8,008
Recoveries of allowances on previously written-off assets	-	-	(20,521)	(1,753) (22,274)
Write-offs	-	-	13,372	376 13,748
Foreign exchange differences and other movements	-	-	(31)	(1) (32)
At the end of the year	(5,403)	(662)	(39,174)	(2,878) (48,117)

* FS line "Credit loss expense" in the separate 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 allowances for expected credit losses on fully repaid loans to customers.

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In 2022, the accrual of expected credit losses resulting from the deterioration in the financial position of borrowers was compensated by the recovery of provisions of corporate impaired loans as a result of the sale of foreclosed collateral and restructuring strategies applied, as well as collection of funds of individuals impaired loans resulting of the sale to collection companies, in addition to the recovery of reserves due to the positive impact of government support programs for businesses and the population of Kazakhstan.

During the years ended 31 December 2022 and 2021, the Bank has written off loans of KZT 37,864 million and KZT 52,962 million, respectively. The Tax Code of Kazakhstan allows the write-off of loans without being considered forgiveness of the loan for tax purpose and are therefore not subject to corporate income tax.

Allowance for expected credit losses and provisions

For the year ended 31 December 2022, credit loss expense on loans to customers comprised KZT 76,925 million (2021 year: credit loss expense on loans to customers comprised KZT 4,421 million). The credit loss expense was due to the formation of provisions for corporate, SME and retail businesses portfolios, reflecting the impact of economic scenarios and changes in the loan portfolio, as well as recovery of expected credit losses as a result of the ongoing work on the sale of collateral, reduction of debt on impaired loans through borrowers repayment and sale of unsecured loans to collection companies. Allowances for expected credit losses reflect the net impact of economic scenarios, actions taken on problem assets of corporate and retail business to ensure the repayment of overdue debts, sale of unsecured loans to collection companies, as well as the effect of government programs to support the SME sector.

Internal rating model for loans to customers

Loans to customers are classified based on internal assessments and other analytical procedures. The respective business units classify loans according to their risk and the exposure that they potentially present to the Bank, and this classification is verified by the risk management function.

The Bank is using an internal rating model to classify loans in different risk categories. The model assists to assess the risk category based on a borrowers' financial performance, credit history, quality of accounts receivable, liquidity of the borrower, market risks relating to the borrower, industry of the borrower and other factors. At the same time, the rating is an auxiliary criterion in assessing the level of increase in credit risk and staging. In addition to the rating, the bank takes into account such factors borrowers' credit history and financial performance, changes in the value of collateral and the quality of financial guarantees. Periodically, the required information is inputted into the model by credit analysts. Information input into the system and the estimate of the allowance for loan loss is verified by the risk management department.

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The following classifications are used by the rating model:

- Rating score 1 - superior loan rating, minimal credit risk;
- Rating score 2 - very high quality of loan, very low credit risk;
- Rating score 3 - high quality of loan, low credit risk;
- Rating score 4 - satisfactory quality of loan, insignificant risk;
- Rating score 5 - credit risk can increase at economic variation;
- Rating score 6 - high risk at economic variation;
- Rating score 7 - high risk of default, in the absence of other factors mentioned above, paying capacity of the borrower depends on favorable economic circumstances;
- Rating score 8 - 10 - very high risk of default/default;
- Not rated – loans to customers to subsidiaries.

Pools of homogeneous loans – loans to customers are included in groups of loans with similar credit risk characteristics (i.e. the characteristics include sector of the economy, borrower activities, type of loan program, level of defaults, internal ratings and other factors). Pools of homogeneous loans include assets that have been assessed collectively.

An analysis of the Bank's credit risk exposure per class of financial asset, internal rating and "stage" without taking into account the effects of any collateral or other credit enhancements is provided in the following table. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts.

Rating Score	31 December 2022				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI	Total
1-3	-	-	-	-	-
4	1,779,603	-	-	-	1,779,603
5	1,906,159	27,188	26,557	9,787	1,969,691
6	323,594	36,661	126,067	6,769	493,091
7	-	-	50,818	334	51,152
8-10	-	-	83,238	11,080	94,318
Not rated	16,065	-	74,326	-	90,391
Loans to corporate customers that are individually assessed for impairment	4,025,421	63,849	361,006	27,970	4,478,246
Loans to SME customers and retail business that are individually assessed for impairment	639,964	10,041	51,945	7,267	709,217
Loans to customers that are collectively assessed for impairment	2,671,940	17,478	204,190	2,059	2,895,667
	7,337,325	91,368	617,141	37,296	8,083,130
Less – Allowances for expected credit losses	(110,281)	(16,777)	(262,575)	(21,118)	(410,751)
Loans to customers	7,227,044	74,591	354,566	16,178	7,672,379

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	31 December 2021				
Rating Score	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI	Total
1-3	-	-	-	-	-
4	1,416,286	-	-	-	1,416,286
5	1,229,454	59,637	30,336	13,794	1,333,221
6	181,173	104,735	72,207	2,867	360,982
7	-	15,149	63,744	-	78,893
8-10	-	-	47,945	10,312	58,257
Not rated	23,205	-	82,677	-	105,882
Loans to corporate customers that are individually assessed for impairment	2,850,118	179,521	296,909	26,973	3,353,521
Loans to SME customers and retail business that are individually assessed for impairment	490,309	13,645	55,392	5,678	565,024
Loans to customers that are collectively assessed for impairment	1,917,903	8,660	168,191	642	2,095,396
	5,258,330	201,826	520,492	33,293	6,013,941
Less – Allowances for expected credit losses	(65,956)	(44,761)	(212,163)	(19,576)	(342,456)
Loans to customers	5,192,374	157,065	308,329	13,717	5,671,485

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Notes to the Separate Financial Statements (Continued) For the year ended 31 December 2022 (Millions of Kazakhstani Tenge)

Analysis by credit quality of loans to retail business and SME customers that are collectively and individually assessed for impairment as at 31 December 2022 and 2021 is as follows:

As at 31 December 2022	Gross loans	Allowances for expected credit losses	Net loans
Loans to retail business			
Not past due	2,236,889	(79,543)	2,157,346
Overdue:			
up to 30 days	56,433	(9,501)	46,932
31 to 60 days	14,390	(3,627)	10,763
61 to 90 days	10,037	(3,015)	7,022
91 to 180 days	20,448	(15,745)	4,703
over 180 days	72,112	(53,100)	19,012
Loans to retail business that are collectively and individually assessed for impairment	2,410,309	(164,531)	2,245,778
Loans to SME customers			
Not past due	1,090,846	(21,007)	1,069,839
Overdue:			
up to 30 days	19,874	(1,081)	18,793
31 to 60 days	10,727	(3,461)	7,266
61 to 90 days	8,181	(4,066)	4,115
91 to 180 days	4,764	(2,307)	2,457
over 180 days	36,912	(16,974)	19,938
Loans to SME customers that are collectively and individually assessed for impairment	1,171,304	(48,896)	1,122,408
Loans to SME customers and retail business that are collectively and individually assessed for impairment	3,581,613	(213,427)	3,368,186
Loans to corporate customers that are collectively and individually assessed for impairment	4,478,246	(193,754)	4,284,492
Loans related to card transactions	23,271	(3,570)	19,701
Loans to customers	8,083,130	(410,751)	7,672,379

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As at 31 December 2021	Gross loans	Allowances for expected credit losses	Net loans
Loans to retail business			
Not past due	1,651,734	(50,150)	1,601,584
Overdue:			
up to 30 days	34,235	(5,390)	28,845
31 to 60 days	8,145	(2,192)	5,953
61 to 90 days	5,412	(1,837)	3,575
91 to 180 days	11,234	(8,133)	3,101
over 180 days	61,398	(40,533)	20,865
Loans to retail business that are collectively and individually assessed for impairment	1,772,158	(108,235)	1,663,923
Loans to SME customers			
Not past due	804,659	(18,053)	786,606
Overdue:			
up to 30 days	10,165	(2,151)	8,014
31 to 60 days	3,732	(1,604)	2,128
61 to 90 days	1,649	(694)	955
91 to 180 days	7,345	(4,771)	2,574
over 180 days	43,812	(20,844)	22,968
Loans to SME customers that are collectively and individually assessed for impairment	871,362	(48,117)	823,245
Loans to SME customers and retail business that are collectively and individually assessed for impairment	2,643,520	(156,352)	2,487,168
Loans to corporate customers that are collectively and individually assessed for impairment	3,353,521	(183,495)	3,170,026
Loans related to card transactions	16,900	(2,609)	14,291
Loans to customers	6,013,941	(342,456)	5,671,485

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13. Property and equipment and intangible assets

The movements in property and equipment are as follows:

	Buildings and construction	Vehicles	Computers and banking equipment	Construction in progress	Other	Right-of-use assets	Intangible assets	Total
Revalued/initial cost:								
31 December 2021	104,816	1,682	48,043	3,027	21,028	5,918	21,099	205,613
Additions	416	33	8,730	1,804	2,330	1,529	2,554	17,396
Disposals	(2,899)	(40)	(3,785)	(4)	(780)	(1,236)	(604)	(9,348)
Revaluation	19,344	-	-	-	-	-	-	19,344
Transfers to assets classified as held for sale	-	-	-	(660)	-	-	-	(660)
Transfers	2,979	-	2	(3,170)	191	-	(2)	-
31 December 2022	124,656	1,675	52,990	997	22,769	6,211	23,047	232,345
Accumulated depreciation:								
31 December 2021	2,604	786	24,303	-	12,372	2,435	13,625	56,125
Charge for the year	1,678	238	5,377	-	1,834	1,361	1,367	11,855
Disposals	(49)	(40)	(3,764)	-	(718)	(920)	(570)	(6,061)
Transfers	(31)	-	-	-	31	-	-	-
Write-off at revaluation	(3,304)	-	-	-	-	-	-	(3,304)
31 December 2022	898	984	25,916	-	13,519	2,876	14,422	58,615
Net book value:								
31 December 2022	123,758	691	27,074	997	9,250	3,335	8,625	173,730

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	Buildings and construction	Vehicles	Computers and banking equipment	Construction in progress	Other	Right-of-use assets	Intangible assets	Total
Revalued/initial cost:								
31 December 2020	99,271	1,701	43,704	775	20,865	5,435	20,263	192,014
Additions	500	-	7,139	5,941	2,744	988	1,470	18,782
Disposals	(99)	(19)	(2,800)	(1)	(1,125)	(505)	(634)	(5,183)
Revaluation	-	-	-	-	-	-	-	-
Transfers to assets classified as held for sale	-	-	-	-	-	-	-	-
Transfers	5,144	-	-	(3,688)	(1,456)	-	-	-
31 December 2021	104,816	1,682	48,043	3,027	21,028	5,918	21,099	205,613
Accumulated depreciation:								
31 December 2020	30	549	22,374	-	12,607	1,618	12,803	49,981
Charge for the year	1,598	255	4,699	-	1,757	1,179	1,456	10,944
Disposals	(6)	(18)	(2,770)	-	(1,010)	(362)	(634)	(4,800)
Transfers	982	-	-	-	(982)	-	-	-
Write-off at revaluation	-	-	-	-	-	-	-	-
31 December 2021	2,604	786	24,303	-	12,372	2,435	13,625	56,125
Net book value:								
31 December 2021	102,212	896	23,740	3,027	8,656	3,483	7,474	149,488

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The Bank's revaluation policy requires the entire asset class of buildings and construction to be revalued every three years. In the event of specific market or property indicators, the Bank may opt to perform revaluations more regularly.

The Bank had its buildings and properties revalued during 2022 by independent appraisers. The independent appraisers used three approaches to identify the fair value of the property and equipment - the income approach with the income capitalisation method, the comparative approach, using market information to identify the fair value of buildings and structures under active market conditions, and the cost approach when no active market existed for items subject to revaluation.

As at 31 December 2022, the fair value measurements of the Bank's buildings and construction, are categorised into Level 2 and Level 3, in the amount of KZT 123,758 million and KZT nil million, respectively (31 December 2021: KZT 104,144 million and KZT 32 million, respectively). A description of the measurement hierarchy is disclosed in Note 30.

As at 31 December 2022, the total fair value of buildings and construction was KZT 123,758 million (31 December 2021 – KZT 104,176 million). As at 31 December 2022, the carrying amount of property and equipment that would have been recognised had the assets been carried under the cost model is KZT 107,045 million (31 December 2021 – KZT 100,014 million).

14. Assets classified as held for sale

After the default of certain counterparties on loans to customers, the Bank recognized the property pledged as collateral for the loans as assets held for sale at fair value. The assets have been subsequently measured at the lower of fair value less cost to dispose or the carrying value, as the appropriate level of management committed to a plan to sell the assets and an active programme to locate a buyer and complete the plan was initiated.

Assets held for sale comprised the following:

	31 December 2022	31 December 2021
Real estate	8,784	15,838
Land plots	11,203	21,074
Movable property	42	681
	20,029	37,593

In November 2022, the Bank performed an independent valuation of its assets held for sale and based on the results recognised an impairment loss of KZT 810 million.

Despite the Bank actively marketing these assets for sale, the majority have not been sold within a short timeframe. However, the management remains committed to the sale of these assets. As the assets are carried at a price not exceeding the current fair value less costs to sell, they continued to be classified as held for sale at the end of 2022 and 2021.

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

Details of the Bank's assets held for sale and information about the fair value hierarchy as at 31 December 2022 and 2021 are as follows:

	Level 2	Level 3	Total
31 December 2022			
Real estate	5,508	3,276	8,784
Land plots	-	11,203	11,203
Movable property	-	42	42
31 December 2021			
Real estate	13,508	7,566	21,074
Land plots	-	15,838	15,838
Movable property	-	681	681

15. Amounts due to customers

Amounts due to customers include the following:

	31 December 2022	31 December 2021
Recorded at amortized cost:		
Term deposits:		
Individuals	4,275,909	3,606,489
Legal entities	2,875,481	2,031,991
	7,151,390	5,638,480
Current accounts:		
Legal entities	2,305,023	1,951,213
Individuals	876,377	725,384
	3,181,400	2,676,597
	10,332,790	8,315,077

As at 31 December 2022, the Bank'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 31 December 2022, customer accounts include collateral in the amount of KZT 175,025 million (31 December 2021 – KZT 116,950 million).

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

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An analysis of customer accounts by sector is as follows:

	31 December 2022	%	31 December 2021	%
Individuals and entrepreneurs	5,152,286	50%	4,331,873	52%
Oil and gas	808,688	8%	471,499	6%
Other consumer services	747,729	7%	756,372	9%
Wholesale trade	660,679	6%	319,382	4%
Financial services	600,805	6%	702,192	8%
Transportation	415,678	4%	256,481	3%
Construction	296,172	3%	254,487	3%
Communication	262,712	3%	116,636	1%
Healthcare and social services	233,700	2%	244,535	3%
Metallurgy	209,479	2%	186,821	2%
Government	170,575	2%	84,319	1%
Insurance and pension funds activity	168,546	2%	76,116	1%
Education	110,875	1%	79,062	1%
Energy	69,385	1%	41,285	0%
Other	425,481	4%	394,017	5%
	10,332,790	100%	8,315,077	100%

16. Amounts due to credit institutions

Amounts due to credit institutions comprise:

	31 December 2022	31 December 2021
Recorded at amortized cost:		
Loans and deposits from Kazakhstan banks (incl. loans under repurchase agreements)	502,619	850,962
Loans from JSC Entrepreneurship Development Fund DAMU	81,084	82,279
Loans from JSC Development Bank of Kazakhstan	80,071	47,451
Correspondent accounts	75,801	29,487
Loans and deposits from non-OECD based banks	61,654	14,471
Loans from other financial institutions	32,287	1,407
Loans and deposits from OECD based banks	14,006	-
Loans from JSC National Managing Holding KazAgro	-	66
	847,522	1,026,123

As at 31 December 2022, loans from JSC Entrepreneurship Development Fund DAMU ("DAMU") included a long-term loan of KZT 80,686 million (31 December 2021 – KZT 81,879 million) at a 1.0%-4.5% interest rate maturing in 2021-2035 with an early recall option. The loan was received in accordance with the Government program (the "Program") to finance small and medium enterprises ("SMEs") operating in certain industries. According to the loan agreement between DAMU and the Bank, the Bank is responsible to extend loans to SME borrowers, eligible to participate in the Program, up to 10 years at a 5.0% interest rate.

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As at 31 December 2022, loans from JSC Development Bank of Kazakhstan ("DBK") included long-term loans of KZT 36,045 million (31 December 2021 – KZT 30,921 million) at a 2.0% interest rate maturing in 2029-2037, to finance corporate enterprises operating in manufacturing industries, as well as a long-term loan of KZT 43,796 million (31 December 2021 – KZT 16,175 million) at a 1.0% interest rate maturing in 2037, to finance the purchase of cars by the Bank's retail customers. According to the loan agreement between DBK and the Bank, the Bank is responsible to extend loans to corporate borrowers, eligible to participate in the Program, up to 10 years at a 6.0% interest rate, and to retail borrowers – up to 5 years at a 4.0% interest rate.

As at 31 December 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 Bank's retail customers. According to the loan agreement between the IDF and the Bank, the Bank is responsible for providing loans to retail business borrowers at a rate of 4.0% with a maturity of no more than 7 years.

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

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

	31 December 2022		31 December 2021	
	Interest rate, %	Maturity, Year	Interest rate, %	Maturity, Year
Loans and deposits from Kazakhstan banks (incl. loans under repurchase agreements)	16%-17.75%	2023	8.5%-10.5%	2022
Loans from JSC Entrepreneurship Development Fund DAMU	1.0%-4.5%	2023-2035	1.0%-4.5%	2022-2035
Loans from JSC Development Bank of Kazakhstan	1.0%-2.0%	2029-2037	1.0%-2.0%	2029-2037
Loans and deposits from OECD based banks	14.5%	2023	-	-
Loans and deposits from non-OECD based banks	5.08%-14.5%	2023-2027	8.5%-11%	2022
Loans from other financial institutions	1.5%-10.0%	2023-2052	4.0%-10.0%	2026
Loans from JSC National Managing Holding KazAgro	-	-	3.0%	2022

JSC Halyk Bank

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Fair value of assets pledged (Note 10) and the carrying value of loans included in loans and deposits from Kazakhstan banks under repurchase agreements as at 31 December 2022 and 2021 are as follows:

	31 December 2022		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 the Republic of Kazakhstan	505,588	502,620	853,203	848,505

Details of transferred financial assets that are not derecognised in their entirety as at 31 December 2022 and 2021 are disclosed below.

Loans under repurchase agreements are used by the Bank to provide current cash flows in KZT within the Bank's operating activities. The Bank 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 Bank 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.

	Debt securities at amortised cost, net of allowances for expected credit loss (Note 10)
As at 31 December 2022:	
Carrying amount of transferred assets	505,588
Carrying amount of associated liabilities	502,620
As at 31 December 2021:	
Carrying amount of transferred assets	853,203
Carrying amount of associated liabilities	848,505

17. Debt securities issued

Debt securities issued comprise:

	31 December 2022	31 December 2021
Recorded at amortised cost:		
Subordinated debt securities issued:		
KZT denominated bonds, fixed rate	102,457	102,300
Total subordinated debt securities outstanding	102,457	102,300
Unsubordinated debt securities issued:		
KZT denominated bonds	232,617	332,515
USD denominated bonds	135,788	79,550
Total unsubordinated debt securities outstanding	368,405	412,065
Total debt securities issued	470,862	514,365

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On 28 January 2021, the Bank redeemed its USD 500 million Eurobond issue bearing 7.25% coupon rate due 2021. The repayment was made from the Bank's own funds.

On 1 March 2021, the Bank fully repaid its outstanding debt of USD 248 million under the USD 750 million Eurobond programme bearing 5.5% coupon rate due 2022. The Bank recognized a loss of KZT 19,767 million from early redemption of eurobonds in the statement of profit or loss included as "other income".

On 19 January 2022, the Bank 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 Bank's own funds.

On 1 April 2022, the Bank 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 Bank's own funds.

On 19 April 2022, the Bank 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 Bank's own funds.

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

On 1 June 2022, the Bank 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 the debt securities issued follow:

	31 December 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%	2024-2025	7.5%-8.8%	2022-2025
USD denominated bonds	2.5%	2025	3.0%	2021-2022

As at 31 December 2022, accrued interest on debt securities issued was KZT 6,979 million (as at 31 December 2021 – KZT 14,908 million).

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

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Reconciliation of liabilities arising from financing activities

The table below details changes in the Bank'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 Bank's separate statement of cash flows as cash flows from financing activities.

	1 January 2022	Financing cash flows	Non-cash changes		31 December 2022
			Foreign exchange movement	Changes in amortised cost	
Debt securities issued	514,365	(49,714)	12,374	(6,163)	470,862

	1 January 2021	Financing cash flows	Non-cash changes		31 December 2021
			Foreign exchange movement	Changes in amortised cost	
Debt securities issued	807,816	(305,470)	2,089	9,930	514,365

18. Taxation

The Bank is subject to income tax in the Republic of Kazakhstan.

The income tax expense comprises:

	Year ended 31 December 2022	Year ended 31 December 2021
Current tax charge	95,902	60,127
Deferred income tax benefit	(1,928)	(147)
Income tax expense	93,974	59,980

Deferred income tax benefit relating to the following temporary difference:

	Year ended 31 December 2022	Year ended 31 December 2021
Fair value of derivatives and financial assets at fair value through other comprehensive income	(561)	1,223
Property and equipment, accrued depreciation	480	804
Other	(1,847)	(2,174)
Deferred income tax benefit recognized in profit or loss	(1,928)	(147)

The tax rate for Kazakhstan companies was 20% during the years ended 31 December 2022 and 2021. Income on state and other qualifying securities is tax exempt.

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Notes to the Separate Financial Statements (Continued) For the year ended 31 December 2022 (Millions of Kazakhstani Tenge)

The effective income tax rate differs from the statutory income tax rates. A reconciliation of the income tax expense based on Kazakhstan statutory rate of 20% with the reported income tax expense is as follows:

	Year ended 31 December 2022	Year ended 31 December 2021
Income before income tax expense	633,085	520,899
Statutory tax rate	20%	20%
Income tax expense at the statutory rate	126,617	104,180
Tax-exempt interest income and other related income on state and other qualifying securities and derivatives	(32,477)	(37,223)
Tax-exempt income on dividends	-	(3,605)
Non-deductible expenditures:		
- other provisions	2,920	99
Other	(3,086)	(3,471)
Income tax expense	93,974	59,980

Deferred tax assets and liabilities comprise:

	31 December 2022	31 December 2021
Tax effect of deductible temporary differences:		
Bonuses accrued	4,299	4,023
Fair value of derivatives	1,624	286
Vacation pay accrual	487	593
Other	-	-
Deferred tax asset	6,410	4,902
Tax effect of taxable temporary differences:		
Fair value adjustment on customer accounts	(38,721)	(40,397)
Property and equipment, accrued depreciation	(17,527)	(12,870)
Fair value of derivatives and financial assets at fair value through other comprehensive income	(247)	(808)
Deferred tax liability	(56,495)	(54,075)
Net deferred tax liability	(50,085)	(49,173)

Current tax assets and liabilities comprise:

	31 December 2022	31 December 2021
Current income tax payable	(9,844)	(10,345)
Current income tax liability	(9,844)	(10,345)

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

	31 December 2022	31 December 2021
Deferred tax asset	6,410	4,902
Deferred tax liability	(56,495)	(54,075)
Net deferred tax liability	(50,085)	(49,173)

Kazakhstan has a number of laws related to various taxes imposed by both state and regional governmental authorities. Applicable taxes include value added tax, income tax, social taxes, and others. Implementing regulations are often unclear or nonexistent and few precedents have been established. Often, differing opinions regarding legal interpretation exist both among and within government ministries and organizations; thus creating uncertainties and areas of conflict. Tax declarations, together with other legal compliance areas (for examples, customs and currency control matters) are subject to review and investigation by a number of authorities, which are enabled by law to impose severe fines, penalties and interest charges. These facts create tax risks in Kazakhstan substantially more significant than typically found in countries with more developed tax systems.

Commercial legislation of the Republic of Kazakhstan, including tax legislation, may allow more than one interpretation. In addition, there is a risk of tax authorities making arbitrary judgments of business activities. If a particular treatment, based on Management's judgment of the Bank's business activities, was to be challenged by the tax authorities, the Bank may be assessed additional taxes, penalties and interest.

Such uncertainty may relate to the valuation of financial instruments and the market pricing of deals. Additionally, such uncertainty may relate to the valuation of temporary differences on the provision and recovery of the provision for impairment losses on loans to customers and receivables, as an underestimation of the taxable profit.

In Kazakhstan tax years remain open to review by the tax authorities for five years. However, tax authorities may perform additional reviews, if considered necessary. In accordance with judicial rulings, the period of review can be altered, if the court acknowledges the fact of interdiction to conducting the tax review by the tax authorities.

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

Movements in net deferred tax liability:

	2022	2021
Net deferred tax liability at the beginning of the year	49,173	49,320
Deferred tax benefit recognized in profit or loss	(1,928)	(147)
Deferred tax expense recognized in other comprehensive income	2,840	-
Net deferred tax liability at the end of the year	50,085	49,173

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Notes to the Separate Financial Statements (Continued) For the year ended 31 December 2022 (Millions of Kazakhstani Tenge)

19. Equity

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

	Share capital authorized	Share capital authorized and not issued	Fully paid and issued share capital	Share capital repurchased	Outstanding shares
31 December 2022					
Common	25,000,000,000	(11,552,455,218)	13,447,544,782	(2,539,270,930)	10,908,273,852
31 December 2021					
Common	25,000,000,000	(11,552,455,218)	13,447,544,782	(2,539,270,930)	10,908,273,852

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

	Number of shares Common	Nominal (placement) amount Common
31 December 2021	10,908,273,852	(47,909)
Purchase of treasury shares	-	-
31 December 2022	10,908,273,852	(47,909)
	Number of shares Common	Nominal (placement) amount Common
31 December 2020	11,754,049,397	106,064
Purchase of treasury shares	(845,775,545)	(153,973)
31 December 2021	10,908,273,852	(47,909)

In December 2021, the Board of Directors of the Bank authorized the repurchase of 845,775,545 common shares at a price of KZT 182.10 per share, including 147,006,040 shares in the form of 3,675,151 global depositary receipts, at a price of USD 16.78 per share, for a total amount of KZT 154 billion. The purpose of the repurchase of the securities is to optimize the capital structure of the Bank.

The repurchase volume was 7.2% of the Bank's outstanding shares at the time of the repurchase, as a result, as at 31 December 2021, the total number of repurchased treasury shares of the Bank amounted to 2,539,270,930 shares or 18.9% of the total number of outstanding shares of the Bank.

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.

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Common shares

As at 31 December 2022 and 2021, share capital comprised KZT 212,690 million.

As at 31 December 2022, the Bank held 2,539,270,930 of the Bank's common shares as treasury shares at KZT 260,599 million (31 December 2021 – 2,539,270,930 common shares at KZT 260,599 million).

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

Dividends paid for the previous financial years were as follows:

	Paid in 2022 for the year ended 31 December 2021	Paid in 2021 for the year ended 31 December 2020
Dividends declared during the period	138,644	211,573
Dividend paid per one common share	12.71	18.00

Share premium reserve

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

20. Financial commitments and contingencies

The Bank's financial commitments and contingencies comprise the following:

	31 December 2022	31 December 2021
Guarantees issued	601,079	587,041
Commercial letters of credit	94,183	64,066
Commitments to extend credit	59,983	44,373
Financial commitments and contingencies	755,245	695,480
Less: cash collateral against letters of credit	(63,693)	(33,956)
Less: provisions	(13,806)	(12,685)
Financial commitments and contingencies, net	677,746	648,839

Guarantees issued represent bank guarantees issued by the Bank by order of its clients, and which are in effect as at the reporting date. As at 31 December 2022, the ten largest guarantees accounted for 45% of the Bank's total financial guarantees (31 December 2021 – 64%) and represented 14% of the Bank's total equity (31 December 2021 – 25%).

Commercial letters of credit represent letters of credit issued by the Bank by order of its clients, and under which as at the reporting date, the payment has not yet been made. As at 31 December 2022, the ten largest unsecured letters of credit accounted for 31% of the Bank's total commercial letters of credit (31 December 2021 – 65%) and represented 2% of the Bank's total equity (31 December 2021 – 2%).

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Notes to the Separate Financial Statements (Continued) For the year ended 31 December 2022 (Millions of Kazakhstani Tenge)

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

	31 December 2022			
	Stage 1	Stage 2	Stage 3	Total
At the beginning of the year	(77)	(6,477)	(6,131)	(12,685)
Transfer to Stage 2	3	(3)	-	-
Transfer to Stage 3	3,155	25	(3,180)	-
Additional provisions recognised	2,010	281	(2,304)	(13)
New originations	(5,107)	-	-	(5,107)
Repayments	7	-	5,093	5,100
Foreign exchange differences	1	(540)	(562)	(1,101)
At the end of the year	(8)	(6,714)	(7,084)	(13,806)

	31 December 2021			
	Stage 1	Stage 2	Stage 3	Total
At the beginning of the year	(342)	(1,355)	(6936)	(8,633)
Transfer to Stage 2	258	(258)	-	-
Transfer to Stage 3	14,004	1,419	(15,423)	-
Additional provisions recognised	(14,153)	(6,289)	16,532	(3,910)
Foreign exchange differences	156	6	(304)	(142)
At the end of the year	(77)	(6,477)	(6,131)	(12,685)

Capital commitments

As at 31 December 2022 and 2021, the Bank had commitments for capital expenditures in respect of construction in progress for KZT 10 million and KZT 298 million, respectively.

Operating lease commitments

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

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21. Net interest income

	Year ended 31 December 2022	Year ended 31 December 2021
Interest income:		
Loans to customers	963,701	627,130
- <i>Corporate business</i>	445,030	290,943
- <i>Retail business</i>	381,398	250,875
- <i>SME business</i>	137,273	85,312
Debt securities at amortised cost, net of allowances for expected credit losses	87,649	98,469
Financial assets at fair value through other comprehensive income	87,807	87,358
Amounts due from credit institutions and cash and cash equivalents	38,878	16,590
Other financial assets	1,833	6,666
Total interest income calculated using the effective interest method	1,179,868	836,213
Interest expense:		
Amounts due to customers	(465,619)	(299,590)
- <i>Individuals</i>	(219,865)	(163,850)
- <i>Legal entities</i>	(245,754)	(135,740)
Debt securities issued	(31,977)	(55,694)
Other interest expense	(595)	(5,607)
Amounts due to credit institutions	(60,569)	(6,692)
Other financial liabilities	-	-
Total interest expense	(558,760)	(367,583)
Net interest income before credit loss expense	621,108	468,630

The total interest income calculated using the EIR method for financial assets measured at amortised cost is KZT 1,092,061 million for the year ended 31 December 2021 (31 December 2020: KZT 748,855 million).

22. Fees and commissions

Fee and commission income was derived from the following sources:

	Year ended 31 December 2022	Year ended 31 December 2021
Transaction income of individuals	127,679	108,665
Transaction income of legal entities	35,863	23,601
Letters of credit and guarantees issued	13,163	10,695
Other	7,102	47,103
Loyalty program expenses	(12,221)	(15,488)
	171,586	174,576

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Notes to the Separate Financial Statements (Continued) For the year ended 31 December 2022 (Millions of Kazakhstani Tenge)

Fee and commission expense comprised the following:

	Year ended 31 December 2022	Year ended 31 December 2021
Transactional expense of individuals	(78,323)	(59,655)
Deposit insurance	(5,688)	(5,611)
Transactional expense of legal entities	(4,080)	(1,920)
Other	(5,346)	(2,965)
	(93,437)	(70,151)

The management of the Bank made a decision to change the disclosure of "Fee and commission" and believes that this presentation provides a better view of the Bank's financial results for this line item of the consolidated financial statements. Accordingly, the Bank has revised its presentation for the year ended 31 December 2021 to conform to the presentation for the year ended 31 December 2022.

Transactional income of individuals and legal entities includes fee and commission income derived from bank transfers on settlements and salary projects, maintenance of customer accounts and plastic card operations, cash operations and servicing customers' pension payments.

Transactional expense of individuals and legal entities includes fee and commission expense derived from payment cards, bank transfers and cash operations.

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

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

	Year ended 31 December 2022	Year ended 31 December 2021
Net gain from operations with financial assets and liabilities classified as held for trading:		
Unrealized net loss on derivative operations	(2,706)	(44,921)
Realized net gain on derivative operations	13,586	57,956
Total net gain from operations with financial assets and liabilities classified as held for trading	10,880	13,035

24. Net foreign exchange gain

Net foreign exchange gain comprises:

	Year ended 31 December 2022	Year ended 31 December 2021
Translation differences, net	(4,133)	(9,355)
Dealing, net	161,998	35,674
Total net foreign exchange gain	157,865	26,319

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25. Operating expenses

Operating expenses comprised:

	Year ended 31 December 2022	Year ended 31 December 2021
Salaries and other employee benefits	82,218	72,355
Depreciation and amortization expenses	11,856	10,944
Taxes other than income tax	9,471	7,447
Charity	6,423	2,937
Communication	6,216	5,149
Information services	5,434	5,390
Repair and maintenance	5,202	6,609
Security	5,025	4,541
Collection expenses	4,649	5,650
Advertisement and loyalty program	3,668	2,931
Utilities	3,386	3,078
Stationery and office supplies	2,437	1,612
Rent	2,782	2,535
Professional services	1,010	1,020
Business trip expenses	470	380
Transportation	181	151
Impairment on investments in subsidiaries	-	1,951
Other	3,083	2,465
	153,511	137,145

26. Earnings per share

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

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

The following table presents basic and diluted earnings per share:

	Year ended 31 December 2022	Year ended 31 December 2021
Basic and diluted earnings per share		
Net income for the year attributable to equity holders of the parent	539,111	460,919
Earnings attributable to common shareholders	539,111	460,919
Weighted average number of common shares for the purposes of basic and diluted earnings per share	10,908,273,852	11,704,954,654
Basic and diluted earnings per share (in Kazakhstani Tenge)	49.42	39.38

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

Class of shares	Outstanding shares	31 December 2022	
		Equity (as calculated per KASE rules)	Book value of one share, in KZT
Common	10,908,273,852	1,877,889	172.15
		1,877,889	

Class of shares	Outstanding shares	31 December 2021	
		Equity (as calculated per KASE rules)	Book value of one share, in KZT
Common	10,908,273,852	1,530,140	140.27
		1,530,140	

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

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

27. Financial risk management

Risk management is fundamental to the Bank's banking business and is an essential element of the Bank's operations. The main risks inherent to the Bank's operations are those related to:

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

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

Risk appetite management

Risk appetite is the aggregate level and types of risks that the Bank is ready to accept when achieving strategic objectives and business plan.

In order to build an effective system for managing the Bank's risk appetite, the risk appetite strategy of JSC Halyk Bank was developed and approved.

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The risk appetite strategy defines clear boundaries of the volume of accepted significant risks in which the Bank operates as part of the implementation of the overall development strategy of Halyk Group, and also determines the risk profile of the Bank's activities in order to prevent the implementation of risks or minimize their negative impact on the financial position of the Bank.

As part of the development and implementation of the risk appetite strategy for each significant level of risk, the Board of Directors approved the levels of risk appetite (for credit risk, market risk, liquidity risk, operational risk), taking into account the adopted business model, scale of activities, types and complexity of the Bank's operations.

Internal process for assessing capital adequacy

In accordance with the requirements of the rules for the formation of a risk management and internal control system for second-tier banks, the Bank developed and implemented an internal process for assessing capital adequacy, which was approved by the Board of Directors. The internal capital adequacy assessment process (the "ICAAP") is a set of processes for managing significant risks, taking into account the volume of assets, the nature and level of complexity of the activity, the organizational structure, strategic plans, risk profile, regulatory framework, assessment and aggregation of such risks in order to determine target level of the Bank's capital adequacy to maintain a stable financial position and solvency.

The purpose of the ICAAP development is to identify, assess, aggregate and control significant types of risks inherent in the Bank's activities in order to determine the required level of capital sufficient to cover them, including: credit risk, market risk, liquidity risk and operational risk. The Bank assesses the adequacy of its equity capital, taking into account the current level of risk appetite and development strategy, based on the approved budget. Equity capital adequacy is assessed taking into account the results of stress testing of the Bank's risks. The internal process for assessing capital adequacy is subject to continuous review of both quantitative and qualitative indicators, including the application of its results, approaches to stress testing, risk identification and information collection process, validation of risk assessment models.

Credit risk

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

The risk management department plays an important role in managing and controlling the credit risk. This division is responsible for credit risk identification, evaluation and implementation of control and monitoring measures. As part of the credit risk management system, the Bank maintains a sufficient level of allowances for expected credit losses, controls the credit risk assessment process, takes the necessary measures to ensure the completeness and reliability of information in order to make decisions, adhere to internal policies and procedures, and maintain a credit assessment procedures independent of the business units risks.

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Notes to the Separate Financial Statements (Continued) For the year ended 31 December 2022 (Millions of Kazakhstani Tenge)

The risk management department directly participates in credit decision - making processes and the development process of internal rules, regulations and loan programs. In addition, the department provides independent recommendations concerning credit exposure minimisation measures, controls limits and monitors credit risks, the level of risk appetite for credit risk, provides relevant reporting to management and ensures compliance of the credit process with external laws/regulations as well as internal requirements and procedures.

The Bank structures the level of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower/counterparty, or groups of borrowers, and to industry (and geographical) segments. Limits on the level of credit risk concentration by industry sector are approved and controlled by the Assets and Liabilities Management Committee (the "ALMC"). The Bank sets the levels of risk appetite for the concentration of the loan portfolio by types of lending: corporate business, small and medium business, retail business to the Bank's loan portfolio, portfolio concentration by 10 large borrowers of the Bank, the concentration of the portfolio on foreign currency loans, the concentration of the loan portfolio by the acceptable rating level, PD level and NPL level in small and retail business in the loan portfolio by lending segment. Limits on credit risk exposure with respect to credit programmes (SME and retail) are approved by the Management Board. The exposure to any one borrower, including banks and brokers, covers on and off-balance sheet exposures, which are reviewed by the Credit Committees and the ALMC. Actual exposures against limits are monitored daily.

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

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

Structure and authorities of credit committees

Credit committees, the ALMC, the Management Board and the Board of Directors are credit authorities responsible for the implementation of the Bank's Credit Policy and credit decision-making process.

Head Office Credit Committee ("CC")

The primary goal of the CC is the implementation of the Bank's Credit Policy in terms of credit operations and credit applications from corporate customers.

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Notes to the Separate Financial Statements (Continued) For the year ended 31 December 2022 (Millions of Kazakhstani Tenge)

Branch Credit Committee and Branch Network Credit Committee ("BCC", "BNCC")

The primary goal of the BCC and the BNCC is the implementation of the Bank's Credit Policy in terms of granting financial instruments via branches to SME customers.

Delegated credit authority limits for the BCC and the BNCC are established by the Management Board. The BCC makes credit decisions within its limits. If the loan application exceeds the relevant credit limit or the authorities of the BCC, the final decision has to be taken by the BNCC. The procedure of the decision-making by the BNCC involves consideration of a package of documents, including complex analysis and assessments of the potential borrowers conducted by the Bank's experts.

Retail Branch Credit Committee of the Head Office ("RCCHO") and Decision Making Center ("DMC")

The primary goal of the RCCHO and the DMC, which are credit authorities, is the implementation of the Bank's Credit Policy in terms of granting retail financial instruments via branches.

The DMC is comprised of credit underwriters with delegated credit authorities based on a four eyes principle. The DMC makes credit decisions within their authorities and limits established by the Management Board and the RCCHO. The RCCHO is authorized to consider loan applications that exceed relevant credit limits or the authorities of the DMC, as well as other matters within the authorities established by the Management Board.

Along with the functioning of the DMC and RCCHO, there is an automated approach for making decisions when lending to individuals. Automation of decision making is based on a risk-based approach, including Risk Based Pricing and the use of additional parameters when assessing customer solvency. Based on the results of consideration of applications, loan proposals are formed both according to the requested conditions and by offering alternative solutions for all segments of applicants for individuals (participants / non-participants of the salary project, pensioners, etc.). This approach takes into account the risk profile of the potential borrower and allows minimising the credit risk exposure in the decision making process.

Decision Making Center for Small Business ("DMC for SB")

The DMC for SB was established in 2018, the main task of which is to consider loan applications in the small business sector in an amount not exceeding KZT 150 million.

The DMC for SB consists of credit underwriters with delegated decision-making powers based on the four-eye principle. The Decision Making Center takes decisions within the framework of the authority approved by the Board of the Bank and the limits approved by the BNCC.

Problem loans committee of the Head Office, branches

The primary goal of the problem loans committee of the Head Office, branches is the implementation of the Bank's Credit Policy in terms of management, servicing and maintaining the repayment of the problem loans.

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Authorized credit authorities of the Bank's subsidiaries

Consideration and approval of the loan applications in the subsidiaries are performed by the authorized credit authorities in accordance with the internal rules and regulations of the subsidiary. Loan applications exceeding the established limits and authorities have to be approved by the Board of Directors of the subsidiaries with the preliminary consideration by the relevant credit committee according to the Bank's internal rules and regulations.

ALMC

The primary goal of the ALMC is profit maximization and to limit the risks of banking activities related to raising and allocating funds and the establishment of a medium-term policy for the management of assets and liabilities. The main tasks of the ALMC are: liquidity management, market risk management, ensuring effective control over the activities of the Bank's executive bodies on financial risk management and determining priority areas for minimizing the Bank's risks

The ALMC is also responsible for establishing country and counterparty-bank limits. The ALMC reports to the Board of Directors.

The Management Board

For loan applications exceeding the authorities of the Head Office Credit Committee, the BNCC and the RCCHO, or exceeding the relevant limits of the BNCC and the RCCHO, have to be considered by the Management Board.

Risk Committee

The Committee is a collegial body under the Board of Directors and assists in the implementation of functions related to the formation of an effective risk management and internal control system in the Bank, ensuring its functioning and informing the Board of Directors about the level of risks assumed by the Bank.

The Board of Directors

If the loan application exceeds 5% of the Bank's equity capital or the potential borrower is a related party, such applications have to be considered by the Board of Directors.

Maximum Exposure

The Bank's maximum exposure to credit risk varies significantly and is dependent on both individual risks and general market risks.

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Notes to the Separate Financial Statements (Continued) For the year ended 31 December 2022 (Millions of Kazakhstani Tenge)

The following table presents the maximum exposure to credit risk of financial assets and contingent liabilities. For financial assets the maximum exposure equals to a carrying value of those assets prior to any offset or collateral. For financial guarantees and other contingent liabilities the maximum exposure to credit risk is the maximum amount the Bank would have to pay if the guarantee was called on or in the case of commitments, if the loan amount was called on (Note 20). The collateral pledged is represented by the carrying amount of a financial instrument for which the collateral was received as security.

	31 December 2022	
	Maximum exposure and net exposure after offset	Collateral pledged
Cash equivalents*	1,687,971	5,003
Financial assets at fair value through profit or loss	20,250	-
Amounts due from credit institutions	283,943	-
Financial assets at fair value through other comprehensive income	2,011,201	-
Debt securities at amortised cost, net of allowance for expected credit losses	982,956	-
Loans to customers	7,672,379	6,631,957
Other financial assets	20,653	-
Commitments and contingencies	741,439	63,693

	31 December 2021	
	Maximum exposure and net exposure after offset	Collateral pledged
Cash equivalents*	1,095,174	197,696
Financial assets at fair value through profit or loss	5,101	-
Amounts due from credit institutions	759,826	-
Financial assets at fair value through other comprehensive income	1,765,411	-
Debt securities at amortised cost, net of allowance for expected credit losses	1,276,822	-
Loans to customers	5,671,485	4,949,242
Other financial assets	26,094	-
Commitments and contingencies	682,795	33,956

*Amount represents the short-term loans and deposits with original maturities of not more than 90 days, which are included within cash and cash equivalents in the statement of financial position.

As at 31 December 2022 and 2021, there is no any difference between maximum exposure and net exposure after offset.

Significant increase in credit risk

As explained in Note 4, the Bank monitors all financial assets that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Bank will measure the loss allowance based on lifetime rather than 12-month ECL.

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Notes to the Separate Financial Statements (Continued) For the year ended 31 December 2022 (Millions of Kazakhstani Tenge)

The Bank uses credit risk grades as a primary input into the determination of the term structure of the PD for exposures. The Bank collects performance and default information about its credit risk exposures analyzed by jurisdiction or region and by type of product and borrower as well as by credit risk grading. The information used is both internal and external depending on the portfolio assessed. The Bank uses different criteria to determine whether credit risk has increased significantly per portfolio of assets. The criteria used are both quantitative changes in PDs as well as qualitative.

For treasury operations (interbank transactions, securities, reverse repurchase agreements), a significant increase in credit risk is determined individually for each financial asset on the basis of quantitative indicators (rating downgrades by 3 or more steps since initial recognition, overdue by 1 day or more since initial recognition) and qualitative indicators (negative information relating to the issuer/counterparty, including deterioration of financial condition, change of shareholders, the realization of the risk of loss of reputation, the systematic violation of prudential standards) since initial recognition.

For bank loans assessed on a collective basis, a significant increase in credit risk is determined for loans with an overdue of over 30 days since initial recognition, for loans assessed on an individual basis - additionally in case of the decrease of internal credit rating and increase in lifetime PD on 10 percentage points in accordance with the internal rating model (the presence of restructuring during deterioration of the financial position for classification to Stage 3), expert opinions of the Bank's specialists based on the changes in the qualitative and quantitative indicators of the borrower, a significant deterioration of collateral and other objective evidence of significant financial difficulties since initial recognition.

Stage 3 is determined for loans that are assessed on a collective basis with an overdue of over 60 - 90 days, for loans assessed on an individual basis - over 60 days past due, restructuring related to the deterioration of financial condition, deterioration of the internal credit rating and expert opinion of the Bank's specialists.

The Bank considers that certain financial instruments with low credit risk at the reporting date, have not experienced a significant increase in credit risk. The Bank applies this policy to financial instruments issued to sovereign and financial institutions only. The Bank considers a financial instrument to have low credit risk when their external credit risk rating is equivalent to definition of 'investment grade' by international rating agencies.

The Bank has monitoring procedures in place to make sure that the criteria used to identify significant increases in credit are effective, meaning that significant increase in credit risk is identified before the exposure is defaulted or when the asset becomes 30 days past due.

Incorporation of forward-looking information

The Bank uses forward-looking information that is available without undue cost or effort in its assessment of significant increase of credit risk as well as in its measurement of ECL.

The incorporation of forward-looking elements reflects the expectations of the Bank and involves the creation of two scenarios ("base case" and "downside" scenarios), including an assessment of the probability for each scenario. The purpose of using multiple scenarios is to model the non-linear impact of assumptions about macroeconomic factors on the expected credit losses. The "base case" scenario enters with a probability of 75% and the "downside" scenario with a probability of 25%.

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Development of forecasting was carried out by JSC Halyk Finance using internal and external information for creating “base case” and “downside” scenarios of future forecasting of relevant economic variables along with a representative range of other possible forecast scenarios. The external information used includes economic data and forecasts published by governmental bodies and monetary authorities.

The Bank applies probabilities to the forecast scenarios identified. The base case scenario is the single most-likely outcome and consists of information used by the Bank for strategic planning and budgeting. The Bank has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using a statistical analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

When applying these stress factors, the results of stress testing performed at the end of 2022 show a slight decrease in certain financial indicators of the Bank (growth in provisions for expected credit losses, decrease in net profit and outflow of customer accounts).

At the same time, given that, the Bank has a sufficient amount of equity and liquid assets, significant deterioration in the financial position of the Bank and violation of regulatory requirements and norms are not predicted.

In general, a worsening of forecasted macroeconomic variables for each scenario or an increase in the probability of the “downside” scenario occurring will both increase the number of loans migrating from Stage 1 to Stage 2 and increase the estimated allowances for expected credit losses. In contrast, an improvement in the outlook on forecasted macroeconomic variables or an increase in the probability of the “base case” scenario occurring will have a positive impact. It is not possible to meaningfully isolate the impact of changes in the various macroeconomic variables for a particular scenario due to the interrelationship between the variables as well as the interrelationship between the level of pessimism inherent in a particular scenario and its probability of occurring.

The table below summarizes the forecasts for the following year for the principal macroeconomic indicators included in economic scenarios as at 31 December 2022 and 2021 for Kazakhstan, which is the country where the Bank operates and therefore is the country that has a material impact in ECLs.

List of macro variables used	31 December 2022		31 December 2021	
	Definition	Range	Definition	Range
Real GDP growth	% change	Between 1.6% and 3.2%	% change	Between 2.5% and 3.7%
		Between 14.3% and 16.0%		Between 7.5% and 9.0%
Inflation	Inflation %	Between USD 60 and USD 80	Inflation %	Between USD 50 and USD 68
Oil price (USD/bbl.)	Price per barrel		Price per barrel	

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Financial assets are graded according to the current credit rating they have been issued by an international rating agency or in accordance with the Bank's internal rating system. The highest possible rating is AAA. Investment grade financial assets have ratings from AAA to BBB. Financial assets which have ratings lower than BBB are classified as speculative grade.

The following table details the credit ratings of financial assets held by the Bank (except for loans to customers, which are disclosed in details below), before any allowances for expected credit losses:

						31 December 2022	
	AA	AA-	A	BBB	<BBB	Not rated	Total
Cash and cash equivalents*	338,678	111,291	180,453	1,041,709	647	15,213	1,687,991
Obligatory reserves	-	-	-	234,552	-	-	234,552
Financial assets at fair value through profit or loss	-	14	10,499	9,737	-	-	20,250
Amounts due from credit institutions	8,624	25,341	37,157	165,855	26,644	20,810	284,431
Financial assets at fair value through other comprehensive income	351,329	27,853	92,885	1,483,020	57,066	-	2,012,153
Debt securities at amortised cost	-	-	-	975,153	8,146	-	983,299
Other financial assets	-	-	-	-	-	40,250	40,250
Commitments and contingencies	-	-	-	-	-	755,245	755,245

						31 December 2021	
	AA	AA-	A	BBB	<BBB	Not rated	Total
Cash and cash equivalents*	209,945	8,833	9,145	122,834	728,191	16,244	1,095,192
Obligatory reserves	-	-	-	177,530	-	-	177,530
Financial assets at fair value through profit or loss	-	67	4,854	120	25	35	5,101
Amounts due from credit institutions	-	17,236	73,844	456,374	138,012	74,775	760,241
Financial assets at fair value through other comprehensive income	20,052	75,029	134,835	1,479,617	52,525	4,332	1,766,390
Debt securities at amortised cost	-	-	43,187	1,045,412	10,100	178,635	1,277,334
Other financial assets	-	-	-	-	-	26,094	26,094
Commitments and contingencies	-	-	-	-	-	695,480	695,480

*Amount represents the short-term loans and deposits with original maturities of not more than 90 days, which are included within cash and cash equivalents in the statement of financial position.

The banking industry is generally exposed to credit risk through its financial assets and contingent liabilities. Credit risk exposure of the Bank is concentrated within the Republic of Kazakhstan. The exposure is monitored on a regular basis to ensure that the credit limits and credit worthiness guidelines established by the Bank's risk management policy are not breached.

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The following table details the carrying value of financial assets that are impaired and for those that are past due but not impaired:

	Financial assets that have been individually assessed for impairment			Financial assets that have been collectively assessed for impairment			31 December 2022 Total
	Unimpaired financial assets		Amount of	Impaired financial assets		Amount of	
	Gross carrying amount of assets	allowances for expected credit losses		Gross carrying amount of assets	allowances for expected credit losses		
Amounts due from credit institutions	284,431	(488)	-	-	-	-	283,943
Financial assets at fair value through other comprehensive income	2,012,153	(952)	-	-	-	-	2,011,201
Debt securities at amortized cost	983,299	(343)	-	-	-	-	982,956
Loans to customers	4,744,216	(41,710)	448,187	(180,332)	(188,709)	7,672,379	7,672,379
Other financial assets	-	-	34,663	(18,707)	(890)	20,653	20,653
	Financial assets that have been individually assessed for impairment			Financial assets that have been collectively assessed for impairment			31 December 2021 Total
	Unimpaired financial assets		Amount of	Impaired financial assets		Amount of	
	Gross carrying amount of assets	allowances for expected credit losses		Gross carrying amount of assets	allowances for expected credit losses		
Amounts due from credit institutions	760,241	(415)	-	-	-	-	759,826
Financial assets at fair value through other comprehensive income	1,766,390	(979)	-	-	-	-	1,765,411
Debt securities at amortized cost	1,277,334	(512)	-	-	-	-	1,276,822
Loans to customers	3,536,458	(57,259)	384,943	(156,063)	(129,134)	5,671,485	5,671,485
Other financial assets	-	-	27,179	(11,701)	(1,057)	26,094	26,094

As at 31 December 2022, the carrying amount of unimpaired overdue loans was KZT 67,128 million (31 December 2020 – KZT 32,761 million). Maturities of these overdue loans are not greater than 90 days.

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Liquidity risk

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

In accordance with the requirements of the Rules for the formation of a risk management and internal control system for second-tier banks, the Bank has developed and implemented an internal process for assessing liquidity adequacy ("IPALA"), which was approved by the Board of Directors. IPALA is a set of liquidity risk management processes in order to maintain an adequate level of liquidity and implement an appropriate liquidity risk management system at different time intervals depending on the type of activity, currency. IPALA was developed in accordance with the risk appetite strategy, taking into account the current market and economic situation, the risk profile and the requirements of the legislation of the Republic of Kazakhstan in terms of the formation of a risk management and internal control system for second-tier banks, as well as the internal needs of the Bank in determining the main approaches and principles of the process assessing the adequacy of liquidity. In order to determine the risk appetite, the Board of Directors approves the levels of risk appetite for liquidity risk, and also uses a quantitative internal indicator of liquidity adequacy within the IPALA, which limits the risks of current, short-term, medium-term and long-term liquidity. In order to identify weaknesses, the IPALA is subject to continuous review at least once a year, which is submitted for approval by the Board of Directors.

As part of the risk management system, liquidity risk is measured and controlled through the following tools:

- monitoring compliance with regulatory (prudential) liquidity ratios;
- setting and regular monitoring of internal limits and triggers for liquidity risk: risk appetite level, IPALA ratio, limit on GAP gaps, liability concentration limits, early warning indicators of liquidity risk;
- analysis of contractual maturities (GAP-analysis) and cash flow forecasting, including: planned transactions, projected rollover of attracted customer funds (taking into account the calculation of the stable part of funding);
- analysis of the concentration of funding sources (by largest depositors, by currency, by funding maturity, by funding source);
- indicators of early warning about liquidity risk, allowing to monitor and control liquidity risk;
- analysis of the volume of assets that can be used as collateral to raise liquidity;
- development and regular testing of a contingency financing plan with a description of the process of eliminating liquidity shortage in emergency situations;
- stress testing of the impact of changes in various macroeconomic and other factors and parameters on liquidity.

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

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In order to manage liquidity risk, the Bank analyses and evaluates cash inflows and outflows to determine the potential shortage of liquid assets in the future. The Bank measures and forecasts estimated cash flows for assets and liabilities, including off-balance sheet claims and liabilities, which analyzes the structure of gaps between cash flows for financial assets and financial liabilities (GAP analysis). In a GAP analysis, cash flows are grouped into time buckets based on the following principles:

- assets and liabilities are broken down into economically homogeneous and significant items;
- securities at fair value through profit or loss are classified in the column "Less than 1 month" because they are available to meet the Bank's short-term liquidity needs;
- part of long-term loans provided to customers are classified in the column "From 3 months to 1 year", because for them, the Bank has the right to unilaterally withdraw within ten months after due notice issued by the Bank;
- loans to customers, amounts due from credit institutions, financial assets at fair value through other comprehensive income, debt securities at amortized cost, other financial assets, customer accounts, amounts due to credit institutions, debt securities issued, other financial liabilities included analysis of the liquidity position based on expected contractual maturities;
- Assets and liabilities other than those listed above are generally classified according to the payment schedule and the remaining period from the reporting date to the earliest contractual payment date or available maturity date.

For the purposes of effective control, the Bank divides liquidity management into:

- management of current (intraday)/short-term liquidity – management of assets and liabilities with a maturity of less than 3 months;
- management of mid-term/long-term liquidity – management of assets and liabilities with maturity from 3 months to 1 year and more than 1 year.

Liquidity risk management is generally carried out by ALMC, whose main tasks are to control the implementation of the asset and liability management policy and the liquidity management policy, and to determine the need for liquid funds. The treasury department directly manages the Bank's cash flows and short-term liquidity within the established level of risk appetite for liquidity risk and the limits established by ALMC. The treasury department develops and implements measures for operational liquidity management. The risk management division is responsible for the implementation of the liquidity risk management process, for identifying, measuring, monitoring, controlling and analyzing liquidity risk as part of periodic management reporting on the current state of liquidity risk with related analysis, and, if necessary, provides its recommendations for minimizing risks. The risk management division also conducts stress testing of the impact of changes in various macroeconomic and other factors and parameters on liquidity, including taking into account the scenario of the outflow of customer funds. Liquidity risk management (identification, measurement, monitoring, control and analysis of liquidity risk) is carried out in accordance with the IPALA and the liquidity risk management policy, as well as regulatory requirements.

The following tables provide an analysis of financial assets and liabilities grouped based on the above principles.

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	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	31 December 2022 Total
FINANCIAL ASSETS:						
Cash and cash equivalents	1,930,222	-	-	-	-	1,930,222
Obligatory reserves	119,767	14,670	71,901	16,814	11,400	234,552
Financial assets at fair value through profit or loss	9,818	-	-	10,432	-	20,250
Amounts due from credit institutions	79,857	21,372	100,012	77,967	4,735	283,943
Financial assets at fair value through other comprehensive income	54,682	148,779	383,106	1,253,712	170,922	2,011,201
Debt securities at amortised cost, net of allowances for expected credit losses	-	1,654	283,541	697,761	-	982,956
Loans to customers*	312,886	652,470	4,440,626	2,196,703	69,694	7,672,379
Other financial assets	8,587	458	10,868	118	622	20,653
	2,515,819	839,403	5,290,054	4,253,507	257,373	13,156,156
FINANCIAL LIABILITIES:						
Amounts due to customers	5,293,170	714,132	3,559,201	367,848	398,439	10,332,790
Amounts due to credit institutions	654,997	9,480	2,761	13,454	166,830	847,522
Financial liabilities at fair value through profit or loss	8,968	-	-	674	-	9,642
Debt securities issued	-	3,785	3,193	463,884	-	470,862
Other financial liabilities	129,831	302	8	3	500	130,644
	6,086,966	727,699	3,565,163	845,863	565,769	11,791,460
Net position	(3,571,147)	111,704	1,724,891	3,407,644	(308,396)	1,364,696
Accumulated gap	(3,571,147)	(3,459,443)	(1,734,552)	1,673,092	1,364,696	

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	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	31 December 2021 Total
FINANCIAL ASSETS:						
Cash and cash equivalents	1,322,341	-	-	-	-	1,322,341
Obligatory reserves	107,445	15,340	47,272	7,127	346	177,530
Financial assets at fair value through profit or loss	286	8	-	194	4,613	5,101
Amounts due from credit institutions	74,652	69,880	496,583	92,221	26,490	759,826
Financial assets at fair value through other comprehensive income	49,945	47,017	213,612	1,231,201	223,636	1,765,411
Debt securities at amortised cost, net of allowances for expected credit losses	11,622	1,491	326,653	687,082	249,974	1,276,822
Loans to customers*	167,616	394,698	3,289,017	1,791,287	28,867	5,671,485
Other financial assets	21,038	4,004	877	27	148	26,094
	1,754,945	532,438	4,374,014	3,809,139	534,074	11,004,610
FINANCIAL LIABILITIES:						
Amounts due to customers	3,947,943	913,074	2,338,466	714,464	401,130	8,315,077
Amounts due to credit institutions	846,570	49,343	930	15,731	113,549	1,026,123
Financial liabilities at fair value through profit or loss	1,051	-	107	142	461	1,761
Debt securities issued	101,503	3,785	82,266	326,811	-	514,365
Other financial liabilities	88,106	190	166	-	-	88,462
	4,985,173	966,392	2,421,935	1,057,148	515,140	9,945,788
Net position	(3,230,228)	(433,954)	1,952,079	2,751,991	18,934	1,058,822
Accumulated gap	(3,230,228)	(3,664,182)	(1,712,103)	1,039,888	1,058,822	

* Loans to customers "3 months to 1 year" include loans with non-standard repayment schedule.

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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 Bank's assets and liabilities, including due to a change in the maturity of assets (reduction/increase in the maturity of the portfolio of securities, funds of amounts due to credit institutions, for debt securities issued).

As at 31 December 2022 and 2021 the Bank 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 Bank, indicate that these deposits provide a long-term and stable source of funding for the Bank. Therefore, an essential part of the Bank'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.

Changes in liquidity gaps during the reporting period may be associated with changes in the volume and/or structure of liquid assets, changes in the maturity structure of the Bank's assets and liabilities, including due to changes in the maturity of assets (reduction/increase in the maturity of securities, loans to customers) and liabilities (reduction/increase in terms of funding for customer accounts, for funds of amounts due to credit institutions, for debt securities issued).

A further analysis of the liquidity risk is presented in the following tables in accordance with IFRS 7. The amounts disclosed in these tables do not correspond to the amounts recorded on the statement of financial position as the presentation below includes a maturity analysis for financial liabilities and contingent liabilities based on the remaining contractual payments (including interest payments).

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Notes to the financial statements (continued) For the year ended 31 December 2022 (Millions of Kazakhstani Tenge)

	Up to 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	31 December 2022 Total
FINANCIAL AND CONTINGENT LIABILITIES:						
Amounts due to customers	5,297,376	721,232	3,679,633	399,509	457,947	10,555,697
Amounts due to credit institutions	656,813	9,505	2,778	19,060	201,458	889,614
Debt securities issued	-	4,937	25,491	510,600	-	541,028
Other financial liabilities	129,831	302	8	3	499	130,643
Guarantees issued	601,079	-	-	-	-	601,079
Commercial letters of credit	94,183	-	-	-	-	94,183
Commitments to extend credit	59,983	-	-	-	-	59,983
	6,839,265	735,976	3,707,910	929,172	659,904	12,872,227
Derivative financial assets	358,493	102,895	-	52,614	-	514,002
Derivative financial liabilities	375,114	103,250	-	55,971	-	534,335
	Up to 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	31 December 2021 Total
FINANCIAL AND CONTINGENT LIABILITIES:						
Amounts due to customers	3,934,285	919,567	2,412,603	729,135	498,345	8,493,935
Amounts due to credit institutions	842,252	50,632	932	17,168	140,000	1,050,984
Debt securities issued	101,794	4,937	102,273	396,071	-	605,075
Other financial liabilities	88,106	190	166	-	-	88,462
Guarantees issued	587,041	-	-	-	-	587,041
Commercial letters of credit	64,066	-	-	-	-	64,066
Commitments to extend credit	44,373	-	-	-	-	44,373
	5,661,917	975,326	2,515,974	1,142,374	638,345	10,933,936
Derivative financial assets	231,935	4,318	14,249	9,742	39,365	299,609
Derivative financial liabilities	233,470	4,388	15,196	10,222	39,917	303,193

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Notes to the financial statements (continued)
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Transactions with government agencies and government-controlled companies

In the course of its operations, the Bank enters into transactions with the National Bank of the Republic of Kazakhstan, the Government of the Republic of Kazakhstan represented by the Ministry of Finance of the Republic of Kazakhstan and government agencies, as well as with state-controlled companies (with an equity stake of 50% or more). The Bank provides these customers with banking services, including, but not limited to: placing deposits, providing loans, transactions for the sale and purchase of securities, accepting funds for deposits, etc.

The balances of transactions with government institutions and state-controlled companies that were significant in terms of their carrying value (TOP 10) as at 31 December 2022 and 31 December 2021 are as follows:

31 December 2022

Counterparty/Issuer	Cash and cash equivalents	Loans to customers	Investments in securities	Amounts due to customers/due to credit institutions	Total
NBRK	1,259,672	-	-	65	1,259,737
Government of the Republic of Kazakhstan	-	2,780	1,848,218	39,820	1,890,818
Other government agencies and state-controlled companies	1,607	441,768	464,639	1,688,686	2,596,700
Including:					
<i>funds of state programs</i>	-	-	-	103,362	103,362
<i>conditional deposits</i>	-	-	-	82,712	82,712
	1,261,279	444,548	2,312,857	1,728,571	5,747,255

31 December 2021

Counterparty/Issuer	Cash and cash equivalents	Loans to customers	Investments in securities	Amounts due to customers/due to credit institutions	Total
NBRK	1,272,373	-	21,685	94	1,294,152
Government of the Republic of Kazakhstan	-	3,820	2,067,524	29,029	2,100,373
Other government agencies and state-controlled companies	-	452,023	509,717	1,316,039	2,277,779
Including:					
<i>funds of state programs</i>	-	-	-	140,871	140,871
<i>conditional deposits</i>	-	-	-	68,635	68,635
	1,272,373	455,843	2,598,926	1,345,162	5,672,304

Cash and cash equivalents include balances on nostro accounts and term deposits with the NBRK in national and foreign currencies.

Loans to customers represent transactions for the financing of state-controlled companies, concluded on the terms of payment, urgency, repayment.

Securities are represented by debt and equity financial instruments denominated in national and foreign currencies, evaluated at fair value or amortized cost, depending on the purpose of acquisition.

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Notes to the financial statements (continued)

For the year ended 31 December 2022

(Millions of Kazakhstani Tenge)

Amounts due to credit institutions / due to customers represent liabilities to state-controlled companies in the form of current account balances, term deposits, funds placed under government financing programs small and medium-sized businesses, as well as conditional deposits placed by quasi-state companies as part of subsoil use operations.

In order to manage liquidity risk, including monitoring the concentration of assets and liabilities, the Bank sets concentration limits for certain groups of customers, both in terms of claims to customers and liabilities to them (by the largest depositors / borrowers, by currency baskets, by source of funding); on a regular basis monitors the fulfillment of the specified limits, analyzes the dynamics of changes in indicators, and, if necessary, develops action plans to reduce the risk of concentration.

Additionally, on a regular basis, the Bank conducts stress testing on the impact of potential changes in various macroeconomic and other indicators on the financial stability of the Bank. One of the scenarios that must be considered and analyzed is a stressful outflow of customer funds (withdrawals from current accounts, early termination of term deposits), as well as the conversion of customer funds into foreign currency (from tenge to foreign currency), based on the results of a stress test, if necessary preventive measures are being developed to prevent a negative impact on the Bank's operations.

The results of monitoring limits on the concentration of assets and liabilities and the results of stress testing are mandatory submitted for consideration by the authorized collegial bodies to get acquainted with the current level of the main types of risk inherent in the Bank's activities and take corrective measures to minimize the risk, if necessary.

Market risk

Market risk is the risk that Bank's earnings or equity or its ability to meet business objectives will be adversely affected by changes in market variables such as interest rates, foreign exchange rates, securities prices and other basic variables.

The Bank is exposed to market risks which include the following components:

- Risk of changes in interest rates (interest rate risk);
- Risk of changes in foreign exchange rates (currency risk);
- Risk of changes in securities prices (price risk).

The objective of market risk management is to optimize risk/return, minimize losses in case of adverse events and decrease deviation of factual financial results from expected financial results.

Market risk management includes security portfolio management and control of open positions on currencies, interest rates and derivatives. For these purposes, the ALMC fixes limits on security portfolios, open positions, stop-loss limits and other limitations. Market risk limits are subject to review at least on an annual basis and should be monitored continuously.

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Notes to the financial statements (continued)
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Interest rate risk

The Bank is exposed to interest rate risk. Interest rate risk is defined as the risk of interest income decrease, interest expense increase or a negative impact on equity resulting from adverse changes in market interest rates.

The Bank determines two types of interest rate risk:

- Interest rate risk related to changes in fair values of securities portfolios, which are reflected through equity;
- Interest rate risk resulting from assets and liabilities maturity dates (dates of interest rate repricing) mismatch that are sensitive to interest rate changes (risk of interest rate changes).

The ALMC manages interest rate risks and market risks through the management of the Bank's position on interest rates to reach positive interest margins.

The Bank manages interest rates by determining the Bank's exposure to the interest rate risk using the approach described by the Basel Committee on the principles for the management and supervision of interest rate risk. This approach identifies the Bank's exposure to the interest rate risk by testing the impact of a parallel movement in interest rates on assets and liabilities.

Sensitivity analysis of interest rate risk

The following table presents a sensitivity analysis of interest rate risk, which has been determined based on "reasonably possible changes in the risk variable". The Bank assesses the reasonably possible changes in interest rates in tenge and foreign currencies separately, in which financial assets and liabilities are denominated due to the different volatility of interest rates. Particularly, a scenario of interest rate changes in tenge takes into account the dynamics of market interest rates (loans/deposits, NBRK base rate etc.).

The impact on profit before tax is the effect of the assumed changes in interest rates on the net interest income for one year, based on the floating rate financial assets and liabilities held as at 31 December 2022 and 2021, and the effect of revaluing instruments with fixed rates accounted for at fair value. The management of the Bank believes income tax not to have a substantial effect for the purpose of interest rate risk management.

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Notes to the financial statements (continued) For the year ended 31 December 2022 (Millions of Kazakhstani Tenge)

The impact on income before tax based on asset and liability values as at 31 December 2022 and 2021 is as follows:

	31 December 2022		31 December 2021	
	Interest rate	Interest rate	Interest rate	Interest rate
	KZT +3.75% CCY +2%	KZT -3.75% CCY -2%	KZT +3.75% CCY +2%	KZT -3.75% CCY -2%
FINANCIAL ASSETS:				
Financial assets at fair value through profit or loss	3,700	(3,963)	4,984	(5,393)
CCY	3,700	(3,963)	4,984	(5,393)
Amounts due from credit institutions	1,135	(1,135)	1,273	(1,273)
CCY	1,135	(1,135)	1,273	(1,273)
Financial assets at fair value through other comprehensive income	479	(479)	469	(469)
KZT	479	(479)	469	(469)
Loans to customers	2,284	(2,284)	1,652	(1,652)
CCY	2,284	(2,284)	1,652	(1,652)
FINANCIAL LIABILITIES:				
Amounts due to credit institutions	-	-	-	-
CCY	-	-	-	-
Net impact on income before tax	7,598	(7,861)	8,378	(8,787)

The impact on equity is the effect of the assumed changes in interest rates due to changes in retained earnings and the effect of revaluation of financial assets at fair value through other comprehensive income with fixed rates.

The impact on equity based on asset and liability values as at 31 December 2022 and 2021 is as follows:

	31 December 2022		31 December 2021	
	Interest rate	Interest rate	Interest rate	Interest rate
	KZT +3.75% CCY +2%	KZT -3.75% CCY -2%	KZT +3.75% CCY +2%	KZT -3.75% CCY -2%
FINANCIAL ASSETS:				
Financial assets at fair value through profit or loss	3,700	(3,963)	4,984	(5,393)
CCY	3,700	(3,963)	4,984	(5,393)
Amounts due from credit institutions	1,135	(1,135)	1,273	(1,273)
CCY	1,135	(1,135)	1,273	(1,273)
Financial assets at fair value through other comprehensive income	(83,744)	83,744	(87,483)	87,483
KZT	(50,201)	50,201	(52,455)	52,455
CCY	(33,543)	33,543	(35,028)	35,028
Loans to customers	2,284	(2,284)	1,652	(1,652)
CCY	2,284	(2,284)	1,652	(1,652)
FINANCIAL LIABILITIES:				
Amounts due to credit institutions	-	-	-	-
CCY	-	-	-	-
Net impact on equity	(76,625)	76,362	(79,574)	79,165

JSC Halyk Bank

Notes to the financial statements (continued)
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Currency Risk

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

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

The treasury department performs daily monitoring of the Bank's open currency position with the aim to comply with the requirements of the regulatory authority.

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

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

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Notes to the financial statements (continued) For the year ended 31 December 2022 (Millions of Kazakhstani Tenge)

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

	31 December 2022				
	USD	EUR	RUB	Other foreign currencies	Total foreign currencies
FINANCIAL ASSETS:					
Cash and cash equivalents	1,171,965	40,365	24,900	202,799	1,440,029
Obligatory reserves	7,344	388	-	152,020	159,752
Financial assets at fair value through profit or loss	313	-	1	-	314
Amounts due from credit institutions	177,134	58,200	20,666	17,720	273,720
Financial assets at fair value through other comprehensive income	1,285,949	135,359	10,742	-	1,432,050
Debt securities at amortised cost, net of allowances for expected credit losses	199,457	-	-	-	199,457
Loans to customers	1,001,008	39,875	53,213	-	1,094,096
Other financial assets	907	311	65	4	1,287
	3,844,077	274,498	109,587	372,543	4,600,705
					8,555,451
					13,156,156
FINANCIAL LIABILITIES:					
Amounts due to customers	4,036,356	257,284	43,537	47,059	4,384,236
Amounts due to credit institutions	48,352	16,605	52,449	1,083	118,489
Financial liabilities at fair value through profit or loss	-	-	674	-	674
Debt securities issued	135,788	-	-	-	135,788
Other financial liabilities	889	669	2	120	1,680
	4,221,385	274,558	96,662	48,262	4,640,867
					7,150,592
					11,791,459
Net balance sheet position	(377,308)	(60)	12,925	324,281	(40,162)
					1,404,859
Net off balance sheet position	371,402	(1,479)	(16,806)	(319,140)	33,976
					(44,668)
Net position	(5,906)	(1,539)	(3,881)	5,141	(6,186)
					1,360,191
					1,354,005

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Notes to the financial statements (continued) For the year ended 31 December 2022 (Millions of *Kazakhstani Tenge*)

	31 December 2021					
	USD	EUR	RUB	Other foreign currencies	Total foreign currencies	TOTAL KZT
FINANCIAL ASSETS:						
Cash and cash equivalents	812,105	33,540	25,239	14,288	885,172	437,169
Obligatory reserves	57,633	30,365	-	-	87,998	89,532
Financial assets at fair value through profit or loss	13	-	-	-	13	5,088
Amounts due from credit institutions	629,714	50,087	34,131	16,985	730,917	28,909
Financial assets at fair value through other comprehensive income	1,022,843	123,598	14,176	-	1,160,617	604,794
Debt securities at amortised cost, net of allowances for expected credit losses	231,790	-	-	-	231,790	1,045,032
Loans to customers	900,606	13,211	38,958	99	952,874	4,718,611
Other financial assets	555	203	18	4	780	25,314
	3,655,259	251,004	112,522	31,376	4,050,161	6,954,449
						11,004,610
FINANCIAL LIABILITIES:						
Amounts due to customers	3,702,424	156,634	32,475	31,378	3,922,911	4,392,166
Amounts due to credit institutions	16,440	6,621	246	753	24,060	1,002,063
Financial liabilities at fair value through profit or loss	-	-	710	-	710	1,051
Debt securities issued	79,550	-	-	-	79,550	434,815
Other financial liabilities	23	34	-	38	95	88,367
	3,798,437	163,289	33,431	32,169	4,027,326	5,918,462
						9,945,788
Net balance sheet position						
	(143,178)	87,715	79,091	(793)	22,835	1,035,987
Net off balance sheet position						
	152,127	(89,261)	(75,927)	(340)	(13,401)	11,576
Net position						
	8,949	(1,546)	3,164	(1,133)	9,434	1,047,563
						1,056,997

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Notes to the financial statements (continued) For the year ended 31 December 2022 (Millions of Kazakhstani Tenge)

Sensitivity analysis of currency risk

The table below indicates the currencies in which the Bank had significant exposure at 31 December 2022 and 2021, and its forecasted cash flows. The analysis calculates the effect of a reasonable possible movement of the currency rate with all other variables held constant on the statement of profit or loss. A negative amount in the table reflects a potential net reduction in the statement of profit or loss, while a positive amount reflects a net potential increase. Sensitivity of currency risk is assessed based on balance sheet and off-balance sheet open currency positions. The management of the Bank believes income tax not to have substantial effect for the purpose of currency risk management.

The impact on income before tax and equity, based on asset values was calculated using the currency rate fluctuation analysis.

The impact on income before tax and equity, based on asset values as at 31 December 2022 and 2021, was calculated using the annual analysis of the exchange rates volatility based on historical data of the exchange rates dynamics over the last two years:

	31 December 2022		31 December 2021	
	+30% KZT/USD	-30% KZT/USD	+30% KZT/USD	-30% KZT/USD
Impact on financial result/equity	(1,772)	1,772	2,685	(2,685)

	31 December 2022		31 December 2021	
	+30% KZT/EUR	-30% KZT/EUR	+30% KZT/EUR	-30% KZT/EUR
Impact on financial result/equity	(462)	462	(464)	464

	31 December 2022		31 December 2021	
	+30% KZT/RUB	-30% KZT/RUB	+30% KZT/RUB	-30% KZT/RUB
Impact on financial result/equity	(1,164)	1,164	949	(949)

Limitations of sensitivity analysis

The above tables demonstrate the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear, and larger or smaller impacts should not be interpolated or extrapolated from these results.

The sensitivity analyses do not take into consideration that the Bank's assets and liabilities are actively managed. Additionally, the financial position of the Bank may vary at the time that any actual market movement occurs. For example, the Bank's financial risk management strategy aims to manage the exposure to market fluctuations. As investment markets move past various trigger levels, management actions could include selling investments, changing investment portfolio allocation and taking other protective action. Consequently, the actual impact of a change in the assumptions may not have any impact on the liabilities, whereas assets are held at market value on the statement of financial position. In these circumstances, the different measurement bases for liabilities and assets may lead to volatility in equity.

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Notes to the financial statements (continued)
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Other limitations in the above sensitivity analyses include the use of hypothetical market movements to demonstrate potential risk that only represent the Bank's view of possible near-term market changes that cannot be predicted with any certainty.

Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, where those changes are caused by factors specific to the individual security, its issuer, or factors affecting all securities traded in the market. The Bank is exposed to price risks of its products which are subject to general and specific market fluctuations.

To limit price risk the Bank determines limits for maximum losses (stop-loss) on each security from trade portfolio to minimize potential losses of trade portfolio.

Price risk assessment is also performed on the basis of the Value At Risk ("VaR") method, through the establishment of Expected Shortfall ("ES") limits on the level of expected losses, which the Bank is able to undertake within one day in a situation when factual losses may exceed the level of VaR.

Calculation of VaR is based on the following parameters:

- Reporting period – 252 working days;
- Confidence interval – 99%;
- The method of measurement – historical simulation.

The Bank estimates the price risk at 31 December 2022 and 2021 to be not material and therefore quantitative information is not disclosed.

28. Capital risk management

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

- To comply with the capital requirements set by the NBRK;
- To safeguard the Bank'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 Bank is calculated according to prudential norms set for banks by the Kazakhstan regulatory authority, applying Basel Committee principles and methods.

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Notes to the financial statements (continued) For the year ended 31 December 2022 (Millions of Kazakhstani Tenge)

Currently, regulatory capital is represented by:

- Tier 1 capital, which is required to maintain the normal operating activity of the Bank 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 Bank, 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 Bank's liquidation. This part of capital consists of instruments issued by the Bank 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.

The below table summarizes the regulatory capital composition and capital adequacy ratios of the Bank for the years ended 31 December 2022 and 2021. During these two years, the Bank complied with all of the externally imposed capital requirements to which it is subject to.

	31 December 2022	31 December 2021
Composition of regulatory capital		
CET		
Common shares, net of treasury shares	(47,909)	(47,909)
Share premium	1,768	1,850
Retained earnings of prior years	1,277,209	953,600
Net income for the current year	539,111	460,919
Accumulated disclosed reserves*	53,761	53,761
Property and financial assets at fair value through other comprehensive income revaluation reserves	103,445	114,413
Less: goodwill and intangible assets	(11,756)	(10,558)
Common Equity Tier 1 (CET 1) Capital	1,915,629	1,526,076
Additional tier 1		
Subordinated debt	40,983	61,380
Tier 2	40,983	61,380
Total regulatory capital	1,956,612	1,587,456
Risk weighted assets	10,135,289	7,846,507
CET 1 capital adequacy ratio	18.9%	19.45%
Tier 1 capital adequacy ratio	18.9%	19.45%
Total capital adequacy ratio	19.3%	20.23%

*As at 31 December 2022, accumulated disclosed reserves comprised from KZT 53,761 million capital reserve (31 December 2021: KZT 53,761 million capital reserve).

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Notes to the financial statements (continued) For the year ended 31 December 2022 (Millions of Kazakhstani Tenge)

Starting from 1 January 2017, prudential norms on the NBRK, which apply certain principles and methods prescribed by Basel III committee, set minimum CET 1 capital, Additional Tier 1 capital and total capital adequacy ratios at 9.5%, 10.5% and 12.0%, respectively.

As at 31 December 2022 and 2021, the Bank had complied with NBRK's capital requirements.

29. Segment analysis

The Bank 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.

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

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

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

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

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

The segment information below is based on financial information used for performance evaluation by the Bank's Chairperson of the Management Board, the Bank's chief operating decision maker, in accordance with IFRS 8. The Bank's Management reviews discrete financial information for each segment, including evaluation of operating segment results, assets and liabilities. Segment result is the measure reported to the Bank's chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

Segment information for the main reportable business segments of the Bank for the years ended 31 December 2022 and 2021, is set out below:

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Notes to the financial statements (continued)
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	Retail banking	Corporate banking	SME banking	Investment banking	Unallocated	Total
As at 31 December 2022 and for the year then ended						
External revenues	528,819	608,564	204,568	175,457	6,589	1,523,997
Total revenues	528,819	608,564	204,568	175,457	6,589	1,523,997
Total revenues comprise:						
- Interest income	381,398	483,908	139,105	175,457	-	1,179,868
- Fee and commission income, including:	121,234	19,442	30,910	-	-	171,586
<i>Transactional income of individuals</i>	127,679	-	-	-	-	127,679
<i>Transactional income of legal entities</i>	-	8,784	27,079	-	-	35,863
<i>Letters of credit and guarantees issued</i>	-	10,187	2,976	-	-	13,163
<i>Other</i>	-	538	855	-	-	7,102
<i>Loyalty program expenses</i>	5,709	-	-	-	-	(12,221)
- Net gain from financial assets and liabilities at fair value through profit or loss	(12,154)	(67)	-	-	-	10,880
- Net foreign exchange gain	-	10,880	-	-	-	157,865
- Share in profit of associate	26,202	101,370	34,553	-	(4,260)	9,708
- Other expense and income from non-banking activities	(15)	(7,036)	-	-	1,141	(5,910)
Total revenues	528,819	608,564	204,568	175,457	6,589	1,523,997
- Interest expense	(219,866)	(240,535)	(65,788)	(31,977)	(594)	(558,760)
- (Credit loss expense)/recovery of credit loss expense	(72,262)	2,725	(7,421)	192	(8,866)	(85,632)
- Fee and commission expense	(87,752)	(3,890)	(1,033)	(762)	-	(93,437)
- Net realized loss from financial assets at fair value through other comprehensive income	-	-	-	(1,118)	-	(1,118)
- Reversal of previous impairment loss of non-financial assets	-	-	-	-	2,376	2,376
- Loss from impairment assets held for sale	-	-	-	-	(810)	(810)
- Operating expenses	(106,852)	(11,420)	(20,807)	(1,208)	(13,224)	(153,511)
- Other credit loss expense	395	(402)	47	-	-	(20)
Total expenses	(486,397)	(253,522)	(95,002)	(34,873)	(21,118)	(890,912)
Segment result	42,422	355,042	109,566	140,584	(14,529)	633,085
Income before income tax expense	42,422	355,042	109,566	140,584	(14,529)	633,085
Income tax expense	-	-	-	-	(93,974)	(93,974)
Net income	42,422	355,042	109,566	140,584	(14,529)	539,111
Total segment assets	2,269,208	6,481,530	1,120,899	3,003,894	919,306	13,794,837
Total segment liabilities	5,022,768	4,116,323	2,005,561	480,504	283,167	11,908,323
Other segment items:						
Capital expenditures	-	-	-	-	-	(18,483)
Depreciation and amortization	-	-	-	-	-	(11,856)
Investment in associate	-	-	-	-	-	46,413

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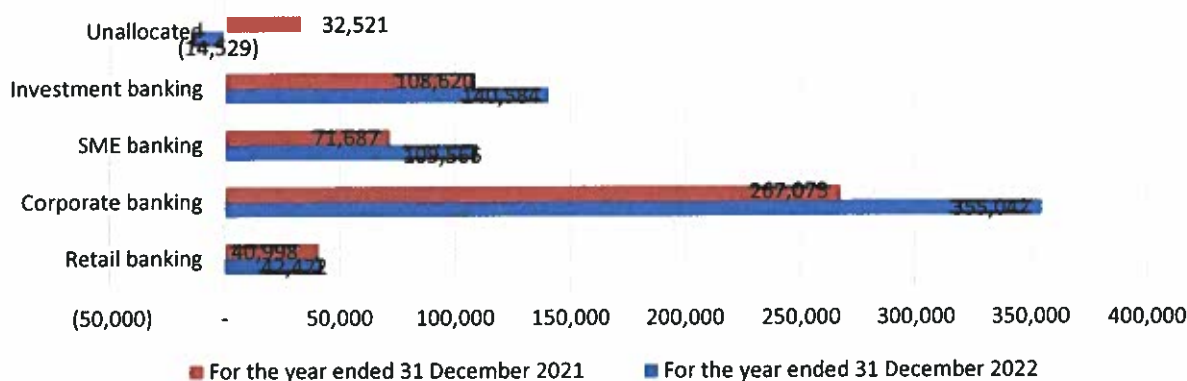
	Retail banking	Corporate banking	SME banking	Investment banking	Unallocated	Total
As at 31 December 2021 and for the year then ended						
External revenues	401,849	367,666	120,441	166,062	27,409	1,083,427
Total revenues	401,849	367,666	120,441	166,062	27,409	1,083,427
Total revenues comprise:						
- Interest income	250,875	314,198	85,112	185,828	-	836,213
- Fee and commission income, including:	138,211	13,497	22,868	-	-	174,576
<i>Transactional income of individuals</i>	108,665	-	-	-	-	108,665
<i>Transactional income of legal entities</i>	-	4,569	19,032	-	-	23,601
<i>Letters of credit and guarantees issued</i>	-	8,612	2,083	-	-	10,695
<i>Other</i>	45,034	316	1,753	-	-	47,103
<i>Loyalty program expenses</i>	(15,488)	-	-	-	-	(15,448)
- Net gain from financial assets and liabilities at fair value through profit or loss	-	11,035	-	-	-	13,035
- Net realised gain from financial assets at fair value through other comprehensive income	-	97	-	-	-	97
- Net foreign exchange gain	12,763	10,934	12,261	-	(9,639)	26,319
- Share in profit of associate	-	-	-	-	6,640	6,640
- Dividends received from subsidiaries	-	18,023	-	-	-	18,023
- Reversal of previous impairment loss of property, plant and equipment	-	-	-	-	5	5
- Loss from impairment assets held for sale	-	-	-	-	(1)	(1)
- Other income and income from non-banking activities	-	(2,118)	-	(19,766)	30,404	8,520
Total revenues	401,849	367,666	120,441	166,062	27,409	1,083,427
- Interest expense	(163,851)	(125,225)	(22,431)	(55,694)	(382)	(367,583)
- Credit loss expense	(27,785)	39,478	(6,669)	(376)	11,613	16,261
- Fee and commission expense	(67,597)	(1,618)	(678)	(258)	-	(70,151)
- Operating expenses	(101,448)	(10,775)	(17,689)	(1,114)	(6,119)	(137,145)
- Other credit loss expense	(170)	(2,453)	(1,287)	-	-	(3,910)
Total expenses	(360,851)	(100,593)	(48,754)	(57,442)	5,112	(562,528)
Segment result	40,998	267,073	71,687	108,620	32,521	520,899
Income before income tax expense	40,998	267,073	71,687	108,620	32,521	520,899
Income tax expense	-	-	-	-	(59,980)	(59,980)
Net income	40,998	267,073	71,687	108,620	32,521	460,919
Total segment assets	1,678,215	5,190,899	823,017	3,042,233	855,913	11,590,277
Total segment liabilities	4,252,796	3,827,028	1,236,358	514,365	220,116	10,052,663
Other segment items:						
Capital expenditures	-	-	-	-	-	(18,558)
Depreciation and amortization	-	-	-	-	-	(10,944)
Investment in associate	-	-	-	-	-	33,774

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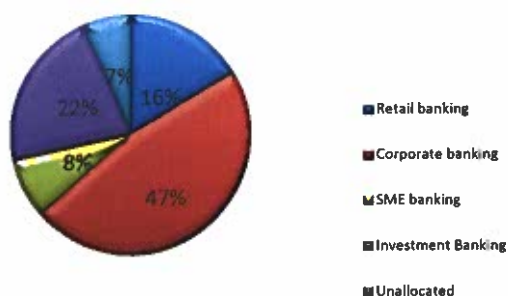
Notes to the financial statements (continued)
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Income before income tax expense by segments were as follows:

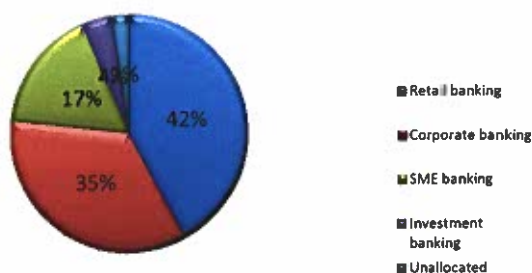
Income before income tax expense



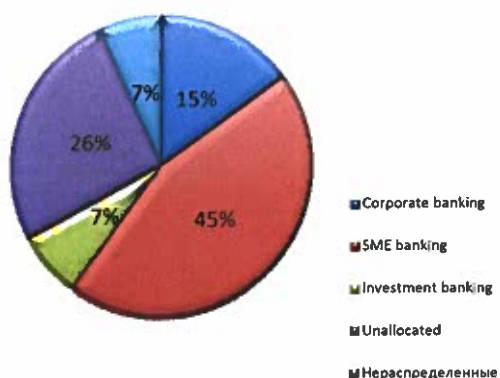
Total segment assets 31 December 2021



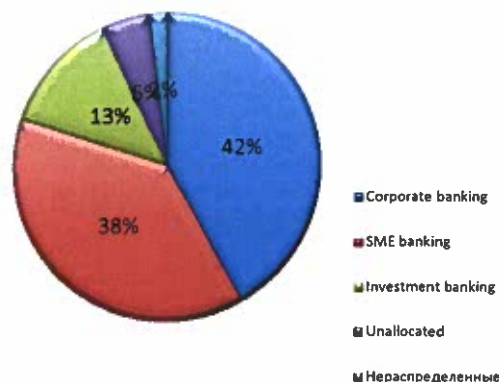
Total segment liabilities 31 December 2022



Total segment assets 31 December 2021



Total segment liabilities 31 December 2021



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Geographical information

Information for the main geographical areas of the Bank is set out below as at 31 December 2022 and 2021, and for the years then ended.

	Kazakhstan	OECD	Non-OECD	Total
2022				
Total assets	12,326,385	1,145,185	323,267	13,794,837
External revenues	1,484,138	31,430	8,429	1,523,997
Capital expenditure	(18,483)	-	-	(18,483)
2021				
Total assets	10,620,483	487,570	482,224	11,590,277
External revenues	1,043,514	26,619	13,294	1,083,427
Capital expenditure	(18,558)	-	-	(18,558)

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 in the Republic of Kazakhstan.

30. 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 Bank's financial assets and financial liabilities measured at fair value on a recurring basis.

Some of the Bank'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).

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 Bank 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 recognising a change in the valuations would have on the assets reported on its statement of financial position as well as its profit/(loss) could be material.

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.

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The table below summarises the Bank's financial assets and liabilities held at fair value by valuation methodology at 31 December 2021 and 2020:

Financial Assets/Liabilities	Fair value at		Fair value hierarchy	Valuation technique(s) and key input(s)		Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	31 December 2022	31 December 2021					
Non-derivative financial assets at fair value through profit or loss, excluding options (Note 7)	9,737	-	Level 1	Quoted prices in an active market		Not applicable	Not applicable
Derivative financial assets at fair value through profit or loss, excluding options (Note 7)	10,513	5,101	Level 2	Discounted cash flows. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period).		Not applicable	Not applicable
Total financial assets at fair value through profit or loss	20,250	5,101					
Derivative financial liabilities at fair value through profit or loss excluding options (Note 7)	9,642	1,761	Level 2	Discounted cash flows. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period).		Not applicable	Not applicable
Financial liabilities at fair value through profit or loss	9,642	1,761					
Non-derivative financial assets at fair value through other comprehensive income (Note 9)	1,676,889	1,268,834	Level 1	Quoted prices in an active market		Not applicable	Not applicable
Non-derivative financial assets at fair value through other comprehensive income (Note 9)	334,312	496,577	Level 2	Quoted prices in a market that is not active.		Not applicable	Not applicable
Financial assets at fair value through other comprehensive income	2,011,201	1,765,411					

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There were no transfers between Level 1 and 2, nor between Levels 2 and 3, during the years ended 31 December 2022 and 2021.

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 Bank to estimate the fair value of financial instruments not carried at fair value.

Amounts due from and to credit institutions

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

Loans to customers

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

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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:

	31 December 2022		31 December 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Amounts due from credit institutions	283,943	304,803	759,826	743,515
Loans to customers	7,672,379	7,234,399	5,671,485	5,550,383
Debt securities at amortised cost, net of allowances for expected credit losses	982,956	910,232	1,276,822	1,198,006
Financial liabilities				
Amounts due to customers	10,332,790	10,345,610	8,315,077	8,501,343
Amounts due to credit institutions	847,522	851,267	1,026,123	1,019,333
Debt securities issued	470,862	432,391	514,365	491,486

	31 December 2022			
	Level 1	Level 2	Level 3	Total fair value
Financial assets				
Amounts due from credit institutions	-	304,803	-	304,803
Loans to customers	-	-	7,234,399	7,234,399
Debt securities at amortised cost, net of allowances for expected credit losses	-	910,232	-	910,232
Financial liabilities				
Amounts due to customers	-	10,345,610	-	10,345,610
Amounts due to credit institutions	-	851,267	-	851,267
Debt securities issued	-	432,391	-	432,391

	31 December 2021			
	Level 1	Level 2	Level 3	Total fair value
Financial assets				
Amounts due from credit institutions	-	743,515	-	743,515
Loans to customers	-	-	5,550,383	5,550,383
Debt securities at amortised cost, net of allowances for expected credit losses	-	1,198,006	-	1,198,006
Financial liabilities				
Amounts due to customers	-	8,501,343	-	8,501,343
Amounts due to credit institutions	-	1,019,333	-	1,019,333
Debt securities issued	-	491,486	-	491,486

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

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Notes to the financial statements (continued)
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31. 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.

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

As at 31 December 2022 and 2021, the Bank had the following transactions outstanding with related parties:

	31 December 2022		31 December 2021	
	Related party balances	Total category as per financial statements caption	Related party balances	Total category as per financial statements caption
Cash and cash equivalents	601	1,930,222	26,611	1,322,341
-subsidiaries	601		26,611	
Amounts due from credit institutions	157,894	283,943	177,914	759,826
-subsidiaries	157,894		177,914	
Investments in subsidiaries	371,141	371,141	349,411	349,411
-subsidiaries	371,141		349,411	
Loans to customers before allowances for expected credit losses	160,638	8,083,130	187,630	6,013,941
-entities with joint control or significant influence over the Bank	42,284		35,163	
-key management personnel of the Bank or its parent	392		-	
-subsidiaries	117,962		152,466	
-other related parties	-		1	
Allowances for expected credit losses	(6,262)	(410,751)	(7,331)	(342,456)
-entities with joint control or significant influence over the Bank	(177)		(178)	
-subsidiaries	(6,080)		(7,153)	
-key management personnel of the Bank or its parent	(5)		-	
-other related parties	-		-	
Other assets	499	94,434	6,241	75,269
-subsidiaries	499		6,241	
Other liabilities	1,241	173,772	1,134	123,134
-subsidiaries	1,241		1,134	
Investments in associate	42,005	42,005	33,773	33,773
Amounts due to customers	532,976	10,332,790	430,646	8,315,077
-the parent	434,987		341,847	
-entities with joint control or significant influence over the Bank	60,332		31,895	
-key management personnel of the Bank or its parent	10,243		12,417	
-subsidiaries	16,752		15,535	
-other related parties	10,662		28,952	
Amounts due to credit institutions	4,300	847,522	6,805	1,026,123
-subsidiaries	1,609		5,709	
-investments in associate	2,691		1,096	
Debt securities issued	20	470,862	836	514,365
-subsidiaries	20		836	

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Included in the statements of profit or loss for the years ended 31 December 2022 and 2021, are the following amounts which arose due to transactions with related parties:

	Year ended 31 December 2022		Year ended 31 December 2021	
	Related party transactions	Total category as per financial statements caption	Related party transactions	Total category as per financial statements caption
Interest income calculated using the effective interest method	35,229	1,179,868	29,517	836,213
-entities with joint control or significant influence over the Bank	2,561		3,964	
-subsidiaries	32,646		25,552	
- associates	22		1	
Interest expense	(9,466)	(558,760)	(21,442)	(367,583)
-the parent	(3,668)		(3,865)	
-entities with joint control or significant influence over the Bank	(3,563)		(404)	
-key management personnel of the Bank or its parent	(140)		(160)	
-subsidiaries	(1,909)		(16,284)	
-other related parties	(186)		(729)	
Fee and commission income	6,256	171,586	53,627	174,576
-subsidiaries	6,256		53,627	
Fee and commission expense	(3,841)	(93,437)	(5,635)	(70,151)
-subsidiaries	(3,841)		(5,509)	
-associates	-		(126)	
Dividends received from subsidiaries	-	-	18,023	18,023
-subsidiaries	-		18,023	
Operating expenses	(9,488)	(153,511)	(15,235)	(137,145)
-subsidiaries	(9,488)		(13,235)	
- entities with joint control or significant influence over the entity	-		(2,000)	
Share in profit of associate	9,708	9,708	6,640	6,640
Other income	716	(7,264)	741	5,410
-subsidiaries	716		741	
Net gain from financial assets and liabilities at fair value through profit or loss	1,401	10,880	1,794	13,035
-subsidiaries	1,401		1,794	
Net foreign exchange gain	1,486	157,865	3,642	26,319
-subsidiaries	1,486		3,642	

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	Year ended 31 December 2022		Year ended 31 December 2021	
	Related party transactions	Total category as per financial statements caption	Related party transactions	Total category as per financial statements caption
Key management personnel compensation:				
-salaries and other employee benefits	3,816	82,218	3,544	72,355
	3,816		3,544	

32. Subsequent events

Management has not identified events occurred after 31 December 2022, requiring recognition or disclosure.