

ForteBank Joint Stock Company

Interim condensed consolidated financial statements

30 September 2023

CONTENTS

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Interim condensed consolidated statement of comprehensive income	1-2
Interim condensed consolidated statement of financial position	3
Interim condensed consolidated statement of cash flows	4
Interim condensed consolidated statement of changes in equity	5-6

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1	General	7
2	Basis of preparation	8
3	Significant accounting judgements and estimates	9
4	Net interest income	12
5	Fee and commission income and expenses	13
6	Net gain from foreign currencies	14
7	Credit loss expenses	14
8	General and administrative expenses	14
9	Other income and expenses	15
10	Corporate income tax expense	15
11	Cash and cash equivalents	16
12	Amounts due from financial institutions	17
13	Loans to customers	18
14	Investment securities	21
15	Other assets and other liabilities	23
16	Current accounts and deposits of customers	24
17	Amounts due to banks and other financial institutions	24
18	Accpunts payable under repurchase agreements	33
19	Debt securities issued	25
20	Subordinated debt	26
21	Share capital	26
22	Earnings per share	26
23	Capital management	27
24	Commitments and contingencies	27
25	Related party transactions	29
26	Segment information	31
27	Fair value of financial instruments	38

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME****For the nine-month period ended 30 September 2023***(millions of tenge)*


	<i>Note</i>	<i>For the three-month period ended 30 September</i>		<i>For the nine-month period ended 30 September</i>	
		<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
		<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Interest income calculated using effective interest rate	4	95,110	70,627	264,321	183,546
Other interest income	4	965	543	2,393	1,353
Interest expense	4	(45,481)	(36,049)	(128,451)	(93,235)
Net interest income		50,594	35,121	138,263	91,664
Fee and commission income	5	9,287	9,899	26,675	26,446
Fee and commission expenses	5	(2,960)	(3,280)	(9,906)	(8,788)
Net (loss)/gain on transactions with financial instruments at fair value through profit or loss		(499)	(2,694)	(893)	1,397
Net (loss)/gain on derecognition of investment securities at fair value through other comprehensive income		(158)	(7)	767	14
Net foreign exchange gain	6	7,085	15,345	24,618	38,857
Other income	9	2,682	846	6,182	2,999
Non-interest income		15,437	20,109	47,443	60,925
Credit loss expenses	7	(10,018)	(10,028)	(32,770)	(21,037)
Net loss on derecognition of financial assets measured at amortized cost	17	(1,682)	(1,767)	(3,358)	(3,441)
General and administrative expenses	8	(23,046)	(13,410)	(58,547)	(44,617)
Other expenses	9	(1,346)	(1,056)	(4,200)	(4,527)
Non-interest expenses		(36,092)	(26,261)	(98,875)	(73,622)
Profit before corporate income tax benefit/(expenses)		29,939	28,969	86,831	78,967
Corporate income tax (expenses)/benefit	10	(712)	2,313	545	(2,383)
Profit for the period		29,227	31,282	87,376	76,584
Attributable to:					
- Shareholders of the Bank	22	29,227	31,282	87,376	76,584
		29,227	31,282	87,376	76,584

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME****For the nine-month period ended 30 September 2023***(millions of tenge)*

		For the three month-period ended 30 September		For the nine-month period ended 30 September	
		2023	2022	2023	2022
	Note	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Other comprehensive income					
<i>Other comprehensive income / (loss) to be reclassified to profit or loss in the subsequent periods</i>					
Net change in fair value of debt instruments at fair value through other comprehensive income		860	(1,265)	11,538	(31,843)
Income tax relating to components of other comprehensive income		127	205	2	1,041
Change in allowance for expected credit losses of debt instruments at fair value through other comprehensive income	7	(19)	118	195	126
Amount reclassified to profit or loss as a result of derecognition of debt instruments measured at fair value through other comprehensive income		158	7	(767)	(14)
Other comprehensive income / (loss) for the period, net of tax		1,126	(935)	10,968	(30,690)
Total comprehensive income for the period		30,353	30,347	98,344	45,894
Attributable to:					
- Shareholders of the Bank		30,353	30,347	98,344	45,894
		30,353	30,347	98,344	45,894
Basic and diluted earnings per ordinary share (in tenge)	22	0.32	0.35	0.97	0.85


 R.I. Irmatov
 Deputy Chairman of the Management Board (CFO)

10 November 2023


 Z.B. Albossinova
 Chief Accountant – Managing Director



INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**At 30 September 2023***(millions of tenge)*

	<i>Note</i>	<i>30 September 2023 (unaudited)</i>	<i>31 December 2022</i>
Assets			
Cash and cash equivalents	11	489,348	457,962
Amounts due from financial institutions	12	32,200	31,046
Securities measured at fair value through profit or loss		2,864	2,763
Loans to customers	13	1,309,545	1,173,542
Investment securities	14	958,482	990,574
Property and equipment		57,112	59,020
Intangible assets		14,168	14,550
Other assets	15	42,508	59,929
Total assets		2,906,227	2,789,386
Liabilities			
Current accounts and deposits from customers	16	2,077,523	2,011,734
Amounts due to banks and other financial institutions	17	67,020	66,751
Amounts payable under repurchase agreements	18	51,199	67,980
Debt securities issued	19	267,298	249,473
Subordinated debt	20	14,647	16,795
Deferred tax liabilities	10	12,924	13,904
Other liabilities	15	22,546	18,989
Total liabilities		2,513,157	2,445,626
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		(12,918)	(23,886)
Retained earnings		52,987	14,645
Total equity		393,070	343,760
Total equity and liabilities		2,906,227	2,789,386

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**For the nine-month period ended 30 September 2023***(millions of tenge)*

	<i>Note</i>	<i>For the nine-month period ended 30 September</i>	
		<i>2023</i>	<i>2022</i>
		<i>(unaudited)</i>	<i>(unaudited)</i>
Cash flows from operating activities			
Interest income received	4	262,876	184,257
Interest expenses paid	4	(110,197)	(76,361)
Fee and commission income received		27,101	26,247
Fee and commission expenses paid		(9,921)	(8,816)
Net realized (loss)/income on financial instruments at fair value through profit or loss		(855)	612
Net realized foreign exchange gain	6	24,824	37,095
Other operating expenses less income paid		7,492	(1,700)
General and administrative expenses paid		(47,607)	(37,653)
(Increase)/decrease in operating assets			
Amounts due from financial institutions		(872)	20,212
Securities measured at fair value through profit or loss		(70)	1,201
Loans to customers		(164,110)	(244,754)
Other assets		12,472	9,861
Increase /(decrease) in operating liabilities			
Current accounts and deposits from customers		54,134	104,986
Amounts due to banks and other financial institutions		2,609	(12,495)
Amounts payable under repurchase agreements		(16,974)	31,532
Other liabilities		1,877	(1,998)
Net cash flow from operating activities before corporate income tax		42,779	32,226
Corporate income tax paid		(2,358)	(22)
Net cash flows from operating activities		40,421	32,204
Cash flows from investing activities			
Acquisition of investment securities measured at amortized cost		—	(6,810)
Proceeds from redemption of investment securities measured at amortized cost		4,834	888
Purchase of investment securities at fair value through other comprehensive income		(372,276)	(178,334)
Proceeds from sale of investment securities at fair value through other comprehensive income		71,877	4,944
Proceeds from redemption of investment securities at fair value through other comprehensive income		342,386	133,878
Purchase of property and equipment and intangible assets		(3,623)	(3,853)
Proceeds from sale of property and equipment and intangible assets		1	68
Net cash (used in)/from investing activities		43,199	(49,219)
Cash flows from financing activities			
Dividends paid to shareholders of the Bank	21	(49,034)	—
Repayment of lease liabilities		(527)	(627)
Repayment of subordinated debt		(2,313)	(3,148)
Repurchase of debt securities issued		(11,382)	—
Proceeds from the placement of debt securities issued		11,551	12,827
Redemption of debt securities issued		—	(34,306)
Net cash used in financing activities		(51,705)	(25,254)
Net change in cash and cash equivalents		31,915	(42,269)
Effect of changes in exchange rates on cash and cash equivalents		(535)	16,484
Effect of ECL on cash and cash equivalents		6	(17)
Cash and cash equivalents at the beginning of the period		457,962	432,948
Cash and cash equivalents at the end of the period		489,348	407,146
Non-cash transactions			
Withdrawal of collateral on loans to customers	13	1,251	966

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**For the nine-month period ended 30 September 2023***(millions of tenge)*

	<i>Share capital</i>	<i>Additional paid-in capital</i>	<i>Treasury shares</i>	<i>Fair value reserve</i>	<i>Retained earnings</i>	<i>Total equity</i>
At 1 January 2023	332,815	23,651	(3,465)	(23,886)	14,645	343,760
Profit for the reporting period (unaudited)	–	–	–	–	87,376	87,376
Other comprehensive income for the period (unaudited)	–	–	–	10,968	–	10,968
Total comprehensive income for the period (unaudited)	–	–	–	10,968	87,376	98,344
Dividends declared (<i>Note 2f</i>) (unaudited)	–	–	–	–	(49,034)	(49,034)
At 30 September 2023 (unaudited)	332,815	23,651	(3,465)	(12,918)	52,987	393,070

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

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

(in 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 Luxembourg Stock Exchange and the Kazakhstan Stock Exchange (hereinafter - the “KASE”) and Astana International Exchange.

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 2023 and 31 December 2022, 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.

As at 30 September 2023 and 31 December 2022, the Group includes the following subsidiaries:

<i>Name</i>	<i>Country of incorporation</i>	<i>Principal activity</i>	<i>Ownership, %</i>	
			<i>30 September 2023 (unaudited)</i>	<i>31 December 2022</i>
ForteLeasing JSC	Republic of Kazakhstan	Leasing operations	100.0	100.0
OUSA Alliance LLP	Republic of Kazakhstan	Management of doubtful and bad assets	100.0	100.0
OUSA-F LLP	Republic of Kazakhstan	Management of doubtful and bad assets	100.0	100.0
ONE Technologies LLP	Republic of Kazakhstan	Software development	100.0	100.0
ForteFinance JSC	Republic of Kazakhstan	Brokerage and dealer activities, investment portfolio management activities	100.0	100.0

Shareholders

As at 30 September 2023, Mr. B.Zh. Utemuratov is beneficial owner of 81.82% of the outstanding ordinary shares of the Bank and is an ultimate controlling shareholder of the Group (31 December 2022: 84.32%).

(in millions of tenge)

2 Basis of preparation

Statement of compliance with IAS 34 *Interim Financial Reporting*

The interim condensed consolidated financial statements for the nine-month period ended 30 September 2023 have been prepared in accordance with International Accounting Standard (IAS) 34 *Interim Financial Reporting* and Regulations of the National Bank of Kazakhstan.

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 2022.

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

Basis of measurement

These interim condensed consolidated financial statements are prepared on the historical cost basis except for the investment securities measured at fair value through other comprehensive income and securities measured at fair value through profit or loss that are stated at fair value.

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. As at 30 September 2023, the official exchange rate used for translation of foreign currency balances was 474.47 tenge for 1 US dollar (31 December 2022: 462.65 tenge per 1 US dollar).

The Kazakhstan 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.

Geopolitical events

As a result of the conflict between the Russian Federation and Ukraine many countries have imposed, and continue to impose, new sanctions on specified Russian entities and individuals. Sanctions have also been imposed on the Republic of Belarus.

Volatility in stock and currency markets, restrictions to imports and exports, availability of local materials and services and access to local resources, will directly impact entities that have significant operations or exposures with the Russian Federation, Republic of Belarus or Ukraine. However, the consequence of the current situation may directly or indirectly impact entities other than those with direct interests in the involved in conflict countries.

In order to manage country risk, the Group controls transactions with counterparties within the limits set by the collegiate body of the Bank, which are reviewed on a regular basis.

Inflation and the current economic environment

The impact of the macroeconomic and geopolitical environment has exacerbated inflationary pressures in almost all economies around the world. High and rising energy prices are having a negative impact on the cost of other goods and services, resulting in significant consumer-price increases in many countries.

Prices of many commodities, including food, remain high. In 2022, inflation in Kazakhstan was 20.3%. As of 30 September 2023, inflation rate in Kazakhstan was 11.8%.

Due to the increased of geopolitical tension in 2022, there has been a significant increase in volatility in the stock and currency markets.

On 6 December 2022, the Monetary Policy Committee of the National Bank of Kazakhstan (hereinafter, the "NBRK") made a decision to raise the base rate to 16.75% per annum with an interest band of +/-1%. During the nine-month period ended 30 September 2023, the NBRK made a decision to decrease the base rate to 16.50% per annum with an interest band of +/-1%.

The Group continues to assess the effect of these events and changing economic conditions on its activities.

Current inflationary pressures, macroeconomic and geopolitical uncertainty, including the impacts of the conflict in Ukraine affect the assumptions and estimation uncertainty associated with the measurement of assets and liabilities.

(in millions of tenge)

2 Basis of preparation (continued)

Changes in accounting policies

The accounting policies applied in these interim condensed consolidated financial statements are the same as those applied by the Group in the last annual consolidated financial statements.

A number of new standards and amendments to standards came into force on 1 January 2023 but they had no material effect on the Group's interim condensed consolidated financial statements:

- IFRS 17 *Insurance Contracts*;
- Amendment to IAS 8 – *Definition of Accounting Estimates*;
- Amendments to IAS 1 and IFRS Practice Statement 2 – *Disclosure of Accounting policies*;
- Amendments to IAS 12 Income Tax – *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*.

A number of standards, amended standards and interpretations issued by IASB will become effective for future reporting periods and have not been early adopted by the Group:

- *Classification of Liabilities as Current or Non-current* (Amendments to IAS 1 and IAS 8), effective for the annual periods beginning after 1 January 2024;
- *Non-current Liabilities with Covenants* (Amendments to IAS 1), effective for the annual periods beginning after 1 January 2024;
- *Lease Liability in a Sale and Leaseback* (Amendments to IFRS 16), effective for the annual periods beginning after 1 January 2024.

These new standards and interpretations are not expected to have a significant impact on the Group's interim condensed consolidated financial statements.

3 Significant accounting judgements and estimates

Estimation uncertainty

The preparation of financial statements in conformity with IFRSs 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 results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized 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 judgements made in applying the accounting policies and the key sources of estimation uncertainty were similar to those described in the last annual consolidated financial statements, except for the changes disclosed below.

Expected credit losses (ECL) on financial assets

During the nine months ended 30 September 2023, the Group's management introduced the following change to the ECL calculation models for loans to customers:

- Stage 2 triggers have been supplemented by the following parameters: -
 - the threshold of absolute 12-month probability of default estimated based on the internal substantiated statistics exceeds 30%;
 - for corporate and SME customers - the most recent rating has been assigned to a borrower more than 18 months ago.
- The loans to individuals, excluding loans for urgent needs with questionnaire confirmation, are included in the accounting of new LGD calculation model

(in millions of tenge)

3 Significant accounting judgements and estimates (continued)

Estimation uncertainty (continued)

Since November 2022, the Bank has been in the process of transition to a new LGD calculation model. The previous model is applied solely to emergency loans (a subproduct of the consumer loan portfolio) which make up 3.5% of the total loan portfolio.

Under the new model, LGD is calculated based on the Bank's statistics about debt recovery rates after default. Debt recovery rate after default is calculated based on various repayment sources, and a potential recovery of debt is considered once a borrower is no longer in default. Based on various debt repayment sources and methods (including settlement mechanisms applied), the repayment scenarios (rehabilitation, rehabilitation as a result of restructuring, collection) and respective repayment sources/methods are considered. LGDs and probabilities of implementation of the scenarios are assessed by subsegment; in calculation of an allowance for a loan, the parameters of the LGD model that correspond to a subsegment of such loan are applied.

As a result of application of the updated approach to LGD calculation, the allowance for ECL for the nine months ended 30 September 2023 increased by 5,016 million tenge (unaudited).

Forward-looking information and multiple economic scenarios

As at 30 September 2023, the Group uses the following forward-looking information in its ECL calculation models as economic inputs:

- Price per a barrel of oil;
- Rate of inflation;
- GDP growth;
- TONIA (Tenge OverNight Index Average);
- USD/KZT rate;
- Real salary index;
- NBK base rate.

*(in millions of tenge)***3 Significant accounting judgements 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 credit 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 2023 are presented below:

<i>Key drivers</i>	<i>ECL scenario</i>	<i>Assigned probabilities, %</i>	<i>Forecast</i>
Price per a barrel of oil	Positive	42,4%	101.5
	Base case	27,3%	48.25
	Negative	30,3%	88.15
Inflation rate, %	Positive	42,4%	3.4%
	Base case	27,3%	8.8%
	Negative	30,3%	10.9%
GDP growth, %	Positive	42,4%	6,1%
	Base case	27,3%	2,5%
	Negative	30,3%	-3,8%
TONIA (Tenge OverNight Index Average)	Positive	42,4%	10.1%
	Base case	27,3%	15.4%
	Negative	30,3%	11.7%
USD/KZT rate	Positive	42,4%	407.3
	Base case	27,3%	428.9
	Negative	30,3%	495.7
Real salary index	Positive	42,4%	94%
	Base case	27,3%	93.9%
	Negative	30,3%	92.9%
NBRK base rate.	Positive	42,4%	15.4%
	Base case	27,3%	12.3%
	Negative	30,3%	16.7%

As at 30 September 2023 the Group has updated the indicators of key macroeconomic factors used in ECL calculation. As a result of changes made, the allowance for ECL increased by 1,600 million tenge.

The amount of the allowance for ECL for loans to customers recognized in the interim condensed consolidated statement of financial position as at 30 September 2023 was 97,467 million tenge (31 December 2022: 65,066 million tenge). More details are provided in *Note 13*.

*(in 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>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Interest income calculated using effective interest rate				
Loans to customers	63,449	45,338	174,438	114,350
Debt investment securities at FVOCI	18,579	15,369	53,887	44,232
Amounts due from financial institutions	5,280	4,506	16,602	5,717
Investment securities measured at amortized cost	4,288	4,524	12,902	13,457
Amounts receivable under reverse repurchase agreements	3,084	550	5,417	5,215
Other financial assets	430	340	1,075	575
	95,110	70,627	264,321	183,546
Other interest income				
Finance lease receivables	965	543	2,393	1,353
	96,075	71,170	266,714	184,899
Interest expense				
Current accounts and deposits from customers	(34,113)	(22,897)	(91,010)	(56,738)
Debt securities issued	(7,871)	(7,370)	(23,085)	(22,820)
Amounts due to banks and other financial institutions	(885)	(1,608)	(2,631)	(4,348)
Subordinated debt	(284)	(341)	(852)	(1,124)
Amounts payable under repurchase agreements	(2,328)	(3,833)	(10,873)	(8,205)
	(45,481)	(36,049)	(128,451)	(93,235)
Net interest income	50,594	35,121	138,263	91,664

Interest income calculated using the effective interest rate for the nine-month period ended 30 September 2023 includes income of 7,983 million tenge representing the unwinding of discount on loans to customers (for the nine-month period ended 30 September 2022: 6,082 million tenge).

Interest income received is as follows:

	<i>For the nine-month period ended 30 September</i>	
	<i>2023</i>	<i>2022</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Interest income received		
Loans to customers	167,445	111,400
Debt investment securities at FVOCI	59,461	48,895
Amounts due from financial institutions	16,602	5,717
Investment securities measured at amortized cost	11,558	11,677
Amounts receivable under reverse repurchase agreements	5,417	5,215
Finance lease receivables	2,393	1,353
	262,876	184,257

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

Interest expense paid comprise:

	<i>For the nine-month period ended 30 September</i>	
	<i>2023</i> <i>(unaudited)</i>	<i>2022</i> <i>(unaudited)</i>
Interest expenses paid		
Current accounts and deposits from customers	(91,172)	(57,181)
Debt securities issued	(10,679)	(7,999)
Amounts due to banks and other financial institutions	(5,400)	(6,669)
Amounts payable under repurchase agreements	(2,260)	(3,586)
Subordinated debt	(686)	(926)
	(110,197)	(76,361)

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>2023</i> <i>(unaudited)</i>	<i>2022</i> <i>(unaudited)</i>	<i>2023</i> <i>(unaudited)</i>	<i>2022</i> <i>(unaudited)</i>
Card operations	4,141	4,379	11,834	12,139
Settlement transactions	2,395	2,756	6,857	7,033
Cash transactions	1,371	1,610	3,989	4,208
Commissions on guarantees and letters of credits	851	658	2,497	1,797
Foreign currency transactions and transactions with securities	130	71	382	213
Other	399	425	1,116	1,056
	9,287	9,899	26,675	26,446

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>2023</i> <i>(unaudited)</i>	<i>2022</i> <i>(unaudited)</i>	<i>2023</i> <i>(unaudited)</i>	<i>2022</i> <i>(unaudited)</i>
Maintenance of card accounts	(2,372)	(2,529)	(7,459)	(6,949)
Maintenance of nostro accounts	(235)	(233)	(690)	(532)
Settlement transactions	(164)	(127)	(482)	(350)
Customer accounts services by financial agents	(48)	(39)	(130)	(94)
Foreign currency transactions and transactions with securities	(13)	(36)	(77)	(98)
Other	(128)	(316)	(1,068)	(765)
	(2,960)	(3,280)	(9,906)	(8,788)

At 30 September 2023 and 31 December 2022, the Group recognized contract assets related to contracts with customers in the amount of 1,282 million tenge and 1,708 million tenge in the interim condensed consolidated statement of financial position within other assets, respectively.

*(in millions of tenge)***6 Net gain from foreign currencies**

Net gain from foreign currencies comprises:

	<i>For the three-month period ended 30 September</i>		<i>For the nine-month period ended 30 September</i>	
	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Dealing transactions, net	7,470	12,423	24,824	37,095
Foreign exchange revaluation, net	(385)	2,922	(206)	1,762
	7,085	15,345	24,618	38,857

7 Credit loss expenses

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>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Cash and cash equivalents	8	13	6	(17)
Amounts due from financial institutions	53	(4)	(69)	(80)
Loans to customers (<i>Note 13</i>)	(9,581)	(9,526)	(31,239)	(20,344)
Investment securities measured at amortized cost	18	(3)	(3)	(33)
Investment securities measured at FVOCI	19	(118)	(195)	(126)
Other financial assets	(551)	(390)	(1,286)	(342)
Financial guarantees, letters of credit and credit related commitments	16	–	16	(95)
	(10,018)	(10,028)	(32,770)	(21,037)

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>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Salary and related taxes	(10,873)	(7,782)	(31,153)	(27,770)
Depreciation and amortization	(2,243)	(2,057)	(6,554)	(6,142)
Charity and sponsorship	(4,072)	(321)	(6,735)	(879)
Repair and maintenance	(2,242)	(872)	(4,281)	(2,562)
Taxes other than corporate income tax	(879)	(740)	(2,317)	(2,265)
Advertising and marketing	(1,018)	(332)	(2,224)	(1,047)
Maintenance of buildings	(514)	(374)	(1,561)	(1,210)
Security	(242)	(209)	(755)	(645)
Telecommunication and information services	(197)	(178)	(548)	(507)
Encashment	(143)	(134)	(420)	(358)
Transportation	(120)	(108)	(388)	(347)
Business trips	(150)	(54)	(308)	(120)
Lease	(87)	(73)	(252)	(241)
Other professional services	(61)	(59)	(211)	(203)
Other	(205)	(117)	(840)	(321)
	(23,046)	(13,410)	(58,547)	(44,617)

*(in millions of tenge)***8 General and administrative expenses (continued)**

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>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Sales and marketing	(8,538)	(5,381)	(21,698)	(22,314)
Development of technologies and new products	(3,595)	(2,497)	(9,130)	(8,272)
Other*	(10,913)	(5,532)	(27,719)	(14,031)
	(23,046)	(13,410)	(58,547)	(44,617)

During the nine-month period ended 30 September 2023, the Group provided a sponsorship of 5,951 million tenge (unaudited) to *Bulat Utemuratov Foundation* Private Fund for construction of a school in the city of Essik (Almaty Region). The school with a total area of 12,5 thousand square meters has a capacity of 900 schoolchildren. The completion of the construction is scheduled for September 2024.

*Other includes expenses for procuring the functional activities of the Bank: administrative and operational personnel expenses, depreciation and amortization, maintenance of building, tax expenses, sponsorship, security and encashment, and other administrative expenses.

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>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Other income				
Net (loss)/income from sale of repossessed collateral	(252)	108	1,537	358
Income from operating lease	272	271	866	869
Net income from government programs of the economy support	261	185	494	538
Other	2,401	282	3,285	1,234
	2,682	846	6,182	2,999
Other expenses				
Expenses on SMS notification	(259)	(243)	(738)	(691)
Other expenses on non-banking activities	(115)	(199)	(410)	(607)
Other	(972)	(614)	(3,052)	(3,229)
	(1,346)	(1,056)	(4,200)	(4,527)

10 Corporate income tax expense

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>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Current corporate income tax expenses	52	(15)	(736)	(21)
Deferred corporate income tax (expenses)/benefit – origination and decrease of temporary differences	(764)	2,328	1,281	(2,362)
	(712)	2,313	545	(2,383)

As at 30 September 2023, deferred corporate income tax liabilities comprised 12,924 million tenge (as at 31 December 2022: 13,904 million tenge).

*(in millions of tenge)***10 Corporate income tax expense (continued)**

Income tax expense is recognised at an amount determined by multiplying the profit before tax for the interim reporting period by management's best estimate of the weighted-average annual income tax rate expected for the full financial year, adjusted for the tax effect of certain items recognised in full in the interim period. As such, the effective tax rate in the interim condensed consolidated financial statements may differ from management's estimate of the effective tax rate for the annual financial statements.

11 Cash and cash equivalents

Cash comprises:

	<i>30 September 2023 (unaudited)</i>	<i>31 December 2022</i>
Cash on hand	69,852	45,793
Cash on current accounts with the NBRK rated BBB-	73,417	95,199
Cash on current accounts with other banks:		
- rated from A- to A+	38,559	69,860
- rated from BBB- to BBB+	4,639	27,026
- rated from BB- to BB+	306	—
- rated below B+	7	175
- not rated	14,985	10,257
Time deposits with the NBRK rated at BBB- with contractual maturity of 90 days or less	133,134	161,600
Accounts receivable under reverse repurchase agreements with contractual maturity of 90 days and less	154,453	48,062
Cash and cash equivalents before allowance for ECL	489,352	457,972
Allowance for ECL	(4)	(10)
Cash and cash equivalents	489,348	457,962

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 2023, cash balances of 4,062 million tenge are allocated to Stage 2. As at 31 December 2022, cash balances of 9,844 million tenge are allocated to Stage 2. The remaining cash is allocated to Stage 1.

As at 30 September 2023, 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, KSF, Eurasian Development Bank and notes of the NBRK, the fair value of which as at 30 September 2023 is 154,805 million tenge (31 December 2022: bonds of the Ministry of Finance of the Republic of Kazakhstan, KSF, Eurasian Development Bank and notes of the NBRK, with fair value of 48,027 million tenge).

Minimum reserve requirements

In accordance with regulations issued by the NBRK, minimum reserve requirements are calculated as a percent of specified liabilities of second-tier banks. Banks are required to comply with these requirements by maintaining average reserve assets (local currency cash and NBRK balances) equal or in excess of the average minimum requirements. As at 30 September 2023, minimum reserve requirements of the Group amount to 45,019 million tenge (31 December 2022: 41,731 million tenge).

Concentration of cash and cash equivalents

As at 30 September 2023, the Group has accounts with one bank whose balances exceed 10% of total cash and cash equivalents (31 December 2022: one bank). The total balance on the accounts with the above counterparty as at 30 September 2023 amounts to 206,551 million tenge (31 December 2022: 256,799 million tenge).

*(in millions of tenge)***12 Amounts due from financial institutions**

Amounts due from financial institutions comprise:

	<i>30 September 2023 (unaudited)</i>	<i>31 December 2022</i>
Current accounts with the NBRK rated BBB-, restricted in use	5,540	7,292
Deposits with other banks:		
- not rated	657	647
Contingent deposits and deposits pledged as a collateral:		
- rated from AA- to AA+	11,309	11,027
- rated from A- to A+	119	—
- rated from BBB- to BBB+	—	116
- not rated	15,515	12,816
Amounts due from financial institutions before allowance for ECL	33,140	31,898
Allowance for ECL	(940)	(852)
Amounts due from financial institutions	32,200	31,046

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

As at 30 September 2023 and 31 December 2022, all balances of amounts due from financial institutions are allocated to Stage 1 for ECL measurement purposes.

As at 30 September 2023 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 14,884 million tenge (31 December 2022: 14,513 million tenge).

As at 30 September 2023, the Group has amounts due from four financial institutions (31 December 2022: four) whose balances exceed 10% of total due from financial institutions. As at 30 September 2023, the total amount of funds due from these financial institutions is 32,310 million tenge (31 December 2022: 31,059 million tenge).

*(in millions of tenge)***13 Loans to customers**

Loans to customers comprise:

<i>30 September 2023 (unaudited)</i>					
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
Individually significant loans	528,312	2,758	16,328	308	547,706
Total individually significant loans	528,312	2,758	16,328	308	547,706
Individually insignificant loans					
Corporate loans	251,236	3,410	15,175	802	270,623
Mortgage loans	17,169	161	2,569	6,804	26,703
Consumer loans	413,225	16,978	53,533	–	483,736
Car loans	13,901	23	400	–	14,324
Credit cards	3,454	76	986	–	4,516
Other loans secured by collateral	30,174	461	15,384	13,386	59,405
Total individually insignificant loans	729,159	21,109	88,047	20,992	859,307
Loans to customers before allowance for ECL	1,257,471	23,867	104,375	21,300	1,407,013
Allowance for ECL	(17,758)	(8,591)	(67,325)	(3,794)	(97,468)
Loans to customers	1,239,713	15,276	37,050	17,506	1,309,545

<i>31 December 2022</i>					
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
Individually significant loans	489,947	5,071	17,821	328	513,167
Total individually significant loans	489,947	5,071	17,821	328	513,167
Individually insignificant loans					
Corporate loans	212,010	5,842	16,355	968	235,175
Mortgage loans	14,022	255	3,118	7,603	24,998
Consumer loans	334,016	16,078	28,755	–	378,849
Car loans	12,958	22	405	–	13,385
Credit cards	3,188	272	822	–	4,282
Other loans secured by collateral	35,636	1,375	17,205	14,536	68,752
Total individually insignificant loans	611,830	23,844	66,660	23,107	725,441
Loans to customers before allowance for ECL	1,101,777	28,915	84,481	23,435	1,238,608
Allowance for ECL	(22,041)	(6,801)	(34,377)	(1,847)	(65,066)
Loans to customers	1,079,736	22,114	50,104	21,588	1,173,542

*(in millions of tenge)***13 Loans to customers (continued)****Quality of individually insignificant loans (continued)**

For the nine-month period ended 30 September 2023 and the nine-month period ended 30 September 2022, the Group modified contractual terms and performed loan forgiveness for socially vulnerable groups of population within the state program of refinancing of mortgage and housing loans to customers. As a result of the modification leading to derecognition and forgiveness of loans issued to customers, the Group recognized a loss on derecognition of loans to customers in the amount of 5,583 million tenge (for the nine-month period ended 30 September 2022: 4,882 million tenge).

Modified and renegotiated loans

The Group derecognizes 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 recognized as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognized 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.

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, charges over residential properties.

As at 30 September 2023, loans net of ECL allowance overdue over 90 days amount to 26,277 million tenge (as at 31 December 2022: 39,472 million tenge). As at 30 September 2023, total fair value of collateral securing such loans, limited to the gross value of the respective loans, was equal to 39,202 million tenge (31 December 2022: 42,860 million tenge).

Repossession collateral

For the nine-month period ended 30 September 2023, the Group received a property with the carrying amount of 1,251 million tenge (nine-month period ended 30 September 2022: 966 million tenge) by obtaining control over collateral for loans issued to customers (*Note 15*). The Group's policy assumes sale of these assets as soon as it is practicable.

Concentration of loans to customers

As at 30 September 2023, the Group had a concentration of loans represented by 305,923 million tenge due from the ten largest independent borrowers or 21.74% of gross loan portfolio (31 December 2022: 315,382 million tenge or 25.45% of gross loan portfolio). Allowance for ECL on these loans is 1,484 million tenge (31 December 2022: 2,690 million tenge).

*(in millions of tenge)***13 Loans to customers (continued)****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 2023 (unaudited)</i>	<i>31 December 2022</i>
Loans to retail customers	588,684	490,266
Metallurgy	166,688	191,137
Wholesale trading	128,549	94,764
Services provided by small and medium businesses	86,165	67,489
Transportation	56,895	78,601
Financial services	85,895	67,794
Retail services	57,910	56,416
Real estate activities	63,173	48,528
Food industry	36,520	35,681
Construction	35,134	27,319
Agriculture	11,464	9,587
Textile production	7,418	7,609
Post and communication services	4,969	8,254
Manufacturing	9,864	6,593
Metal products manufacturing	5,575	3,801
Oil and gas	1,333	—
Chemical industry	339	678
Machine-building	—	155
Other	60,438	43,936
	1,407,013	1,238,608
Allowance for ECL	(97,468)	(65,066)
	1,309,545	1,173,542

Finance lease receivables

As at 30 September 2023 and 31 December 2022 loans to customers include finance lease receivables of 18,212 million tenge and 12,240 million tenge, respectively.

	<i>30 September 2023 (unaudited)</i>	<i>31 December 2022</i>
Minimum lease payments receivable	23,148	14,527
Unearned finance income	(4,620)	(3,602)
Net minimum lease payments receivable	18,528	10,925
Less: ECL allowance	(316)	(456)
Net investment in finance leases	18,212	10,469
Current portion of minimum lease payments	3,899	4,250
Current portion of unearned finance income	(378)	(574)
Current portion of net minimum lease payments receivable	3,521	3,676
Non-current portion of minimum lease payments	19,249	10,277
Non-current portion of unearned finance income	(4,242)	(3,028)
Non-current portion of net minimum lease payments receivable	15,007	7,249
Net minimum lease payments receivable	18,528	10,925

*(in millions of tenge)***13 Loans to customers (continued)****Finance lease receivables (continued)**

The analysis of finance lease receivables at 30 September 2023 and 31 December 2022, is as follows:

<i>At 30 September 2023</i>	<i>Up to 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>
Minimum lease payments receivable	3,899	11,908	6,011	1,245	85	23,148
Unearned finance income	(378)	(2,205)	(1,586)	(417)	(34)	(4,620)
Net minimum lease payments receivable	3,521	9,703	4,425	828	51	18,528

<i>At 31 December 2022</i>	<i>Up to 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>
Minimum lease payments receivable	4,250	6,586	3,037	574	80	14,527
Unearned finance income	(574)	(1,662)	(1,072)	(253)	(41)	(3,602)
Net minimum lease payments receivable	3,676	4,924	1,965	321	39	10,925

14 Investment securities

Investment securities including those pledged under repurchase agreements comprise:

	<i>30 September 2023 (unaudited)</i>	<i>31 December 2022</i>
Debt investment securities at amortized cost		
Government bonds		
Treasury bills of the Ministry of Finance of the Republic of Kazakhstan rated BBB-	30,523	30,044
Bonds of foreign countries rated at BB- to BB+	965	932
Total government bonds	31,488	30,976
Corporate bonds		
Rated from BBB- to BBB+	183,606	177,938
Rated from BB- to BB+	82,920	84,414
Total corporate bonds	266,526	262,352
Bonds of banks		
Rated from B- to B+	—	4,711
Total bonds of banks	—	4,711
Investment securities measured at amortized cost before ECL allowance	298,014	298,039
Allowance for ECL	(191)	(187)
Investment securities measured at amortized cost	297,823	297,852

*(in millions of tenge)***14 Investment securities (continued)**

	<i>30 September 2023 (unaudited)</i>	<i>31 December 2022</i>
Debt securities at FVOCI		
Government bonds		
Treasury bills of the United States of America rated AAA	13,329	293
Notes of the NBRK rated BBB-	14,939	497
Treasury bills of the Ministry of Finance of the Republic of Kazakhstan rated BBB-	516,466	532,466
Total government bonds	544,734	533,256
Corporate bonds		
Rated from BBB- to BBB+	75,283	125,596
Rated from BB- to BB+	22,480	11,985
Rated from B- to B+	2,112	1,963
Total corporate bonds	99,875	139,544
Bonds of banks		
Rated from BBB- to BBB+	12,770	12,081
Rated from BB- to BB+	3,014	—
Rated below B+	—	2,363
Not rated	266	186
Total bonds of banks	16,050	14,630
Investments in equity instruments		
Corporate shares	—	5,292
Total investments in equity instruments	—	5,292
Investment securities measured at FVOCI	660,659	692,722

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

As at 30 September 2023, investment securities measured at FVOCI, represented by treasury bonds of the Ministry of Finance of the Republic of Kazakhstan and Kazakhstan Sustainability Fund JSC, with a total fair value of 51,338 million tenge, were pledged under the repurchase agreements entered into at the KASE.

As at 31 December 2022, investment securities measured at FVOCI, represented by treasury bonds of the Ministry of Finance of the Republic of Kazakhstan and Kazakhstan Sustainability Fund JSC, with a fair value of 68,128 million tenge, were pledged 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 2023, the total carrying amount of these bonds was 244,519 million tenge (31 December 2022: 241,073 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.

*(in millions of tenge)***15 Other assets and other liabilities**

Other assets comprise:

	<i>30 September 2023 (unaudited)</i>	<i>31 December 2022</i>
Accounts receivable for sale of pledged property	8,940	12,653
Receivables under government programs for support of specific population segments	1,464	2,875
Accounts receivable on commission income	1,282	1,708
Other accounts receivable from bank activities	2,124	2,862
	13,810	20,098
Allowance for ECL	(3,542)	(2,869)
Other financial assets	10,268	17,229
Reposessed collateral	22,894	30,593
Prepayments and other receivables	3,476	5,659
Prepaid taxes other than corporate income tax	1,781	2,078
Investment property	1,684	1,609
Inventories held for sale	867	1,236
Other inventories	374	776
Other	1,190	827
	32,266	42,778
Impairment allowance	(26)	(78)
Other non-financial assets	32,240	42,700
Total other assets	42,508	59,929

During the nine-month period ended 30 September 2023, the Group took possession of collaterals with a total value of 1,251 million tenge (nine-month period ended 30 September 2022: 966 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.

Other liabilities comprise:

	<i>30 September 2023 (unaudited)</i>	<i>31 December 2022</i>
Accrued expenses for employee benefits	9,413	5,457
Deferred income from government economic support programs	2,584	3,811
Payables on non-banking activities	2,885	2,065
Lease liabilities	1,502	1,770
Obligations to pay mandatory contributions to the KDIF	236	866
Allowance for ECL for credit related commitments (<i>Note 24</i>)	1,173	546
Other	2,092	1,259
Other financial liabilities	19,885	15,774
Taxes payable other than corporate income tax	1,689	2,628
Other	972	587
Other non-financial liabilities	2,661	3,215
Total other liabilities	22,546	18,989

*(in millions of tenge)***16 Current accounts and deposits of customers**

Current accounts and deposits of customers comprise:

	<i>30 September 2023 (unaudited)</i>	<i>31 December 2022</i>
Current accounts and demand deposits		
- Retail customers	120,876	138,821
- Corporate customers	546,229	555,155
Term deposits		
- Retail customers	611,342	570,528
- Corporate customers	698,026	663,616
Guarantee deposits		
- Retail customers	42,288	34,441
- Corporate customers	58,762	49,173
	2,077,523	2,011,734
Held as security against letters of credit and guarantees (Note 23)	(121)	(521)

Concentration of current accounts and deposits of customers

As at 30 September 2023, total amount of account balances of top 10 clients amounted to 288,310 million tenge or 13.88% of total current accounts and deposits of customers (31 December 2022: 356,755 million tenge or 17.73%).

As at 30 September 2023, the Group's outstanding balance of accounts and deposits of individuals and individual entrepreneurs amounted to 323,264 million tenge (31 December 2022: 287,838 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.

17 Amounts due to banks and other financial institutions

Amounts due to banks and other financial organizations comprise:

	<i>30 September 2023 (unaudited)</i>	<i>31 December 2022</i>
Loans from governmental organizations	53,492	53,035
Liabilities due to Kazakhstan Sustainability Fund JSC	13,527	13,716
Current accounts and deposits of banks	1	-
	67,020	66,751

As at 30 September 2023, loans from public institutions included loans received from Damu Entrepreneurship Development Fund JSC, Development Bank of Kazakhstan JSC and Industrial Development Fund JSC in the amount of 34,379 million tenge, 13,521 million tenge and 5,559 million tenge, respectively (31 December 2022: Damu Entrepreneurship Development Fund JSC, Development Bank of Kazakhstan JSC in the amount of 34,485 million tenge, 13,321 million tenge and 5,179 million tenge, respectively), as part of the state program to support small and medium-sized businesses by the banking sector and the state program of preferential lending to individuals to purchase passenger vehicles of domestic manufacturers. Loans are denominated in tenge, have nominal interest rates from 1.00% to 9.00% per annum and mature in 2023-2052. The loan received from Industrial Development Fund JSC in May 2022 in the amount of 15,000 million tenge was recognized at fair value using a market rate of 14.12% per annum.

*(in millions of tenge)***17 Amounts due to banks and other financial institutions (continued)**

During the nine-month period ended 30 September 2023, the car loans issued at a nominal rate of 4.00% per annum was recognized at fair value using market rates of 24.00%-25.00% per annum. During the nine-month period ended 30 September 2023, the Group recognized net loss from the preferential car lending program in the amount of 734 million tenge in the interim condensed consolidated statement of comprehensive income, as well as income from the recognition of loans from Development Bank of Kazakhstan JSC and Industrial Development Fund JSC, compensating for the above loss, in the amount of KZT 1,228 million in the interim condensed consolidated statement of comprehensive income.

As at 30 September 2023, liabilities to Kazakhstan Sustainability Fund JSC include deposits in the amount of 10,922 million tenge (31 December 2022: 11,225 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. The fair value of deposits for the nine-month period ended 30 September 2023 was determined by the Group using a market rate of 13.53% per annum. During the nine-month period ended 30 September 2023, the fair value of mortgage loans recognized as a result of significant modification was determined by the Group using a market rate of 20.00% to 21.59% per annum (for the nine-month period ended 30 September 2022: 19.72% to 20.32% per annum). For the nine-month period ended 30 September 2023, the Group recognized a net loss on derecognition of loans to customers, net of expense upon initial recognition and derecognition of KSF deposits in the amount of 5,583 million tenge, as well as income from initial recognition and derecognition of KSF deposits, compensating for the above loss, in the amount of 2,225 million tenge (for the nine-month period ended 30 September 2022: loss from derecognition of loans to customers in the amount of 4,882 million tenge, as well as income from initial recognition and derecognition of deposits of KSF in the amount of 1,441 million tenge).

18 Accounts payable under repurchase agreements

As of September 30, 2023, the Group has accounts payable under repurchase agreements in the amount of 51,199 million tenge, for which investment securities with a total fair value of 51,338 million tenge act as collateral (treasury bonds of the Ministry of Finance of the Republic of Kazakhstan, Kazakhstan Fund JSC stability") (*Note 14*).

As of December 31, 2022, the Group has accounts payable under repurchase agreements in the amount of 67,980 million tenge, for which investment securities with a total fair value of 68,128 million tenge (treasury bonds of the Ministry of Finance of the Republic of Kazakhstan, Kazakhstan Fund JSC) act as collateral stability") (*Note 14*).

19 Debt securities issued

Debt securities issued comprise:

	<i>Maturity year</i>	<i>Coupon rate</i>	<i>30 September 2023 (unaudited)</i>	<i>31 December 2022</i>
Bonds in US dollars				
Bonds issued in 2022	2025	2.60%	2,572	13,040
Bonds issued in 2023	2025	4.00%	10,514	–
			13,086	13,040
Bonds in tenge				
Bonds issued in 2018	2024	4.00%	205,119	186,659
Bonds issued in 2015	2025	10.13%	49,093	49,774
			254,212	236,433
			267,298	249,473

On 8 August 2022, the Bank carried out the first bond issue on the AIFC 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 amount of bonds issued is 100,000 thousand US dollars. The nominal value of the bond is 100 thousand US dollars. On 8 August 2023, the Bank repurchase bonds with nominal amount of 25,500 thousand US dollars (equivalent in tenge – 11,382 million tenge). As at 30 September 2023, the total nominal value of outstanding bonds issued under this bond program amounted to 5,400 thousand US dollars (equivalent in tenge - 2,562 million tenge). As at 31 December 2022, the total nominal value of outstanding bonds issued under this bond program amounted to 27,900 thousand US dollars (equivalent in tenge - 12,908 million tenge).

*(in millions of tenge)***19 Debt securities issued (continued)**

In September 2023, the Bank carried out the second issue of bonds on the AIFC Exchange (AIX) under this bond program with a maturity date of September 6, 2025 and an interest rate of 4% per annum. The total amount of bonds issued is 50,000 thousand US dollars. The face value of the bond is 100 thousand US dollars. As of September 30, 2023, the total nominal value of the outstanding bonds issued under this bond program amounted to 22,100 thousand US dollars (the equivalent in tenge is 10,486 million tenge).

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.

20 Subordinated debt

As at 30 September 2023 and 31 December 2022, subordinated debt includes tenge denominated subordinated debt securities issued maturing in 2025-2031 and a fixed coupon rate of 8% per annum. The coupon is paid every six months. During the nine-month period of 2023, the Bank redeemed subordinated debt securities issued in the amount of 2,313 million tenge (during the nine-month period of 2022 - in the amount of 3,148 million tenge) in accordance with the contractual terms.

21 Share capital

The number of authorized, placed and outstanding ordinary shares and share capital as at 30 September 2023 and 31 December 2022 are as follows:

	<i>30 September 2023 (unaudited)</i>	<i>31 December 2022</i>
Ordinary shares		
Number of authorized 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	(1,934,434,197)	(1,934,434,197)
Number of outstanding shares	90,452,669,892	90,452,669,892
Total share capital, millions of tenge	329,350	329,350

Subject to the decision of shareholders dated 2 May 2023, the Bank declared and paid dividends on ordinary shares for the year ended 31 December 2022, in the amount of 49,034 million tenge, on the basis of 0.5421 tenge per ordinary share, unaudited. During the nine-month period ended 30 September 2022 the Bank neither declared nor paid dividends.

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 2023 (unaudited)</i>	<i>2022 (unaudited)</i>
Net profit attributable to shareholders of the Bank	29,227	31,282
Weighted average number of ordinary shares	90,452,669,892	90,452,727,392
Basic and diluted earnings per ordinary share in tenge	0.32	0.35
	<i>For the nine-month period ended 30 September 2023 (unaudited)</i>	<i>2022 (unaudited)</i>
Net profit attributable to shareholders of the Bank	87,376	76,584
Weighted average number of ordinary shares	90,452,669,892	90,452,727,392
Basic and diluted earnings per ordinary share in tenge	0.97	0.85

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

(in millions of tenge)

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 2023 and 31 December 2022, 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) in the value 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) in the value not less than 10%.

Investments for the purposes of calculation of the above ratios represent investments into share capital (participation in the 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 2023 and 31 December 2022:

	<i>30 September 2023 (unaudited)</i>	<i>31 December 2022</i>
Tier 1 capital	343,624	315,091
Tier 2 capital	8,468	10,354
Total equity	352,092	325,445
Total risk-weighted statutory assets, contingent liabilities, operational and market risk	1,879,002	1,609,161
Ratio k1	18.3%	19.6%
Ratio k1-2	18.3%	19.6%
Ratio k2	18.7%	20.2%

24 Commitments and contingencies

Political 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 Kazakhstan economy is largely dependent upon these reforms and developments and the effectiveness of economic, financial and monetary measures undertaken by the Government.

The management of the Bank believes that it is taking appropriate measures to support the sustainability of the Bank's business in the current circumstances.

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

The Group has contingent liabilities to provide credit resources. These credit related commitments take the form of approved loans 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 commitments and letters of credit, the Group applies the same risk management policies and procedures used when issuing loans to customers.

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

	30 September 2023 (unaudited)	31 December 2022
Credit related commitments	405,034	217,758
Guarantees issued	97,245	69,375
Letters of credit	1,402	1,365
	503,681	288,498
Less: current accounts and deposits of customers, held as collateral under letters of credit and guarantees (Note 16)	(121)	(521)
Less: allowance for ECL (Note 15)	(1,173)	(546)
	502,387	287,431

The loan commitment agreements stipulate the right of the Group to unilaterally withdraw from the agreement should any conditions unfavorable 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 characterized 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.

(in 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 2023 and 2022 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>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Members of the Board of Directors and Management Board	3,003	277	3,624	5,583
	3,003	277	3,624	5,583

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

As of September 30, 2023, the total amount of the Bank's obligations to pay remuneration to members of the Board of Directors and the Management Board amounted to KZT 2,516 million (December 31, 2022: KZT 3,221 million).

Transactions with other related parties

Other related parties in the table below include key management personnel and entities jointly controlled by key management personnel. The outstanding balances and the average effective interest rates as at 30 September 2023 and related profit or loss for the three-month and nine-month periods ended 30 September 2023 from transactions with related parties are as follows:

	<i>30 September 2023 (unaudited)</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	—	—	—	—	13,648	13,648
Other assets	—	—	120	—	81	201
Liabilities						
Current accounts and deposits of customers	4,045	1.00	35,897	5.58	27,903	67,845
Other liabilities	—	—	77	—	78	155
Contingent liabilities	—	—	—	—	12,397	12,397
Guarantee issued	—	—	—	—	187	187
Guarantee received	—	—	—	—	7,500	7,500

	<i>For the three-month period ended 30 September 2023 (unaudited)</i>			
	<i>Entities under common control</i>		<i>Other related parties</i>	<i>Total</i>
	<i>Shareholders</i>	<i>Shareholders</i>	<i>Shareholders</i>	<i>Shareholders</i>
Income/(expenses)				
Interest revenue	—	—	269	269
Interest expense	(9)	(360)	(438)	(807)
General and administrative expenses	—	(4,095)	(157)	(4,252)
Fee and commission income	—	—	—	—
Fee and commission expense	—	40	—	40
Other income	—	—	315	315
Other expenses	—	—	(90)	(90)

*(in millions of tenge)***25 Related party transactions (continued)**

<i>For the nine-month period ended 30 September 2023 (unaudited)</i>				
	<i>Entities under</i>		<i>Other related parties</i>	<i>Total</i>
	<i>Shareholders</i>	<i>common control</i>		
Income/(expenses)				
Interest revenue	—	—	992	992
Interest expense	(87)	(1,283)	(919)	(2,289)
General and administrative expenses	—	(6,772)	(423)	(7,195)
Fee and commission income	—	3	2	5
Fee and commission expense	—	(190)	—	(190)
Other income	—	—	315	315
Other expenses	—	(34)	(204)	(238)

Transactions with other related parties (continued)

As at 31 December 2022, 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 2022 from transactions with related parties are as follows:

<i>31 December 2022</i>							
	<i>Shareholders</i>		<i>Entities under common control</i>		<i>Other related parties</i>		<i>Total</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>
Assets							
Loans to customers	—	—	—	—	26,969	6.56	26,969
Other assets	—	—	181	—	47	—	228
Liabilities							
Current accounts and deposits of customers	19,498	1.00	39,401	3.9	27,134	3.49	86,033
Other liabilities	—	—	75	—	55	—	130
Contingent liabilities	—	—	—	—	6,868	—	6,868
Guarantee issued	—	—	—	—	177	—	177
Guarantee received	—	—	—	—	5,000	—	5,000

<i>Fr the three-month period ended 30 September 2022 (unaudited)</i>				
	<i>Entities under</i>		<i>Other related parties</i>	<i>Total</i>
	<i>Shareholders</i>	<i>common control</i>		
Income/(expenses)				
Interest revenue	—	—	499	499
Interest expense	(21)	(122)	(170)	(313)
General and administrative expenses	—	(319)	(108)	(427)
Fee and commission income	—	7	7	14
Fee and commission expense	—	(36)	—	(36)
Other income	—	—	78	78
Other expenses	—	(26)	(48)	(74)

<i>Fr the nine-month period ended 30 September 2022 (unaudited)</i>				
	<i>Entities under</i>		<i>Other related parties</i>	<i>Total</i>
	<i>Shareholders</i>	<i>common control</i>		
Income/(expenses)				
Interest revenue	—	—	1,482	1,482
Interest expense	(49)	(585)	(403)	(1,037)
General and administrative expenses	—	(840)	(320)	(1,160)
Fee and commission income	—	33	46	79
Fee and commission expense	—	(36)	—	(36)
Other income	—	—	354	354
Other expenses	—	(233)	(399)	(632)

(in millions of tenge)

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).

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.

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

	<i>30 September 2023 (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	553	20,786	46,232	285,777	136,000	489,348
Amounts due from financial institutions	—	—	—	26,660	5,540	32,200
Securities measured at fair value through profit or loss	—	—	—	2,864	—	2,864
Loans to customers	394,723	395,777	503,166	—	15,879	1,309,545
Investment securities	—	—	—	958,482	—	958,482
Property, plant and equipment	—	—	—	—	57,112	57,112
Intangible assets	—	—	—	—	14,168	14,168
Other assets	71	323	593	130	41,391	42,508
Total assets	395,347	416,886	549,991	1,273,913	270,090	2,906,227
Liabilities						
Current accounts and deposits of customers	705,364	590,694	781,389	—	76	2,077,523
Amounts due to banks and other financial institutions	21	3,046	2,632	65	61,256	67,020
Amounts payable under repurchase agreements	—	—	—	51,199	—	51,199
Debt securities issued	—	—	13,086	205,119	49,093	267,298
Deferred tax liabilities	—	—	—	—	12,924	12,924
Subordinated debt	—	—	—	—	14,647	14,647
Other liabilities	3	137	1,705	8	20,693	22,546
Total liabilities	705,388	593,877	798,812	256,391	158,689	2,513,157
Equity						
Share capital	—	—	—	—	332,815	332,815
Additional paid-in capital	—	—	—	—	23,651	23,651
Treasury shares	—	—	—	—	(3,465)	(3,465)
Fair value reserve	—	—	—	—	(12,918)	(12,918)
Accumulated losses	—	—	—	—	52,987	52,987
Total equity attributable to shareholders of the Bank	—	—	—	—	393,070	393,070

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

	31 December 2022					
	CB	SMB	RB	Investing activities	Other	Total
Assets						
Cash and cash equivalents	13,382	11,732	15,317	209,662	207,869	457,962
Amounts due from financial institutions	—	1,043	—	23,754	6,249	31,046
Securities measured at fair value through profit or loss	—	—	—	2,763	—	2,763
Loans to customers	382,300	344,295	428,375	—	18,572	1,173,542
Investment securities	—	—	—	990,574	—	990,574
Property, plant and equipment	—	—	—	—	59,020	59,020
Intangible assets	—	—	—	—	14,550	14,550
Other assets	85	177	102	—	59,565	59,929
Total assets	395,767	357,247	443,794	1,226,753	365,825	2,789,386
Liabilities						
Current accounts and deposits from customers	680,679	582,487	748,472	—	96	2,011,734
Amounts due to banks and other financial institutions	—	3,266	2,536	37	60,912	66,751
Amounts payable under repurchase agreements	—	—	—	67,980	—	67,980
Debt securities issued	—	—	13,040	186,660	49,773	249,473
Subordinated debt	—	—	—	—	16,795	16,795
Deferred tax liabilities	—	—	—	—	13,904	13,904
Other liabilities	24	90	1,531	8	17,336	18,989
Total liabilities	680,703	585,843	765,579	254,685	158,816	2,445,626
Equity						
Share capital	—	—	—	—	332,815	332,815
Additional paid-in capital	—	—	—	—	23,651	23,651
Treasury shares	—	—	—	—	(3,465)	(3,465)
Fair value reserve	—	—	—	—	(23,886)	(23,886)
Accumulated losses	—	—	—	—	14,645	14,645
Total equity attributable to shareholders of the Bank	—	—	—	—	343,760	343,760

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

Information on the main reporting segments for the three-month and nine-month periods ended 30 September 2023 and 2022 is presented as follows:

	<i>For the three-month period ended 30 September 2023 (unaudited)</i>						<i>Total</i>
	<i>CB</i>	<i>SMB</i>	<i>RB</i>	<i>Investing activities</i>	<i>Other</i>	<i>Elimination</i>	
Interest income	10.892	16.735	34.813	31.018	2.617	—	96.075
Transfer income	18.596	15.844	19.224	8.937	3.989	(66.590)	—
Interest expense	(14.152)	(6.595)	(13.407)	(8.676)	(2.651)	—	(45.481)
Transfer expenses	(7.761)	(10.501)	(13.966)	(31.860)	(352)	64.440	—
Net interest income	7.575	15.483	26.664	(581)	3.603	(2.150)	50.594
Fee and commission income	533	5.124	3.552	8	70	—	9.287
Fee and commission expense	(145)	(1.552)	(1.232)	(36)	5	—	(2.960)
Net loss on financial instruments at fair value through profit or loss	—	—	—	(499)	—	—	(499)
Net income from derecognition of investment securities measured at fair value through other comprehensive income	—	—	—	(158)	—	—	(158)
Net foreign exchange gain	2.572	3.838	859	(416)	232	—	7.085
Other income	(184)	122	(89)	1.551	1.282	—	2.682
Non-interest income	2.776	7.532	3.090	450	1.589	—	15.437
Credit loss expense	(260)	1.698	(7.484)	82	(4.054)	—	(10.018)
Net loss on derecognition of financial assets measured at amortized cost	—	—	(1.844)	—	162	—	(1.682)
General and administrative expenses	(1.220)	(5.570)	(9.669)	(237)	(6.350)	—	(23.046)
Other expenses	(6)	(104)	(937)	—	(299)	—	(1.346)
Non-interest expense	(1.486)	(3.976)	(19.934)	(155)	(10.541)	—	(36.092)
Other transfer income and expenses	90	(822)	(237)	3.316	(4.497)	2.150	—
Profit/(loss) before corporate income tax benefit	8.955	18.217	9.583	3.030	(9.846)	—	29.939
Corporate income tax benefit	(186)	(410)	(79)	(37)	—	—	(712)
Profit/(loss) for the period	8.769	17.807	9.504	2.993	(9.846)	—	29.227

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

	<i>For the nine-month period ended 30 September 2023 (unaudited)</i>						<i>Total</i>
	<i>CB</i>	<i>SMB</i>	<i>RB</i>	<i>Investing activities</i>	<i>Other</i>	<i>Elimination</i>	
Interest income	32.244	45.639	94.745	88.175	5.911	—	266.714
Transfer income	50.238	46.196	51.726	32.390	12.202	(192.752)	—
Interest expense	(37.139)	(18.330)	(35.816)	(29.333)	(7.833)	—	(128.451)
Transfer expenses	(23.125)	(29.068)	(38.022)	(87.665)	(1.171)	179.051	—
Net interest income	22.218	44.437	72.633	3.567	9.109	(13.701)	138.263
Fee and commission income	1.915	14.987	9.616	24	133	—	26.675
Fee and commission expense	(813)	(4.341)	(4.621)	(121)	(10)	—	(9.906)
Net loss on financial instruments at fair value through profit or loss	—	—	—	(893)	—	—	(893)
Net gain on derecognition of investment securities measured at fair value through other comprehensive income	—	—	—	767	—	—	767
Net foreign exchange gain	6.076	12.771	3.314	1.741	716	—	24.618
Other income	(447)	465	(539)	1.548	5.155	—	6.182
Non-interest income	6.731	23.882	7.770	3.066	5.994	—	47.443
Credit loss expense	(744)	2.394	(31.050)	(294)	(3.076)	—	(32.770)
Net loss on derecognition of financial assets measured at amortized cost	—	—	(2.047)	—	(1.311)	—	(3.358)
General and administrative expenses	(3.379)	(15.114)	(25.350)	(1.821)	(12.883)	—	(58.547)
Other expenses	(11)	(202)	(2.746)	(45)	(1.196)	—	(4.200)
Non-interest expense	(4.134)	(12.922)	(61.193)	(2.160)	(18.466)	—	(98.875)
Other transfer income and expenses	339	(1.847)	(637)	2.294	(13.850)	13.701	—
Profit/(loss) before corporate income tax benefit	25.154	53.550	18.573	6.767	(17.213)	—	86.831
Corporate income tax benefit	132	281	97	35	—	—	545
Profit/(loss) for the period	25.286	53.831	18.670	6.802	(17.213)	—	87.376

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

	<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>Elimination</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 expense	(11,866)	(4,223)	(7,957)	(9,695)	(2,308)	–	(36,049)
Transfer expenses	(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 gain on financial instruments at fair value through profit or loss	–	–	–	(2,694)	–	–	(2,694)
Net loss on derecognition of investment securities measured at fair value through other comprehensive income	–	–	–	(7)	–	–	(7)
Net foreign exchange gain	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 on 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 expenses	(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 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

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

	<i>For the nine-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>Elimination</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 expense	(27,945)	(12,580)	(19,599)	(25,255)	(7,856)	–	(93,235)
Transfer expenses	(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 gain on financial instruments at fair value through profit or loss	–	–	–	1,397	–	–	1,397
Net gain on derecognition of investment securities measured at fair value through other comprehensive income	–	–	–	14	–	–	14
Net foreign exchange gain	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 on 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 expenses	(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 expense	(747)	(910)	(407)	(319)	–	–	(2,383)
Profit/(loss) for the period	27,196	33,139	14,833	11,597	(10,181)	–	76,584

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

The table below sets out the carrying amounts and fair values of financial assets and financial liabilities as at 30 September 2023:

<i>30 September 2023 (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 value</i>	<i>Unrecognized gain/(loss)</i>	
Cash and cash equivalents	–	489,348	489,348	489,348	–
Amounts due from financial institutions	–	32,200	32,200	32,200	–
Securities measured at fair value through profit or loss	2,864	–	2,864	2,864	–
Loans to customers	–	1,309,545	1,309,545	1,318,393	8,848
Investment securities measured at FVOCI	660,659	–	660,659	660,659	–
Investment securities measured at amortized cost	–	297,823	297,823	274,065	(23,758)
Other financial assets	–	10,268	10,268	10,268	–
	663,523	2,139,184	2,802,707	2,787,797	(14,910)
Current accounts and deposits from customers	–	2,077,523	2,077,523	2,078,956	(1,433)
Amounts due to banks and other financial institutions	–	67,020	67,020	55,501	11,519
Amounts payable under repurchase agreements	–	51,199	51,199	51,199	–
Debt securities issued	–	267,298	267,298	251,425	15,873
Subordinated debt	–	14,647	14,647	11,381	3,266
Other financial liabilities	–	19,885	19,885	19,885	–
	–	2,497,572	2,497,572	2,468,347	29,225
					14,315

The table below sets out the carrying amounts and fair values of financial assets and financial liabilities as at 31 December 2022:

<i>31 December 2022</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 value</i>	<i>Unrecognized income/(loss)</i>	
Cash and cash equivalents	–	457,962	457,962	457,962	–
Amounts due from financial institutions	–	31,046	31,046	31,046	–
Securities measured at fair value through profit or loss	2,763	–	2,763	2,763	–
Loans to customers	–	1,173,542	1,173,542	1,157,819	(15,723)
Investment securities measured at FVOCI	692,722	–	692,722	692,722	–
Investment securities measured at amortized cost	–	297,852	297,852	280,291	(17,561)
Other financial assets	–	17,229	17,229	17,229	–
	695,485	1,977,631	2,673,116	2,639,832	(33,284)
Current accounts and deposits of customers	–	2,011,734	2,011,734	2,008,655	3,079
Amounts due to banks and other financial institutions	–	66,751	66,751	56,752	9,999
Amounts payable under repurchase agreements	–	67,980	67,980	67,980	–
Debt securities issued	–	249,473	249,473	227,519	21,954
Subordinated debt	–	16,795	16,795	13,124	3,671
Other financial liabilities	–	15,774	15,774	15,774	–
	–	2,428,507	2,428,507	2,389,804	38,703
					5,419

*(in millions of tenge)***27 Fair value of financial instruments (continued)****Accounting classifications and fair values (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 realizable within the framework of an immediate sale of assets or the transfer of liabilities.

The fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market quotes or dealer price quotations. 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 recognized 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 accounted for at amortized cost

Fair value of the quoted bonds is based on price quotations at the reporting date. The fair value of unquoted instruments, loans to customers, customer deposits, amounts due from credit institutions, deposits of banks and other credit institutions, 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:

- The discount rate in the range from 6.84% to 19.49% per annum was used to discount the future cash flows from loans to corporate customers (31 December 2022: 4.97% to 19.54% per annum);
- The discount rate in the range from 3.85% to 27.90% per annum was used to calculate the future cash flows from loans to individuals (31 December 2022: 32.86% per annum).

*(in 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 2023, by fair value hierarchy, into which the fair value measurement is categorized.

		30 September 2023 (unaudited)			
	Note	Level 1	Level 2	Level 3	Total
Assets					
Securities measured at fair value through profit or loss		550	42	2,272	2,864
Investment securities measured at FVOCI	14	563,599	96,794	266	660,659
		564,149	96,836	2,538	663,523

The table below analyses financial instruments measured at fair value at 31 December 2022, by the level in the fair value hierarchy into which the fair value measurement is categorized.

		31 December 2022			
	Note	Level 1	Level 2	Level 3	Total
Assets					
Securities measured at fair value through profit or loss		235	256	2,272	2,763
Investment securities measured at FVOCI	14	554,864	137,858	-	692,722
		555,099	138,114	2,272	695,485

As at 30 September 2023, KSF debt securities measured FVOCI in the amount of 68,119 million tenge are classified in Level 2 of the fair value hierarchy (as at 31 December 2022: 109,985 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.

*(in 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 2023, by fair value hierarchy, into which the fair value measurement is categorized:

	<i>30 September 2023 (unaudited)</i>			<i>Total fair value</i>	<i>Total carrying amount</i>
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>		
Assets					
Cash and cash equivalents	—	489,348	—	489,348	489,348
Amounts due from financial institutions	—	32,200	—	32,200	32,200
Loans to customers	—	1,230,810	87,583	1,318,393	1,309,545
Investment securities measured at amortized cost	28,698	20,054	225,313	274,065	297,823
Other financial assets	—	—	10,268	10,268	10,268
Liabilities					
Current accounts and deposits of customers	—	2,078,956	—	2,078,956	2,077,523
Amounts due to banks and other financial institutions	—	55,501	—	55,501	67,020
Amounts payable under repurchase agreements	—	51,199	—	51,199	51,199
Debt securities issued	—	251,425	—	251,425	267,298
Subordinated debt	—	11,381	—	11,381	14,647
Other financial liabilities	—	19,885	—	19,885	19,885

The following table analyses financial instruments not measured at fair value as at 31 December 2022, by fair value hierarchy, into which the fair value measurement is categorized:

	<i>31 December 2022*</i>			<i>Total fair value</i>	<i>Total carrying amount</i>
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>		
Assets					
Cash and cash equivalents	—	457,962	—	457,962	457,962
Amounts due from financial institutions	—	31,046	—	31,046	31,046
Loans to customers	—	1,066,707	91,112	1,157,819	1,173,542
Investment securities measured at amortized cost	34,501	19,051	226,739	280,291	297,852
Other financial assets	—	—	17,229	17,229	17,229
Liabilities					
Current accounts and deposits from customers	—	2,008,655	—	2,008,655	2,011,734
Amounts due to banks and other financial institutions	—	56,752	—	56,752	66,751
Amounts payable under repurchase agreements	—	67,980	—	67,980	67,980
Debt securities issued	—	227,519	—	227,519	249,473
Subordinated debt	—	13,124	—	13,124	16,795
Other financial liabilities	—	15,774	—	15,774	15,774

* Some of the amounts provided in this table do not conform to the amounts in the consolidated financial statements for 2022 due to a change in Management's approach to calculating fair value during 2023.