

ForteBank Joint Stock Company

Interim condensed consolidated financial statements

*30 September 2022
with report on review of interim financial information*

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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

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Report on Review of Interim Financial Information

To the shareholders and Board of Directors of ForteBank Joint Stock Company

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of ForteBank Joint Stock Company and its subsidiaries, which comprise the interim condensed consolidated statements of comprehensive income for the three- and nine-month periods ended 30 September 2022, the interim condensed consolidated statement of financial position as at 30 September 2022, the interim condensed consolidated statements of cash flows and changes in equity for the nine-month period ended 30 September 2022, and selected explanatory notes (interim financial information).

Management of ForteBank Joint Stock Company is responsible for the preparation and presentation of this interim financial information in accordance with IAS 34, *Interim Financial Reporting*. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information of ForteBank Joint Stock Company and its subsidiaries is not prepared, in all material respects, in accordance with IAS 34, *Interim Financial Reporting*.

Ernst & Young LLP

Olga Khegay
Auditor

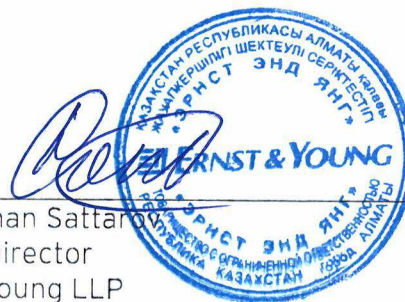


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29 November 2022

Rustamzhan Sattar
General Director
Ernst & Young LLP



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the territory of the Republic of Kazakhstan:
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the Ministry of Finance of the Republic of
Kazakhstan on 15 July 2005

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**For the nine-month period ended 30 September 2022***(millions of tenge)*

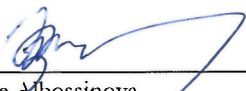
Note	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	2022 (unaudited)	2021 (unaudited)	2022 (unaudited)	2021 (unaudited)
Interest revenue calculated using effective interest rate	4	70,627	47,581	183,546
Other interest revenue	4	543	304	1,353
Interest expense	4	(36,049)	(25,253)	(93,235)
Net interest income		35,121	22,632	91,664
Fee and commission income	5	9,899	10,047	26,446
Fee and commission expense	5	(3,280)	(3,334)	(8,788)
Net (loss)/gain on transactions with financial instruments at fair value through profit or loss		(2,694)	(962)	1,397
Net (loss)/income on derecognition of investment securities at fair value through other comprehensive income		(7)	(42)	14
Net gain from foreign currencies	6	15,345	3,820	38,857
Other income	9	846	1,972	2,999
Non-interest income		20,109	11,501	60,925
Credit loss expense	7	(10,028)	(1,293)	(21,037)
Net (loss)/gain upon derecognition of financial assets measured at amortized cost	18	(1,767)	1,192	(3,441)
General and administrative expenses	8	(13,410)	(14,614)	(44,617)
Other expenses	9	(1,056)	(1,167)	(4,527)
Non-interest expense		(26,261)	(15,882)	(73,622)
Profit before corporate income tax expenses		28,969	18,251	78,967
Corporate income tax benefit/(expense)	10	2,313	(700)	(2,383)
Profit for the period		31,282	17,551	76,584
Attributable to:				
- shareholders of the Bank	22	31,282	17,551	76,584
- non-controlling interests		-	-	-
		31,282	17,551	76,584
Other comprehensive income				
Other comprehensive (loss)/income to be reclassified to profit or loss in the subsequent periods				
Net change in fair value of debt instruments at fair value through other comprehensive income		(1,265)	218	(31,843)
Income tax relating to components of other comprehensive income		205	(13)	1,041
Changes in allowance for expected credit losses of debt instruments at fair value through other comprehensive income	7	118	(640)	126
Amount reclassified to profit or loss as a result of derecognition of debt instruments measured at fair value through other comprehensive income		7	42	(14)
Other comprehensive (loss) /income for the period, net of tax		(935)	(393)	(30,690)
Total comprehensive income for the period		30,347	17,158	45,894
Attributable to:				
- shareholders of the Bank		30,347	17,158	45,894
- non-controlling interests		-	-	-
		30,347	17,158	45,894
Basic and diluted earnings per share (in tenge)	22	0.35	0.20	0.85

Signed and authorised for release on behalf of the Management Board of the Bank.



Aliya Dykanbayeva,
Acting Chairman of the Management Board

29 November 2022



Zaure Albosinova
Chief Accountant – Managing Director

The accompanying selected notes on pages 6 to 63 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**As at 30 September 2022***(millions of tenge)*

	<i>Note</i>	<i>30 September 2022 (unaudited)</i>	<i>31 December 2021</i>
Assets			
Cash and cash equivalents	11	407,146	432,948
Amounts due from financial institutions	12	30,653	46,990
Trading securities	13	2,548	2,970
Loans to customers	14	1,031,191	808,948
Investment securities	15	1,020,265	985,109
Property and equipment		59,940	62,637
Intangible assets		13,808	14,071
Other assets	16	65,696	72,116
Total assets		2,631,247	2,425,789
Liabilities			
Current accounts and deposits of customers	17	1,882,298	1,733,759
Amounts due to banks and other financial organizations	18	66,077	85,189
Amounts payable under repurchase agreements		56,802	25,064
Debt securities issued	19	250,625	253,120
Deferred tax liabilities	10	15,308	13,987
Subordinated debt	20	17,552	20,503
Other liabilities	16	18,994	16,470
Total liabilities		2,307,656	2,148,092
Equity			
Share capital	21	332,815	332,815
Additional paid-in capital		23,651	23,651
Treasury shares	21	(3,465)	(3,465)
Fair value reserve		(22,553)	8,137
Accumulated losses		(6,857)	(83,441)
Total equity		323,591	277,697
Total equity and liabilities		2,631,247	2,425,789

The accompanying selected notes on pages 6 to 63 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**For the nine-month period ended 30 September 2022***(millions of tenge)*

	Note	For the nine-month period ended 30 September	
		2022 (unaudited)	2021 (unaudited)
Cash flows from operating activities			
Interest income received	4	184,257	131,942
Interest expenses paid	4	(76,361)	(53,545)
Fee and commission income received		26,247	30,243
Fee and commission expenses paid		(8,816)	(11,742)
Net realized gain/(loss) from financial instruments at fair value through profit or loss		612	(1,325)
Net realised gains from foreign currencies	6	37,095	8,673
Other operating expenses less income paid		(1,700)	1,058
General and administrative expenses paid		(37,653)	(33,869)
Decrease/(increase) in operating assets			
Amounts due from financial institutions		20,212	6,641
Trading securities		1,201	4,910
Loans to customers		(244,754)	(23,828)
Other assets		9,861	16,382
Increase /(decrease) in operating liabilities			
Current accounts and deposits of customers		104,986	203,901
Amounts due to banks and other financial organizations		(12,495)	1,379
Amounts payable under repurchase agreements		31,532	33,158
Other liabilities		(1,998)	1,392
Net cash from operating activities before corporate income tax		32,226	315,370
Corporate income tax paid		(22)	(20)
Net cash flow from operating activities		32,204	315,350
Cash flows from investing activities			
Acquisition of investment securities at amortised cost		(6,810)	(50,316)
Proceeds from redemption of investment securities at amortised cost		888	51,768
Purchase of investment securities at fair value through other comprehensive income		(178,334)	(461,539)
Proceeds from sale of investment securities at fair value through other comprehensive income		4,944	11,990
Proceeds from redemption of investment securities at fair value through other comprehensive income		133,878	381,271
Acquisition of property and equipment and intangible assets		(3,853)	(3,897)
Proceeds from sale of property and equipment and intangible assets		68	2
Net cash used in investing activities		(49,219)	(70,721)
Cash flows from financing activities			
Dividends paid to shareholders of the Bank	21	—	(52,961)
Issue of debt securities		12,827	—
Repayment of lease liabilities		(627)	(662)
Repayment of subordinated debt	20	(3,148)	—
Redemption of debt securities issued		(34,306)	—
Repurchase of debt securities issued		—	(1,078)
Net cash used in financing activities		(25,254)	(54,701)
Net change in cash and cash equivalents		(42,269)	189,928
Effect of exchange rates changes on cash and cash equivalents		16,484	5,745
Effect of expected credit losses on cash and cash equivalents		(17)	(1)
Cash and cash equivalents, beginning		432,948	311,632
Cash and cash equivalents, ending		407,146	507,304
Non-cash transactions			
Withdrawal of collateral on loans to customers	14	966	3,797

The accompanying selected notes on pages 6 to 63 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**For the nine-month period ended 30 September 2022***(millions of tenge)*

	<i>Equity attributable to shareholders of the Bank</i>					<i>Total equity</i>
	<i>Share capital</i>	<i>Additional paid-in capital</i>	<i>Treasury shares</i>	<i>Fair value reserve</i>	<i>Accumulated losses</i>	
As at 1 January 2022	332,815	23,651	(3,465)	8,137	(83,441)	277,697
Profit for the period (unaudited)	–	–	–	–	76,584	76,584
Other comprehensive income for the period (unaudited)	–	–	–	(30,690)	–	(30,690)
Total comprehensive income for the period (unaudited)	–	–	–	(30,690)	76,584	45,894
As at 30 September 2022 (unaudited)	332,815	23,651	(3,465)	(22,553)	(6,857)	323,591

The accompanying selected notes on pages 6 to 63 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

	<i>Equity attributable to shareholders of the Bank</i>					<i>Total equity</i>
	<i>Share capital</i>	<i>Additional paid-in capital</i>	<i>Treasury shares</i>	<i>Fair value reserve</i>	<i>Accumulated losses</i>	
As at 1 January 2021	332,815	21,109	(5,260)	9,207	(94,540)	263,331
Profit for the period (unaudited)	—	—	—	—	49,177	49,177
Other comprehensive income for the period (unaudited)	—	—	—	186	—	186
Total comprehensive income for the period (unaudited)	—	—	—	186	49,177	49,363
Dividends declared (Note 21) (unaudited)	—	—	—	—	(52,961)	(52,961)
As at 30 September 2021 (unaudited)	332,815	21,109	(5,260)	9,393	(98,324)	259,733

The accompanying selected notes on pages 6 to 63 are an integral part of these interim condensed consolidated financial statements.

(millions of tenge)

1 General

Principal activities

These interim condensed consolidated financial statements include financial statements of ForteBank Joint Stock Company (hereinafter, the “Bank”) and its subsidiaries (hereinafter, the “Group”).

The Bank was formed in 1999 under the laws of the Republic of Kazakhstan. On 10 February 2015, the Bank was reregistered to ForteBank JSC (formerly, Alliance Bank JSC).

Legal address of the Bank’s head office: 010017, Republic of Kazakhstan, Astana, Dostyk Str. 8/1. The Bank’s activities are regulated by the Agency for Regulation and Development of the Financial Market of the Republic of Kazakhstan (hereinafter, the “AFM”). The Bank operates under license No. 1.2.29/197/36 for conducting banking and other activities and operations on securities market stipulated by the banking legislation, issued by the AFM on 3 February 2020, which replaces previous licenses.

The Group’s primary business is related to commercial banking activities, granting of loans and guarantees, accepting deposits, exchanging foreign currencies, dealing with securities, transferring cash payments, as well as providing other banking services. Some debt securities issued by the Bank are listed on the London Stock Exchange, the Luxembourg Stock Exchange and the Kazakhstan Stock Exchange (hereinafter - the “KASE”) and Astana International Exchange (“AIX”).

The Bank is a participant of the Kazakhstan Deposit Insurance Fund (hereinafter, the “KDIF”). The primary objective of the KDIF is to protect interests of depositors in the event of forced liquidation of the participant bank. As at 30 September 2022 and 31 December 2021, depositors can receive limited insurance coverage for deposits, depending on the currency and type of the deposit: in tenge – up to 10 million tenge, in foreign currencies – up to 5 million tenge, savings deposits in tenge - up to 20 million tenge (31 December 2021 - up to 15 million tenge).

As at 30 September 2022 and 31 December 2021, the Group includes the following subsidiaries:

<i>Name</i>	<i>Country of incorporation</i>	<i>Principal activities</i>	<i>Ownership, %</i>	
			<i>30 September 2022 (unaudited)</i>	<i>31 December 2021</i>
ForteLeasing JSC	Republic of Kazakhstan	Leasing operations	100.00	100.00
OUSA Alliance LLP	Republic of Kazakhstan	Management of doubtful and bad assets	100.00	100.00
OUSA-F LLP	Republic of Kazakhstan	Management of doubtful and bad assets	100.00	100.00
ONE Technologies LLP	Republic of Kazakhstan	Software development	100.00	100.00
ForteFinance JSC	Republic of Kazakhstan	Brokerage and dealer activities, investment portfolio management activities	100.00	100.00

Shareholders

As at 30 September 2022, Mr. B. Zh. Utemuratov is beneficial owner of 89.32% of the outstanding common shares of the Bank and is an ultimate controlling shareholder of the Group (31 December 2021: 89.32%). The rest of the shares are held by other shareholders, none of which owns more than 5% of the shares.

(millions of tenge)

2 Basis of preparation

General

The interim condensed consolidated financial statements for the nine-month period ended 30 September 2022 have been prepared in accordance with International Accounting Standard (IAS) 34 *“Interim Financial Reporting”*.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements as at 31 December 2021.

The interim condensed consolidated financial statements are presented in millions of Kazakh Tenge (“Tenge” or “KZT”), unless otherwise is stated.

Functional and presentation currency of consolidated financial statements

The functional currency of the Bank and its subsidiaries is Tenge as, being the national currency of the Republic of Kazakhstan, it reflects the economic substance of the majority of the Group's transactions and circumstances relevant to them affecting its activities.

The Kazakhstani Tenge is also the presentation currency for the purposes of these interim condensed consolidated financial statements.

Financial information of the interim condensed consolidated financial statements is rounded to the nearest million.

Impact of the COVID-19 pandemic

Due to the rapid spread of the COVID-19 pandemic in 2020, many governments, including the Government of the Republic of Kazakhstan, have introduced various measures to combat the outbreak, including enforcement of travel restrictions, quarantines, closure of businesses and other venues, and lockdown of certain areas. Some of the above measures were also taken during the nine-month period ended 30 September 2022 and continue to impact the global supply chain, demand for goods and services, as well as scale of business activity. The Group continues to assess the effect of the pandemic and changes in economic conditions on its activities, financial position and financial results.

Influence of domestic political and geopolitical events in the world

In February 2022, due to the conflict between the Russian Federation and Ukraine, numerous sanctions were announced against the Russian Federation by most Western countries. These sanctions are intended to have a negative economic impact on the Russian Federation. Due to the growing geopolitical tensions, since February 2022, there has been a significant increase in volatility in the stock and currency markets, as well as a significant volatility of Tenge against the US dollar and Euro. On 25 July 2022, the Monetary Policy Committee of the National Bank of the Republic of Kazakhstan (“NBRK”) made an extraordinary decision to raise the base rate to 14.5% per annum with an interest rate collar of +/- 1%.

For the purpose of managing the country risk, the Bank controls transactions with counterparties within the limits set by the Bank's collegial body, which are reviewed regularly. The Group continues to assess the effect of these events and changes in economic conditions on its operations, financial position and financial performance.

Changes in accounting policy

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2021, except for the adoption of new standards effective as of 1 January 2022. The nature and the effect of these changes are disclosed below.

Amendments to IFRS 3 Reference to the Conceptual Framework

In May 2020, the IASB issued Amendments to IFRS 3 *Business Combinations - Reference to the Conceptual Framework*. The amendments are intended to replace a reference to the *Framework for the Preparation and Presentation of Financial Statements*, issued in 1989, with a reference to the *Conceptual Framework for Financial Reporting* issued in March 2018 without significantly changing its requirements.

(millions of tenge)

2 Basis of preparation (continued)

Changes in accounting policies (continued)

Amendments to IFRS 3 Reference to the Conceptual Framework (continued)

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential ‘day 2’ gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 *Levies*, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the *Framework for the Preparation and Presentation of Financial Statements*.

The amendments had no impact on the Group’s interim condensed consolidated financial statements.

Amendments to IAS 16 Property, Plant and Equipment — Proceeds before Intended Use

In May 2020, the IASB issued *Property, Plant and Equipment — Proceeds before Intended Use*, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendments had no impact on the Group’s interim condensed consolidated financial statements.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments had no impact on the Group’s interim condensed consolidated financial statements.

IFRS 1 First-time Adoption of International Financial Reporting Standards – a subsidiary adopting International Financial Reporting Standards for the first time

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 *First-time Adoption of International Financial Reporting Standards*. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent’s date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

The amendments had no impact on the Group’s interim condensed consolidated financial statements.

(millions of tenge)

2 Basis of preparation (continued)

Changes in accounting policies (continued)

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

These amendments had no significant impact on the Group's interim condensed consolidated financial statements.

3 Significant accounting judgments and estimates

Estimation uncertainty

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

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

In the process of applying the Group's accounting policies, management has used its judgements and made estimates in determining the amounts recognized in the interim condensed consolidated financial statements. The most significant use of judgements and estimates are as follows:

Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded in the interim condensed consolidated statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values.

Collateral assessment

The Group management performs monitoring of collateral on a regular basis. The management of the Group uses experienced judgements or an independent assessment in order to adjust the cost of collateral considering the current market situation.

Expected credit losses from financial assets

The measurement of impairment losses both under IFRS 9 across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining the ECL and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances for ECL. In addition, large-scale business disruptions can lead to liquidity problems for some organizations and consumers. The deterioration in the credit quality of loan portfolios and trade receivables (among other things) resulting from the COVID-19 pandemic could have a significant impact on the Group's ECL measurement. The Group's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies.

(millions of tenge)

3 Significant accounting judgments and estimates (continued)

Estimation uncertainty (continued)

Expected credit losses on financial assets (continued)

Elements of the ECL models that are considered accounting judgements and estimates include:

- The Group's internal credit grading model, which assigns PDs to the individual grades;
- The Group's criteria for assessing if there has been a significant increase in credit risk and so ECL allowances for financial assets should be measured on a LTECL basis and the qualitative assessment;
- The segmentation of financial assets when their ECL is assessed on a collective basis;
- Development of ECL models, including the various formulas and the choice of inputs;
- Identification of relationships between macroeconomic scenarios and economic data, such as the US dollar exchange rate, inflation, and the real wage index, and the effect on Probability of Default (PD), Exposure at Default (EAD), and Loss on Default (LGD); and
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

Forward-looking information and multiple economic scenarios

For the purpose of ECL allowance calculation as at 30 September 2022, the Group took into account the following:

- Rate of inflation;
- Foreign exchange rates;
- Price per barrel of Brent crude oil;
- Index of the physical volume of gross value added (IPV of GVA) of internal trade;
- Base rate;
- Real salary index;
- Number of new COVID-19 infections.

(millions of tenge)

3 Significant accounting judgments and estimates (continued)

Estimation uncertainty (continued)

Forward-looking information and multiple economic scenarios (continued)

The Group obtains the forward-looking information from third party sources (external rating agencies, governmental bodies e.g. NBRK and international financial institutions). Experts of the Group's Strategic Risks Function determine the weights attributable to the multiple scenarios. A range of forecast values of key factors used by segments/subsegments depending on scenario weights in the ECL calculation as at 30 September 2022 are presented below:

<i>Key drivers</i>	<i>ECL scenario</i>	<i>Assigned probabilities, %</i>	<i>Forecast</i>
USD/KZT exchange rate	Positive	16%	494.06
	Base case	68%	535.00
	Negative	16%	579.00
Rate of inflation, %	Positive	16%	7.90%
	Base case	68%	9.90%
	Negative	16%	11.90%
Price per barrel of Brent crude oil;	Positive	16%	97.07
	Base case	68%	86.25
	Negative	16%	76.94
IPV of GVA of internal trade	Positive	16%	115.50
	Base case	68%	106.15
	Negative	16%	97.55
Base rate	Positive	16%	11.65%
	Base case	68%	14.81%
	Negative	16%	18.67%
Real salary index	Positive	16%	104.33
	Base case	68%	102.18
	Negative	16%	100.06
Number of new COVID-19 infections	Positive	16%	308
	Base case	68%	730
	Negative	16%	1,682

As at 30 September 2022, the Group has revised key macroeconomic factors used in ECL calculations. As a result of the amendments, the allowance for ECL was increased by the total of 139 million tenge.

The amount of ECL allowance on loans to customers recognized in the interim condensed consolidated statement of financial position as at 30 September 2022 was 49,655 million tenge (31 December 2021: 38,191 million tenge). More details are provided in Note 14.

(millions of tenge)

3 Significant accounting judgments and estimates (continued)

Estimation uncertainty (continued)

Determining the lease term of contracts with renewal options

The Group defines the lease term as a lease period not prematurely terminated, together with the periods for which the renewal option is provided, if it is reasonably certain that it will be exercised, or the periods for which the termination option is provided, if it is reasonably certain that it will not be exercised.

The Group has the option, under some of its leases to lease the assets for additional term of three to five years. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, the Group considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

Leases – estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group ‘would have to pay’, which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary’s functional currency).

Taxes

The Republic of Kazakhstan currently has a single Tax Code that regulates main taxation matters. The existing taxes include value added tax, corporate income tax, social and other taxes. Implementing regulations are often unclear or non-existent and insignificant amount of precedents has been established. Often, differing opinions regarding legal interpretation exist both among and within government ministries and organisations; thus creating uncertainties and areas of conflict. Tax declarations, together with other legal compliance areas (as 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.

The management believes that the Group’s tax position as at 30 September 2022 and 31 December 2021 was in compliance with tax laws of the Republic of Kazakhstan regulating its activities. However, the risk remains that relevant authorities could take differing positions with regard to interpretive tax issues.

Assessment of recoverability of deferred income tax assets requires to use subjective judgements by the Group’s management around the likely timing and the level of future taxable profit together with the tax planning strategy.

The management believes that deferred income tax assets as at 30 September 2022 are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences, unused tax losses and credits can be utilised, and deferred income tax assets are reduced to the extent that taxable profit will be available against which the deductible temporary differences can be utilised.

(millions of tenge)

4 Net interest income

Net interest income comprises:

	<i>For the three-month period ended 30 September</i>		<i>For the nine-month period ended 30 September</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Interest revenue calculated using effective interest rate				
Loans to customers	45,338	28,706	114,350	85,752
Debt investment securities at FVOCI	15,369	11,257	44,232	32,546
Investment securities measured at amortized cost	4,524	4,532	13,457	14,678
Amounts due from financial institutions	4,506	2,423	5,717	4,041
Receivables under reverse repurchase agreements	550	663	5,215	1,917
Other financial assets	340	—	575	—
	70,627	47,581	183,546	138,934
Other interest revenue				
Trading securities	—	1	—	3
Finance lease receivables	543	303	1,353	821
	71,170	47,885	184,899	139,758
Interest expense				
Current accounts and deposits of customers	(22,897)	(14,610)	(56,738)	(40,222)
Debt securities issued	(7,370)	(7,494)	(22,820)	(22,026)
Amounts due to banks and other financial organizations	(1,608)	(1,864)	(4,348)	(5,336)
Subordinated debt	(341)	(404)	(1,124)	(1,212)
Amounts payable under repurchase agreements	(3,833)	(881)	(8,205)	(1,660)
	(36,049)	(25,253)	(93,235)	(70,456)
Net interest income	35,121	22,632	91,664	69,302

Interest revenue calculated using the effective interest rate for the nine-month period ended 30 September 2022 includes income of 6,082 million tenge representing the unwinding of discount on loans to customers (for the nine-month period ended 30 September 2021: 6,313 million tenge).

Expenses for mandatory contributions to KDIF are included in interest expense on current accounts and deposits from customers.

Interest income received is as follows:

	<i>For the nine-month period ended 30 September</i>	
	<i>2022</i>	<i>2021</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Interest income received		
Loans to customers	111,400	79,949
Debt investment securities at FVOCI	48,895	34,126
Investment securities measured at amortized cost	11,677	10,950
Receivables under reverse repurchase agreements	5,215	1,917
Amounts due from financial institutions	5,717	4,041
Finance lease receivables	1,353	804
Trading securities	—	155
	184,257	131,942

*(millions of tenge)***4 Net interest income (continued)**

Interest expense paid comprise:

	<i>For the nine-month period ended 30 September</i>	
	<i>2022</i>	<i>2021</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Interest expenses paid		
Current accounts and deposits of customers	(57,181)	(40,969)
Amounts payable under repurchase agreements	(7,999)	(1,441)
Debt securities issued	(6,669)	(6,629)
Amounts due to banks and other financial organizations	(3,586)	(3,580)
Subordinated debt	(926)	(926)
	(76,361)	(53,545)

5 Fee and commission income and expenses

Fee and commission income is as follows:

	<i>For the three-month period ended 30 September</i>		<i>For the nine-month period ended 30 September</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Card operations	4,379	5,960	12,139	17,386
Settlement transactions	2,756	1,926	7,033	5,667
Cash transactions	1,610	1,162	4,208	3,189
Commissions on guarantees and letters of credits	658	588	1,797	1,716
Foreign currency transactions and transactions with securities	71	90	213	238
Other	425	321	1,056	955
	9,899	10,047	26,446	29,151

Fee and commission expense is as follows:

	<i>For the three-month period ended 30 September</i>		<i>For the nine-month period ended 30 September</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Maintenance of card accounts	(2,529)	(2,907)	(6,949)	(10,361)
Maintenance of nostro accounts	(233)	(122)	(532)	(342)
Settlement transactions	(127)	(68)	(350)	(248)
Customer accounts services by financial agents	(39)	(53)	(94)	(137)
Foreign currency transactions and transactions with securities	(36)	(23)	(98)	(76)
Other	(316)	(161)	(765)	(578)
	(3,280)	(3,334)	(8,788)	(11,742)

Revenue from contracts with customers recognized in the interim condensed consolidated statement of comprehensive income for the nine-month period ended 30 September 2022 and 2021 primarily represents fee and commission income of 26,446 million tenge and 29,151 million tenge, respectively.

At 30 September 2022 and 31 December 2021, the Bank recognized contract assets related to contracts with customers in the amount of 1,642 million tenge and 1,443 million tenge in the interim condensed consolidated statement of financial position within other assets, respectively.

The Group usually collects fees and commissions in advance of completion of the underlying transaction or shortly thereafter (for contracts where performance obligation is satisfied point in time, such as settlement transactions).

*(millions of tenge)***5 Fee and commission income and expenses (continued)**

The Group applies the practical expedient in paragraph 121 of IFRS 15 and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

6 Net gain from foreign currencies

Net gains from foreign currencies comprise:

	<i>For the three-month period ended 30 September</i>		<i>For the nine-month period ended 30 September</i>	
	<i>2022</i>	<i>2021 (unaudited)</i>	<i>2022</i>	<i>2021</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Foreign exchange revaluation, net	2,922	727	1,762	(205)
Dealing transactions, net	12,423	3,093	37,095	8,673
	15,345	3,820	38,857	8,468

7 Credit loss expense

Credit loss expenses comprised the following:

	<i>For the three-month period ended 30 September</i>		<i>For the nine-month period ended 30 September</i>	
	<i>2022</i>	<i>2021 (unaudited)</i>	<i>2022</i>	<i>2021</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Cash and cash equivalents	13	—	(17)	—
Amounts due from financial institutions	(4)	(39)	(80)	(16)
Loans to customers (Note 14)	(9,526)	(2,007)	(20,344)	(10,746)
Investment securities measured at amortized cost	(3)	184	(33)	457
Investment securities measured at FVOCI	(118)	640	(126)	625
Other financial assets	(390)	(43)	(342)	(125)
Financial guarantees, letters of credit and undrawn loan commitments	—	(28)	(95)	390
	(10,028)	(1,293)	(21,037)	(9,415)

(millions of tenge)

8 General and administrative expenses

General and administrative expenses comprise:

	<i>For the three-month period ended 30 September</i>		<i>For the nine-month period ended 30 September</i>	
	<i>2022 (unaudited)</i>	<i>2021 (unaudited)</i>	<i>2022 (unaudited)</i>	<i>2021 (unaudited)</i>
Salary and related taxes	(7,782)	(8,796)	(27,770)	(21,130)
Depreciation and amortization	(2,057)	(2,052)	(6,142)	(6,077)
Repair and maintenance	(872)	(1,057)	(2,562)	(2,449)
Taxes other than corporate income tax	(740)	(675)	(2,265)	(2,000)
Maintenance of buildings	(374)	(411)	(1,210)	(1,158)
Advertising and marketing	(332)	(631)	(1,047)	(1,312)
Charity and sponsorship	(321)	(23)	(879)	(107)
Security	(209)	(234)	(645)	(630)
Telecommunication and information services	(178)	(217)	(507)	(479)
Encashment	(134)	(127)	(358)	(304)
Transportation expenses	(108)	(113)	(347)	(315)
Rent	(73)	(92)	(241)	(270)
Other professional services	(59)	(95)	(203)	(221)
Business trips	(54)	(42)	(120)	(84)
Other	(117)	(49)	(321)	(306)
	(13,410)	(14,614)	(44,617)	(36,842)

General and administrative expenses comprise the following:

	<i>For the three-month period ended 30 September</i>		<i>For the nine-month period ended 30 September</i>	
	<i>2022 (unaudited)</i>	<i>2021 (unaudited)</i>	<i>2022 (unaudited)</i>	<i>2021 (unaudited)</i>
Sales and marketing	(5,381)	(7,773)	(22,314)	(17,557)
Development of technologies and new products	(2,497)	(2,862)	(8,272)	(6,935)
Other	(5,532)	(3,979)	(14,031)	(12,350)
	(13,410)	(14,614)	(44,617)	(36,842)

9 Other income and expenses

Other income and expense comprise:

	<i>For the three-month period ended 30 September</i>		<i>For the nine-month period ended 30 September</i>	
	<i>2022 (unaudited)</i>	<i>2021 (unaudited)</i>	<i>2022 (unaudited)</i>	<i>2021 (unaudited)</i>
Other income				
Net income from government grants	185	48	538	37
Net income from sale of repossessed collateral	108	1,344	358	933
Income from operating lease	271	284	869	974
Other	282	296	1,234	1,122
	846	1,972	2,999	3,066
Other expenses				
Other expenses from non-banking activities	(199)	(206)	(607)	(666)
Expenses for SMS notification	(243)	(273)	(691)	(717)
Other	(614)	(688)	(3,229)	(2,286)
	(1,056)	(1,167)	(4,527)	(3,669)

(millions of tenge)

10 Corporate income tax expenses

Corporate income tax expenses comprise the following:

	<i>For the three-month period ended 30 September</i>		<i>For the nine-month period ended 30 September</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Current corporate income tax expenses	(15)	–	(21)	(20)
Deferred corporate income tax benefit/ (charge) - origination and reversal of temporary differences	2,328	(700)	(2,362)	(699)
	2,313	(700)	(2,383)	(719)

As at 30 September 2022, deferred corporate income tax liabilities amounted to 15,308 million tenge (as at 31 December 2021: 13,987 million tenge).

11 Cash and cash equivalents

Cash comprises:

	<i>30 September 2022 (unaudited)</i>	<i>31 December 2021</i>
Cash on hand	50,574	68,721
Cash on current accounts with the NBRK rated at BBB-	121,645	44,867
Cash on current accounts with other banks:		
- rated from A- to A+	27,364	65,991
- rated from BBB- to BBB+	15,284	7,128
- rated from BB- to BB+	350	1,728
- rated below B+	234	521
- not rated	4,292	15
Time deposits with the NBRK with contractual maturity of 90 days or less rated BBB-	172,823	99,332
Accounts receivable under reverse repurchase agreements with contractual maturity of 90 days and less	14,598	144,646
Cash and cash equivalents before ECL allowance	407,164	432,949
Allowance for ECL	(18)	(1)
Cash and cash equivalents	407,146	432,948

The credit ratings are presented by reference to the credit ratings of Standard & Poor's credit rating agency or analogues of similar international agencies.

As at 31 December 2021, all balances of cash equivalents are allocated to Stage 1 for the purposes of measuring the ECL. During the nine-month period ended 30 September 2022, funds in the accounts of three entities registered in the Russian Federation were transferred from Stage 1 to Stage 2. As at 30 September 2022, the total amount of these funds in Stage 2 was 3,873 million tenge.

As at 30 September 2022, the Group entered into reverse repurchase agreements at the Kazakhstan Stock Exchange. The subject of these agreements are bonds of the Ministry of Finance of the Republic of Kazakhstan, Kazakhstan Sustainability Fund JSC (hereinafter, "KSF"), Eurasian Development Bank, the total fair value of which as at 30 September 2022 is 14,598 million tenge (31 December 2021: bonds of the Ministry of Finance of the Republic of Kazakhstan, KSF, Eurasian Development Bank, shares of Halyk Savings Bank of Kazakhstan JSC and notes of the NBRK with a fair value of 145,653 million tenge)..

(millions of tenge)

11 Cash and cash equivalents (continued)

Minimum reserve requirements

In accordance with regulations issued by the NBRK, minimum reserve requirements are calculated as a percent of specified second-tier banks liabilities. Banks are required to comply with these requirements by maintaining average reserve assets (local currency cash and on accounts with the NBRK) equal or in excess of the average minimum requirements. As at 30 September 2022, minimum reserve requirements of the Group amount to 43,137 million tenge (31 December 2021: 34,544 million tenge).

Concentration of cash and cash equivalents

As at 30 September 2022, the Group has accounts with one bank whose balances exceed 10% of total cash and cash equivalents (31 December 2021: two banks). The total balance on the accounts with the above counterparty as at 30 September 2022 amounts to 294,468 million tenge (31 December 2021: 188,359 million tenge).

12 Amounts due from financial institutions

Amounts due from financial organizations comprise:

	<i>30 September 2022 (unaudited)</i>	<i>31 December 2021</i>
Current accounts with the NBRK rated at BBB- restricted in use	6,291	4,796
Deposits with other banks:		
- rated from BB- to BB+	5	—
- not rated	661	614
Contingent deposits and deposits pledged as a collateral:		
- rated at AAA	—	25,794
- rated from AA- to AA+	11,161	5,489
- rated from A- to A+	62	328
- rated from BBB- to BBB+	119	108
- not rated	13,203	10,571
Amounts due from financial organizations before allowance for ECL	31,502	47,700
Allowance for ECL	(849)	(710)
Amounts due from financial institutions	30,653	46,990

The credit ratings are presented by reference to the credit ratings of Standard & Poor's credit rating agency or analogues of similar international agencies.

As at 30 September 2022 and 31 December 2021, all balances of amounts due from financial organizations are allocated to Stage 1 for ECL measurement purposes.

As at 30 September 2022 contingent deposits and deposits pledged as collateral include contingent deposits restricted for use on transactions with providers of payment operation services in the amount of 14,753 million tenge (as at 31 December 2021: 7,361 million tenge).

In accordance with the loan agreements between the Bank and European Bank of Reconstruction and Development (hereinafter, the "EBRD"), during 2020 the Bank placed escrow deposits with EBRD totalling 66 million US dollars for a period until 2023. The liabilities to the EBRD were repaid early on 26 August 2022. As at 31 December 2021, a deposit in the amount of 25,794 million tenge placed by the Group with the EBRD acts as collateral for these liabilities (Note 18).

As at 30 September 2022, the Group has amounts due from four financial organizations (31 December 2021: four) whose balances exceed 10% of total due from financial organizations. As at 30 September 2022, the total amount of funds due from these financial organizations is 30,578 million tenge (31 December 2021: 44,693 million tenge).

(millions of tenge)

13 Trading securities

Trading securities at fair value through profit or loss comprise:

	30 September 2022 (unaudited)	31 December 2021
Equity instruments	2,309	2,970
Government bonds	239	–
Trading securities	2,548	2,970

14 Loans to customers

Loans to customers comprise:

	30 September 2022 (unaudited)				
	Stage 1	Stage 2	Stage 3	POCI	Total
Individually significant loans	364,471	3,565	23,585	568	392,189
Total individually significant loans	364,471	3,565	23,585	568	392,189
Individually insignificant loans					
Corporate loans	191,655	3,470	16,814	660	212,599
Mortgage loans	14,368	355	3,322	8,276	26,321
Consumer loans	329,267	6,394	22,491	–	358,152
Car loans	12,341	2	412	6	12,761
Credit cards	3,743	135	787	–	4,665
Other loans secured by collateral	39,563	1,183	18,100	15,313	74,159
Total individually insignificant loans	590,937	11,539	61,926	24,255	688,657
Loans to customers before allowance for ECL	955,408	15,104	85,511	24,823	1,080,846
Allowance for ECL	(16,325)	(3,818)	(28,000)	(1,512)	(49,655)
Loans to customers	939,083	11,286	57,511	23,311	1,031,191
	31 December 2021				
	Stage 1	Stage 2	Stage 3	POCI	Total
Individually significant loans	270,021	17,934	16,130	301	304,386
Total individually significant loans	270,021	17,934	16,130	301	304,386
Individually insignificant loans					
Corporate loans	152,614	1,301	27,746	546	182,207
Mortgage loans	16,592	206	4,827	9,464	31,089
Consumer loans	212,655	3,038	11,856	–	227,549
Car loans	4,367	3	392	–	4,762
Credit cards	3,805	99	557	–	4,461
Other loans secured by collateral	51,183	1,726	22,913	16,863	92,685
Total individually insignificant loans	441,216	6,373	68,291	26,873	542,753
Loans to customers before allowance for ECL	711,237	24,307	84,421	27,174	847,139
Allowance for ECL	(12,651)	(2,404)	(21,751)	(1,385)	(38,191)
Loans to customers	698,586	21,903	62,670	25,789	808,948

*(millions of tenge)***14 Loans to customers (continued)****Quality of individually significant loans**

Information on the quality of individually significant loans as at 30 September 2022 is given in the table below:

<i>Individually significant loans</i>	<i>30 September 2022 (unaudited)</i>			
	<i>Loans before ECL allowance</i>	<i>ECL allowance</i>	<i>Loans less ECL allowance</i>	<i>Allowance for ECL to gross loans before allowance for ECL, (%)</i>
Stage 1 loans				
- not overdue	364,456	(2,368)	362,088	0.65
- overdue for less than 30 days	15	–	15	0.00
	364,471	(2,368)	362,103	0.65
Stage 2 and Stage 3 loans				
- not overdue	11,477	(62)	11,415	0.54
- overdue less than 90 days	14,493	(23)	14,470	0.16
- overdue for 90 days to 360 days	–	–	–	–
- overdue for more than 360 days	1,180	(816)	364	69.15
Total Stage 2 and Stage 3 loans	27,150	(901)	26,249	3.32
POCI	568	(52)	516	9.15
Total individually significant loans	392,189	(3,321)	388,868	0.85

Information on the quality of individually significant loans at 31 December 2021 is presented in the table below:

<i>Individually significant loans</i>	<i>31 December 2021</i>			
	<i>Loans before ECL allowance</i>	<i>Allowance for ECL</i>	<i>Loans less ECL allowance</i>	<i>Allowance for ECL to gross loans before allowance for ECL, (%)</i>
Stage 1 loans				
- not overdue	270,021	(2,335)	267,686	0.86
	270,021	(2,335)	267,686	0.86
Stage 2 and Stage 3 loans				
- not overdue	31,715	(516)	31,199	1.63
- overdue for less than 90 days	643	(420)	223	65.32
- overdue for 90 days to 360 days	–	–	–	–
- overdue for more than 360 days	1,706	(559)	1,147	32.77
Stage 2 and Stage 3 loans	34,064	(1,495)	32,569	4.39
POCI	301	–	301	0.00
Total individually significant loans	304,386	(3,830)	300,556	1.26

*(millions of tenge)***14 Loans to customers (continued)****Quality of individually significant loans (continued)***Analysis of movements in allowance for ECL*

An analysis of movements in the allowance for ECL on individually significant loans for the three-month period ended 30 September 2022 is as follows:

<i>Individually significant loans</i>	<i>For the three-month period ended 30 September 2022 (unaudited)</i>				
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
ECL as at 1 July 2022	(2,773)	–	(1,334)	(23)	(4,130)
New assets originated or purchased	(387)	–	–	–	(387)
Assets derecognised or repaid (excluding write-offs)	41	3	63	–	107
Transfers to Stage 1	–	–	–	–	–
Transfers to Stage 2	–	(15)	15	–	–
Transfers to Stage 3	–	–	–	–	–
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	692	(11)	(11)	(29)	641
Transfer between loan materiality categories	57	–	354	–	411
Unwinding of discount	–	–	(22)	–	(22)
Recoveries	–	–	–	–	–
Write-off	–	–	56	–	56
Effect from changes in exchange rates	2	–	1	–	3
As at 30 September 2022	(2,368)	(23)	(878)	(52)	(3,321)

An analysis of movements in the allowance for ECL on individually significant loans for the nine-month period ended 30 September 2022 is as follows:

<i>Individually significant loans</i>	<i>For the nine-month period ended 30 September 2022 (unaudited)</i>				
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
ECL as at 1 January 2022	(2,335)	(36)	(1,459)	–	(3,830)
New assets originated or purchased	(5,935)	–	–	–	(5,935)
Assets derecognised or repaid (excluding write-offs)	1,100	5	301	170	1,576
Transfers to Stage 1	(25)	25	–	–	–
Transfers to Stage 2	–	(15)	15	–	–
Transfers to Stage 3	–	–	–	–	–
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	5,083	(1)	9	(52)	5,039
Transfer between loan materiality categories	42	–	341	–	383
Unwinding of discount	–	–	(94)	–	(94)
Recoveries	–	–	–	(170)	(170)
Write-off	–	–	120	–	120
Effect from changes in exchange rates	(298)	(1)	(111)	–	(410)
As at 30 September 2022	(2,368)	(23)	(878)	(52)	(3,321)

*(millions of tenge)***14 Loans to customers (continued)****Quality of individually significant loans (continued)***Analysis of movements in allowance for ECL (continued)*

An analysis of movements in the allowance for ECL on individually significant loans for the three-month period ended 30 September 2021 is as follows:

<i>Individually significant loans</i>	<i>For the three-month period ended 30 September 2021 (unaudited)</i>				
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
ECL as at 1 July 2021	(4,910)	(1)	(13,056)	—	(17,967)
New assets originated or purchased	(1,578)	—	—	—	(1,578)
Assets derecognised or repaid (excluding write-offs)	1,210	—	263	—	1,473
Transfers to Stage 1	(2)	—	2	—	—
Transfers to Stage 2	—	(35)	35	—	—
Transfers to Stage 3	55	—	(55)	—	—
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	786	(2)	283	—	1,067
Transfer between loan materiality categories	(42)	—	(146)	—	(188)
Unwinding of discount	—	—	(67)	—	(67)
Write-off	—	—	8,069	—	8,069
As at 30 September 2021	(4,481)	(38)	(4,672)	—	(9,191)

An analysis of movements in the ECL on individually significant corporate loans during the nine months ended 30 September 2021 is as follows:

<i>Individually significant loans</i>	<i>For the nine-month period ended 30 September 2021 (unaudited)</i>				
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
ECL as at 1 January 2021	(3,336)	(12)	(14,466)	—	(17,814)
New assets originated or purchased	(4,967)	—	—	—	(4,967)
Assets derecognised or repaid (excluding write-offs)	1,923	—	911	—	2,834
Transfers to Stage 1	(52)	—	52	—	—
Transfers to Stage 2	—	(35)	35	—	—
Transfers to Stage 3	80	5	(85)	—	—
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	1,975	4	(879)	—	1,100
Transfer between loan materiality categories	(104)	—	(371)	—	(475)
Unwinding of discount	—	—	(637)	—	(637)
Recoveries	—	—	(404)	—	(404)
Write-off	—	—	11,404	—	11,404
Effect from changes in exchange rates	—	—	(232)	—	(232)
As at 30 September 2021	(4,481)	(38)	(4,672)	—	(9,191)

*(millions of tenge)***14 Loans to customers (continued)****Quality of individually insignificant loans**

Information on the quality of individually insignificant loans as at 30 September 2022 is given in the table below:

<i>Individually insignificant corporate loans</i>	<i>30 September 2022 (unaudited)</i>			
	<i>Loans before ECL allowance</i>	<i>ECL allowance</i>	<i>Loans less ECL allowance</i>	<i>Allowance for ECL to gross loans before allowance for ECL, (%)</i>
Undue	194,491	(4,228)	190,263	2.17
Overdue for less than 30 days	2,617	(185)	2,432	7.07
Overdue for 30 to 89 days	3,257	(641)	2,616	19.68
Overdue for 90 to 179 days	1,266	(152)	1,114	12.01
Overdue for 180 to 360 days	569	(78)	491	13.71
Overdue more than 360 days	9,739	(2,569)	7,170	26.38
POCI	660	(13)	647	1.97
Total individually insignificant corporate loans	212,599	(7,866)	204,733	3.70
Mortgage loans				
Undue	13,910	(29)	13,881	0.21
Overdue for less than 30 days	744	–	744	0.00
Overdue for 30 to 89 days	321	(1)	320	0.31
Overdue for 90 to 179 days	47	(1)	46	2.13
Overdue for 180 to 360 days	252	(1)	251	0.40
Overdue more than 360 days	2,771	(371)	2,400	13.39
POCI	8,276	(536)	7,740	6.48
Total mortgage loans	26,321	(939)	25,382	3.57
Consumer loans				
Undue	319,080	(8,133)	310,947	2.55
Overdue for less than 30 days	11,201	(2,061)	9,140	18.40
Overdue for 30 to 89 days	6,193	(3,492)	2,701	56.39
Overdue for 90 to 179 days	4,900	(3,832)	1,068	78.20
Overdue for 180 to 360 days	6,669	(5,356)	1,313	80.31
Overdue more than 360 days	10,109	(8,497)	1,612	84.05
Total consumer loans	358,152	(31,371)	326,781	8.76

*(millions of tenge)***14 Loans to customers (continued)****Quality of individually insignificant loans (continued)**

	<i>30 September 2022 (unaudited)</i>			
	<i>Loans before ECL allowance</i>	<i>ECL allowance</i>	<i>Loans less ECL allowance</i>	<i>Allowance for ECL to gross loans before allowance for ECL, (%)</i>
Car loans				
Undue	12,299	(1)	12,298	0.01
Overdue for less than 30 days	41	–	41	0.00
Overdue for 30 to 89 days	3	–	3	0.00
Overdue for 90 to 179 days	1	–	1	0.00
Overdue for 180 to 360 days	17	(1)	16	5.88
Overdue more than 360 days	394	(93)	301	23.60
POCI	6		6	0.00
Total car loans	12,761	(95)	12,666	0.74
Credit cards				
Undue	3,434	(369)	3,065	10.75
Overdue for less than 30 days	329	(92)	237	27.96
Overdue for 30 to 89 days	120	(83)	37	69.17
Overdue for 90 to 179 days	104	(87)	17	83.65
Overdue for 180 to 360 days	218	(186)	32	85.32
Overdue more than 360 days	460	(410)	50	89.13
Total credit cards	4,665	(1,227)	3,438	26.30
Other loans secured by collateral				
Undue	37,919	(405)	37,514	1.07
Overdue for less than 30 days	2,595	(101)	2,494	3.89
Overdue for 30 to 89 days	1,097	(150)	947	13.67
Overdue for 90 to 179 days	767	(147)	620	19.17
Overdue for 180 to 360 days	1,268	(196)	1,072	15.46
Overdue more than 360 days	15,200	(2,926)	12,274	19.25
POCI	15,313	(911)	14,402	5.95
Total other loans secured by collateral	74,159	(4,836)	69,323	6.52
Total individually insignificant loans	688,657	(46,334)	642,323	6.73

*(millions of tenge)***14 Loans to customers (continued)****Quality of individually insignificant loans (continued)**

Information on the quality of individually insignificant loans at 31 December 2021 is presented in the table below:

	31 December 2021			
	Loans before ECL allowance	ECL allowance	Loans less ECL allowance	Allowance for ECL to gross loans before allowance for ECL, (%)
Individually insignificant corporate loans				
Undue	160,060	(2,836)	157,224	1.77
Overdue for less than 30 days	1,842	(4)	1,838	0.22
Overdue for 30 to 89 days	557	(4)	553	0.72
Overdue for 90 to 179 days	988	(15)	973	1.52
Overdue for 180 to 360 days	2,849	(109)	2,740	3.83
Overdue more than 360 days	15,365	(4,544)	10,821	29.57
POCI	546	(117)	429	21.43
Total individually insignificant corporate loans	182,207	(7,629)	174,578	4.19
Mortgage loans				
Undue	16,296	(77)	16,219	0.47
Overdue for less than 30 days	557	(1)	556	0.18
Overdue for 30 to 89 days	257	(9)	248	3.50
Overdue for 90 to 179 days	210	(9)	201	4.29
Overdue for 180 to 360 days	143	(7)	136	4.90
Overdue more than 360 days	4,162	(1,408)	2,754	33.83
POCI	9,464	(575)	8,889	6.08
Total mortgage loans	31,089	(2,086)	29,003	6.71
Consumer loans				
Undue	208,510	(6,596)	201,914	3.16
Overdue for less than 30 days	4,689	(1,056)	3,633	22.52
Overdue for 30 to 89 days	3,113	(2,252)	861	72.34
Overdue for 90 to 179 days	3,042	(2,428)	614	79.82
Overdue for 180 to 360 days	5,644	(4,583)	1,061	81.20
Overdue more than 360 days	2,551	(1,979)	572	77.58
Total consumer loans	227,549	(18,894)	208,655	8.30
Car loans				
Undue	4,347	—	4,347	0.00
Overdue for less than 30 days	11	—	11	0.00
Overdue for 30 to 89 days	13	—	13	0.00
Overdue for 90 to 179 days	2	—	2	0.00
Overdue for 180 to 360 days	1	(1)	—	100.00
Overdue more than 360 days	388	(46)	342	11.86
Total car loans	4,762	(47)	4,715	0.99

*(millions of tenge)***14 Loans to customers (continued)****Quality of individually insignificant loans (continued)**

	<i>31 December 2021</i>			<i>Allowance for ECL to gross loans before allowance for ECL, (%)</i>
	<i>Loans before ECL allowance</i>	<i>ECL allowance</i>	<i>Loans less ECL allowance</i>	
Credit cards				
Undue	3,580	(606)	2,974	16.93
Overdue for less than 30 days	240	(83)	157	34.58
Overdue for 30 to 89 days	93	(81)	12	87.10
Overdue for 90 to 179 days	101	(101)	—	100.00
Overdue for 180 to 360 days	191	(159)	32	83.25
Overdue more than 360 days	256	(212)	44	82.81
Total credit cards	4,461	(1,242)	3,219	27.84
Other loans secured by collateral				
Undue	49,254	(68)	49,186	0.14
Overdue for less than 30 days	3,234	(4)	3,230	0.12
Overdue for 30 to 89 days	2,215	(19)	2,196	0.86
Overdue for 90 to 179 days	891	(20)	871	2.24
Overdue for 180 to 360 days	2,850	(132)	2,718	4.63
Overdue more than 360 days	17,378	(3,527)	13,851	20.30
POCI	16,863	(693)	16,170	4.11
Total other loans secured by collateral	92,685	(4,463)	88,222	4.82
Total individually insignificant loans	542,753	(34,361)	508,392	6.33

*(millions of tenge)***14 Loans to customers (continued)****Quality of individually insignificant loans (continued)***Analysis of movements in allowance for ECL*

An analysis of movements in the allowance for ECL on individually insignificant corporate loans for the three-month period ended 30 September 2022 is as follows:

<i>Individually insignificant corporate loans</i>	<i>For the three-month period ended 30 September 2022 (unaudited)</i>				
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
ECL as at 1 July 2022	(2,703)	(48)	(5,905)	(221)	(8,877)
New assets originated or purchased	(1,416)	–	–	–	(1,416)
Assets derecognised or repaid (excluding write-offs)	1,191	16	467	–	1,674
Transfers to Stage 1	–	–	–	–	–
Transfers to Stage 2	1	(44)	43	–	–
Transfers to Stage 3	33	33	(66)	–	–
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	(463)	(104)	(2,986)	(11)	(3,564)
Transfer between loan materiality categories	(57)	–	(354)	–	(411)
Unwinding of discount	–	–	(158)	–	(158)
Recoveries	–	–	(465)	–	(465)
Write-off	–	–	5,133	219	5,352
Effect from changes in exchange rates	–	–	(1)	–	(1)
As at 30 September 2022	(3,414)	(147)	(4,292)	(13)	(7,866)

An analysis of movements in the allowance for ECL on individually insignificant corporate loans for the nine-month period ended 30 September 2022 is as follows:

<i>Individually insignificant corporate loans</i>	<i>For the nine-month period ended 30 September 2022 (unaudited)</i>				
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
ECL as at 1 January 2022	(2,602)	(10)	(4,900)	(117)	(7,629)
New assets originated or purchased	(2,798)	–	(19)	–	(2,817)
Assets derecognised or repaid (excluding write-offs)	3,079	46	3,637	–	6,762
Transfers to Stage 1	(94)	48	46	–	–
Transfers to Stage 2	4	(95)	91	–	–
Transfers to Stage 3	68	92	(160)	–	–
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	(1,007)	(228)	(7,131)	(261)	(8,627)
Transfer between loan materiality categories	(42)	–	(341)	–	(383)
Unwinding of discount	–	–	(563)	–	(563)
Recoveries	–	–	(3,078)	–	(3,078)
Write-off	–	–	8,168	365	8,533
Effect from changes in exchange rates	(22)	–	(42)	–	(64)
As at 30 September 2022	(3,414)	(147)	(4,292)	(13)	(7,866)

*(millions of tenge)***14 Loans to customers (continued)****Quality of individually insignificant loans (continued)***Analysis of movements in allowance for ECL (continued)*

An analysis of movements in the allowance for ECL on individually insignificant corporate loans for the three-month period ended 30 September 2021 is as follows:

<i>Individually insignificant corporate loans</i>	<i>For the three-month period ended 30 September 2021 (unaudited)</i>				
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
ECL as at 1 July 2021	(381)	(23)	(9,780)	118	(10,066)
New assets originated or purchased	(317)	—	—	—	(317)
Assets derecognised or repaid (excluding write-offs)	285	1	876	170	1,332
Transfers to Stage 1	(31)	—	31	—	—
Transfers to Stage 2	1	(1)	—	—	—
Transfers to Stage 3	—	1	(1)	—	—
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	83	21	(389)	(366)	(651)
Transfer between loan materiality categories	42	—	146	—	188
Unwinding of discount	—	—	(224)	—	(224)
Recoveries	—	—	(17)	(71)	(88)
Write-off	—	—	3,575	82	3,657
Adjustment of the gross value of POCI assets	—	—	—	(50)	(50)
As at 30 September 2021	(318)	(1)	(5,783)	(117)	(6,219)

An analysis of movements in the allowance for ECL on individually insignificant corporate loans for the nine-month period ended 30 September 2021 is as follows:

<i>Individually insignificant corporate loans</i>	<i>For the nine-month period ended 30 September 2021 (unaudited)</i>				
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
ECL as at 1 January 2021	(602)	(140)	(8,662)	(543)	(9,947)
New assets originated or purchased	(1,355)	—	—	—	(1,355)
Assets derecognised or repaid (excluding write-offs)	992	24	3,400	781	5,197
Transfers to Stage 1	(50)	—	50	—	—
Transfers to Stage 2	17	(17)	—	—	—
Transfers to Stage 3	6	190	(196)	—	—
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	570	(58)	(2,646)	4	(2,130)
Transfer between loan materiality categories	104	—	371	—	475
Unwinding of discount	—	—	(894)	—	(894)
Recoveries	—	—	(2,563)	(624)	(3,187)
Write-off	—	—	5,446	315	5,761
Effect from changes in exchange rates	—	—	(89)	—	(89)
Adjustment of the gross value of POCI assets	—	—	—	(50)	(50)
As at 30 September 2021	(318)	(1)	(5,783)	(117)	(6,219)

*(millions of tenge)***14 Loans to customers (continued)****Quality of individually insignificant loans (continued)***Analysis of movements in allowance for ECL (continued)*

An analysis of movements in the allowance for ECL on mortgage loans for the three-month period ended 30 September 2022 is as follows:

<i>Mortgage loans</i>	<i>For the three-month period ended 30 September 2022 (unaudited)</i>				
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
ECL as at 1 July 2022	(17)	–	(633)	(643)	(1,293)
New assets originated or purchased	(1)	–	–	–	(1)
Assets derecognised or repaid (excluding write-offs)	1	–	608	45	654
Transfers to Stage 1	–	–	–	–	–
Transfers to Stage 2	1	(1)	–	–	–
Transfers to Stage 3	–	–	–	–	–
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	3	–	(860)	(933)	(1,790)
Unwinding of discount	–	–	(15)	–	(15)
Recoveries	–	–	(608)	(45)	(653)
Write-off	–	–	1,119	1,040	2,159
Effect from changes in exchange rates	–	–	–	–	–
As at 30 September 2022	(13)	(1)	(389)	(536)	(939)

An analysis of movements in the allowance for ECL on mortgage loans for the nine-month period ended 30 September 2022 is as follows:

<i>Mortgage loans</i>	<i>For the nine-month period ended 30 September 2022 (unaudited)</i>				
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
ECL as at 1 January 2022	(36)	(6)	(1,469)	(575)	(2,086)
New assets originated or purchased	(20)	–	–	–	(20)
Assets derecognised or repaid (excluding write-offs)	5	1	1,201	133	1,340
Transfers to Stage 1	(11)	4	7	–	–
Transfers to Stage 2	4	(8)	4	–	–
Transfers to Stage 3	1	6	(7)	–	–
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	45	2	(888)	(1,594)	(2,435)
Unwinding of discount	–	–	(75)	–	(75)
Recoveries	–	–	(1,047)	(133)	(1,180)
Write-off	–	–	1,897	1,633	3,530
Effect from changes in exchange rates	(1)	–	(12)	–	(13)
As at 30 September 2022	(13)	(1)	(389)	(536)	(939)

*(millions of tenge)***14 Loans to customers (continued)****Quality of individually insignificant loans (continued)***Analysis of movements in allowance for ECL (continued)*

An analysis of movements in the allowance for ECL on mortgage loans for the three-month period ended 30 September 2021 is as follows:

<i>Mortgage loans</i>	<i>For the three-month period ended 30 September 2021 (unaudited)</i>				
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
ECL as at 1 July 2021	(40)	(1)	(10,206)	869	(9,378)
New assets originated or purchased	(18)	—	—	—	(18)
Assets derecognised or repaid (excluding write-offs)	40	2	849	537	1,428
Transfers to Stage 1	—	—	—	—	—
Transfers to Stage 2	—	(4)	4	—	—
Transfers to Stage 3	—	1	(1)	—	—
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	—	(5)	(670)	422	(253)
Transfer between loan materiality categories	—	—	—	—	—
Unwinding of discount	—	—	(368)	—	(368)
Recoveries	—	—	(849)	(163)	(1,012)
Write-off	—	—	5,293	194	5,487
Adjustment of the gross value of POCI assets	—	—	—	(2,541)	(2,541)
As at 30 September 2021	(18)	(7)	(5,948)	(682)	(6,655)

An analysis of movements in the allowance for ECL on mortgage loans for the nine-month period ended 30 September 2021 is as follows:

<i>Mortgage loans</i>	<i>For the nine-month period ended 30 September 2021 (unaudited)</i>				
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
ECL as at 1 January 2021	(27)	(2)	(10,744)	523	(10,250)
New assets originated or purchased	(73)	—	—	—	(73)
Assets derecognised or repaid (excluding write-offs)	49	90	1,384	926	2,449
Transfers to Stage 1	(37)	2	35	—	—
Transfers to Stage 2	1	(5)	4	—	—
Transfers to Stage 3	—	2	(2)	—	—
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	69	(94)	(3,025)	43	(3,007)
Unwinding of discount	—	—	(1,231)	—	(1,231)
Recoveries	—	—	(1,319)	(258)	(1,577)
Write-off	—	—	9,000	625	9,625
Effect from changes in exchange rates	—	—	(50)	—	(50)
Adjustment of the gross value of POCI assets	—	—	—	(2,541)	(2,541)
As at 30 September 2021	(18)	(7)	(5,948)	(682)	(6,655)

*(millions of tenge)***14 Loans to customers (continued)****Quality of individually insignificant loans (continued)***Analysis of movements in allowance for ECL (continued)*

An analysis of movements in the allowance for ECL on consumer loans for the three-month period ended 30 September 2022 is as follows:

<i>Consumer loans</i>	<i>For the three-month period ended 30 September 2022 (unaudited)</i>				
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
ECL as at 1 July 2022	(11,533)	(3,119)	(14,900)	–	(29,552)
New assets originated or purchased	(3,179)	–	–	–	(3,179)
Assets derecognised or repaid (excluding write-offs)	1,651	86	819	–	2,556
Transfers to Stage 1	(526)	371	155	–	–
Transfers to Stage 2	524	(683)	159	–	–
Transfers to Stage 3	400	2,304	(2,704)	–	–
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	3,026	(2,389)	(1,152)	–	(515)
Unwinding of discount	–	–	(759)	–	(759)
Recoveries	–	–	(24)	–	(24)
Write-off	–	–	102	–	102
Effect from changes in exchange rates	–	–	–	–	–
As at 30 September 2022	(9,637)	(3,430)	(18,304)	–	(31,371)

An analysis of movements in the allowance for ECL on consumer loans for the nine-month period ended 30 September 2022 is as follows:

<i>Consumer loans</i>	<i>For the nine-month period ended 30 September 2022 (unaudited)</i>				
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
ECL as at 1 January 2022	(6,993)	(2,251)	(9,650)	–	(18,894)
New assets originated or purchased	(9,189)	–	(2)	–	(9,191)
Assets derecognised or repaid (excluding write-offs)	4,286	407	1,283	–	5,976
Transfers to Stage 1	(2,755)	2,336	419	–	–
Transfers to Stage 2	1,990	(2,769)	779	–	–
Transfers to Stage 3	771	7,167	(7,938)	–	–
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	2,253	(8,320)	(2,509)	–	(8,576)
Unwinding of discount	–	–	(2,569)	–	(2,569)
Recoveries	–	–	(89)	–	(89)
Write-off	–	–	1,973	–	1,973
Effect from changes in exchange rates	–	–	(1)	–	(1)
As at 30 September 2022	(9,637)	(3,430)	(18,304)	–	(31,371)

*(millions of tenge)***14 Loans to customers (continued)****Quality of individually insignificant loans (continued)***Analysis of movements in allowance for ECL (continued)*

An analysis of movements in the allowance for ECL on consumer loans for the three-month period ended 30 September 2021 is as follows:

<i>Consumer loans</i>	<i>For the three-month period ended 30 September 2021 (unaudited)</i>				
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
ECL as at 1 July 2021	(6,384)	(2,203)	(10,540)	—	(19,127)
New assets originated or purchased	(1,320)	—	—	—	(1,320)
Assets derecognised or repaid (excluding write-offs)	3,478	74	1,240	2	4,794
Transfers to Stage 1	(298)	80	218	—	—
Transfers to Stage 2	1,727	(1,768)	41	—	—
Transfers to Stage 3	834	1,587	(2,421)	—	—
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	(5,121)	126	(140)	(2)	(5,137)
Unwinding of discount	—	—	(818)	—	(818)
Recoveries	—	—	(123)	—	(123)
Write-off	—	—	824	—	824
As at 30 September 2021	(7,084)	(2,104)	(11,719)	—	(20,907)

An analysis of movements in the allowance for ECL on consumer loans for the nine-month period ended 30 September 2021 is as follows:

<i>Consumer loans</i>	<i>For the nine-month period ended 30 September 2021 (unaudited)</i>				
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
ECL as at 1 January 2021	(7,329)	(2,867)	(17,648)	—	(27,844)
New assets originated or purchased	(3,177)	—	—	—	(3,177)
Assets derecognised or repaid (excluding write-offs)	5,999	181	1,632	81	7,893
Transfers to Stage 1	(2,699)	1,450	1,249	—	—
Transfers to Stage 2	2,153	(2,325)	172	—	—
Transfers to Stage 3	1,173	4,662	(5,835)	—	—
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	(3,204)	(3,205)	(3,314)	(81)	(9,804)
Unwinding of discount	—	—	(2,587)	—	(2,587)
Recoveries	—	—	(951)	—	(951)
Write-off	—	—	15,563	—	15,563
Effect from changes in exchange rates	—	—	—	—	—
As at 30 September 2021	(7,084)	(2,104)	(11,719)	—	(20,907)

*(millions of tenge)***14 Loans to customers (continued)****Quality of individually insignificant loans (continued)***Analysis of movements in allowance for ECL (continued)*

An analysis of movements in the allowance for ECL on car loans for the three-month period ended 30 September 2022 is as follows:

<i>Car loans</i>	<i>For the three-month period ended 30 September 2022 (unaudited)</i>				
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
ECL as at 1 July 2022	(2)	–	(80)	–	(82)
New assets originated or purchased	(1)	–	–	–	(1)
Assets derecognised or repaid (excluding write-offs)	1	–	70	–	71
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	1	–	(50)	–	(49)
Unwinding of discount	–	–	(3)	–	(3)
Recoveries	–	–	(60)	–	(60)
Write-off	–	–	30	–	30
Effect from changes in exchange rates	–	–	(1)	–	(1)
As at 30 September 2022	(1)	–	(94)	–	(95)

An analysis of movements in the allowance for ECL on car loans for the nine-month period ended 30 September 2022 is as follows:

<i>Car loans</i>	<i>For the nine-month period ended 30 September 2022 (unaudited)</i>				
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
ECL as at 1 January 2022	–	–	(47)	–	(47)
New assets originated or purchased	(2)	–	–	–	(2)
Assets derecognised or repaid (excluding write-offs)	1	–	310	–	311
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	–	–	(101)	–	(101)
Unwinding of discount	–	–	(8)	–	(8)
Recoveries	–	–	(299)	–	(299)
Write-off	–	–	55	–	55
Effect from changes in exchange rates	–	–	(4)	–	(4)
As at 30 September 2022	(1)	–	(94)	–	(95)

*(millions of tenge)***14 Loans to customers (continued)****Quality of individually insignificant loans (continued)***Analysis of movements in allowance for ECL (continued)*

An analysis of movements in the allowance for ECL on car loans for the three-month period ended 30 September 2021 is as follows:

<i>Car loans</i>	<i>For the three-month period ended 30 September 2021 (unaudited)</i>				
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
ECL as at 1 July 2021	—	—	(67)	—	(67)
New assets originated or purchased	—	—	—	—	—
Assets derecognised or repaid (excluding write-offs)	—	—	42	—	42
Transfers to Stage 2	—	—	—	—	—
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	—	—	(8)	—	(8)
Unwinding of discount	—	—	(2)	—	(2)
Recoveries	—	—	(42)	—	(42)
Write-off	—	—	31	—	31
Effect from changes in foreign exchange rates	—	—	—	—	—
As at 30 September 2021	—	—	(46)	—	(46)

An analysis of movements in the allowance for ECL on car loans for the nine-month period ended 30 September 2021 is as follows:

<i>Car loans</i>	<i>For the nine-month period ended 30 September 2021 (unaudited)</i>				
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
ECL as at 1 January 2021	(1)	—	(131)	—	(132)
New assets originated or purchased	—	—	—	—	—
Assets derecognised or repaid (excluding write-offs)	—	—	110	—	110
Transfers to Stage 2	18	(18)	—	—	—
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	(17)	18	(31)	—	(30)
Unwinding of discount	—	—	(10)	—	(10)
Recoveries	—	—	(110)	—	(110)
Write-off	—	—	126	—	126
Effect from changes in exchange rates	—	—	—	—	—
As at 30 September 2021	—	—	(46)	—	(46)

*(millions of tenge)***14 Loans to customers (continued)****Quality of individually insignificant loans (continued)***Analysis of movements in allowance for ECL (continued)*

An analysis of movements in the allowance for ECL on credit card loans for the three-month period ended 30 September 2022 is as follows:

<i>Credit cards</i>	<i>For the three-month period ended 30 September 2022 (unaudited)</i>				
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
ECL as at 1 July 2022	(944)	(104)	(581)	–	(1,629)
New assets originated or purchased	(706)	–	–	–	(706)
Assets derecognised or repaid (excluding write-offs)	722	10	20	–	752
Transfers to Stage 1	(15)	11	4	–	–
Transfers to Stage 2	13	(15)	2	–	–
Transfers to Stage 3	12	56	(68)	–	–
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	464	(43)	(58)	–	363
Unwinding of discount	–	–	(5)	–	(5)
Recoveries	–	–	(1)	–	(1)
Write-off	–	–	1	–	1
Effect from changes in exchange rates	(1)	–	(1)	–	(2)
As at 30 September 2022	(455)	(85)	(687)	–	(1,227)

An analysis of movements in the allowance for ECL on credit card loans for the nine-month period ended 30 September 2022 is as follows:

<i>Credit cards</i>	<i>For the nine-month period ended 30 September 2022 (unaudited)</i>				
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
ECL as at 1 January 2022	(647)	(90)	(505)	–	(1,242)
New assets originated or purchased	(2,399)	(4)	(12)	–	(2,415)
Assets derecognised or repaid (excluding write-offs)	2,560	24	65	–	2,649
Transfers to Stage 1	(112)	88	24	–	–
Transfers to Stage 2	86	(131)	45	–	–
Transfers to Stage 3	36	251	(287)	–	–
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	31	(222)	(27)	–	(218)
Unwinding of discount	–	–	(21)	–	(21)
Recoveries	–	–	(3)	–	(3)
Write-off	–	–	42	–	42
Effect from changes in exchange rates	(10)	(1)	(8)	–	(19)
As at 30 September 2022	(455)	(85)	(687)	–	(1,227)

*(millions of tenge)***14 Loans to customers (continued)****Quality of individually insignificant loans (continued)***Analysis of movements in allowance for ECL (continued)*

An analysis of movements in the allowance for ECL on credit card loans for the three-month period ended 30 September 2021 is as follows:

<i>Credit cards</i>	<i>For the three-month period ended 30 September 2021 (unaudited)</i>				
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
ECL as at 1 July 2021	(511)	(148)	(1,026)	—	(1,685)
New assets originated or purchased	—	—	—	—	—
Assets derecognised or repaid (excluding write-offs)	198	—	5	—	203
Transfers to Stage 1	(11)	9	2	—	—
Transfers to Stage 2	78	(80)	2	—	—
Transfers to Stage 3	42	57	(99)	—	—
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	(456)	15	4	—	(437)
Unwinding of discount	—	—	(12)	—	(12)
Recoveries	—	—	(1)	—	(1)
Write-off	—	—	14	—	14
Effect from changes in exchange rates	—	34	50	—	84
As at 30 September 2021	(660)	(113)	(1,061)	—	(1,834)

An analysis of movements in the allowance for ECL on credit card loans for the nine-month period ended 30 September 2021 is as follows:

<i>Credit cards</i>	<i>For the nine-month period ended 30 September 2021 (unaudited)</i>				
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
ECL as at 1 January 2021	(523)	(114)	(737)	—	(1,374)
New assets originated or purchased	(192)	—	—	—	(192)
Assets derecognised or repaid (excluding write-offs)	463	9	67	—	539
Transfers to Stage 1	(130)	75	55	—	—
Transfers to Stage 2	82	(84)	2	—	—
Transfers to Stage 3	64	144	(208)	—	—
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	(424)	(177)	(260)	—	(861)
Unwinding of discount	—	—	(66)	—	(66)
Recoveries	—	—	(20)	—	(20)
Write-off	—	—	71	—	71
Effect from changes in exchange rates	—	34	35	—	69
As at 30 September 2021	(660)	(113)	(1,061)	—	(1,834)

*(millions of tenge)***14 Loans to customers (continued)****Quality of individually insignificant loans (continued)***Analysis of movements in allowance for ECL (continued)*

An analysis of movements in the allowance for ECL on other loans secured by collateral for the three-month period ended 30 September 2022 is as follows:

<i>Other loans secured by collateral</i>	<i>For the three-month period ended 30 September 2022 (unaudited)</i>				
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
ECL as at 1 July 2022	(43)	(11)	(1,471)	(904)	(2,429)
New assets originated or purchased	(65)	–	–	–	(65)
Assets derecognised or repaid (excluding write-offs)	82	6	1,555	15	1,658
Transfers to Stage 1	(14)	3	11	–	–
Transfers to Stage 2	–	(4)	4	–	–
Transfers to Stage 3	3	6	(9)	–	–
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	(400)	(132)	(4,492)	(1,305)	(6,329)
Unwinding of discount	–	–	(158)	–	(158)
Recoveries	–	–	(1,434)	(15)	(1,449)
Write-off	–	–	2,639	1,298	3,937
Effect from changes in exchange rates	–	–	(1)	–	(1)
As at 30 September 2022	(437)	(132)	(3,356)	(911)	(4,836)

An analysis of movements in the allowance for ECL on other loans secured by collateral for the nine-month period ended 30 September 2022 is as follows:

<i>Other loans secured by collateral</i>	<i>For the nine-month period ended 30 September 2022 (unaudited)</i>				
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
ECL as at 1 January 2022	(38)	(11)	(3,721)	(693)	(4,463)
New assets originated or purchased	(95)	–	(5)	–	(100)
Assets derecognised or repaid (excluding write-offs)	90	10	3,091	166	3,357
Transfers to Stage 1	(30)	12	18	–	–
Transfers to Stage 2	2	(20)	18	–	–
Transfers to Stage 3	4	18	(22)	–	–
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	(370)	(141)	(4,334)	(2,072)	(6,917)
Unwinding of discount	–	–	(335)	–	(335)
Recoveries	–	–	(2,685)	(166)	(2,851)
Write-off	–	–	4,648	1,854	6,502
Effect from changes in exchange rates	–	–	(29)	–	(29)
As at 30 September 2022	(437)	(132)	(3,356)	(911)	(4,836)

*(millions of tenge)***14 Loans to customers (continued)****Quality of individually insignificant loans (continued)***Analysis of movements in allowance for ECL (continued)*

An analysis of movements in the allowance for ECL on other loans secured by collateral for the three-month period ended 30 September 2021 is as follows:

<i>Other loans secured by collateral</i>	<i>For the three-month period ended 30 September 2021 (unaudited)</i>				
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
ECL as at 1 July 2021	(168)	(87)	(14,758)	2,421	(12,592)
New assets originated or purchased	(55)	—	—	—	(55)
Assets derecognised or repaid (excluding write-offs)	73	10	230	782	1,095
Transfers to Stage 1	(1)	1	—	—	—
Transfers to Stage 2	7	(7)	—	—	—
Transfers to Stage 3	2	18	(20)	—	—
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	109	56	(3,087)	(745)	(3,667)
Unwinding of discount	—	—	(671)	—	(671)
Recoveries	—	—	(230)	(135)	(365)
Write-off	—	—	8,163	1	8,164
Effect from changes in exchange rates	—	—	76	—	76
Adjustment of the gross value of POCI assets	—	—	—	(3,100)	(3,100)
As at 30 September 2021	(33)	(9)	(10,297)	(776)	(11,115)

An analysis of movements in the allowance for ECL on other loans secured by collateral for the nine-month period ended 30 September 2021 is as follows:

<i>Other loans secured by collateral</i>	<i>For the nine-month period ended 30 September 2021 (unaudited)</i>				
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
ECL as at 1 January 2021	(123)	(17)	(16,533)	749	(15,924)
New assets originated or purchased	(156)	—	—	—	(156)
Assets derecognised or repaid (excluding write-offs)	179	106	868	1,663	2,816
Transfers to Stage 1	(96)	39	57	—	—
Transfers to Stage 2	12	(82)	70	—	—
Transfers to Stage 3	3	48	(51)	—	—
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	148	(103)	(7,612)	(365)	(7,932)
Unwinding of discount	—	—	(2,212)	—	(2,212)
Recoveries	—	—	(868)	(660)	(1,528)
Write-off	—	—	15,944	937	16,881
Effect from changes in exchange rates	—	—	40	—	40
Adjustment of the gross value of POCI assets	—	—	—	(3,100)	(3,100)
As at 30 September 2021	(33)	(9)	(10,297)	(776)	(11,115)

*(millions of tenge)***14 Loans to customers (continued)****Quality of individually insignificant loans (continued)***Analysis of movements in allowance for ECL (continued)*

The amounts of undiscounted ECL at initial recognition on purchased credit-impaired loans to customers that were initially recognised for the three and nine-month periods ended 30 September 2022 and 2021 were as follows:

		<i>For the three-month period ended 30 September</i>	
		<i>2022 (unaudited)</i>	<i>2021 (unaudited)</i>
Mortgage loans		126	79
Other loans secured by collateral		68	29
Total undiscounted ECL at initial recognition of POCI		194	108
		<i>For the nine-month period ended 30 September</i>	
		<i>2022 (unaudited)</i>	<i>2021 (unaudited)</i>
Mortgage loans		173	279
Other loans secured by collateral		171	575
Total undiscounted ECL at initial recognition of POCI		344	854

Modified and renegotiated loans

The Group derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be POCI.

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Group records a modification gain or loss to the extent that an impairment loss has not already been recorded.

Below is information on loans issued to customers who were granted with a delay in repayment of principal and interest during 2020-2021 due to the consequences of the COVID-19 pandemic as at 30 September 2022 and 31 December 2021.

		<i>30 September 2022 (unaudited)</i>				
		<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
Individually significant loans		2,923	1,125	18,715	237	23,000
Individually insignificant corporate loans		14,333	595	3,910	—	18,838
Mortgage loans		2,591	70	293	1,304	4,258
Consumer loans		7,223	293	3,714	—	11,230
Car loans		26	—	—	—	26
Credit cards		12	—	18	—	30
Other loans secured by collateral		11,801	521	3,212	2,050	17,584
Loans to customers before allowance for ECL		38,909	2,604	29,862	3,591	74,966

*(millions of tenge)***14 Loans to customers (continued)****Modified and renegotiated loans (continued)**

	<i>31 December 2021</i>				
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
Individually significant loans	10,419	14,910	9,852	—	35,181
Individually insignificant corporate loans	17,705	672	8,378	—	26,755
Mortgage loans	3,415	118	357	1,673	5,563
Consumer loans	12,884	535	3,266	—	16,685
Car loans	47	—	—	—	47
Credit cards	45	3	17	—	65
Other loans secured by collateral	17,291	851	3,746	2,568	24,456
Loans to customers before allowance for ECL	61,806	17,089	25,616	4,241	108,752

As at 30 September 2022, the share of non-past due Phase 3 loans and POCI issued to customers who were granted with a delay in payment due to the COVID-19 pandemic is 32.79% (31 December 2021: 62.35%).

Changes to models used for ECL measurement

During the nine-month period ended 30 September 2022, the Group made the following changes to the ECL allowance model:

- Revision of segmentation (sub-segmentation) of loans to customers by product used in measuring ECL allowance. As a result of the amendment, the allowance for ECL was increased by 280 million tenge;
- Application of an updated approach to assessing the level of loss given default (LGD) on loans issued to customers in the corporate business segment, certain retail business and SME sub-segments. As a result of the updated approach, the ECL allowance was increased by 2,770 million tenge.

Collateral and other credit enhancements

Individually significant corporate loans are subject to assessment and impairment testing on an individual basis. The creditworthiness of a corporate customer is generally the main indicator of the issued credit quality. However, collateral represents additional guarantees, and the Group generally asks corporate borrowers for its provision.

Guarantees and suretyship from individuals including shareholders of borrowers represented by small and medium-sized businesses are not taken into account in assessing the impairment.

For certain mortgage loans and other loans to individuals, the Group updates the estimated value of collateral at inception of the loan to its current value using automatic revaluation based on analytical price bases based on current information on the real estate market. The Group may also carry out a specific individual valuation of collateral at each reporting date.

The amount and type of collateral required by the Group depends on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of types of collateral and valuation parameters.

The main types of collateral obtained are as follows:

- For commercial lending, charges over real estate properties, inventory and trade receivables;
- For retail lending, mortgages over residential properties.

As at 30 September 2022, loans net of ECL allowance overdue over 90 days amount to 41,774 million tenge (as at 31 December 2021: 51,889 million tenge). As at 30 September 2022, total fair value of collateral securing such loans, limited to the gross value of the respective loans, was equal to 43,413 million tenge (31 December 2021: 52,587 million tenge).

*(millions of tenge)***14 Loans to customers (continued)****Collateral and other credit enhancements (continued)***Repossessed collateral*

For the nine-month period ended 30 September 2022, the Group received a property with the carrying amount of 966 million tenge (nine-month period ended 30 September 2021: 3,797 million tenge) by obtaining control over collateral for loans issued to customers (Note 16). The Group's policy assumes sale of these assets as soon as it is practicable.

Concentration of loans to customers

As at 30 September 2022, the Group had a concentration of loans represented by 232,889 million tenge due from the ten largest independent borrowers and groups of related borrowers or 21.55% of gross loan portfolio (31 December 2021: 164,689 million tenge or 19.44% of gross loan portfolio). Allowance for ECL on these loans is 1,613 million tenge (31 December 2021: 1,282 million tenge).

Industry and geographical analysis of loans

Loans were issued primarily to customers located within the Republic of Kazakhstan operating in the following economic sectors:

	<i>30 September 2022 (unaudited)</i>	<i>31 December 2021</i>
Loans to retail customers	476,095	360,546
Metallurgy	141,327	68,633
Wholesale trading	81,146	64,154
Services provided by small and medium businesses	60,121	59,006
Financial services	57,692	34,131
Retail services	54,004	45,686
Real estate activities	44,294	44,750
Food industry	25,646	26,448
Construction	24,167	22,927
Transportation services	22,596	19,533
Post and communication services	12,561	16,662
Agriculture	9,655	9,565
Textile production	7,454	8,368
Metal products manufacturing	3,976	2,587
Industrial manufacturing	3,440	1,885
Chemical industry	716	2,454
Machine-building	148	264
Production of crude oil and natural gas	—	2,884
Other	55,808	56,656
	1,080,846	847,139
Allowance for ECL	(49,655)	(38,191)
	1,031,191	808,948

*(millions of tenge)***14 Loans to customers (continued)****Finance lease receivables**

As at 30 September 2022 and 31 December 2021 loans to customers include finance lease receivables of 11,549 million tenge and 7,997 million tenge, respectively.

	<i>30 September 2022 (unaudited)</i>	<i>31 December 2021</i>
Minimum lease payments receivable	14,639	10,723
Unearned finance income	(2,661)	(2,312)
Net minimum lease payments receivable	11,978	8,411
Less: ECL allowance	(429)	(414)
Net investments in finance leases	11,549	7,997
Current portion of minimum lease payments	3,261	2,794
Current portion of unearned finance income	(288)	(307)
Current portion of net minimum lease payments receivable	2,973	2,487
Non-current portion of minimum lease payments	11,378	7,929
Non-current portion of unearned finance income	(2,373)	(2,005)
Non-current portion of net minimum lease payments receivable	9,005	5,924
Net minimum lease payments receivable	11,978	8,411

The analysis of finance lease receivables at 30 September 2022 and 31 December 2021, is as follows:

	<i>Not later than 1 year</i>	<i>1 to 2 years</i>	<i>2 to 3 years</i>	<i>3 to 4 years</i>	<i>4 to 5 years</i>	<i>Total</i>
As at 30 September 2022						
Minimum lease payments receivable	3,261	6,401	3,858	980	139	14,639
Unearned finance income	(288)	(1,084)	(935)	(303)	(51)	(2,661)
Net minimum lease payments receivable	2,973	5,317	2,923	677	88	11,978
	<i>Not later than 1 year</i>	<i>1 to 2 years</i>	<i>2 to 3 years</i>	<i>3 to 4 years</i>	<i>4 to 5 years</i>	<i>Total</i>
As at 31 December 2021						
Minimum lease payments receivable	2,794	4,179	3,420	278	52	10,723
Unearned finance income	(307)	(869)	(1,009)	(104)	(23)	(2,312)
Net minimum lease payments receivable	2,487	3,310	2,411	174	29	8,411

*(millions of tenge)***15 Investment securities**

Investment securities including those pledged under repurchase agreements comprise:

	<i>30 September 2022 (unaudited)</i>	<i>31 December 2021</i>
Debt investment securities at amortized cost		
Government bonds		
Treasury bills of the Ministry of Finance of the Republic of Kazakhstan rated BBB-	31,037	21,523
Bonds of foreign countries rated at BB- to BB+	970	870
Total government bonds	32,007	22,393
Corporate bonds		
Rated from BBB- to BBB+	191,025	177,244
Rated from BB- to BB+	83,010	83,965
Total corporate bonds	274,035	261,209
Bonds of banks		
Rated from BBB- to BBB+	1,800	1,643
Rated from B- to B+	4,794	5,310
Total bonds of banks	6,594	6,953
Investment securities measured at amortised cost before ECL allowance	312,636	290,555
Allowance for ECL	(257)	(274)
Investment securities measured at amortized cost	312,379	290,281
	<i>30 September 2022 (unaudited)</i>	<i>31 December 2021</i>
Debt securities at FVOCI		
Government bonds		
Bonds of the NBRK rated BBB-	4,707	49,202
Treasury bills of the Ministry of Finance of the Republic of Kazakhstan rated BBB-	526,924	507,422
Total government bonds	531,631	556,624
Corporate bonds		
Rated from BBB- to BBB+	131,944	111,770
Rated from BB- to BB+	8,464	5,765
Rated from B- to B+	1,919	—
Total corporate bonds	142,327	117,535
Bonds of banks		
Rated from BBB- to BBB+	30,305	17,271
Rated from BB- to BB+	—	303
Rated below B+	3,376	3,095
Not rated	189	—
Total bonds of banks	33,870	20,669
Investments in equity instruments		
Corporate shares	58	—
Total investments in equity instruments	58	—
Investment securities measured at FVOCI	707,886	694,828

*(millions of tenge)***15 Investment securities (continued)**

The credit ratings are presented by reference to the credit ratings of Standard & Poor's credit rating agency or analogues of similar international agencies.

As at 30 September 2022, investment securities measured at FVOCI, represented by treasury bonds of the Ministry of Finance of the Republic of Kazakhstan, with a fair value of 56,801 million tenge (31 December 2021: 25,062 million tenge), were pledged as collateral under the repurchase agreements entered into at the KASE.

In 2018 and 2019, the Group acquired bonds of NAC Kazatomprom JSC, Sovereign Wealth Fund Samruk-Kazyna JSC and Kazakhstan Temir Zholy JSC classified as investment securities at amortized cost. As at 30 September 2022, the total carrying amount of these bonds was 247,029 million tenge (31 December 2021: 236,849 million tenge).

The Group's debt securities issued held by SWF Samruk-Kazyna JSC (Note 19), with a total nominal value of 220,000 million tenge, serve as collateral for liabilities to the Group on the above mentioned bonds.

16 Other assets and other liabilities

Other assets comprise:

	<i>30 September 2022 (unaudited)</i>	<i>31 December 2021</i>
Accounts receivable under the agreements for sale of collateral	13,673	16,322
Government grant receivable	7,006	2,516
Accounts receivable on fee and commission income	1,642	1,443
Other accounts receivable from bank activities	3,738	5,732
	26,059	26,013
Allowance for ECL	(2,736)	(3,087)
Other financial assets	23,323	22,926
Reposessed collateral	30,304	36,246
Prepayments and deferred expenses	5,992	4,911
Taxes prepaid other than corporate income tax	1,745	2,181
Investment property	1,655	2,469
Inventories held for sale	1,255	1,761
Other inventories	635	786
Other	868	922
	42,454	49,276
Impairment allowance	(81)	(86)
Other non-financial assets	42,373	49,190
Total other assets	65,696	72,116

During the nine-month period ended 30 September 2022, the total estimated value of the collateral transferred to the Group amounted to 966 million tenge (nine-month period ended 30 September 2021: 3,797 million tenge). Even though the Group is currently working actively to dispose reposessed collateral held for sale, most of them have not been sold within short period of time. Management still intends to sell the reposessed collateral.

*(millions of tenge)***16 Other assets and other liabilities (continued)**

Other liabilities comprise:

	<i>30 September 2022 (unaudited)</i>	<i>31 December 2021</i>
Accrued expenses for employee benefits	5,734	5,902
Deferred government grants	4,392	1,351
Lease liabilities	1,860	1,941
Payables on non-banking activities	1,560	2,188
Allowance for ECL for credit related commitments (Note 24)	642	658
Obligations to pay mandatory contributions to the KDIF	424	366
Other	1,324	1,191
Other financial liabilities	15,936	13,597
Taxes payable other than corporate income tax	2,276	2,078
Other	782	795
Other non-financial liabilities	3,058	2,873
Total other liabilities	18,994	16,470

17 Current accounts and deposits of customers

Current accounts and deposits of customers comprise:

	<i>30 September 2022 (unaudited)</i>	<i>31 December 2021</i>
Current accounts and demand deposits		
- Retail customers	118,725	91,195
- Corporate customers	579,407	439,278
Time deposits		
- Retail customers	526,775	478,679
- Corporate customers	581,225	661,904
Guarantee deposits		
- Retail customers	28,891	17,462
- Corporate customers	47,275	45,241
	1,882,298	1,733,759
Held as security against letters of credit and guarantees (Note 24)	(839)	(2,416)

Concentration of current accounts and deposits of customers

As at 30 September 2022, total amount of account balances of top 10 clients amounted to 350,273 million tenge or 18.61% of total current accounts and deposits of customers (31 December 2021: 386,317 million tenge or 22.28%).

As at 30 September 2022, the Group's outstanding balance of accounts and deposits of individuals and individual entrepreneurs amounted to 254,608 million tenge (31 December 2021: 243,073 million tenge) with limited KDIF insurance coverage on behalf of the Government of the Republic of Kazakhstan.

In accordance with the Civil Code of the Republic of Kazakhstan, the Bank is obliged to repay the deposit upon demand of a depositor. In case a term deposit is repaid upon demand of the depositor prior to maturity, interest is not paid or paid at considerably lower interest rate depending on the terms specified in the agreement.

*(millions of tenge)***18 Due to banks and other financial institutions**

Amounts due to banks and other financial organizations comprise:

	30 September 2022 (unaudited)	31 December 2021
Loans from governmental organizations	53,364	48,110
Loans from other financial organizations	–	22,706
Liabilities due to Kazakhstan Sustainability Fund JSC	12,712	14,280
Current accounts and deposits of banks	1	93
	66,077	85,189

As at 30 September 2022, loans from government entities included loans received from Damu Entrepreneurship Development Fund JSC, Development Bank of Kazakhstan JSC and Industrial Development Fund JSC in the amount of 35,041 million tenge, 13,258 million tenge and 5,010 million tenge, respectively (31 December 2021: Damu Entrepreneurship Development Fund JSC, Development Bank of Kazakhstan JSC in the amount of 34,960 million tenge and 13,079 million tenge, respectively), within the framework of the state program to support small and medium-sized businesses by the banking sector, as well as the state program of concessional lending to individuals to purchase passenger vehicles of a domestic manufacturer.

Loans are denominated in tenge, have nominal interest rates from 1.00% to 9.00% per annum and mature in 2022-2052. In May 2022, the Group received a loan from Industrial Development Fund JSC in the amount of 15,000 million tenge at a nominal rate of 1.00% per annum under the preferential car lending program. The loan was recognized at fair value determined using a market rate of 14.12% per annum. During the nine-month period ended 30 September 2022, the fair value of car loans issued at a nominal rate of 4.00% per annum was recognized at fair value using a market rate of 22.68%–23.49% per annum. In 2022, the Group recognized net income from the preferential car lending program in the amount of 461 million tenge as part of other income in the interim condensed consolidated statement of comprehensive income.

As at 31 December 2021, loans from other financial institutions included loans in the amount of 22,706 million tenge received from European Bank for Reconstruction and Development (EBRD) as part of the program for supporting of investments in micro, small and medium businesses in the Republic of Kazakhstan and Women in Business program. The loans were denominated in Tenge, had interest rates of 14.65% per annum and mature in 2023. The liabilities to the EBRD were repaid early on 26 August 2022. As at 31 December 2021, a deposit in the amount of 25,794 million tenge placed by the Group with the EBRD acts as collateral for these liabilities.

As at 30 September 2022, liabilities to Kazakhstan Sustainability Fund JSC include deposits in the amount of 10,173 million tenge (31 December 2021: 11,734 million tenge) as part of the governmental program for refinancing of mortgage and housing loans to customers. In 2020, this program was changed in terms of providing additional aid to mortgage borrowers belonging to the category of socially vulnerable segments of the population, as well as unilateral conversion of foreign currency mortgage loans into tenge. Deposits are denominated in tenge, have nominal interest rates from 0.10% to 2.99% per annum and mature in 2038-2050. In June 2022, the contractual terms for attracted deposits between the Group and Kazakhstan Sustainability Fund JSC were renegotiated. As a result of the renegotiation, the Group recognized profit of 1,441 million tenge as part of net (loss)/income on derecognition of financial assets measured at amortized cost in the interim condensed consolidated statement of comprehensive income. The fair value of deposits at initial recognition for the nine-month period ended 30 September 2022 was determined by the Group using a market rate of 13.53% per annum. The fair value of deposits at initial recognition for the nine-month period ended 30 September 2021 was determined by the Group using a market rate of 14.07% to 14.40% per annum. During the nine-month period ended 30 September 2022, the fair value of mortgage loans recognized as a result of significant modification was determined by the Group using a market rate from 19.72% to 20.32% per annum (for the nine-month period ended 30 September 2021: from 18.07% to 18.40% per annum). In 2022, the Group recognized a net loss on derecognition of loans to customers net of government grants in the amount of 3,441 million tenge (for the nine-month period ended 30 September 2021: gain on government grants, net of loss on derecognition of loans to customers in the amount of 3,102 million tenge) in the interim condensed consolidated statement of comprehensive income.

(millions of tenge)

19 Debt securities issued

Debt securities issued comprise:

	<i>Maturity year</i>	<i>Coupon rate</i>	<i>30 September 2022 (unaudited)</i>	<i>31 December 2021</i>
Bonds in US dollars				
Bonds issued in 2022	2025	2.60%	12,872	–
Bonds issued in 2019	2022	3.00%	–	16,171
Eurobonds issued in 2010	2022	14.00%	–	15,497
			12,872	31,668
Bonds in Tenge				
Bonds issued in 2018	2024	4.00%	189,455	172,406
Bonds issued in 2015	2025	10.13%	48,298	49,046
			237,753	221,452
			250,625	253,120

In September 2018, the Bank issued debt securities with a total nominal value of 220,000 million tenge with a coupon rate of 4% per annum and maturity in 2024. The securities were acquired by Sovereign Wealth Fund Samruk-Kazyna JSC in exchange for 220,000 million tenge deposit placed with the Bank on similar terms.

In June 2022, the Bank redeemed Eurobonds issued in 2010 with a total nominal value of 35,880 thousand US dollars (Tenge equivalent at the maturity date of 16,687 million tenge) with a coupon rate of 14% per annum.

In August 2022, the Bank redeemed bonds issued in 2019 with a total nominal value of 37,000 thousand US dollars (Tenge equivalent at the maturity date of 17,619 million tenge) with a coupon rate of 3% per annum.

On 8 August 2022, the Bank carried out the first bond issue on the Astana International Exchange (AIX) under the bond program with a limit of up to 200,000 thousand US dollars due on 8 August 2025 and a rate of 2.60% per annum. The total nominal amount of bonds issued is 100,000 thousand US dollars. As at 30 September 2022, the Bank placed bonds under this bond program in the amount of 26,900 thousand US dollars.

20 Subordinated debt

As at 30 September 2022 and 31 December 2021, subordinated debt includes debt securities issued, represented by tenge-denominated subordinated bonds maturing in 2022-2031 and a fixed coupon rate of 8% per annum. The coupon is paid every six months.

During the nine-month period ended 30 September 2022, the Bank redeemed subordinated debt securities issued with the nominal cost of 3,148 million tenge.

21 Share capital

The number of authorised, placed and outstanding common shares and share capital as at 30 September 2022 and 31 December 2021 are as follows:

	<i>30 September 2022 (unaudited)</i>	<i>31 December 2021</i>
Common shares		
Number of authorised shares	150,003,000,000	150,003,000,000
Number of issued shares	92,387,104,089	92,387,104,089
Number of repurchased shares	(1,934,376,697)	(1,934,376,697)
Number of outstanding shares	90,452,727,392	90,452,727,392
Total share capital, millions of tenge	329,350	329,350

During the nine-month period ended 30 September 2022, the Bank did not declare and pay dividends. Subject to the decision of shareholders dated 29 March 2021, the Bank declared and paid dividends on common shares for the year ended 31 December 2020, in the amount of 52,961 million tenge.

(millions of tenge)

22 Earnings per share

The following reflects the net profit and share information used in the basic and diluted earnings per share computations:

	<i>For the three-month period ended 30 September</i>	
	<i>2022 (unaudited)</i>	<i>2021 (unaudited)</i>
Net profit attributable to shareholders of the Bank	31,282	17,551
Weighted average number of common shares	90,452,727,392	88,995,268,392
Basic and diluted earnings per common share in tenge	0.35	0.20
	<i>For the nine-month period ended 30 September</i>	
	<i>2022 (unaudited)</i>	<i>2021 (unaudited)</i>
Net profit attributable to shareholders of the Bank	76,584	49,177
Weighted average number of common shares	90,452,727,392	88,995,268,392
Basic and diluted earnings per common share in tenge	0.85	0.55

As at 30 September 2022 and 30 September 2021, the Bank did not have any financial instruments diluting earnings per share.

23 Capital management

The Bank maintains an actively managed capital base to cover risks inherent in the business. The adequacy of the Bank's capital is monitored using, among other measures, the norms established by the NBRK in supervising the Bank.

As at 30 September 2022 and 31 December 2021, the Bank had complied in full with all its externally imposed capital requirements.

The primary objectives of the Bank's capital management are to ensure that the Bank complies with externally imposed capital requirements and that the Bank maintains strong credit ratings and healthy capital ratios in order to support its business and to maximize shareholders' value.

The Bank manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities.

The NBRK sets and monitors capital requirements for the Bank.

In accordance with the requirements set by the NBRK and effective from 1 July 2021, banks have to maintain:

- A ratio of core capital to the sum of credit risk weighted assets and contingent liabilities, market risk and a quantitative measure of operating risk weighted assets and contingent liabilities (k1) of not less than 7.5%;
- A ratio of tier 1 capital less investments to the sum of credit risk-weighted assets and contingent liabilities, market risk and a quantitative measure of operational risk weighted assets, contingent assets and liabilities (k1-2) of not less than 8.5%;
- A ratio of own capital to the sum of credit risk weighted assets and contingent liabilities, market risk and a quantitative measure of operating risk weighted assets and contingent liabilities (k2) of not less than 10%.

*(millions of tenge)***23 Risk management (continued)**

Investments for the purposes of calculation of the above ratios represent investments into share capital (charter capital) of a legal entity and subordinated debt of a legal entity if their total exceeds 10% of the total of tier 1 and tier 2 capital of the Bank.

The following table shows the composition of the Bank's capital position calculated in accordance with the NBRK requirements as at 30 September 2022 and 31 December 2021:

	<i>30 September 2022 (unaudited)</i>	<i>31 December 2021</i>
Tier 1 capital	296,808	252,085
Tier 2 capital	10,676	12,885
Total capital	307,484	264,970
Total risk-weighted statutory assets, contingent liabilities, operational and market risk	1,509,776	1,089,944
Ratio k1	19.6%	23.1%
Ratio k1-2	19.6%	23.1%
Ratio k2	20.4%	24.3%

24 Commitments and contingencies**Operating and economic environment**

Republic of Kazakhstan continues economic reforms and development of its legal, tax and regulatory frameworks as required by a market economy. The future stability of the Kazakhstan economy is largely dependent upon these reforms and developments and the effectiveness of economic, financial and monetary measures undertaken by the government.

Due to the rapid development of the coronavirus pandemic (COVID-19), many countries, including the Republic of Kazakhstan, have introduced quarantine measures that have a significant impact on the level and scale of business activity of market participants. The pandemic and measures to minimise its consequences had a significant impact on the activities of companies from various industries. Since March 2020, there has been significant volatility in the capital, currency and commodity markets, including lower oil prices and the depreciation of the tenge against the US dollar and euro. This has resulted in increased uncertainty about further economic growth, which, in turn, may negatively affect the Group's financial position, results of operations and economic prospects.

Credit related commitments

The Group has contingent liabilities to provide credit resources. These credit related contingencies take the form of approved loan and credit card limits and overdraft facilities.

The Group provides bank guarantees and issues letters of credit to ensure that their customers' obligations to third parties are met. These agreements have fixed limits and generally extend for a period of up to five years. In providing financial guarantees, credit related contingencies and letters of credit, the Group applies the same risk management policies and procedures used when issuing loans to customers.

*(millions of tenge)***24 Commitments and contingencies (continued)****Credit related commitments (continued)**

The contractual amounts of credit related contingencies are set out in the table by category.

	<i>30 September 2022 (unaudited)</i>	<i>31 December 2021</i>
Undrawn loan commitments	261,814	132,972
Guarantees issued	74,215	57,325
Letters of credit	1,641	2,835
	337,670	193,132
Less: current accounts and deposits of customers, held as collateral under letters of credit and guarantees (Note 17)	(839)	(2,416)
Less allowance for ECL (Note 16)	(642)	(658)
	336,189	190,058

The loan commitment agreements stipulate the right of the Group to unilaterally withdraw from the agreement should any conditions unfavourable to the Group arise, including deterioration of the borrower's financial condition, change of the refinance rate, inflation, exchange rates and other conditions.

The total outstanding contractual amount of commitments on issuance of loans, letters of credit and guarantees does not necessarily represent future cash requirements, as these commitments may expire or terminate without being funded.

Legal proceedings

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

Management is unaware of any significant actual, pending or threatened claims against the Group.

Contingent tax liabilities

The taxation system in the Republic of Kazakhstan is relatively new and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are often unclear, contradictory and subject to varying interpretation by different tax authorities. Taxes are subject to review and investigation by a number of authorities, which have the authority to impose severe fines, penalties and interest charges. The adequacy of tax assessment in the reporting period may be reviewed during the next five calendar years. However, under certain circumstances a tax year may remain open for a longer period of time. These circumstances may create tax risks in the Republic of Kazakhstan that are substantially more significant than in other countries. Management believes that it has provided adequately for tax liabilities in these interim condensed consolidated financial statements based on its interpretations of applicable Kazakhstan tax legislation, official pronouncements and court decisions. However, the interpretations of the relevant authorities could differ and the effect on these interim condensed consolidated financial statements, if the authorities were successful in enforcing their interpretations, could be significant.

(millions of tenge)

25 Related party transactions

Remuneration of members of the Board of Directors and the Management Board

Total remuneration to 11 members of the Management Board and Board of Directors included in general and administrative expenses for the three-month and nine-month periods ended 30 September 2022 and 2021 is as follows:

	<i>For the three-month period ended</i>		<i>For the nine-month period ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2022 (unaudited)</i>	<i>2021 (unaudited)</i>	<i>2022 (unaudited)</i>	<i>2021 (unaudited)</i>
Members of the Board of Directors and the Management Board of the Group	277	4,118	5,583	5,501
	277	4,118	5,583	5,501

These amounts include cash benefits in respect of the members of the Board of Directors and the Management Board and related taxes.

Transactions with other related parties

Other related parties in the table below include key management personnel and entities jointly controlled by key management personnel. As at 30 September 2022, the outstanding balances and average effective interest rates and related profit or loss for the three- and nine-month periods ended 30 September 2022 and 2021 are as follows:

	<i>30 September 2022 (unaudited)</i>					
	<i>Entities under common control</i>				<i>Other related parties</i>	
	<i>Shareholders</i>		<i>Entities under common control</i>		<i>Other related parties</i>	
	<i>Average annual effective interest rate (%)</i>	<i>Average annual effective interest rate (%)</i>	<i>Average annual effective interest rate (%)</i>	<i>Average annual effective interest rate (%)</i>	<i>Average annual effective interest rate (%)</i>	<i>Average annual effective interest rate (%)</i>
	<i>In millions of Tenge</i>	<i>In millions of Tenge</i>	<i>In millions of Tenge</i>	<i>In millions of Tenge</i>	<i>In millions of Tenge</i>	<i>In millions of Tenge</i>
Assets						
Loans to customers	—	—	—	—	4,865	5.26
Other assets	—	—	81	—	14	—
Liabilities						
Current accounts and deposits of customers	6,980	1.00	44,170	4.16	11,335	2.22
Other liabilities	—	—	57	—	—	—
Contingent liabilities	—	—	—	—	85	—
Guarantees issued	—	—	—	—	81	—

*(millions of tenge)***25 Related party transactions (continued)****Transactions with other related parties (continued)**

<i>For the three-month period ended 30 September 2022 (unaudited)</i>				
	<i>Entities under common control</i>		<i>Other related parties</i>	<i>Total</i>
	<i>Shareholders</i>			
Income/(expenses)				
Interest revenue	—	—	68	68
Interest expense	(21)	(122)	(73)	(216)
General and administrative expenses	—	(319)	(13)	(332)
Fee and commission income	—	7	2	9
Fee and commission expense	—	(36)	—	(36)
Other expenses	—	(26)	—	(26)

<i>For the nine-month period ended 30 September 2022 (unaudited)</i>				
	<i>Entities under common control</i>		<i>Other related parties</i>	<i>Total</i>
	<i>Shareholders</i>			
Income/(expenses)				
Interest revenue	—	—	199	199
Interest expense	(49)	(585)	(143)	(777)
General and administrative expenses	—	(840)	(29)	(869)
Fee and commission income	—	33	10	43
Fee and commission expense	—	(36)	—	(36)
Other expenses	—	(233)	—	(233)

As at 31 December 2021, the outstanding balances and the average effective interest rates and related profit or loss for the three-month and nine-month periods ended 30 September 2021 from transactions with related parties are as follows:

<i>31 December 2021</i>							
	<i>Entities under common control</i>				<i>Other related parties</i>		<i>Total</i>
	<i>Shareholders</i>						
	<i>Average effective interest rate (%)</i>		<i>Average effective interest rate (%)</i>		<i>Average effective interest rate (%)</i>		
	<i>In millions of Tenge</i>	<i>In millions of Tenge</i>	<i>In millions of Tenge</i>	<i>In millions of Tenge</i>	<i>In millions of Tenge</i>	<i>In millions of Tenge</i>	<i>In millions of Tenge</i>
Assets							
Loans to customers	—	—	—	—	4,395	5.53	4,395
Other assets	—	—	126	—	3	—	129
Liabilities							
Current accounts and deposits of customers	23,316	1.00	44,905	2.51	8,389	1.42	76,610
Other liabilities	—	—	186	—	—	—	186
Contingent liabilities	—	—	—	—	71	—	71
Guarantees issued	—	—	—	—	73	—	73

*(millions of tenge)***25 Related party transactions (continued)****Transactions with other related parties (continued)**

<i>For the three-month period ended 30 September 2021 (unaudited)</i>				
	<i>Entities under</i>			<i>Total</i>
	<i>Shareholders</i>	<i>common control</i>	<i>Other related parties</i>	
Income/(expenses)				
Interest revenue	–	–	59	59
Interest expense	(87)	(163)	(25)	(275)
General and administrative expenses	–	(80)	(9)	(89)
Fee and commission income	–	4	–	4
Other expenses	–	(161)	–	(161)
 <i>For the nine-month period ended 30 September 2021 (unaudited)</i>				
	<i>Entities under</i>			<i>Total</i>
	<i>Shareholders</i>	<i>common control</i>	<i>Other related parties</i>	
Income/(expenses)				
Interest revenue	–	–	175	175
Interest expense	(255)	(498)	(76)	(829)
General and administrative expenses	–	(213)	(20)	(233)
Fee and commission income	–	29	6	35
Other expenses	–	(463)	–	(463)

26 Segment information

The Group has five reporting segments and business lines (“Other” segment is indicated separately with description of transactions, which are not related to activities of business lines). These segments / business lines offer a variety of products and services in the financial / banking area. The following is a brief description of transactions of each segment.

- Corporate business (CB) – includes issuance of loans, attracting deposits, settlement and cash services, transactions on guarantees and other transactions with corporate clients (large entities and individual entrepreneurs);
- Small and medium businesses (SMB) – includes issuance of loans, attracting deposits, settlement and cash services, transactions on guarantees and other transactions with small and medium business clients (legal entities and individual entrepreneurs);
- Retail banking (RB) – includes issuance of loans, attracting deposits, settlement and cash services, exchange transactions and other transactions with retail clients (individuals);
- Investing activities – responsible for financing the Group’s operations (repo operations, raising funds from banks and financial organizations, issuance of bonds, subordinated debt), securities transactions, use of derivative financial instruments and related foreign currency transactions;
- Other - other transactions with debtors / creditors, fixed assets, amounts on transit accounts and other transactions that are not related to segments / business lines (CB, SMB, RB, Investment Activities).

*(millions of tenge)***26 Segment information (continued)**

Performance of each reportable segment is presented below. Performance results of segment / business line are evaluated on the basis of derived profit, which includes the effective management of a portfolio of borrowed and placed funds. Profit from segment / business line is used to measure performance. Pricing is performed on the basis of borrowing / placement rates approved by the authorized body of the Bank.

	<i>30 September 2022 (unaudited)</i>					
	<i>CB</i>	<i>SMB</i>	<i>RB</i>	<i>Investing activities</i>	<i>Other</i>	<i>Total</i>
Assets						
Cash and cash equivalents	73,653	58,918	80,987	187,422	6,166	407,146
Amounts due from financial institutions	2,183	2,351	1,757	24,357	5	30,653
Trading securities	—	—	—	2,548	—	2,548
Loans to customers	272,612	317,612	419,193	—	21,774	1,031,191
Investment securities	—	—	—	1,020,265	—	1,020,265
Property and equipment	—	—	—	—	59,940	59,940
Intangible assets	—	—	—	—	13,808	13,808
Other assets	55	299	1,326	88	63,928	65,696
Total assets	348,503	379,180	503,263	1,234,680	165,621	2,631,247
Liabilities						
Current accounts and deposits of customers	697,414	503,907	680,976	—	1	1,882,298
Amounts due to banks and other financial organizations	10,561	31,631	10,521	70	13,294	66,077
Amounts payable under repurchase agreements	—	—	—	56,802	—	56,802
Debt securities issued	—	—	12,872	189,455	48,298	250,625
Deferred tax liabilities	—	—	—	—	15,308	15,308
Subordinated debt	—	—	—	—	17,552	17,552
Other liabilities	28	94	1,119	5	17,748	18,994
Total liabilities	708,003	535,632	705,488	246,332	112,201	2,307,656
Equity						
Share capital	—	—	—	—	332,815	332,815
Additional paid-in capital	—	—	—	—	23,651	23,651
Treasury shares	—	—	—	—	(3,465)	(3,465)
Fair value reserve	—	—	—	—	(22,553)	(22,553)
Accumulated losses	—	—	—	—	(6,857)	(6,857)
Total equity attributable to shareholders of the Bank	—	—	—	—	323,591	323,591

*(millions of tenge)***26 Segment information (continued)**

	<i>31 December 2021</i>					
	<i>CB</i>	<i>SMB</i>	<i>RB</i>	<i>Investing activities</i>	<i>Other</i>	<i>Total</i>
Assets						
Cash and cash equivalents	66,481	49,460	67,451	243,234	6,322	432,948
Amounts due from financial institutions	794	3,609	394	42,193	—	46,990
Trading securities	—	—	—	2,970	—	2,970
Loans to customers	188,752	270,656	310,168	—	39,372	808,948
Investment securities	—	—	—	985,109	—	985,109
Property and equipment	—	—	—	—	62,637	62,637
Intangible assets	—	—	—	—	14,071	14,071
Other assets	47	261	2,183	—	69,625	72,116
Total assets	256,074	323,986	380,196	1,273,506	192,027	2,425,789
Liabilities						
Current accounts and deposits of customers	699,189	440,566	594,003	—	1	1,733,759
Amounts due to banks and other financial organizations	10,569	55,435	8,608	99	10,478	85,189
Amounts payable under repurchase agreements	—	—	—	25,064	—	25,064
Debt securities issued	—	—	16,170	172,406	64,544	253,120
Deferred tax liabilities	—	—	—	—	13,987	13,987
Subordinated debt	—	—	—	—	20,503	20,503
Other liabilities	25	62	2,331	37	14,015	16,470
Total liabilities	709,783	496,063	621,112	197,606	123,528	2,148,092
Equity						
Share capital	—	—	—	—	332,815	332,815
Additional paid-in capital	—	—	—	—	23,651	23,651
Treasury shares	—	—	—	—	(3,465)	(3,465)
Fair value reserve	—	—	—	—	8,137	8,137
Accumulated losses	—	—	—	—	(83,441)	(83,441)
Total equity attributable to shareholders of the Bank	—	—	—	—	277,697	277,697

*(millions of tenge)***26 Segment information (continued)**

Information on the main reporting segments for the three-month and nine-month periods ended 30 September 2022 and 2021 is presented as follows:

	<i>For the three-month period ended 30 September 2022 (unaudited)</i>						<i>Total</i>
	<i>CB</i>	<i>SMB</i>	<i>RB</i>	<i>Investing activities</i>	<i>Other</i>	<i>Elimina- tion</i>	
Interest income	7,021	11,190	26,709	24,796	1,454	–	71,170
Transfer income	15,397	11,090	12,085	10,762	4,261	(53,595)	–
Interest expenses	(11,866)	(4,223)	(7,957)	(9,695)	(2,308)	–	(36,049)
Transfer expenditures	(5,126)	(7,588)	(10,561)	(27,493)	(547)	51,315	–
Net interest income	5,426	10,469	20,276	(1,630)	2,860	(2,280)	35,121
Fee and commission income	661	5,590	3,562	36	50	–	9,899
Fee and commission expense	(312)	(1,523)	(1,349)	(91)	(5)	–	(3,280)
Net loss on transactions with financial instruments at fair value through profit or loss	–	–	–	(2,694)	–	–	(2,694)
Net loss from derecognition of investment securities at fair value through other comprehensive income	–	–	–	(7)	–	–	(7)
Net gain/(loss) from foreign currencies	11,124	5,046	1,262	(3,218)	1,131	–	15,345
Other income	124	315	219	5	183	–	846
Non-interest income	11,597	9,428	3,694	(5,969)	1,359	–	20,109
Credit loss expense	469	(4,087)	(3,169)	(115)	(3,126)	–	(10,028)
Net loss upon derecognition of financial assets measured at amortized cost	–	–	(3,102)	–	1,335	–	(1,767)
General and administrative expenses	(175)	(5,800)	(5,014)	(144)	(2,277)	–	(13,410)
Other expenses	(244)	(52)	(1,127)	(33)	400	–	(1,056)
Non-interest expense	50	(9,939)	(12,412)	(292)	(3,668)	–	(26,261)
Other transfer income and expenditures	(965)	(829)	(1,044)	3,693	(3,135)	2,280	–
Profit /(loss) before corporate income tax expense	16,108	9,129	10,514	(4,198)	(2,584)	–	28,969
Corporate income tax benefit / (expense)	217	1,119	(22)	999	–	–	2,313
Profit/(loss) for the period	16,325	10,248	10,492	(3,199)	(2,584)	–	31,282

*(millions of tenge)***26 Segment information (continued)**

	<i>For the nine-month period ended 30 September 2022 (unaudited)</i>						
	<i>CB</i>	<i>SMB</i>	<i>RB</i>	<i>Investing activities</i>	<i>Other</i>	<i>Elimina- tion</i>	<i>Total</i>
Interest income	17,401	30,432	64,934	68,214	3,918	–	184,899
Transfer income	40,600	31,030	29,569	27,711	13,072	(141,982)	–
Interest expenses	(27,945)	(12,580)	(19,599)	(25,255)	(7,856)	–	(93,235)
Transfer expenditures	(12,442)	(20,470)	(27,397)	(74,302)	(1,756)	136,367	–
Net interest income	17,614	28,412	47,507	(3,632)	7,378	(5,615)	91,664
Fee and commission income	1,926	14,549	9,859	47	65	–	26,446
Fee and commission expense	(951)	(4,182)	(3,425)	(213)	(17)	–	(8,788)
Net income on transactions with financial instruments at fair value through profit or loss	–	–	–	1,397	–	–	1,397
Net gains from derecognition of investment securities at fair value through other comprehensive income	–	–	–	14	–	–	14
Net gain from foreign currencies	13,528	15,191	4,956	4,794	388	–	38,857
Other income	161	407	727	35	1,669	–	2,999
Non-interest income	14,664	25,965	12,117	6,074	2,105	–	60,925
Credit loss expense	577	(4,149)	(14,991)	(206)	(2,268)	–	(21,037)
Net loss upon derecognition of financial assets measured at amortized cost	–	–	(3,800)	–	359	–	(3,441)
General and administrative expenses	(2,351)	(14,050)	(20,489)	(959)	(6,768)	–	(44,617)
Other expenses	(257)	(155)	(2,691)	(73)	(1,351)	–	(4,527)
Non-interest expense	(2,031)	(18,354)	(41,971)	(1,238)	(10,028)	–	(73,622)
Other transfer income and expenditures	(2,304)	(1,974)	(2,413)	10,712	(9,636)	5,615	–
Profit / (loss) before corporate income tax expense	27,943	34,049	15,240	11,916	(10,181)	–	78,967
Corporate income tax expenses	(747)	(910)	(407)	(319)	–	–	(2,383)
Profit/ (loss) for the period	27,196	33,139	14,833	11,597	(10,181)	–	76,584

*(millions of tenge)***26 Segment information (continued)**

	For the three-month period ended 30 September 2021 (unaudited)						
	CB	SMB	RB	Investing activities	Other	Elimina- tion	Total
Interest income	3,805	8,241	15,817	18,664	1,358	—	47,885
Transfer income	8,757	7,109	7,692	6,270	2,091	(31,919)	—
Interest expenses	(6,669)	(3,436)	(6,043)	(6,316)	(2,789)	—	(25,253)
Transfer expenditures	(2,763)	(5,094)	(7,518)	(19,530)	(1,010)	35,915	—
Net interest income	3,130	6,820	9,948	(912)	(350)	3,996	22,632
Fee and commission income	656	4,912	4,465	7	7	—	10,047
Fee and commission expense	(531)	(2,059)	(700)	(53)	9	—	(3,334)
Net loss on transactions with financial instruments at fair value through profit or loss	—	—	—	(962)	—	—	(962)
Net loss from derecognition of investment securities at fair value through other comprehensive income	—	—	—	(42)	—	—	(42)
Net gain / (loss) from foreign currencies	897	1,486	556	832	49	—	3,820
Other income/(expenses)	(30)	106	(48)	—	1,944	—	1,972
Non-interest income/(expenses)	992	4,445	4,273	(218)	2,009	—	11,501
Credit loss expense	1,152	(283)	(2,494)	805	(473)	—	(1,293)
Net gain/(loss) upon derecognition of financial assets measured at amortized cost	—	—	1,675	—	(483)	—	1,192
General and administrative expenses	(873)	(3,575)	(7,908)	(289)	(1,969)	—	(14,614)
Other expenses	—	(170)	(924)	(13)	(60)	—	(1,167)
Non-interest expense	279	(4,028)	(9,651)	503	(2,985)	—	(15,882)
Other transfer income and expenditures	(576)	(17)	(328)	8,369	(3,452)	(3,996)	—
Profit/(loss) before corporate income tax expense	3,825	7,220	4,242	7,742	(4,778)	—	18,251
Corporate income tax benefit	(96)	(227)	(129)	(248)	—	—	(700)
Profit/(loss) for the period	3,729	6,993	4,113	7,494	(4,778)	—	17,551

*(millions of tenge)***26 Segment information (continued)**

	<i>For the nine-month period ended 30 September 2021 (unaudited)</i>						
	<i>CB</i>	<i>SMB</i>	<i>RB</i>	<i>Investing activities</i>	<i>Other</i>	<i>Elimina- tion</i>	<i>Total</i>
Interest income	10,544	23,346	49,217	52,818	3,833	–	139,758
Transfer income	25,143	18,443	22,215	17,269	6,508	(89,578)	–
Interest expenses	(18,787)	(9,094)	(17,157)	(18,216)	(7,202)	–	(70,456)
Transfer expenditures	(7,687)	(14,285)	(22,977)	(54,396)	(3,093)	102,438	–
Net interest income	9,213	18,410	31,298	(2,525)	46	12,860	69,302
Fee and commission income	1,824	15,203	12,100	13	11	–	29,151
Fee and commission expense	(968)	(7,364)	(3,240)	(153)	(17)	–	(11,742)
Net loss on transactions with financial instruments at fair value through profit or loss	–	–	–	(1,345)	–	–	(1,345)
Net gains from derecognition of investment securities at fair value through other comprehensive income	–	–	–	(180)	–	–	(180)
Net gain /(loss) from foreign currencies	2,556	3,724	1,709	217	262	–	8,468
Other income	89	240	214	52	2,471	–	3,066
Non-interest income	3,501	11,803	10,783	(1,396)	2,727	–	27,418
Credit loss expense	427	(697)	(8,164)	1,049	(2,030)	–	(9,415)
Net gain/(loss) upon derecognition of financial assets measured at amortized cost	–	–	2,182	–	920	–	3,102
General and administrative expenses	(2,020)	(8,677)	(19,924)	(941)	(5,280)	–	(36,842)
Other expenses	(210)	(206)	(2,379)	(40)	(834)	–	(3,669)
Non-interest expense	(1,803)	(9,580)	(28,285)	68	(7,224)	–	(46,824)
Other transfer income and expenditures	(2,061)	403	(1,730)	26,904	(10,656)	(12,860)	–
(Loss)/profit before corporate income tax expenses	8,850	21,036	12,066	23,051	(15,107)	–	49,896
Corporate income tax expenses	(98)	(233)	(133)	(255)	–	–	(719)
(Loss) / profit for the period	8,752	20,803	11,933	22,796	(15,107)	–	49,177

*(millions of tenge)***27 Fair value of financial instruments****Accounting classification and fair values**

The table below sets out the carrying amounts and fair values of financial assets and financial liabilities as at 30 September 2022:

<i>30 September 2022 (unaudited)</i>					
	<i>Assets and liabilities measured at fair value</i>	<i>Assets and liabilities whose fair value is disclosed</i>	<i>Total carrying amount</i>	<i>Fair values</i>	<i>Unrecognised gain/(loss)</i>
Cash and cash equivalents	–	407,146	407,146	407,146	–
Amounts due from financial organizations	–	30,653	30,653	30,653	–
Trading securities	2,548	–	2,548	2,548	–
Loans to customers	–	1,031,191	1,031,191	1,017,456	(13,735)
Investment securities measured at FVOCI	707,886	–	707,886	707,886	–
Investment securities measured at amortized cost	–	312,379	312,379	288,692	(23,687)
Other financial assets	–	23,323	23,323	23,323	–
	710,434	1,804,692	2,515,126	2,477,704	(37,422)
Current accounts and deposits of customers	–	1,882,298	1,882,298	1,884,213	(1,915)
Amounts due to banks and other financial organizations	–	66,077	66,077	61,931	4,146
Amounts payable under repurchase agreements	–	56,802	56,802	56,801	1
Debt securities issued	–	250,625	250,625	223,463	27,162
Subordinated debt	–	17,552	17,552	13,560	3,992
Other financial liabilities	–	15,936	15,936	15,936	–
	–	2,289,290	2,289,290	2,255,904	33,386
					(4,036)

The table below sets out the carrying amounts and fair values of financial assets and financial liabilities as at 31 December 2021:

<i>31 December 2021</i>					
	<i>Assets and liabilities measured at fair value</i>	<i>Assets and liabilities whose fair value is disclosed</i>	<i>Total carrying amount</i>	<i>Fair values</i>	<i>Unrecognised gain/(loss)</i>
Cash and cash equivalents	–	432,948	432,948	432,948	–
Amounts due from financial organizations	–	46,990	46,990	46,990	–
Trading securities	2,970	–	2,970	2,970	–
Loans to customers	–	808,948	808,948	798,266	(10,682)
Investment securities measured at FVOCI	694,828	–	694,828	694,828	–
Investment securities measured at amortized cost	–	290,281	290,281	282,825	(7,456)
Other financial assets	–	22,926	22,926	22,926	–
	697,798	1,602,093	2,299,891	2,281,753	(18,138)
Current accounts and deposits of customers	–	1,733,759	1,733,759	1,737,214	(3,455)
Amounts due to banks and other financial organizations	–	85,189	85,189	81,131	4,058
Amounts payable under repurchase agreements	–	25,064	25,064	25,062	2
Debt securities issued	–	253,120	253,120	245,296	7,824
Subordinated debt	–	20,503	20,503	16,852	3,651
Other financial liabilities	–	13,597	13,597	13,597	–
	–	2,131,232	2,131,232	2,119,152	12,080
					(6,058)

(millions of tenge)

27 Fair value of financial instruments (continued)

Accounting classification and fair value (continued)

The estimate of fair value is intended to approximate the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. However, considering the uncertainties and the use of judgements, the fair value should not be interpreted as realisable within the framework of an immediate sale of assets or the transfer of liabilities.

The fair value of financial assets and financial liabilities that are traded in active markets is based on quoted market quotes or dealers' prices. The Group determines fair value of all other financial instruments using various valuation techniques.

The purpose of valuation techniques is to achieve a method of fair value measurement that reflects the price of a transaction on an organized market for the sale of an asset or transfer a liability between market participants at the measurement date.

Valuation techniques include net present value valuation models and discounting of cash flows, comparison with similar instruments with known market quotations, as well as other valuation models. Assumptions and inputs used in valuation techniques include risk-free and base interest rates, credit spreads and other adjustments used in estimating discount rates, shares and bonds quotations, and expected price movements and their comparison. Valuation techniques focused on determining the fair value, which reflects the value of a financial instrument as at the reporting date that would have been determined by independent market participants.

The Group uses widely recognised valuation techniques for determining the fair value of standard and more simple financial instruments, such as interest rate and currency swaps, and such techniques use only observable market data and do not require management judgements or estimates. Observable quotations and model inputs are usually available in the market for publicly traded debt and equity securities, derivatives traded on the stock exchange, as well as simple off-market financial derivatives, such as interest rate swaps.

The Group uses its own valuation models for more sophisticated instruments. Some or all of the significant inputs into these models may not be observable in the market, and are derived from market prices or rates or are estimated based on assumptions. Certain loans and securities for which there is no active market can be an example of instruments the estimation of which is based on the use of unobservable inputs.

Assets for which fair value approximates to carrying value

For financial assets and financial liabilities that are liquid or having a short-term maturity (less than three months) it is assumed that the carrying amounts approximate to their fair value. This assumption is also applied to demand deposits and savings accounts without a specific maturity.

Financial assets and financial liabilities carried at amortised cost

Fair value of the quoted notes and bonds is based on price quotations at the reporting date. The fair value of unquoted instruments, loans to customers, customer deposits, amounts due from financial organizations, deposits of banks and other financial organizations, other financial assets and liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

The following assumptions are used by the management to estimate the fair values of financial instruments:

- To discount the future cash flows from loans to corporate customers a discount rate in the range from 4.84% p.a. to 18.40% p.a. (31 December 2021: 4.84% p.a. to 14.51% p.a.) was used;
- The discount rate of 30.53% per annum was used to calculate the future cash flows from loans to individuals (31 December 2021: 28.73% per annum).

*(millions of tenge)***27 Fair value of financial instruments (continued)****Fair value hierarchy**

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: models for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The following table analyses financial instruments carried at fair value as at 30 September 2022, by fair value hierarchy, into which the fair value measurement is categorised.

	<i>Notes</i>	<i>30 September 2022 (unaudited)</i>			<i>Total</i>
		<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	
Assets					
Trading securities	13	239	37	2,272	2,548
Investment securities measured at FVOCI	15	554,189	153,697	–	707,886
		554,428	153,734	2,272	710,434

The following table analyses financial instruments carried at fair value as at 31 December 2021, by fair value hierarchy, into which the fair value measurement is categorised.

	<i>Note</i>	<i>31 December 2021</i>			<i>Total</i>
		<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	
Assets					
Trading securities	13	1,518	–	1,452	2,970
Investment securities measured at FVOCI	15	579,407	115,421	–	694,828
		580,925	115,421	1,452	697,798

As at 30 September 2022, KSF debt securities measured FVOCI in the amount of 116,368 million tenge are classified in Level 2 of the fair value hierarchy (as at 31 December 2021: 95,705 million tenge). These investment securities are considered for regulatory purposes as high-quality liquid assets, but are classified in Level 2 due to insufficient amount of transactions with these securities in an active market.

*(millions of tenge)***27 Fair value of financial instruments (continued)****Fair value hierarchy (continued)**

The following table analyses financial instruments not measured at fair value as at 30 September 2022, by fair value hierarchy, into which the fair value measurement is categorised:

	<i>30 September 2022 (unaudited)</i>			<i>Total fair value</i>	<i>Total carrying value</i>
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>		
Assets					
Cash and cash equivalents	–	407,146	–	407,146	407,146
Amounts due from financial institutions	–	30,653	–	30,653	30,653
Loans to customers	–	–	1,017,456	1,017,456	1,031,191
Investment securities measured at amortized cost	36,167	24,939	227,586	288,692	312,379
Other financial assets	–	–	23,323	23,323	23,323
Liabilities					
Current accounts and deposits of customers	–	1,884,213	–	1,884,213	1,882,298
Amounts due to banks and other financial organizations	–	61,931	–	61,931	66,077
Amounts payable under repurchase agreements	–	56,801	–	56,801	56,802
Debt securities issued	–	223,463	–	223,463	250,625
Subordinated debt	–	13,560	–	13,560	17,552
Other financial liabilities	–	15,936	–	15,936	15,936

As at 30 September 2022, KSF debt securities measured at amortized cost in the amount of 4,761 million tenge are classified in Level 2 of the fair value hierarchy (as at 31 December 2021: 4,528 million tenge). These investment securities are considered for regulatory purposes as high-quality liquid assets, but are classified in Level 2 due to insufficient amount of transactions with these securities in an active market.

The following table analyses financial instruments not measured at fair value as at 31 December 2021, by fair value hierarchy, into which the fair value measurement is categorised:

	<i>31 December 2021</i>			<i>Total fair value</i>	<i>Total carrying value</i>
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>		
Assets					
Cash and cash equivalents	–	432,948	–	432,948	432,948
Amounts due from financial institutions	–	46,990	–	46,990	46,990
Loans to customers	–	–	798,266	798,266	808,948
Investment securities measured at amortized cost	30,720	26,514	225,591	282,825	290,281
Other financial assets	–	–	22,926	22,926	22,926
Liabilities					
Current accounts and deposits of customers	–	1,737,214	–	1,737,214	1,733,759
Amounts due to banks and other financial organizations	–	81,131	–	81,131	85,189
Amounts payable under repurchase agreements	–	25,062	–	25,062	25,064
Debt securities issued	–	245,296	–	245,296	253,120
Subordinated debt	–	16,852	–	16,852	20,503
Other financial liabilities	–	13,597	–	13,597	13,597