

ForteBank Joint Stock Company

Interim condensed consolidated financial statements

*30 June 2021
with report on review of interim financial information*

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Report on Review of Interim Financial Information

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

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of ForteBank Joint Stock Company and its subsidiaries, which comprise the interim condensed consolidated statement of comprehensive income for the three-month and six-month periods ended 30 June 2021, the interim condensed consolidated statement of financial position as at 30 June 2021, the interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the six-month period then ended, and selected explanatory notes (interim financial information). Management of ForteBank Joint Stock Company is responsible for the preparation and presentation of this interim financial information in accordance with IAS 34, *Interim Financial Reporting*. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

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

Conclusion

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

Ernst & Young LLP





Olga Khegay
Auditor

Auditor's qualification certificate
No. MΦ-0000286 dated 25 September 2015

050060, Republic of Kazakhstan, Almaty
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26 August 2021



Rustamzhan Sattarov
General Director
Ernst & Young LLP

State Audit License for audit activities on
the territory of the Republic of Kazakhstan:
series MΦЮ-2, No. 0000003 issued by
the Ministry of Finance of the Republic of
Kazakhstan on 15 July 2005

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six-month period ended 30 June 2021

(millions of tenge)

	Note	For the three-month period ended 30 June 2021		For the six-month period ended 30 June 2021	
		2021 (unaudited)	2020* (unaudited)	2021 (unaudited)	2020* (unaudited)
Interest revenue calculated using effective interest rate	4	46,197	44,355	91,353	89,200
Other interest revenue	4	272	272	520	507
Interest expense	4	(23,570)	(21,565)	(45,203)	(43,974)
Net interest income		22,899	23,062	46,670	45,733
Fee and commission income	5	9,967	7,452	19,104	15,929
Fee and commission expense	5	(4,061)	(3,061)	(8,408)	(6,539)
Net losses from transactions with financial instruments at fair value through profit or loss		(785)	(641)	(383)	(248)
Net (losses)/gains on derecognition of investment securities at fair value through other comprehensive income		(44)	22	(138)	23
Net gains from foreign currencies	6	2,460	3,565	4,648	6,348
Net gains on derecognition of financial liabilities as a result of modifications	18	—	—	—	17,956
Net gains/(losses) on derecognition of financial assets measured at amortized cost	18	2,022	621	1,910	(289)
Other income	10	580	855	1,504	1,747
Non-interest income		10,139	8,813	18,237	34,927
Credit loss expense	7	(5,418)	(9,703)	(8,122)	(18,324)
General and administrative expenses	8	(11,071)	(11,000)	(22,228)	(22,193)
Other expenses	10	(1,761)	(3,398)	(2,912)	(5,317)
Non-interest expense		(18,250)	(24,101)	(33,262)	(45,834)
Profit before corporate income tax benefit/(expense)		14,788	7,774	31,645	34,826
Corporate income tax benefit/(expense)	9	414	2,491	(19)	(3,780)
Profit for the period		15,202	10,265	31,626	31,046
Attributable to:					
- Shareholders of the Bank		15,202	10,265	31,626	31,046
- Non-controlling interests		—	—	—	—
		15,202	10,265	31,626	31,046
Other comprehensive income					
Other comprehensive (loss)/ income to be reclassified to profit or loss in the subsequent periods					
Net change in fair value of debt instruments at fair value through other comprehensive income		(588)	3,405	392	(1,892)
Income tax relating to components of other comprehensive income		(76)	(310)	34	93
Changes in allowance for expected credit losses of debt instruments at fair value through other comprehensive income		81	(212)	15	129
Reclassification of cumulative loss/(gain) on derecognition of debt instruments at fair value through other comprehensive income to profit or loss		44	(22)	138	(23)
Other comprehensive (loss)/income for the period, net of tax		(539)	2,861	579	(1,693)
Total comprehensive income for the period		14,663	13,126	32,205	29,353
Attributable to:					
- Shareholders of the Bank		14,663	13,126	32,205	29,353
- Non-controlling interests		—	—	—	—
		14,663	13,126	32,205	29,353
Basic and diluted earnings per common share (in tenge)	22	0.17	0.12	0.36	0.35

* Certain amounts in this column do not agree to the interim condensed consolidated financial statements for the six-month period ended 30 June 2020, as they reflect reclassifications made and disclosed in Note 2.

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

Nurumbet Sholpan
Acting Chairperson of the Management Board

Levin Stanislav
Chief Accountant – Director

26 August 2021

The accompanying selected explanatory notes on pages 6 to 57 are an integral part of these interim condensed consolidated financial statements. 1

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**As at 30 June 2021***(millions of tenge)*

	<i>Note</i>	<i>30 June 2021 (unaudited)</i>	<i>31 December 2020</i>
Assets			
Cash and cash equivalents	11	405,773	311,632
Amounts due from financial institutions	12	63,357	73,707
Trading securities	13	2,019	7,377
Loans to customers	14	754,249	749,742
Investment securities	15	819,009	780,095
Property and equipment		64,346	65,814
Intangible assets		11,532	11,162
Other assets	16	84,327	89,735
Total assets		2,204,612	2,089,264
Liabilities			
Current accounts and deposits of customers	17	1,527,467	1,387,167
Amounts due to banks and other financial institutions	18	117,923	130,470
Amounts payable under repurchase agreements		19,077	21,670
Debt securities issued	19	251,664	240,202
Deferred income tax liabilities	9	11,136	11,171
Subordinated debt	20	20,503	20,503
Other liabilities	16	14,267	14,750
Total liabilities		1,962,037	1,825,933
Equity			
Share capital	21	332,815	332,815
Additional paid-in capital		21,109	21,109
Treasury shares	21	(5,260)	(5,260)
Fair value reserve		9,786	9,207
Accumulated losses		(115,875)	(94,540)
Total equity attributable to shareholders of the Bank		242,575	263,331
Non-controlling interests		—	—
Total equity		242,575	263,331
Total equity and liabilities		2,204,612	2,089,264

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**For the six-month period ended 30 June 2021***(millions of tenge)*

	<i>Note</i>	<i>For the six-month period ended 30 June</i>	
		<i>2021</i>	<i>2020</i>
		<i>(unaudited)</i>	<i>(unaudited)</i>
Cash flows from operating activities			
Interest received	4	84,617	69,143
Interest paid	4	(33,390)	(33,577)
Fees and commissions received		20,215	15,931
Fees and commissions paid		(8,408)	(6,539)
Net realized losses from financial instruments at fair value through profit or loss		(376)	(200)
Net realised gains from foreign currencies		5,580	6,896
Other operating expenses less other income paid		(2,453)	(1,697)
General and administrative expenses paid		(18,166)	(16,561)
Decrease/(increase) in operating assets			
Amounts due from financial institutions		10,959	(43,741)
Trading securities		5,102	–
Loans to customers		(17,436)	3,490
Other assets		10,859	2,452
Increase/(decrease) in operating liabilities			
Current accounts and deposits of customers		127,495	(891)
Amounts due to banks and other financial institutions		(7,708)	65,313
Amounts payable under repurchase agreements		(2,622)	(83,966)
Other liabilities		264	(2,410)
Net cash flows from / (used in) operating activities before corporate income tax		174,532	(26,357)
Corporate income tax paid		(19)	(464)
Net cash from / (used in) operating activities		174,513	(26,821)
Cash flows from investing activities			
Purchase of investment securities at amortized cost		(50,316)	–
Redemption of investment securities at amortized cost		21,316	–
Purchase of investment securities at fair value through other comprehensive income		(283,611)	(280,764)
Proceeds from sale of investment securities at fair value through other comprehensive income		2,448	881
Proceeds from redemption of investment securities at fair value through other comprehensive income		278,491	291,674
Purchase of property and equipment and intangible assets		(2,588)	(5,023)
Proceeds from sale of property and equipment and intangible assets		1	4
Net cash flows (used in) / from investing activities		(34,259)	6,772
Cash flows from financing activities			
Repurchase of own shares	21	–	(822)
Repayment of subordinated debt		–	(2,201)
Dividends paid to shareholders of the Bank	21	(52,961)	(21,110)
Repayment of lease liabilities		(305)	(307)
Proceeds from placement of debt securities issued		–	1,309
Repurchase of debt securities issued		(7)	(1)
Redemption of debt securities issued		–	(3,903)
Net cash used in financing activities		(53,273)	(27,035)
Net change in cash and cash equivalents		86,981	(47,084)
Effect of exchange rates changes on cash and cash equivalents		7,160	20,141
Effect of expected credit losses on cash and cash equivalents		–	(7)
Cash and cash equivalents, beginning		311,632	347,242
Cash and cash equivalents, ending		405,773	320,292
Non-cash transactions			
Repossession of collateral on loans to customers	14	3,077	3,191

The accompanying selected explanatory notes on pages 6 to 57 are an integral part of these interim condensed consolidated financial statements. 3

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**For the six-month period ended 30 June 2021***(millions of tenge)*

	Equity attributable to shareholders of the Bank					Non-controlling interests	Total equity
	Share capital	Additional paid-in capital	Treasury shares	Fair value reserve	Accumulated losses	Total	
At 1 January 2021	332,815	21,109	(5,260)	9,207	(94,540)	263,331	–
Profit for the period (unaudited)	–	–	–	–	31,626	31,626	–
Other comprehensive income for the period (unaudited)	–	–	–	579	–	579	–
Total comprehensive income for the period (unaudited)	–	–	–	579	31,626	32,205	–
Dividends declared (Note 21) (unaudited)	–	–	–	–	(52,961)	(52,961)	–
At 30 June 2021 (unaudited)	332,815	21,109	(5,260)	9,786	(115,875)	242,575	–

The accompanying selected notes on pages 6 to 57 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

	Equity attributable to shareholders of the Bank					Non-controlling interests	Total equity
	Share capital	Additional paid-in capital	Treasury shares	Fair value reserve	Accumulated losses	Total	
At 1 January 2020	332,815	21,109	(4,438)	5,858	(126,392)	228,952	–
Profit for the period (unaudited)	–	–	–	–	31,046	31,046	–
Other comprehensive loss for the period (unaudited)	–	–	–	(1,693)	–	(1,693)	–
Total comprehensive income for the reporting period (unaudited)	–	–	–	(1,693)	31,046	29,353	–
Repurchase of treasury shares (Note 21) (unaudited)	–	–	(822)	–	–	(822)	–
Dividends declared (Note 21) (unaudited)	–	–	–	–	(21,110)	(21,110)	–
At 30 June 2020 (unaudited)	332,815	21,109	(5,260)	4,165	(116,456)	236,373	–

The accompanying selected notes on pages 6 to 57 are an integral part of these interim condensed consolidated financial statements.

(millions of tenge)

1. General information

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

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

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 June 2021 and 31 December 2020, 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 15 million tenge.

As at 30 June 2021 and 31 December 2020, the Group includes the following subsidiaries:

<i>Name</i>	<i>Country of incorporation</i>	<i>Principal activity</i>	<i>Ownership, %</i>	
			<i>30 June 2021 (unaudited)</i>	<i>31 December 2020</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 June 2021, Mr. B. Zh. Utemuratov is a beneficial owner of 90.78% (31 December 2020: 90.60%) of the outstanding common shares of the Bank and is an ultimate controlling shareholder of the Group. The rest of the shares are held by other shareholders, none of which owns more than 5% of the shares.

2. Basis of preparation

General

The interim condensed consolidated financial statements for the six months ended 30 June 2021 have been prepared in accordance with International Accounting Standard (IAS) 34 *Interim Financial Reporting*.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual consolidated financial statements as at 31 December 2020.

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

(millions of tenge)

2. Basis of preparation (continued)

Functional and presentation currency of consolidated financial statements

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

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

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

Effect of COVID-19 pandemic

Due to the rapid spread of the COVID-19 pandemic in 2020, many governments, including the Government of the Republic of Kazakhstan, have taken various measures to combat the outbreak, including enforcement of travel restrictions, quarantines, closing businesses and other institutions, and closing certain regions. Some of the above measures were also taken during the six-month period ended 30 June 2021 and continue to impact the global supply chain, demand for goods and services, and overall business activity. It is expected that the pandemic itself, as well as the associated public health and social measures, could have an impact on the activities of organizations in various sectors of the economy. The Group continues to assess the impact of the pandemic and changes in economic conditions on its operations, financial position and financial results.

Changes in accounting policy

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2020, except for the adoption of new standards effective as of 1 January 2021. The nature and the effect of these changes are disclosed below.

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39 IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest;
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued;
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments had no material impact on the interim condensed consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

Reclassifications

The following changes were made to the interim condensed consolidated statement of comprehensive income for the three-month period ended 30 June 2020 to conform to the presentation for the three-month period ended 30 June 2021:

	<i>Note</i>	<i>As previously reported</i>	<i>Amount of reclassification</i>	<i>Adjusted amount</i>
Net loss on derecognition of financial instruments measured at amortized cost	[1]	–	621	621
Other income	[1]	1,377	(522)	855
Other expenses	[1]	(3,299)	(99)	(3,398)

(millions of tenge)

2. Basis of preparation (continued)

Reclassifications (continued)

The following changes were made to the interim condensed consolidated statement of comprehensive income for the six-month period ended 30 June 2020 to conform to the presentation for the six-month period ended 30 June 2021:

	<i>Note</i>	<i>As previously reported</i>	<i>Amount of reclassification</i>	<i>Adjusted amount</i>
Net loss on derecognition of financial instruments measured at amortized cost	[1]	–	(289)	(289)
Other income	[1]	2,269	(522)	1,747
Other expenses	[1]	(6,128)	811	(5,317)

[1] Net income from derecognition of mortgage loans has been presented as a separate line item in the interim condensed consolidated statement of comprehensive income.

This reclassification did not affect the interim condensed consolidated statement of financial position.

3. Significant accounting judgments and estimates

Estimation uncertainty

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

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

COVID-19

The rapid spread of the COVID-19 pandemic, as well as related public health and social measures, had an impact on the activities of organizations in various sectors of the economy. The following changes in the economic environment continue to have an impact on the Group's operations:

- Decline in industrial production and activities in many sectors of the economy as a result of state restrictions associated with the COVID-19 pandemic;
- Implementation of measures of state support for the population and business related to the COVID-19 pandemic;
- Offering customers changes in certain loan terms, including for government support programs;
- Expanding the range of products offered to customers through remote service channels; and
- Change in macroeconomic indicators used in models for estimating expected credit losses (ECL) allowances.

To the extent that information was available as at 30 June 2021, the Group has reflected revised estimates of expected future cash flows in assessing ECL (*Note 14*).

Fair values of financial instruments

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

Collateral value assessment

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

(millions of tenge)

3. Significant accounting judgments and estimates (continued)

Estimation uncertainty (continued)

Expected credit losses on financial assets

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

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

- The Group's internal credit grading model, which assigns PDs to the individual grades;
- The Group's criteria for assessing if there has been a significant increase in credit risk and so ECL allowances for financial assets should be measured on a Lifetime ECL basis and the qualitative assessment;
- The segmentation of financial assets when their ECL is assessed on a collective basis;
- Development of ECL models, including the various formulas and the choice of inputs;
- Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on probability of default (PD), exposure at default (EAD) and loss given default (LGD); and
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL model.

Forward-looking information and multiple economic scenarios

For the purpose of ECL allowance calculation as at 30 June 2021, the Group took into account the following:

- GDP growth rates;
- Volume of oil and gas condensate production;
- Unemployment rates;
- Volume of retail trade;
- Base rates of the National Bank of the Republic of Kazakhstan;
- Inflation rate;
- Index of real wages;
- Foreign exchange rates;
- Oil price.

The Group obtains the forward-looking information from third party sources (external rating agencies, governmental bodies e.g. National Bank of the Republic of Kazakhstan (hereinafter, the "NBRK"), and international financial institutions). Experts of the Group's Strategic Risks Function determine the weights attributable to the multiple scenarios. The table below shows the values of the main forecast economic variables/assumptions that are used for the baseline forecast scenario of key macroeconomic factors for the purpose of estimating ECL at 30 June 2021. This scenario is used as a baseline scenario with a probability of 80%. In addition, the calculations also involve pessimistic and optimistic scenarios with a 10% probability each.

<i>Key drivers</i>	<i>2021</i>
Brent oil price (Brent ICE), US dollars	50.00
GDP index, % to the previous year	103.10
Volume of oil and gas condensate production, million tons	86.00
Rate of inflation, %	6.00
USD/KZT rate	431.18

(millions of tenge)

3. Significant accounting judgments and estimates (continued)

Estimation uncertainty (continued)

Forward-looking information and multiple economic scenarios (continued)

The amount of ECL allowance on loans to customers recognized in the interim condensed consolidated statement of financial position as at 30 June 2021 was 70,882 million tenge (31 December 2020: 83,285 million tenge). More details are provided in *Note 14*.

Determining the lease term of contracts with renewal options

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

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

Leases – estimating the incremental borrowing rate

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

Taxation

The Republic of Kazakhstan currently has a single Tax Code that regulates main taxation matters. The existing taxes include value added tax, corporate income tax, social and other taxes. Implementing regulations are often unclear or non-existent and insignificant amount of precedents has been established. Often, differing opinions regarding legal interpretation exist both among and within government ministries and organisations; thus creating uncertainties and areas of conflict. Tax returns, together with other legal compliance areas (as examples, customs and currency control matters) are subject to review and investigation by a number of authorities, which are enabled by law to impose severe fines, penalties and forfeits. These facts create tax risks in Kazakhstan substantially more significant than typically found in countries with more developed tax systems.

The management believes that the Group’s tax position as at 30 June 2021 and 31 December 2020 was in compliance with tax laws of the Republic of Kazakhstan regulating its activities. However, the risk remains that relevant authorities could take differing positions with regard to interpretive tax issues.

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

The management believes that deferred income tax assets as at 30 June 2021 are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences, unused tax losses and credits can be utilised, and deferred income tax assets are reduced to the extent that taxable profit will be available against which the deductible temporary differences can be utilised.

(millions of tenge)

4. Net interest income

Net interest income comprises:

	<i>For the three-month period ended 30 June</i>		<i>For the six-month period ended 30 June</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Interest revenue calculated using effective interest rate				
Loans to customers	29,154	31,476	57,046	62,483
Debt investment securities at FVOCI	10,247	7,828	21,289	16,710
Investment securities measured at amortized cost	5,070	4,220	10,146	8,389
Amounts due from financial institutions	940	609	1,618	1,178
Reverse repurchase agreements	786	222	1,254	440
	46,197	44,355	91,353	89,200
Other interest revenue				
Trading securities	1	74	2	142
Finance lease receivables	271	198	518	365
	46,469	44,627	91,873	89,707
Interest expense				
Current accounts and deposits of customers	(13,570)	(11,981)	(25,612)	(24,972)
Debt securities issued	(7,357)	(6,968)	(14,532)	(13,795)
Amounts due to banks and other financial institutions	(1,781)	(1,876)	(3,472)	(3,029)
Subordinated debt	(404)	(505)	(808)	(1,046)
Repurchase agreements	(458)	(235)	(779)	(1,132)
	(23,570)	(21,565)	(45,203)	(43,974)
Net interest income	22,899	23,062	46,670	45,733

Interest revenue calculated using effective interest rate for the six months ended 30 June 2021 includes income of 4,661 million tenge representing amortisation of discount on loans to customers (for the six months ended 30 June 2020: 3,257 million tenge).

Interest income received comprise:

	<i>For the six-month period ended 30 June</i>	
	<i>2021</i>	<i>2020</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Interest revenue received		
Loans to customers	54,281	48,358
Debt investment securities at FVOCI	26,630	18,165
Amounts due from financial institutions	1,618	1,313
Receivables under reverse repurchase agreements	1,254	440
Investment securities measured at amortized cost	680	733
Trading securities	154	134
	84,617	69,143

Interest expense paid comprise:

	<i>For the six-month period ended 30 June</i>	
	<i>2021</i>	<i>2020</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Interest expense paid		
Current accounts and deposits of customers	(25,773)	(24,884)
Debt securities issued	(3,591)	(3,672)
Amounts due to banks and other financial institutions	(2,467)	(2,858)
Subordinated debt	(808)	(966)
Amounts payable under repurchase agreements	(751)	(1,197)
	(33,390)	(33,577)

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

Fee and commission income include the following:

	<i>For the three-month period ended 30 June</i>		<i>For the six-month period ended 30 June</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Card operations	6,086	3,944	11,426	8,477
Settlement transactions	1,771	1,800	3,741	3,856
Cash operations	1,102	854	2,027	1,897
Guarantees and letters of credits	646	499	1,128	961
Foreign currency transactions and transactions with securities	79	121	148	223
Other	283	234	634	515
	9,967	7,452	19,104	15,929

Fee and commission expense are as follows:

	<i>For the three-month period ended 30 June</i>		<i>For the six-month period ended 30 June</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Maintenance of card accounts	(3,517)	(2,788)	(7,454)	(5,867)
Maintenance of nostro accounts	(118)	(84)	(220)	(179)
Settlement transactions	(83)	(32)	(180)	(131)
Customer accounts services by financial agents	(45)	(22)	(84)	(64)
Foreign currency transactions and transactions with securities	(36)	(19)	(53)	(33)
Other	(262)	(116)	(417)	(265)
	(4,061)	(3,061)	(8,408)	(6,539)

Revenue from contracts with customers recognized in the interim condensed consolidated statement of comprehensive income for the six months ended 30 June 2021 and 2020 primarily represents fee and commission income of 19,104 million tenge and 15,929 million tenge, respectively. For the three months ended 30 June 2021 and 2020, revenue from contracts with customers amounts to 9,967 million tenge and 7,452 million tenge, respectively.

At 30 June 2021 and 31 December 2020, the Bank recognized contract assets related to contracts with customers of the interim condensed consolidated statement of financial position in the amount of 1,446 million tenge and 2,590 million tenge within other assets, respectively.

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

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

6. Net gains from foreign currencies

Net gains from foreign currencies comprise:

	<i>For the three-month period ended 30 June</i>		<i>For the six-month period ended 30 June</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Translation differences, net	(744)	28	(932)	(547)
Dealing transactions, net	3,204	3,537	5,580	6,895
	2,460	3,565	4,648	6,348

*(millions of tenge)***7. Credit loss expense**

Credit loss expense comprised the following:

	<i>For the three-month period ended 30 June</i>		<i>For the six-month period ended 30 June</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Cash and cash equivalents	–	(6)	–	(6)
Amounts due from financial institutions	12	(72)	23	(96)
Loans to customers <i>(Note 14)</i>	(6,388)	(9,842)	(8,739)	(17,919)
Investment securities at amortized cost	34	12	273	(210)
Investment securities at FVOCI	(81)	212	(15)	(129)
Other financial assets	(88)	114	(82)	155
Financial guarantees, letters of credit and undrawn loan commitments	1,093	(121)	418	(119)
	(5,418)	(9,703)	(8,122)	(18,324)

8. General and administrative expenses

General and administrative expenses comprise:

	<i>For the three-month period ended 30 June</i>		<i>For the six-month period ended 30 June</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Salary and related taxes	(6,257)	(6,021)	(12,334)	(12,249)
Depreciation and amortization	(2,026)	(1,817)	(4,025)	(3,563)
Repair and maintenance	(756)	(564)	(1,392)	(1,113)
Taxes other than corporate income tax	(707)	(351)	(1,325)	(1,173)
Maintenance of buildings	(311)	(357)	(747)	(774)
Advertising and marketing	(363)	(303)	(681)	(673)
Security	(174)	(229)	(396)	(463)
Telecommunication and information services	(105)	(147)	(262)	(351)
Encashment	(70)	(83)	(177)	(184)
Transportation	(99)	(94)	(202)	(198)
Lease	(86)	(90)	(178)	(214)
Other professional services	(58)	(35)	(126)	(75)
Charity and sponsorship	(10)	–	(84)	–
Business trips	(29)	–	(42)	(89)
Other	(20)	(909)	(257)	(1,074)
	(11,071)	(11,000)	(22,228)	(22,193)

General and administrative expenses comprise the following:

	<i>For the three-month period ended 30 June</i>		<i>For the six-month period ended 30 June</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Sales and marketing	(4,368)	(2,981)	(9,784)	(9,027)
Development of technologies and new products	(2,468)	(2,042)	(4,073)	(2,807)
Other	(4,235)	(5,977)	(8,371)	(10,359)
	(11,071)	(11,000)	(22,228)	(22,193)

*(millions of tenge)***9. Corporate income tax benefit/(expense)**

Corporate income tax benefit/(expense) comprise the following:

	<i>For the three-month period ended 30 June</i>		<i>For the six-month period ended 30 June</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Current corporate income tax charge	(1)	(416)	(20)	(668)
Deferred corporate income tax benefit/(charge) – origination and reversal of temporary differences	415	2,907	1	(3,112)
	414	2,491	(19)	(3,780)

As at 30 June 2021, deferred corporate income tax liabilities comprised 11,136 million tenge (as at 31 December 2020: 11,171 million tenge).

10. Other income and expenses

Other income and expense comprise:

	<i>For the three-month period ended 30 June</i>		<i>For the six-month period ended 30 June</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Other income				
Income from operating lease	323	309	690	775
Other	257	546	814	972
	580	855	1,504	1,747
Other expenses				
Other expenses from non-banking activities	(247)	(26)	(460)	(632)
Net loss from sale of inventories	(386)	(1,322)	(411)	(1,651)
Net loss on modification of loans to customers not resulting in derecognition	(217)	(1,270)	(217)	(1,735)
Other	(911)	(780)	(1,824)	(1,299)
	(1,761)	(3,398)	(2,912)	(5,317)

11. Cash and cash equivalents

Cash and cash equivalents comprise:

	<i>30 June 2021 (unaudited)</i>	<i>31 December 2020</i>
Cash on hand	78,929	65,827
Cash on current accounts with the NBRK rated at BBB-	94,176	37,855
Cash on current accounts with other banks:		
- Rated from AA- to AA+	–	74
- Rated from A- to A+	18,135	44,449
- Rated from BBB- to BBB+	3,935	3,810
- Rated from BB- to BB+	1,254	1,963
- Rated below B+	572	97
- Not rated	2	19
Time deposits with the NBRK rated BBB- with contractual maturity of 90 days or less	115,627	114,992
Receivables under reverse repurchase agreements	93,144	42,547
Cash and cash equivalents before ECL allowance	405,774	311,633
ECL allowance	(1)	(1)
Cash and cash equivalents	405,773	311,632

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

*(millions of tenge)***11. Cash and cash equivalents (continued)**

As at 30 June 2021 and 31 December 2020, all balances of cash equivalents are allocated to Stage 1 for the purposes of measuring the ECL.

As at 30 June 2021, the Group entered into reverse repurchase agreements at the Kazakhstan Stock Exchange. The subject of these agreements are bonds of the Ministry of Finance of the Republic of Kazakhstan, Kazakhstan Sustainability Fund JSC (hereinafter, the “KSF”) and NBRK notes, the fair value of which as at 30 June 2021 is 44,765 million tenge, 25,330 million tenge and 27,646 million tenge, respectively (31 December 2020: government bonds with a fair value of 42,545 million tenge).

Minimum reserve requirements

In accordance with regulations issued by the NBRK, minimum reserve requirements are calculated as a percent of specified second-tier banks liabilities. Banks are required to comply with these requirements by maintaining average reserve assets (local currency cash and NBRK balances) equal or in excess of the average minimum requirements. As at 30 June 2021, minimum reserve requirements of the Group amount to 30,745 million tenge (31 December 2020: 31,863 million tenge).

Concentration of cash and cash equivalents

As at 30 June 2021 and 31 December 2020, the Group has accounts with one bank which balances exceed 10% of total cash and cash equivalents. The total balance on the accounts with the above counterparty as at 30 June 2021 amounts to 209,803 million tenge (31 December 2020: 152,847 million tenge).

12. Amounts due from financial institutions

Amounts due from financial institutions comprise:

	<i>30 June 2021 (unaudited)</i>	<i>31 December 2020</i>
Current accounts with the NBRK rated at BBB- restricted in use	21,830	34,984
Deposits with other banks:		
- Not rated	615	610
Contingent deposits and deposits pledged as collateral:		
- Rated at AAA	25,664	25,245
- Rated from AA- to AA+	21	21
- Rated from A- to A+	5,417	5,326
- Rated from BBB- to BBB+	107	105
- Not rated	10,477	8,203
Amounts due from financial institutions before ECL allowance	64,131	74,494
ECL allowance	(774)	(787)
Amounts due from financial institutions	63,357	73,707

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

Amounts on current accounts with the NBRK restricted in use represent funds received by the Bank as part of participation in the state program of lending to businesses. These funds also include amounts allocated by Kazakhstan Sustainability Fund JSC (hereinafter, the “KSF”) to the Bank to support small and medium businesses as part of the implementation of measures introduced by the government due to the consequences of the COVID-19 pandemic. The carrying amount of these funds as at 30 June 2021 was 17,564 million tenge (31 December 2020: 27,789 million tenge). The accrual and payment of interest are not provided until these funds are utilized by the Bank (*Note 18*).

As at 30 June 2021 contingent deposits and deposits pledged as collateral include contingent deposits, restricted in use, on transactions with providers of payment operation services in the amount of 7,293 million tenge (31 December 2020: 7,172 million tenge).

In accordance with the loan agreements between the Bank and European Bank of Reconstruction and Development (hereinafter, the “EBRD”), the Bank placed security deposits with EBRD totalling 66 million US dollars for a period until 2023. As at 30 June 2021, the carrying amount of the security deposits was 25,664 million tenge (31 December 2020: 25,245 million tenge) (*Note 18*).

*(millions of tenge)***12. Amounts due from financial institutions (continued)****Concentration of amounts due from financial institutions**

As at 30 June 2021, the Group has amounts due from three financial institutions (31 December 2020: two), which balances individually exceed 10% of the total amounts due from financial institutions. As at 30 June 2021, the total amount of funds due from these financial institutions is 56,053 million tenge (31 December 2020: 60,229 million tenge).

13. Trading securities

Trading securities comprise:

	<i>30 June 2021 (unaudited)</i>	<i>31 December 2020</i>
Corporate bonds		
- Rated from BB- to BB+	–	423
Total corporate bonds	–	423
Bonds of banks		
- Rated from BB- to BB+	–	5,514
Total bonds of banks	–	5,514
Equity securities	2,019	1,440
Trading securities	2,019	7,377

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

14. Loans to customers

Loans to customers comprise:

	<i>30 June 2021 (unaudited)</i>				
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
Individually significant loans	236,719	–	58,972	–	295,691
Total individually significant loans	236,719	–	58,972	–	295,691
Individually not significant					
Corporate loans	127,056	832	34,685	491	163,064
Mortgage loans	19,067	300	15,752	8,139	43,258
Consumer loans	174,648	3,088	12,591	–	190,327
Car loans	4,587	–	406	–	4,993
Credit cards	4,405	146	1,261	–	5,812
Other loans secured by collateral	63,781	2,667	40,440	15,098	121,986
Total individually not significant loans	393,544	7,033	105,135	23,728	529,440
Loans to customers before ECL allowance	630,263	7,033	164,107	23,728	825,131
ECL allowance	(12,394)	(2,463)	(59,433)	3,408	(70,882)
Loans to customers	617,869	4,570	104,674	27,136	754,249

(millions of tenge)

14. Loans to customers (continued)

	31 December 2020				
	Stage 1	Stage 2	Stage 3	POCI	Total
Individually significant loans	183,974	7,117	58,536	–	249,627
Total individually significant loans	183,974	7,117	58,536	–	249,627
Individually not significant					
Corporate loans	122,538	1,620	38,055	1,366	163,579
Mortgage loans	27,662	416	16,555	10,730	55,363
Consumer loans	176,203	4,051	21,352	1	201,607
Car loans	4,657	5	485	–	5,147
Credit cards	4,224	124	1,131	–	5,479
Other loans secured by collateral	83,713	1,954	48,121	18,437	152,225
Total individually not significant loans	418,997	8,170	125,699	30,534	583,400
Loans to customers before ECL allowance	602,971	15,287	184,235	30,534	833,027
ECL allowance	(11,941)	(3,152)	(68,921)	729	(83,285)
Loans to customers	591,030	12,135	115,314	31,263	749,742

Quality of individually significant loans

Information on the quality of individually significant loans as at 30 June 2021 is given in the table below:

<i>30 June 2021 (unaudited)</i>				
<i>Individually significant loans</i>	<i>Loans before allowance for ECL</i>	<i>Allowance for ECL</i>	<i>Loans less allowance for ECL</i>	<i>ECL allowance to gross loans before allowance for ECL, (%)</i>
Stage 1 loans				
- Not overdue	236,238	(4,910)	231,328	2.08
- Overdue for less than 30 days	481	–	481	0.00
Stage 2 and Stage 3 loans				
- Not overdue	45,901	(1,276)	44,625	2.78
- Overdue less than 90 days	511	–	511	0.00
- Overdue for 90 days to 360 days	–	–	–	–
- Overdue for more than 360 days	12,560	(11,781)	779	93.80
Total Stage 2 and Stage 3 loans	58,972	(13,057)	45,915	22.14
Total individually significant loans	295,691	(17,967)	277,724	6.08

Information on the quality of individually significant loans at 31 December 2020 is presented in the table below:

<i>31 December 2020</i>				
<i>Individually significant loans</i>	<i>Loans before allowance for ECL</i>	<i>Allowance for ECL</i>	<i>Loans less allowance for ECL</i>	<i>ECL allowance to gross loans before allowance for ECL, (%)</i>
Stage 1 loans				
- Not overdue	183,974	(3,387)	180,587	1.84
Stage 2 and Stage 3 loans				
- Not overdue	33,423	(1,078)	32,345	3.23
- Overdue for less than 90 days	14,495	–	14,495	0.00
- Overdue for 90 days to 360 days	1,068	(1,068)	–	100.00
- Overdue for more than 360 days	16,667	(12,281)	4,386	73.68
Total Stage 2 and Stage 3 loans	65,653	(14,427)	51,226	21.97
Total individually significant loans	249,627	(17,814)	231,813	7.14

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

An analysis of movements in the ECL allowance on individually significant loans for the three months ended 30 June 2021 is as follows:

<i>Individually significant loans</i>	<i>For the three-month period ended 30 June 2021 (unaudited)</i>				
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
ECL as at 1 April 2021	(3,707)	(1)	(13,981)	–	(17,689)
New assets originated or purchased	(1,987)	–	–	–	(1,987)
Assets derecognised or repaid (excluding write-offs)	296	–	267	–	563
Transfers to Stage 1	–	–	–	–	–
Transfers to Stage 2	–	–	–	–	–
Transfers to Stage 3	15	–	(15)	–	–
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	516	–	(876)	–	(360)
Transfers between categories of loan significance	(43)	–	340	–	297
Unwinding of discount	–	–	(289)	–	(289)
Recoveries	–	–	(23)	–	(23)
Write-offs	–	–	1,521	–	1,521
At 30 June 2021	(4,910)	(1)	(13,056)	–	(17,967)

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

<i>Individually significant loans</i>	<i>For the six-month period ended 30 June 2021 (unaudited)</i>				
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
ECL as at 1 January 2021	(3,336)	(12)	(14,466)	–	(17,814)
New assets originated or purchased	(3,389)	–	–	–	(3,389)
Assets derecognised or repaid (excluding write-offs)	713	–	648	–	1,361
Transfers to Stage 1	(50)	–	50	–	–
Transfers to Stage 2	–	–	–	–	–
Transfers to Stage 3	25	5	(30)	–	–
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	1,189	6	(1,162)	–	33
Transfers between categories of loan significance	(62)	–	(225)	–	(287)
Unwinding of discount	–	–	(570)	–	(570)
Recoveries	–	–	(404)	–	(404)
Write-offs	–	–	3,335	–	3,335
Effect of changes in exchange rates	–	–	(232)	–	(232)
At 30 June 2021	(4,910)	(1)	(13,056)	–	(17,967)

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

An analysis of movements in the ECL allowance on individually significant loans for the three months ended 30 June 2020 is as follows:

<i>Individually significant loans</i>	<i>For the three-month period ended 30 June 2020 (unaudited)</i>				
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
ECL as at 1 April 2020	(1,946)	(33)	(26,979)	—	(28,958)
New assets originated or purchased	(686)	(22)	—	—	(708)
Assets derecognised or repaid (excluding write-offs)	22	3	—	—	25
Transfers to Stage 1	(6)	6	—	—	—
Transfers to Stage 2	31	(31)	—	—	—
Transfers to Stage 3	—	—	—	—	—
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	377	1	150	—	528
Unwinding of discount	—	—	(676)	—	(676)
Write-offs	—	—	658	—	658
Effect of changes in exchange rates	407	6	1,319	—	1,732
At 30 June 2020	(1,801)	(70)	(25,528)	—	(27,399)

An analysis of movements in the ECL on individually significant loans during the six months ended 30 June 2020 is as follows:

<i>Individually significant loans</i>	<i>For the six-month period ended 30 June 2020 (unaudited)</i>				
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
ECL as at 1 January 2020	(1,250)	(35)	(26,141)	—	(27,426)
New assets originated or purchased	(1,074)	(22)	—	—	(1,096)
Assets derecognised or repaid (excluding write-offs)	261	44	185	—	490
Transfers to Stage 1	(6)	6	—	—	—
Transfers to Stage 2	31	(31)	—	—	—
Transfers to Stage 3	—	—	—	—	—
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	13	(2)	411	—	422
Unwinding of discount	—	—	(1,423)	—	(1,423)
Recoveries	—	—	(161)	—	(161)
Write-offs	—	—	2,211	—	2,211
Effect of changes in exchange rates	224	(30)	(610)	—	(416)
At 30 June 2020	(1,801)	(70)	(25,528)	—	(27,399)

*(millions of tenge)***14. Loans to customers (continued)****Quality of individually not significant loans***Analysis of movements in ECL allowance*

Information on the quality of individually not significant loans as at 30 June 2021 is given in the table below:

	30 June 2021 (unaudited)			ECL allowance to gross loans before allowance for ECL, (%)
Individually not significant corporate loans	Loans before allowance for ECL	Allowance for ECL	Loans less allowance for ECL	
Not overdue	137,170	(680)	136,490	0.50
Overdue for less than 30 days	1,251	(14)	1,237	1.12
Overdue for 30 to 89 days	1,279	(23)	1,256	1.80
Overdue for 90 to 179 days	2,498	(141)	2,357	5.64
Overdue for 180 to 360 days	3,070	(689)	2,381	22.44
Overdue for more than 360 days	17,305	(8,637)	8,668	49.91
POCI	491	118	609	(24.03)
Total individually not significant corporate loans	163,064	(10,066)	152,998	6.17
Mortgage loans				
Not overdue	19,656	(153)	19,503	0.78
Overdue for less than 30 days	803	(8)	795	1.00
Overdue for 30 to 89 days	345	(2)	343	0.58
Overdue for 90 to 179 days	161	(6)	155	3.73
Overdue for 180 to 360 days	266	(50)	216	18.80
Overdue for more than 360 days	13,888	(10,028)	3,860	72.21
POCI	8,139	869	9,008	(10.68)
Total mortgage loans	43,258	(9,378)	33,880	21.68
Consumer loans				
Not overdue	169,047	(5,882)	163,165	3.48
Overdue for less than 30 days	6,407	(1,519)	4,888	23.71
Overdue for 30 to 89 days	3,205	(2,204)	1,001	68.77
Overdue for 90 to 179 days	3,369	(2,775)	594	82.37
Overdue for 180 to 360 days	4,905	(4,010)	895	81.75
Overdue for more than 360 days	3,394	(2,737)	657	80.64
POCI	—	—	—	—
Total consumer loans	190,327	(19,127)	171,200	10.05

*(millions of tenge)***14. Loans to customers (continued)****Quality of individually not significant loans (continued)***Analysis of movements in ECL allowance (continued)*

	<i>30 June 2021 (unaudited)</i>			<i>ECL allowance to gross loans before allowance for ECL, (%)</i>
	<i>Loans before allowance for ECL</i>	<i>Allowance for ECL</i>	<i>Loans less allowance for ECL</i>	
Car loans				
Not overdue	4,536	(1)	4,535	0.02
Overdue for less than 30 days	51	–	51	0.00
Overdue for 30 to 89 days	–	–	–	–
Overdue for 90 to 179 days	1	–	1	0.00
Overdue for 180 to 360 days	–	–	–	–
Overdue for more than 360 days	405	(66)	339	16.30
Total car loans	4,993	(67)	4,926	1.34
Credit cards				
Not overdue	3,957	(341)	3,616	8.62
Overdue for less than 30 days	440	(174)	266	39.55
Overdue for 30 to 89 days	152	(148)	4	97.37
Overdue for 90 to 179 days	101	(83)	18	82.18
Overdue for 180 to 360 days	276	(225)	51	81.52
Overdue for more than 360 days	886	(714)	172	80.59
Total credit cards	5,812	(1,685)	4,127	28.99
Other loans secured by collateral				
Not overdue	62,633	(216)	62,417	0.34
Overdue for less than 30 days	4,455	(21)	4,434	0.47
Overdue for 30 to 89 days	3,029	(248)	2,781	8.19
Overdue for 90 to 179 days	2,948	(150)	2,798	5.09
Overdue for 180 to 360 days	1,683	(31)	1,652	1.84
Overdue for more than 360 days	32,140	(14,347)	17,793	44.64
POCI	15,098	2,421	17,519	(16.04)
Total other loans secured by collateral	121,986	(12,592)	109,394	10.32
Total individually not significant loans	529,440	(52,915)	476,525	9.99

*(millions of tenge)***14. Loans to customers (continued)****Quality of individually not significant loans (continued)***Analysis of movements in ECL allowance (continued)*

Information on the quality of individually not significant loans at 31 December 2020 is presented in the table below:

	31 December 2020			ECL
	Loans before allowance for ECL	Allowance for ECL	Loans less allowance for ECL	allowance to gross loans before allowance for ECL, (%)
Individually not significant corporate loans				
Not overdue	134,407	(859)	133,548	0.64
Overdue for less than 30 days	1,715	(6)	1,709	0.35
Overdue for 30 to 89 days	3,763	(392)	3,371	10.42
Overdue for 90 to 179 days	2,322	(311)	2,011	13.39
Overdue for 180 to 360 days	1,479	(69)	1,410	4.67
Overdue for more than 360 days	18,528	(7,767)	10,761	41.92
POCI	1,365	(543)	822	39.78
Total individually not significant corporate loans	163,579	(9,947)	153,632	6.08
Mortgage loans				
Not overdue	27,177	(108)	27,069	0.40
Overdue for less than 30 days	1,249	(6)	1,243	0.48
Overdue for 30 to 89 days	518	(16)	502	3.09
Overdue for 90 to 179 days	238	(68)	170	28.57
Overdue for 180 to 360 days	452	(61)	391	13.50
Overdue for more than 360 days	15,000	(10,514)	4,486	70.09
POCI	10,729	523	11,252	(4.87)
Total mortgage loans	55,363	(10,250)	45,113	18.51
Consumer loans				
Not overdue	169,848	(6,142)	163,706	3.62
Overdue for less than 30 days	7,117	(2,256)	4,861	31.70
Overdue for 30 to 89 days	4,213	(2,886)	1,327	68.50
Overdue for 90 to 179 days	5,900	(4,826)	1,074	81.80
Overdue for 180 to 360 days	7,838	(6,366)	1,472	81.22
Overdue for more than 360 days	6,690	(5,368)	1,322	80.24
POCI	1	—	1	0.00
Total consumer loans	201,607	(27,844)	173,763	13.81
Car loans				
Not overdue	4,634	(1)	4,633	0.02
Overdue for less than 30 days	25	—	25	0.00
Overdue for 30 to 89 days	8	—	8	0.00
Overdue for 90 to 179 days	—	—	—	—
Overdue for 180 to 360 days	3	(1)	2	33.33
Overdue for more than 360 days	477	(130)	347	27.25
Total car loans	5,147	(132)	5,015	2.56

(millions of tenge)

14. Loans to customers (continued)

Quality of individually not significant loans (continued)

Analysis of movements in ECL allowance (continued)

	31 December 2020			
	Loans before allowance for ECL	Allowance for ECL	Loans less allowance for ECL	ECL allowance to gross loans before allowance for ECL, (%)
Credit cards				
Not overdue	3,934	(424)	3,510	10.78
Overdue for less than 30 days	245	(94)	151	38.37
Overdue for 30 to 89 days	163	(121)	42	74.23
Overdue for 90 to 179 days	206	(143)	63	69.42
Overdue for 180 to 360 days	340	(234)	106	68.82
Overdue for more than 360 days	591	(358)	233	60.58
Total credit cards	5,479	(1,374)	4,105	25.08
Other loans secured by collateral				
Not overdue	84,268	(270)	83,998	0.32
Overdue for less than 30 days	7,387	(143)	7,244	1.94
Overdue for 30 to 89 days	3,099	(162)	2,937	5.23
Overdue for 90 to 179 days	1,839	(71)	1,768	3.86
Overdue for 180 to 360 days	3,364	(107)	3,257	3.18
Overdue for more than 360 days	33,832	(15,919)	17,913	47.05
POCI	18,436	748	19,184	(4.06)
Total other loans secured by collateral	152,225	(15,924)	136,301	10.46
Total individually not significant loans	583,400	(65,471)	517,929	11.22

Analysis of movements in ECL allowance

An analysis of movements in the ECL allowance on individually not significant corporate loans for the three months ended 30 June 2021 is as follows:

	For the three-month period ended 30 June 2021 (unaudited)				
Individually not significant corporate loans	Stage 1	Stage 2	Stage 3	POCI	Total
ECL as at 1 April 2021	(791)	(56)	(8,915)	(442)	(10,204)
New assets originated or purchased	(625)	—	—	—	(625)
Assets derecognised or repaid (excluding write-offs)	488	19	1,857	595	2,959
Transfers to Stage 1	(19)	—	19	—	—
Transfers to Stage 2	16	(16)	—	—	—
Transfers to Stage 3	4	53	(57)	—	—
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	503	(23)	(1,294)	517	(297)
Transfers between categories of loan significance	43	—	(263)	—	(220)
Unwinding of discount	—	—	(350)	—	(350)
Recoveries	—	—	(1,882)	(552)	(2,434)
Write-offs	—	—	1,194	—	1,194
Effect of changes in exchange rates	—	—	(89)	—	(89)
At 30 June 2021	(381)	(23)	(9,780)	118	(10,066)

(millions of tenge)

14. Loans to customers (continued)**Quality of individually not significant loans (continued)***Analysis of movements in ECL allowance (continued)*

An analysis of movements in the ECL allowance on individually not significant corporate loans for the six months ended 30 June 2021 is as follows:

<i>Individually not significant corporate loans</i>	<i>For the six-month period ended 30 June 2021 (unaudited)</i>				
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
ECL as at 1 January 2021	(602)	(140)	(9,074)	(131)	(9,947)
New assets originated or purchased	(1,038)	–	–	–	(1,038)
Assets derecognised or repaid (excluding write-offs)	707	23	2,524	611	3,865
Transfers to Stage 1	(19)	–	19	–	–
Transfers to Stage 2	16	(16)	–	–	–
Transfers to Stage 3	6	189	(195)	–	–
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	487	(79)	(1,845)	(42)	(1,479)
Transfers between categories of loan significance	62	–	302	–	364
Unwinding of discount	–	–	(670)	–	(670)
Recoveries	–	–	(2,546)	(553)	(3,099)
Write-offs	–	–	1,794	233	2,027
Effect of changes in exchange rates	–	–	(89)	–	(89)
At 30 June 2021	(381)	(23)	(9,780)	118	(10,066)

An analysis of movements in the ECL allowance on individually not significant corporate loans for the three months ended 30 June 2020 is as follows:

<i>Individually not significant corporate loans</i>	<i>For the three-month period ended 30 June 2020 (unaudited)</i>				
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
ECL as at 1 April 2020	(452)	(267)	(9,557)	16	(10,260)
New assets originated or purchased	(114)	(1)	–	–	(115)
Assets derecognised or repaid (excluding write-offs)	241	7	671	–	919
Transfers to Stage 1	(53)	53	–	–	–
Transfers to Stage 2	–	(1)	1	–	–
Transfers to Stage 3	–	203	(203)	–	–
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	(174)	(6)	149	–	(31)
Unwinding of discount	–	–	(258)	–	(258)
Recoveries	–	–	(662)	–	(662)
Write-offs	–	–	1,516	–	1,516
Effect of changes in exchange rates	–	–	84	–	84
At 30 June 2020	(552)	(12)	(8,259)	16	(8,807)

(millions of tenge)

14. Loans to customers (continued)

Quality of individually not significant loans (continued)

Analysis of movements in ECL allowance (continued)

An analysis of movements in the ECL allowance on individually not significant corporate loans for the six months ended 30 June 2020 is as follows:

Individually insignificant corporate loans	For the six-month period ended 30 June 2020 (unaudited)				
	Stage 1	Stage 2	Stage 3	POCI	Total
ECL as at 1 January 2020	(294)	(203)	(9,103)	16	(9,584)
New assets originated or purchased	(274)	(1)	—	—	(275)
Assets derecognised or repaid (excluding write-offs)	343	16	4,514	—	4,873
Transfers to Stage 1	(53)	53	—	—	—
Transfers to Stage 2	5	(5)	—	—	—
Transfers to Stage 3	—	213	(213)	—	—
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	(279)	(61)	(1,070)	—	(1,410)
Unwinding of discount	—	—	(589)	—	(589)
Recoveries	—	—	(4,131)	—	(4,131)
Write-offs	—	—	3,116	—	3,116
Effect of changes in exchange rates	—	(24)	(783)	—	(807)
At 30 June 2020	(552)	(12)	(8,259)	16	(8,807)

An analysis of movements in the ECL allowance on mortgage loans for the three months ended 30 June 2021 is as follows:

Mortgage loans	For the three-month period ended 30 June 2021 (unaudited)				
	Stage 1	Stage 2	Stage 3	POCI	Total
ECL as at 1 April 2021	(18)	1	(10,771)	550	(10,238)
New assets originated or purchased	(6)	—	—	—	(6)
Assets derecognised or repaid (excluding write-offs)	6	3	314	273	596
Transfers to Stage 1	(24)	1	23	—	—
Transfers to Stage 2	1	(1)	—	—	—
Transfers to Stage 3	—	1	(1)	—	—
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	1	(6)	(2,230)	135	(2,100)
Transfers between categories of loan significance	—	—	(77)	—	(77)
Unwinding of discount	—	—	(431)	—	(431)
Recoveries	—	—	(155)	(89)	(244)
Write-offs	—	—	3,172	—	3,172
Effect of changes in exchange rates	—	—	(50)	—	(50)
At 30 June 2021	(40)	(1)	(10,206)	869	(9,378)

*(millions of tenge)***14. Loans to customers (continued)****Quality of individually not significant loans (continued)***Analysis of movements in ECL allowance (continued)*

An analysis of movements in the ECL allowance on mortgage loans for the six months ended 30 June 2021 is as follows:

<i>For the six-month period ended 30 June 2021</i>					
<i>(unaudited)</i>					
<i>Mortgage loans</i>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
ECL as at 1 January 2021	(27)	(2)	(10,722)	501	(10,250)
New assets originated or purchased	(55)	–	–	–	(55)
Assets derecognised or repaid (excluding write-offs)	9	88	535	389	1,021
Transfers to Stage 1	(37)	2	35	–	–
Transfers to Stage 2	1	(1)	–	–	–
Transfers to Stage 3	–	1	(1)	–	–
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	69	(89)	(2,347)	(357)	(2,724)
Transfers between categories of loan significance	–	–	(77)	–	(77)
Unwinding of discount	–	–	(893)	–	(893)
Recoveries	–	–	(427)	(95)	(522)
Write-offs	–	–	3,741	431	4,172
Effect of changes in exchange rates	–	–	(50)	–	(50)
At 30 June 2021	(40)	(1)	(10,206)	869	(9,378)

An analysis of movements in the ECL allowance on mortgage loans for the three months ended 30 June 2020 is as follows:

<i>For the three-month period ended 30 June 2020</i>					
<i>(unaudited)</i>					
<i>Mortgage loans</i>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
ECL as at 1 April 2020	(98)	(21)	(10,724)	1,667	(9,176)
New assets originated or purchased	(2)	–	–	–	(2)
Assets derecognised or repaid (excluding write-offs)	–	–	87	26	113
Transfers to Stage 1	(11)	11	–	–	–
Transfers to Stage 2	9	(12)	3	–	–
Transfers to Stage 3	–	6	(6)	–	–
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	10	(29)	(897)	(963)	(1,879)
Unwinding of discount	–	–	(421)	–	(421)
Recoveries	–	–	(87)	–	(87)
Write-offs	–	–	1,399	–	1,399
Effect of changes in foreign exchange rates	–	24	1	–	25
At 30 June 2020	(92)	(21)	(10,645)	730	(10,028)

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

An analysis of movements in the ECL allowance on mortgage loans for the six months ended 30 June 2020 is as follows:

<i>Mortgage loans</i>	<i>For the six-month period ended 30 June 2020</i>				
	<i>(unaudited)</i>				
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
ECL as at 1 January 2020	(81)	(10)	(9,656)	1,112	(8,635)
New assets originated or purchased	(12)	—	—	—	(12)
Assets derecognised or repaid (excluding write-offs)	(8)	—	470	(123)	339
Transfers to Stage 1	(11)	11	—	—	—
Transfers to Stage 2	10	(13)	3	—	—
Transfers to Stage 3	—	7	(7)	—	—
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	10	(40)	(3,418)	(259)	(3,707)
Unwinding of discount	—	—	(832)	—	(832)
Recoveries	—	—	(450)	—	(450)
Write-offs	—	—	3,482	—	3,482
Effect of changes in foreign exchange rates	—	24	(237)	—	(213)
At 30 June 2020	(92)	(21)	(10,645)	730	(10,028)

An analysis of movements in the ECL allowance on consumer loans for the three months ended 30 June 2021 is as follows:

<i>Consumer loans</i>	<i>For the three-month period ended 30 June 2021</i>				
	<i>(unaudited)</i>				
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
ECL as at 1 April 2021	(6,897)	(2,625)	(14,525)	—	(24,047)
New assets originated or purchased	(1,232)	—	—	—	(1,232)
Assets derecognised or repaid (excluding write-offs)	2,242	92	357	2	2,693
Transfers to Stage 1	(1,161)	688	473	—	—
Transfers to Stage 2	268	(321)	53	—	—
Transfers to Stage 3	207	1,524	(1,731)	—	—
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	189	(1,561)	(2,444)	(2)	(3,818)
Unwinding of discount	—	—	(744)	—	(744)
Recoveries	—	—	(40)	—	(40)
Write-offs	—	—	8,061	—	8,061
Effect of changes in exchange rates	—	—	—	—	—
At 30 June 2021	(6,384)	(2,203)	(10,540)	—	(19,127)

(millions of tenge)

14. Loans to customers (continued)

Quality of individually not significant loans (continued)

Analysis of movements in ECL allowance (continued)

An analysis of movements in the ECL allowance on consumer loans for the six months ended 30 June 2021 is as follows:

Consumer loans	For the six-month period ended 30 June 2021 (unaudited)				
	Stage 1	Stage 2	Stage 3	POCI	Total
ECL as at 1 January 2021	(7,329)	(2,867)	(17,593)	(55)	(27,844)
New assets originated or purchased	(1,857)	—	—	—	(1,857)
Assets derecognised or repaid (excluding write-offs)	2,521	107	1,193	79	3,900
Transfers to Stage 1	(2,401)	1,370	1,031	—	—
Transfers to Stage 2	426	(557)	131	—	—
Transfers to Stage 3	339	3,075	(3,414)	—	—
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	1,917	(3,331)	(4,030)	(24)	(5,468)
Unwinding of discount	—	—	(1,769)	—	(1,769)
Recoveries	—	—	(828)	—	(828)
Write-offs	—	—	14,739	—	14,739
Effect of changes in exchange rates	—	—	—	—	—
At 30 June 2021	(6,384)	(2,203)	(10,540)	—	(19,127)

An analysis of movements in the ECL allowance on consumer loans for the three months ended 30 June 2020 is as follows:

Consumer loans	For the three-month period ended 30 June 2020 (unaudited)				
	Stage 1	Stage 2	Stage 3	POCI	Total
ECL as at 1 April 2020	(7,335)	(2,403)	(5,970)	—	(15,708)
New assets originated or purchased	(446)	—	—	—	(446)
Assets derecognised or repaid (excluding write-offs)	32	16	8	—	56
Transfers to Stage 1	(1,323)	1,168	155	—	—
Transfers to Stage 2	165	(194)	29	—	—
Transfers to Stage 3	234	1,090	(1,324)	—	—
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	(1,465)	(1,443)	(1,319)	—	(4,227)
Unwinding of discount	—	—	(622)	—	(622)
Recoveries	—	—	(8)	—	(8)
Write-offs	—	—	658	—	658
Effect of changes in foreign exchange rates	—	(1)	8	—	7
At 30 June 2020	(10,138)	(1,767)	(8,385)	—	(20,290)

*(millions of tenge)***14. Loans to customers (continued)****Quality of individually not significant loans (continued)***Analysis of movements in ECL allowance (continued)*

An analysis of movements in the ECL allowance on consumer loans for the six months ended 30 June 2020 is as follows:

<i>For the six-month period ended 30 June 2020</i>					
<i>(unaudited)</i>					
<i>Consumer loans</i>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
ECL as at 1 January 2020	(4,006)	(1,603)	(4,307)	—	(9,916)
New assets originated or purchased	(1,250)	—	—	—	(1,250)
Assets derecognised or repaid (excluding write-offs)	318	34	146	—	498
Transfers to Stage 1	(1,647)	1,389	258	—	—
Transfers to Stage 2	245	(305)	60	—	—
Transfers to Stage 3	262	2,077	(2,339)	—	—
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	(4,060)	(3,358)	(2,684)	—	(10,102)
Unwinding of discount	—	—	(1,067)	—	(1,067)
Recoveries	—	—	(23)	—	(23)
Write-offs	—	—	1,574	—	1,574
Effect of changes in foreign exchange rates	—	(1)	(3)	—	(4)
At 30 June 2020	(10,138)	(1,767)	(8,385)	—	(20,290)

An analysis of movements in the ECL allowance on car loans for the three months ended 30 June 2021 is as follows:

<i>For the three-month period ended 30 June 2021</i>					
<i>(unaudited)</i>					
<i>Car loans</i>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
ECL as at 1 April 2021	—	—	(160)	—	(160)
New assets originated or purchased	—	—	—	—	—
Assets derecognised or repaid (excluding write-offs)	—	—	32	—	32
Transfers to Stage 2	18	(18)	—	—	—
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	(18)	18	7	—	7
Unwinding of discount	—	—	(2)	—	(2)
Recoveries	—	—	(52)	—	(52)
Write-offs	—	—	108	—	108
Effect of changes in foreign exchange rates	—	—	—	—	—
At 30 June 2021	—	—	(67)	—	(67)

(millions of tenge)

14. Loans to customers (continued)**Quality of individually not significant loans (continued)***Analysis of movements in ECL allowance (continued)*

An analysis of movements in the ECL allowance on car loans for the six months ended 30 June 2021 is as follows:

<i>Car loans</i>	<i>For the six-month period ended 30 June 2021 (unaudited)</i>				
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
ECL as at 1 January 2021	(1)	–	(131)	–	(132)
New assets originated or purchased	–	–	–	–	–
Assets derecognised or repaid (excluding write-offs)	–	–	68	–	68
Transfers to Stage 2	18	(18)	–	–	–
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	(17)	18	(23)	–	(22)
Unwinding of discount	–	–	(8)	–	(8)
Recoveries	–	–	(88)	–	(88)
Write-offs	–	–	115	–	115
Effect of changes in exchange rates	–	–	–	–	–
At 30 June 2021	–	–	(67)	–	(67)

An analysis of movements in the ECL allowance on car loans for the three months ended 30 June 2020 is as follows:

<i>Car loans</i>	<i>For the three-month period ended 30 June 2020 (unaudited)</i>				
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
ECL as at 1 April 2020	–	–	(147)	–	(147)
New assets originated or purchased	(5)	–	–	–	(5)
Assets derecognised or repaid (excluding write-offs)	–	–	19	–	19
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	–	–	11	–	11
Unwinding of discount	–	–	(5)	–	(5)
Recoveries	–	–	(19)	–	(19)
Write-offs	–	–	5	–	5
Effect of changes in foreign exchange rates	–	–	6	–	6
At 30 June 2020	(5)	–	(130)	–	(135)

An analysis of movements in the ECL allowance on car loans for the six months ended 30 June 2020 is as follows:

<i>Car loans</i>	<i>For the six-month period ended 30 June 2020 (unaudited)</i>				
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
ECL as at 1 January 2020	–	–	(91)	–	(91)
New assets originated or purchased	(5)	–	–	–	(5)
Assets derecognised or repaid (excluding write-offs)	–	–	49	–	49
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	–	–	(100)	–	(100)
Unwinding of discount	–	–	(10)	–	(10)
Recoveries	–	–	(49)	–	(49)
Write-offs	–	–	65	–	65
Effect of changes in exchange rates	–	–	6	–	6
At 30 June 2020	(5)	–	(130)	–	(135)

*(millions of tenge)***14. Loans to customers (continued)****Quality of individually not significant loans (continued)***Analysis of movements in ECL allowance (continued)*

An analysis of movements in the ECL allowance on credit card loans for the three months ended 30 June 2021 is as follows:

<i>Credit cards</i>	<i>For the three-month period ended 30 June 2021</i> <i>(unaudited)</i>				
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
ECL as at 1 April 2021	(526)	(126)	(934)	–	(1,586)
New assets originated or purchased	(132)	–	(2)	–	(134)
Assets derecognised or repaid (excluding write-offs)	42	5	53	–	100
Transfers to Stage 1	(72)	43	29	–	–
Transfers to Stage 2	–	–	–	–	–
Transfers to Stage 3	14	51	(65)	–	–
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	163	(121)	(75)	–	(33)
Unwinding of discount	–	–	(29)	–	(29)
Recoveries	–	–	(19)	–	(19)
Write-offs	–	–	31	–	31
Effect of changes in exchange rates	–	–	(15)	–	(15)
At 30 June 2021	(511)	(148)	(1,026)	–	(1,685)

An analysis of movements in the ECL allowance on credit card loans for the six months ended 30 June 2021 is as follows:

<i>Credit cards</i>	<i>For the six-month period ended 30 June 2021</i> <i>(unaudited)</i>				
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
ECL as at 1 January 2021	(523)	(114)	(737)	–	(1,374)
New assets originated or purchased	(192)	–	(2)	–	(194)
Assets derecognised or repaid (excluding write-offs)	265	9	62	–	336
Transfers to Stage 1	(119)	66	53	–	–
Transfers to Stage 2	4	(4)	–	–	–
Transfers to Stage 3	22	87	(109)	–	–
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	32	(192)	(262)	–	(422)
Unwinding of discount	–	–	(54)	–	(54)
Recoveries	–	–	(19)	–	(19)
Write-offs	–	–	57	–	57
Effect of changes in exchange rates	–	–	(15)	–	(15)
At 30 June 2021	(511)	(148)	(1,026)	–	(1,685)

(millions of tenge)

14. Loans to customers (continued)

Quality of individually not significant loans (continued)

Analysis of movements in ECL allowance (continued)

An analysis of movements in the ECL allowance on credit card loans for the three months ended 30 June 2020 is as follows:

Credit cards	For the three-month period ended 30 June 2020 (unaudited)				
	Stage 1	Stage 2	Stage 3	POCI	Total
ECL as at 1 April 2020	(1,305)	(210)	(638)	—	(2,153)
New assets originated or purchased	(97)	(1)	—	—	(98)
Assets derecognised or repaid (excluding write-offs)	3	4	1	—	8
Transfers to Stage 1	(68)	53	15	—	—
Transfers to Stage 2	49	(50)	1	—	—
Transfers to Stage 3	70	134	(204)	—	—
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	9	(354)	7	—	(338)
Unwinding of discount	—	—	(27)	—	(27)
Recoveries	—	—	(1)	—	(1)
Write-offs	—	—	32	—	32
Effect of changes in exchange rates	316	172	—	—	488
At 30 June 2020	(1,023)	(252)	(814)	—	(2,089)

An analysis of movements in the ECL allowance on credit card loans for the six months ended 30 June 2020 is as follows:

Credit cards	For the six-month period ended 30 June 2020 (unaudited)				
	Stage 1	Stage 2	Stage 3	POCI	Total
ECL as at 1 January 2020	(995)	(156)	(521)	—	(1,672)
New assets originated or purchased	(139)	(1)	—	—	(140)
Assets derecognised or repaid (excluding write-offs)	126	12	15	—	153
Transfers to Stage 1	(89)	66	23	—	—
Transfers to Stage 2	54	(58)	4	—	—
Transfers to Stage 3	77	188	(265)	—	—
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	(373)	(475)	(99)	—	(947)
Unwinding of discount	—	—	(48)	—	(48)
Recoveries	—	—	(2)	—	(2)
Write-offs	—	—	79	—	79
Effect of changes in exchange rates	316	172	—	—	488
At 30 June 2020	(1,023)	(252)	(814)	—	(2,089)

(millions of tenge)

14. Loans to customers (continued)**Quality of individually not significant loans (continued)***Analysis of movements in ECL allowance (continued)*

An analysis of movements in the ECL allowance on other loans secured by collateral for the three months ended 30 June 2021 is as follows:

<i>Other loans secured by collateral</i>	<i>For the three-month period ended 30 June 2021 (unaudited)</i>				
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
ECL as at 1 April 2021	(82)	(78)	(16,746)	1,972	(14,934)
New assets originated or purchased	(17)	–	(6)	–	(23)
Assets derecognised or repaid (excluding write-offs)	8	2	515	528	1,053
Transfers to Stage 1	(89)	37	52	–	–
Transfers to Stage 2	1	(52)	51	–	–
Transfers to Stage 3	1	28	(29)	–	–
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	10	(24)	(3,871)	109	(3,776)
Unwinding of discount	–	–	(717)	–	(717)
Recoveries	–	–	(529)	(188)	(717)
Write-offs	–	–	6,560	–	6,560
Effect of changes in exchange rates	–	–	(38)	–	(38)
At 30 June 2021	(168)	(87)	(14,758)	2,421	(12,592)

An analysis of movements in the ECL allowance on other loans secured by collateral for the six months ended 30 June 2021 is as follows:

<i>Other loans secured by collateral</i>	<i>For the six-month period ended 30 June 2021 (unaudited)</i>				
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
ECL as at 1 January 2021	(72)	(17)	(16,247)	412	(15,924)
New assets originated or purchased	(101)	–	(6)	–	(107)
Assets derecognised or repaid (excluding write-offs)	106	96	638	881	1,721
Transfers to Stage 1	(95)	38	57	–	–
Transfers to Stage 2	5	(75)	70	–	–
Transfers to Stage 3	1	30	(31)	–	–
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	(12)	(159)	(4,803)	685	(4,289)
Unwinding of discount	–	–	(1,541)	–	(1,541)
Recoveries	–	–	(648)	(493)	(1,141)
Write-offs	–	–	7,791	936	8,727
Effect of changes in exchange rates	–	–	(38)	–	(38)
At 30 June 2021	(168)	(87)	(14,758)	2,421	(12,592)

*(millions of tenge)***14. Loans to customers (continued)****Quality of individually not significant loans (continued)***Analysis of movements in ECL allowance (continued)*

An analysis of movements in the ECL allowance on other loans secured by collateral for the three months ended 30 June 2020 is as follows:

<i>For the three-month period ended 30 June 2020</i>					
<i>(unaudited)</i>					
<i>Other loans secured by collateral</i>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
ECL as at 1 April 2020	(147)	(53)	(18,770)	2,457	(16,513)
New assets originated or purchased	(19)	—	—	—	(19)
Assets derecognised or repaid (excluding write-offs)	15	10	464	12	501
Transfers to Stage 1	(29)	25	4	—	—
Transfers to Stage 2	2	(5)	3	—	—
Transfers to Stage 3	1	8	(9)	—	—
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	(50)	(5)	(2,974)	(1,125)	(4,154)
Unwinding of discount	—	—	(826)	—	(826)
Recoveries	—	—	(409)	—	(409)
Write-offs	—	—	2,762	—	2,762
Effect of changes in foreign exchange rates	—	—	1,354	—	1,354
At 30 June 2020	(227)	(20)	(18,401)	1,344	(17,304)

An analysis of movements in the ECL allowance on other loans secured by collateral for the six months ended 30 June 2020 is as follows:

<i>For the six-month period ended 30 June 2020</i>					
<i>(unaudited)</i>					
<i>Other loans secured by collateral</i>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
ECL as at 1 January 2020	(132)	(28)	(16,563)	1,761	(14,962)
New assets originated or purchased	(134)	—	—	—	(134)
Assets derecognised or repaid (excluding write-offs)	15	10	1,399	12	1,436
Transfers to Stage 1	(39)	21	18	—	—
Transfers to Stage 2	5	(9)	4	—	—
Transfers to Stage 3	1	10	(11)	—	—
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	57	(24)	(6,605)	(429)	(7,001)
Unwinding of discount	—	—	(1,666)	—	(1,666)
Recoveries	—	—	(1,138)	—	(1,138)
Write-offs	—	—	6,463	—	6,463
Effect of changes in foreign exchange rates	—	—	(302)	—	(302)
At 30 June 2020	(227)	(20)	(18,401)	1,344	(17,304)

*(millions of tenge)***14. Loans to customers (continued)****Quality of individually not significant loans (continued)***Analysis of movements in ECL allowance (continued)*

As at 30 June 2021, the share of non-overdue loans to customers in Stage 3 and POCI is 38.32% (31 December 2020: 28.05%). The share of loans with highly liquid collateral in the form of deposits and cash is 13.09% of the total value of loans before ECL allowance in Stage 3 and POCI (31 December 2020: 9.14%).

The amount of undiscounted ECL at initial recognition on purchased credit-impaired loans to customers that were initially recognised for the three- and six-month periods ended 30 June 2021 and 2020 were as follows:

	<i>For the three-month period ended 30 June</i>	
	<i>2021</i>	<i>2020</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Mortgage loans	149	79
Other loans secured by collateral	474	82
Total undiscounted ECL at initial recognition of POCI	623	161

	<i>For the six-month period ended 30 June</i>	
	<i>2021</i>	<i>2020</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Mortgage loans	210	330
Other loans secured by collateral	578	481
Total undiscounted ECL at initial recognition of POCI	788	811

Modified and restructured loans

The Group introduced certain changes in its process of estimation of expected credit losses in the context of the ongoing COVID-19 pandemic. In particular, it has revised indicators of significant increase in credit risk and does not automatically consider the credit risk to have significantly increased in the case of a loan modification being part of the government support measures. The Group also updated forward looking information, including forecasts of macroeconomic indicators.

Below is information on loans issued to customers who received a delay in repayment of principal and interest during 2020-2021 due to the consequences of the COVID-19 pandemic as at 30 June 2021. As at 30 June 2021, the program of delay in repayment of principal and interest due to the consequences of the COVID-19 pandemic was completed. In 2021 the total amount of loans to customers who received a delay in repayment of principal and interest was amounted to 11,322 million tenge before ECL.

	<i>30 June 2021 (unaudited)</i>				
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
Individually significant loans	10,557	—	31,173	—	41,730
Individually not significant corporate loans	21,896	570	10,301	—	32,767
Mortgage loans	4,121	124	862	1,461	6,568
Consumer loans	18,939	865	5,458	—	25,262
Car loans	83	—	—	—	83
Credit cards	79	5	58	—	142
Other loans secured by collateral	22,056	1,314	4,982	2,345	30,697
Loans to customers before ECL allowance	77,731	2,878	52,834	3,806	137,249

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

Below is information on loans issued to customers with a delay in repayment of principal and interest during 2020 due to the consequences of the COVID-19 pandemic as at 31 December 2020:

	<i>31 December 2020</i>				
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
Individually significant loans	11,126	932	31,620	—	43,678
Individually not significant corporate loans	31,414	1,033	10,833	—	43,280
Mortgage loans	5,811	293	610	1,818	8,532
Consumer loans	27,112	1,874	7,914	—	36,900
Car loans	103	—	—	—	103
Credit cards	80	1	52	—	133
Other loans secured by collateral	29,577	1,434	5,674	2,868	39,553
Loans to customers before ECL allowance	105,223	5,567	56,703	4,686	172,179

As at 30 June 2021, the share of non-past due Stage 3 loans and POCI issued to customers who were granted with a delay in payment due to the COVID-19 pandemic is 76.65% (31 December 2020: 55.03%).

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, the Group generally requires corporate borrowers to provide collateral.

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

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

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

The main types of collateral obtained are as follows:

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

As at 30 June 2021, loans net of ECL allowance overdue for more than 90 days amount to 57,408 million tenge (31 December 2020: 55,157 million tenge). As at 30 June 2021, total fair value of collateral securing such loans, limited to the gross value of the respective loans, was equal to 65,113 million tenge (31 December 2020: 69,011 million tenge).

Repossession collateral

For the six-month period ended 30 June 2021, the Group received a property with the carrying amount of 3,077 million tenge (six-month period ended 30 June 2020: 3,191 million tenge) by obtaining control over collateral for loans issued to customers (Note 16). The Group's policy assumes sale of these assets as soon as it is practicable.

Concentration of loans to customers

As at 30 June 2021, the Group had a concentration of loans represented by 149,006 million tenge due from the ten largest independent borrowers or 18.06% of the gross loan portfolio (31 December 2020: 130,709 million tenge or 15.69% of the gross loan portfolio). As at 30 June 2021 ECL allowance on these loans is 2,929 million tenge (31 December 2020: 2,431 million tenge).

*(millions of tenge)***14. 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 June 2021 (unaudited)</i>	<i>31 December 2020</i>
Loans to retail customers	366,376	419,821
Metallurgy	66,507	60,180
Wholesale trading	58,815	48,433
Services provided by small and medium businesses	50,232	44,486
Real estate activities	49,427	49,556
Retail services	43,314	35,793
Construction	24,476	20,475
Food industry	24,149	21,514
Financial services	23,874	20,831
Transportation services	21,192	16,543
Post and communication services	11,262	6,100
Textile production	9,218	7,154
Agriculture	6,921	6,752
Production of crude oil and natural gas	3,188	5,924
Metal products manufacturing	2,978	3,026
Chemical industry	2,307	2,326
Manufacturing	1,794	1,924
Machine-building	494	554
Other	58,607	61,635
	825,131	833,027
ECL allowance	(70,882)	(83,285)
	754,249	749,742

Net investment in finance leases

As at 30 June 2021 and 31 December 2020 loans to customers include finance lease receivables of 6,890 million tenge and 5,864 million tenge, respectively.

	<i>30 June 2021 (unaudited)</i>	<i>31 December 2020</i>
Minimum lease payments receivable	8,763	7,336
Unearned finance income	(1,497)	(1,130)
Net minimum lease payments receivable	7,266	6,206
Less: ECL allowance	(376)	(342)
Net investment in finance leases	6,890	5,864
Current portion of minimum lease payments	3,868	4,010
Current portion of unearned finance income	(719)	(276)
Current portion of net minimum lease payments receivable	3,149	3,734
Long-term portion of minimum lease payments	4,895	3,326
Long-term portion of unearned finance income	(778)	(854)
Long-term portion of net minimum lease payments receivable	4,117	2,472
Net minimum lease payments receivable	7,266	6,206

(millions of tenge)

14. Loans to customers (continued)

Net investment in finance leases (continued)

The analysis of finance lease receivables at 30 June 2021 and 31 December 2020, is as follows:

<i>As at 30 June 2021</i>	<i>Up to 1 year</i>	<i>From 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	3,868	3,025	1,426	325	119	8,763
Unearned finance income	(719)	(555)	(182)	(37)	(4)	(1,497)
Net minimum lease payments receivable	3,149	2,470	1,244	288	115	7,266

<i>As at 31 December 2020</i>	<i>Up to 1 year</i>	<i>From 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	4,010	2,244	818	206	58	7,336
Unearned finance income	(276)	(470)	(265)	(87)	(32)	(1,130)
Net minimum lease payments receivable	3,734	1,774	553	119	26	6,206

15. Investment securities

Investment securities including those pledged under repurchase agreements comprise:

	<i>30 June 2021 (unaudited)</i>	<i>31 December 2020</i>
Debt investment securities at amortized cost		
Government bonds		
Bonds of the National Bank of the Republic of Kazakhstan rated BBB-	31,685	6,543
Treasury bills of the Ministry of Finance of the Republic of Kazakhstan rated BBB-	17,392	17,128
Bonds of foreign states rated at BB- to BB+	862	848
Total government bonds	49,939	24,519
Corporate bonds		
Rated from BBB- to BBB+	89,210	82,935
Rated from BB- to BB+	167,810	160,804
Total corporate bonds	257,020	243,739
Bonds of banks		
Rated from BB- to BB+	2,155	1,639
Rated from B- to B+	5,278	5,208
Total bonds of banks	7,433	6,847
Investment securities measured at amortised cost before ECL allowance	314,392	275,105
ECL allowance	(665)	(932)
Investment securities measured at amortized cost	313,727	274,173

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

	<i>30 June 2021 (unaudited)</i>	<i>31 December 2020</i>
Debt securities at FVOCI		
Government bonds		
Bonds of the National Bank of the Republic of Kazakhstan rated BBB-	65,270	91,083
Treasury bills of the Ministry of Finance of the Republic of Kazakhstan rated BBB-	291,018	276,764
Bonds of the Sultanate of Oman rated at BB	—	1,265
Total government bonds	356,288	369,112
Corporate bonds		
Rated from BBB- to BBB+	116,068	81,341
Rated from BB- to BB+	449	435
Total corporate bonds	116,517	81,776
Bonds of banks		
Rated from BBB- to BBB+	14,317	12,124
Rated from BB- to BB+	13,146	38,455
Rated below B+	5,014	4,455
Total bonds of banks	32,477	55,034
Investment securities measured at FVOCI	505,282	505,922

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 June 2021, investment securities measured at FVOCI, represented by treasury bonds of the Ministry of Finance of the Republic of Kazakhstan, with a fair value of 18,775 million tenge, were pledged as collateral under the repurchase agreements entered into at the KASE.

As at 31 December 2020, investment securities measured at FVOCI, represented by treasury bonds of the Ministry of Finance of the Republic of Kazakhstan, with a fair value of 23,466 million tenge, were pledged as collateral under the repurchase agreements entered into at the KASE.

In 2018 and 2019, the Group acquired bonds of NAC Kazatomprom JSC, Sovereign Wealth Fund Samruk-Kazyna JSC and Kazakhstan Temir Zholy JSC classified as investment securities at amortized cost. As at 30 June 2021, the total carrying amount of these bonds was 245,380 million tenge (31 December 2020: 236,933 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.

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

Other assets comprise:

	<i>30 June 2021 (unaudited)</i>	<i>31 December 2020</i>
Other accounts receivable from bank activities	13,061	13,558
Other accounts receivable	16,959	14,940
	30,020	28,498
ECL allowance	(3,154)	(4,294)
Other financial assets	26,866	24,204
Reposessed collateral	44,501	51,694
Prepayments and deferred expenses	4,414	4,485
Taxes other than corporate income tax prepaid	3,069	2,766
Investment property	2,628	2,908
Inventories held for sale	1,956	1,956
Other inventories	831	1,001
Other	86	765
	57,485	65,575
Allowance for impairment	(24)	(44)
Other non-financial assets	57,461	65,531
Total other assets	84,327	89,735

During the six months ended 30 June 2021, the Group took possession of collaterals with a total value of 3,077 million tenge (six-month period ended 30 June 2020: 3,191 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 June 2021 (unaudited)</i>	<i>31 December 2020</i>
Payables to employees	5,120	4,469
Payables on non-banking activities	2,943	3,549
Lease liabilities	2,248	2,099
Obligations to pay mandatory contributions to the KDIF	461	445
Liabilities on capital expenditures	236	42
ECL allowance for credit related commitment	394	759
Other payables	805	1,383
Other financial liabilities	12,207	12,746
Taxes other than corporate income tax payable	1,712	1,749
Other	348	255
Other non-financial liabilities	2,060	2,004
Total other liabilities	14,267	14,750

*(millions of tenge)***17. Current accounts and deposits of customers**

Current accounts and deposits of customers comprise:

	<i>30 June 2021 (unaudited)</i>	<i>31 December 2020</i>
Current accounts and demand deposits		
- Retail customers	79,617	84,652
- Corporate customers	380,532	369,583
Time deposits		
- Retail customers	467,946	437,787
- Corporate customers	534,997	419,687
Guarantee deposits		
- Retail customers	16,453	18,148
- Corporate customers	47,922	57,310
	1,527,467	1,387,167
Current accounts and deposits held as security against letters of credit and guarantees (Note 24)	(4,973)	(483)

Concentration of current accounts and deposits of customers

As at 30 June 2021, total amount of account balances of top 10 clients amounted to 349,354 million tenge or 22.87% of the total current accounts and deposits of customers (31 December 2020: 300,912 million tenge or 21.69%).

As at 30 June 2021, the Group's outstanding balance of accounts and deposits of individuals and individual entrepreneurs amounted to 231,695 million tenge (31 December 2020: 232,166 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.

18. Amounts due to banks and other financial institutions

Amounts due to banks and other financial institutions comprise:

	<i>30 June 2021 (unaudited)</i>	<i>31 December 2020</i>
Loans from governmental institutions	47,374	48,565
Liabilities due to Kazakhstan Sustainability Fund JSC	47,934	57,422
Loans from other financial institutions	22,612	22,553
Current accounts and deposits of banks	3	1,930
	117,923	130,470

As at 30 June 2021, loans from governmental institutions included loans from Entrepreneurship Development Fund "Damu" JSC and Kazakhstan Development Bank JSC in the amount of 31,473 million tenge and 13,115 million tenge, respectively (31 December 2020: 32,417 million tenge and 13,015 million tenge, respectively), received under the state program to support small and medium-sized businesses by the banking sector. Loans are denominated in tenge, have nominal interest rates from 1.00% to 9.00% per annum and mature in 2021-2035.

As at 30 June 2021, liabilities to the Kazakhstan Sustainability Fund JSC included funds in the amount of 37,003 million tenge (31 December 2020: 46,756 million tenge) received as part of the implementation of measures of the Government of the Republic of Kazakhstan to support small and medium-sized businesses affected by consequences of the COVID-19 pandemic. These liabilities include deposits denominated in tenge in the amount of 19,439 million tenge, with a nominal rate of 5.00% per annum and maturing in 2021 and funds in the amount of 17,564 million tenge not providing for the accrual and payment of interest until the funds are utilized by the Bank (31 December 2020: 18,967 million tenge and 27,789 million tenge, respectively) (Note 12).

(millions of tenge)

18. Amounts due to banks and other financial institutions (continued)

As at 30 June 2021, liabilities due to Kazakhstan Sustainability Fund JSC also include deposits in the amount of 10,931 million tenge (31 December 2020: 10,666 million tenge) received under the governmental program for refinancing of mortgage and housing loans to customers. In 2020, the terms of this program were changed in respect 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 raised funds at initial recognition was determined by the Group using market rates ranging from 14.07% to 14.40% per annum (for the six-month period ended 30 June 2020: 13.50% per annum). The fair value of mortgage loans on initial recognition as a result of a significant modification was determined by the Group using market rates ranging from 18.07% to 18.40% per annum (for the six-month period ended 30 June 2020: 17.53% per annum). For the six months ended 30 June 2021, the Group recognized net income from government grants less loss on derecognition of loans to customers in the amount of 1,910 million tenge in the consolidated statement of comprehensive income. For the six months ended 30 June 2020, net loss from derecognition of loans to customers, net of government grants, amounted to 289 million tenge.

In February 2020, the Bank entered into agreements with the KSF under the program approved by the NBRK to refinance the residential mortgage loans, according to which the terms of the deposits were extended to 30 years. Repayment of the deposits will be made at the end of the term. As a result of modification of the contractual terms of deposits, the Bank recognized a gain on derecognition of these instruments in the amount of 17,956 million tenge, as well as represents a related effect on deferred corporate income tax of 3,591 million tenge in the consolidated statement of comprehensive income.

As at 30 June 2021 loans from other financial institutions include loans in the amount of 22,612 million tenge (31 December 2020: 22,553 million tenge) received from European Bank for Reconstruction and Development under the program for supporting of investments in micro, small and medium businesses in the Republic of Kazakhstan and Women in Business program. The loans are denominated in tenge, bear interest rate from 8.45% per annum and mature in 2023. As at 30 June 2021 the deposit in the amount of 25,664 million tenge placed by the Bank with the EBRD a collateral for these liabilities (31 December 2020: 25,245 million tenge) (Note 12).

19. Debt securities issued

Debt securities issued comprise:

	<i>Maturity year</i>	<i>Coupon rate</i>	<i>30 June 2021 (unaudited)</i>	<i>31 December 2020</i>
Bonds in US dollars				
Bonds issued in 2019	2022	3.00%	17,362	16,829
Eurobonds issued in 2010	2022	14%	15,376	15,136
			32,738	31,965
Tenge bonds				
Bonds issued in 2018	2024	4.00%	170,208	159,837
Bonds issued in 2015	2025	10.13%	48,718	48,400
			218,926	208,237
			251,664	240,202

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 June 2021 and 31 December 2020, subordinated debt includes subordinated debt securities issued, represented by subordinated bonds in tenge maturing in 2022-2031 with a fixed coupon rate of 8% per annum. The coupon is paid every six months.

*(millions of tenge)***21. Share capital**

The number of authorised, placed and outstanding common shares and share capital as at 30 June 2021 and 31 December 2020 are as follows:

	<i>30 June 2021 (unaudited)</i>	<i>31 December 2020</i>
Common shares		
Number of authorised shares	150,003,000,000	150,003,000,000
Number of issued shares	92,387,104,089	92,387,104,089
Number of repurchased shares	(3,391,835,697)	(3,391,835,697)
Number of outstanding shares	88,995,268,392	88,995,268,392
Total share capital, millions of tenge	327,555	327,555

Movements in common shares outstanding, issued and fully paid were as follows:

	<i>Quantity of common shares</i>	<i>Placement value of common shares</i>
At 1 January 2021	88,995,268,392	327,555
Repurchase of own shares (unaudited)	—	—
At 30 June 2021 (unaudited)	88,995,268,392	327,555
At 1 January 2020	89,493,581,272	328,377
Repurchase of own shares (unaudited)	(498,312,880)	(822)
At 30 June 2020 (unaudited)	88,995,268,392	327,555

In accordance with the decision of shareholders dated 29 March 2021, the Bank declared and paid dividends on common shares for the year ended 31 December 2020, in the amount of 52,961 million tenge.

In accordance with the decision of shareholders dated 4 May 2020, the Bank declared and paid dividends on common shares for the year ended 31 December 2019, in the amount of 21,110 million tenge.

22. Earnings per share

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

	<i>For the three-month period ended 30 June</i>	
	<i>2021 (unaudited)</i>	<i>2020 (unaudited)</i>
Net profit attributable to shareholders of the Bank	15,202	10,265
The average weighted number of common shares for the three-month period ended 30 June	88,995,268,392	88,995,268,392
Basic and diluted earnings per share, in tenge	0.17	0.12
	<i>For the six-month period ended 30 June</i>	
	<i>2021 (unaudited)</i>	<i>2020 (unaudited)</i>
Net profit attributable to shareholders of the Bank	31,626	31,046
The weighted average number of common shares for the six-month period ended 30 June	88,995,268,392	89,238,948,866
Basic and diluted earnings per share, in tenge	0.36	0.35

As at 30 June 2021 and 31 December 2020, the Bank did not have any financial instruments diluting earnings per share.

(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 June 2021 and 31 December 2020, the Bank had complied in full of 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 June 2020, 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 6.5%;
- 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 7.5%;
- 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 9%.

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

The following table shows the composition of the Bank's capital position calculated in accordance with the NBRK requirements as at 30 June 2021 and 31 December 2020:

	<i>30 June 2021 (unaudited)</i>	<i>31 December 2020</i>
Tier 1 capital	219,433	244,336
Tier 2 capital	13,580	14,839
Total capital	233,013	259,175
Risk-weighted statutory assets, contingent liabilities, operational and market risk	1,171,427	1,164,668
Ratio k1	18.7%	21.0%
Ratio k1-2	18.7%	21.0%
Ratio k2	19.9%	22.3%

24. Commitments and contingencies

Political and economic environment

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

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

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

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

The Group provides bank guarantees and issues letters of credit to ensure that their customers' obligations to third parties are met. These agreements have fixed limits and generally extend for a period of up to five years.

In providing financial guarantees, credit related contingencies and letters of credit, the Group applies the same risk management policies and procedures used when issuing loans to customers.

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

	30 June 2021 (unaudited)	31 December 2020
Undrawn loan commitments	123,311	147,045
Guarantees issued	69,298	47,522
Letters of credit	5,108	764
	197,717	195,331
Less: current accounts and deposits of customers held as security against letters of credit and guarantees (<i>Note 17</i>)	(4,973)	(483)
Less: ECL allowance	(394)	(734)
	192,350	194,114

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

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

Legal proceedings

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

Taxation contingencies

The taxation system in the Republic of Kazakhstan is relatively new and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are often unclear, contradictory and subject to varying interpretation by different tax authorities. Taxes are subject to review and investigation by a number of authorities, which have the authority to impose severe fines, penalties and interest charges. The adequacy of tax assessment in the reporting period may be reviewed during the next five calendar years. However, under certain circumstances a tax year may remain open for a longer period of time.

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

(millions of tenge)

25. Related party transactions

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

Total remuneration to 13 members of the Management Board and Board of Directors included in general and administrative expenses for three-month and six-month periods ended 30 June 2021 and 2020 is as follows:

	<i>For the three-month period ended 30 June</i>		<i>For the six-month period ended 30 June</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Members of the Board of Directors and the Management Board of the Group	706	2,295	1,383	2,491
	706	2,295	1,383	2,491

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

Transactions with other related parties

Other related parties in the table below include key management personnel and entities jointly controlled by key management personnel. The outstanding balances and the average effective interest rates as at 30 June 2021 and related profit or loss for the three-month and six-month periods ended 30 June 2021 from transactions with related parties are as follows:

	<i>30 June 2021 (unaudited)</i>					
	<i>Shareholders</i>		<i>Entities under common control</i>		<i>Other related parties</i>	
	<i>Average effective interest rate (%)</i>	<i>In millions of tenge</i>	<i>Average effective interest rate (%)</i>	<i>In millions of tenge</i>	<i>Average effective interest rate (%)</i>	<i>In millions of tenge</i>
Assets						
Loans to customers	—	—	—	—	4,307	4,307
Other assets	—	—	160	—	14	174
Liabilities						
Current accounts and deposits of customers	36,688	1.00	46,701	1.07	7,221	90,610
Other liabilities	—	—	44	—	60	104
Commitments and contingencies	—	—	—	—	132	132
Guarantees issued	—	—	—	—	58	58

	<i>For the three-month period ended 30 June 2021 (unaudited)</i>			
	<i>Shareholders</i>	<i>Entities under common control</i>	<i>Other related parties</i>	<i>Total</i>
Income/(expense)				
Interest revenue	—	—	58	58
Interest expense	(146)	(308)	(23)	(477)
General and administrative expenses	—	(97)	(46)	(143)
Fee and commission income	—	16	4	20
Other expenses	—	—	(75)	(75)

(millions of tenge)

25. Related party transactions (continued)**Transactions with other related parties (continued)***For the six-month period ended 30 June 2021
(unaudited)*

	<i>Shareholders</i>	<i>Entities under common control</i>	<i>Other related parties</i>	<i>Total</i>
Income/(expense)				
Interest revenue	–	–	116	116
Interest expense	(168)	(335)	(51)	(554)
General and administrative expenses	–	(97)	(46)	(143)
Fee and commission income	–	25	6	31
Other expenses	–	–	(302)	(302)

As at 31 December 2020, the outstanding balances and the average effective interest rates and related profit or loss for the three-month and six-month periods ended 30 June 2020 from transactions with related parties are as follows:

31 December 2020

	<i>Shareholders</i>		<i>Entities under common control</i>		<i>Other related parties</i>		<i>Total</i>
	<i>Average annual effective</i>		<i>Average annual effective</i>		<i>Average annual effective</i>		
	<i>In millions of tenge</i>	<i>interest rate (%)</i>	<i>In millions of tenge</i>	<i>interest rate (%)</i>	<i>In millions of tenge</i>	<i>interest rate (%)</i>	<i>In millions of tenge</i>
Assets							
Loans to customers	–	–	–	–	4,245	3.00-17.50	4,245
Other assets	–	–	19	–	1	–	20
Liabilities							
Current accounts and deposits of customers	12,159	1.00	12,841	1.53	12,026	0.28	37,026
Other liabilities	–	–	16	–	–	–	16
Contingencies	–	–	–	–	192	–	192

*For the three-month period ended 30 June 2020
(unaudited)*

	<i>Shareholders</i>	<i>Entities under common control</i>	<i>Other related parties</i>	<i>Total</i>
Income/(expenses)				
Interest revenue	–	–	93	93
Interest expense	(62)	(19)	(137)	(218)
Fee and commission income	–	8	4	12
Other expenses	–	(39)	(843)	(882)

*For the six-month period ended 30 June 2020
(unaudited)*

	<i>Shareholders</i>	<i>Entities under common control</i>	<i>Other related parties</i>	<i>Total</i>
Income/(expenses)				
Interest revenue	–	–	152	152
Interest expense	(89)	(36)	(141)	(266)
Fee and commission income	1	19	6	26
Other expenses	–	(66)	(853)	(919)

(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 institutions, 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.

	30 June 2021 (unaudited)					
	CB	SMB	RB	Investing activities	Other	Total
Assets						
Cash and cash equivalents	63,950	49,490	75,865	208,722	7,746	405,773
Amounts due from financial institutions	–	–	–	63,357	–	63,357
Trading securities	–	–	–	2,019	–	2,019
Loans to customers	175,024	245,597	293,639	–	39,989	754,249
Investment securities	–	–	–	819,009	–	819,009
Property and equipment	–	–	–	–	64,346	64,346
Intangible assets	–	–	–	–	11,532	11,532
Other assets	43	370	1,197	26	82,691	84,327
Total assets	239,017	295,457	370,701	1,093,133	206,304	2,204,612
Liabilities						
Current accounts and deposits of customers	623,803	332,228	571,435	–	1	1,527,467
Amounts due to banks and other financial institutions	10,570	98,176	3,980	9	5,188	117,923
Amounts payable under repurchase agreements	–	–	–	19,077	–	19,077
Debt securities issued	–	–	17,359	170,208	64,097	251,664
Deferred income tax liabilities	–	–	–	–	11,136	11,136
Subordinated debt	–	–	–	–	20,503	20,503
Other liabilities	452	204	2,613	44	11,217	14,267
Total liabilities	634,825	430,608	595,387	189,338	112,142	1,962,037
Equity						
Share capital	–	–	–	–	332,815	332,815
Treasury shares	–	–	–	–	(5,260)	(5,260)
Additional paid-in capital	–	–	–	–	21,109	21,109
Fair value reserve	–	–	–	–	9,786	9,786
Accumulated losses	–	–	–	–	(115,875)	(115,875)
Total equity attributable to shareholders of the Bank	–	–	–	–	242,575	242,575

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

	<i>31 December 2020</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	48,041	38,994	60,537	156,031	8,029	311,632
Amounts due from financial institutions	—	—	—	73,707	—	73,707
Trading securities	—	—	—	7,377	—	7,377
Loans to customers	143,901	209,286	332,956	—	63,599	749,742
Investment securities	—	—	—	780,095	—	780,095
Property and equipment	—	—	—	—	65,814	65,814
Intangible assets	—	—	—	—	11,162	11,162
Other assets	35	430	2,214	1,135	85,921	89,735
Total assets	191,977	248,710	395,707	1,018,345	234,525	2,089,264
Liabilities						
Current accounts and deposits of customers	525,121	313,218	548,827	—	1	1,387,167
Amounts due to banks and other financial institutions	12,677	99,258	5,156	2,955	10,424	130,470
Amounts payable under repurchase agreements	—	—	—	21,670	—	21,670
Debt securities issued	—	—	16,827	159,837	63,538	240,202
Subordinated debt	—	—	—	—	20,503	20,503
Deferred income tax liabilities	—	—	—	—	11,171	11,171
Other liabilities	331	482	2,800	22	11,115	14,750
Total liabilities	538,129	412,958	573,610	184,484	116,752	1,825,933
Equity						
Share capital	—	—	—	—	332,815	332,815
Additional paid-in capital	—	—	—	—	21,109	21,109
Treasury shares	—	—	—	—	(5,260)	(5,260)
Fair value reserve	—	—	—	—	9,207	9,207
Accumulated losses	—	—	—	—	(94,540)	(94,540)
Total equity attributable to shareholders of the Bank	—	—	—	—	263,331	263,331

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

Information on the main reporting segments for the three-month and six-month periods ended 30 June 2021 and 2020 is presented as follows:

	For the three-month period ended 30 June 2021 (unaudited)					
	CB	SMB	RB	Investing activities	Other	Total
Interest income	3,639	7,798	16,337	16,965	1,730	46,469
Interest expense	(6,416)	(3,166)	(5,739)	(6,475)	(1,774)	(23,570)
Net interest income	(2,777)	4,632	10,598	10,490	(44)	22,899
Fee and commission income	606	5,155	4,202	1	3	9,967
Fee and commission expense	(213)	(2,567)	(1,198)	(60)	(23)	(4,061)
Net loss from transactions with financial instruments at fair value through profit or loss	–	–	–	(785)	–	(785)
Net loss from derecognition of investment securities at fair value through other comprehensive income	–	–	–	(44)	–	(44)
Net gain/(loss) from foreign currencies	859	1,339	711	(659)	210	2,460
Net gain/(loss) on derecognition of financial assets measured at amortized cost	–	2,839	(819)	–	2	2,022
Other (expenses)/income	(17)	(16)	93	52	468	580
Non-interest income/(expense)	1,235	6,750	2,989	(1,495)	660	10,139
Income from reversal of allowance for credit losses / (credit loss expense)	(395)	876	(3,634)	(72)	(2,193)	(5,418)
General and administrative expenses	(517)	(2,733)	(6,568)	(216)	(1,037)	(11,071)
Other expenses	(204)	10	(757)	(13)	(797)	(1,761)
Non-interest expense	(1,116)	(1,847)	(10,959)	(301)	(4,027)	(18,250)
(Loss)/profit before corporate income tax benefit	(2,658)	9,535	2,628	8,694	(3,411)	14,788
Corporate income tax benefit	–	85	99	230	–	414
(Loss)/profit for the period	(2,658)	9,620	2,727	8,924	(3,411)	15,202

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

	For the six-month period ended 30 June 2021 (unaudited)					
	CB	SMB	RB	Investing activities	Other	Total
Interest income	6,739	15,105	33,400	34,154	2,475	91,873
Interest expense	(12,118)	(5,658)	(11,114)	(11,900)	(4,413)	(45,203)
Net interest income	(5,379)	9,447	22,286	22,254	(1,938)	46,670
Fee and commission income	1,168	10,291	7,635	6	4	19,104
Fee and commission expense	(437)	(5,305)	(2,540)	(100)	(26)	(8,408)
Net loss from transactions with financial instruments at fair value through profit or loss	–	–	–	(383)	–	(383)
Net loss from derecognition of investment securities at fair value through other comprehensive income	–	–	–	(138)	–	(138)
Net gain/(loss) from foreign currencies	1,659	2,238	1,153	(615)	213	4,648
Net gain/(loss) on derecognition of financial assets measured at amortized cost	–	2,839	(929)	–	–	1,910
Other income	119	134	262	52	937	1,504
Non-interest income	2,509	10,197	5,581	(1,178)	1,128	18,237
Credit loss expenses	(725)	(414)	(6,698)	244	(529)	(8,122)
General and administrative expenses	(1,147)	(5,102)	(12,016)	(652)	(3,311)	(22,228)
Other expenses	(210)	(36)	(1,455)	(27)	(1,184)	(2,912)
Non-interest expense	(2,082)	(5,552)	(20,169)	(435)	(5,024)	(33,262)
(Loss)/profit before corporate income tax expenses	(4,952)	14,092	7,698	20,641	(5,834)	31,645
Corporate income tax expense	–	(6)	(3)	(10)	–	(19)
(Loss)/profit for the period	(4,952)	14,086	7,695	20,631	(5,834)	31,626

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

<i>For the three-month period ended 30 June 2020 (unaudited)</i>						
	<i>CB</i>	<i>SMB</i>	<i>RB</i>	<i>Investing activities</i>	<i>Other</i>	<i>Total</i>
Interest income	2,543	6,356	18,046	12,991	4,691	44,627
Interest expense	(3,824)	(2,022)	(5,849)	(5,216)	(4,654)	(21,565)
Net interest (expense)/income	(1,281)	4,334	12,197	7,775	37	23,062
Fee and commission income	645	3,688	3,119	24	(24)	7,452
Fee and commission expense	(722)	(930)	(1,270)	(92)	(47)	(3,061)
Net loss from transactions with financial instruments at fair value through profit or loss	–	(11)	(16)	(552)	(62)	(641)
Net gains on derecognition of investment securities at fair value through other comprehensive income	–	–	–	22	–	22
Net gain/(loss) from foreign currencies	912	1,703	897	5,695	(5,642)	3,565
Net (expenses)/gains on derecognition of financial liabilities as a result of modification	(5)	–	(493)	–	498	–
Net (loss)/income on derecognition of financial assets measured at amortized cost	–	(1)	(196)	–	818	621
Other income	–	182	324	125	224	855
Non-interest income/(expenses)	830	4,631	2,365	5,222	(4,235)	8,813
Income from reversal of allowance for credit losses / (credit loss expense)	184	(521)	(5,647)	130	(3,849)	(9,703)
General and administrative expenses	(768)	(2,551)	(5,520)	(342)	(1,819)	(11,000)
Other expenses	(16)	(268)	(1,606)	(15)	(1,493)	(3,398)
Non-interest expense	(600)	(3,340)	(12,773)	(227)	(7,161)	(24,101)
Profit/(loss) before corporate income tax benefit/(expense)	(1,051)	5,625	1,789	12,770	(11,359)	7,774
Corporate income tax benefit/(expense)	–	1,115	682	762	(68)	2,491
Loss/(profit) for the period	(1,051)	6,740	2,471	13,532	(11,427)	10,265

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

<i>For the six-month period ended 30 June 2020</i>						
<i>(unaudited)</i>						
	<i>CB</i>	<i>SMB</i>	<i>RB</i>	<i>Investing activities</i>	<i>Other</i>	<i>Total</i>
Interest income	4,723	12,890	37,233	26,973	7,888	89,707
Interest expense	(9,658)	(4,263)	(12,681)	(10,986)	(6,386)	(43,974)
Net interest (expense)/income	(4,935)	8,627	24,552	15,987	1,502	45,733
Fee and commission income	1,055	7,713	6,733	78	350	15,929
Fee and commission expense	(909)	(2,260)	(3,043)	(139)	(188)	(6,539)
Net loss from transactions with financial instruments at fair value through profit or loss	—	(11)	(16)	(159)	(62)	(248)
Net loss on derecognition of investment securities at fair value through other comprehensive income	—	—	—	23	—	23
Net gain/(loss) from foreign currencies	1,851	3,500	2,194	1,925	(3,122)	6,348
Net gains on derecognition of financial liabilities as a result of modification	—	—	—	—	17,956	17,956
Net loss on derecognition of financial assets measured at amortized cost	—	(1)	(241)	—	(47)	(289)
Other income	—	203	392	125	1,027	1,747
Non-interest income	1,997	9,144	6,019	1,853	15,914	34,927
Credit loss expense	(98)	(944)	(11,245)	(472)	(5,565)	(18,324)
General and administrative expenses	(1,184)	(5,058)	(11,386)	(809)	(3,756)	(22,193)
Other expenses	(29)	(431)	(2,365)	(25)	(2,467)	(5,317)
Non-interest expense	(1,311)	(6,433)	(24,996)	(1,306)	(11,788)	(45,834)
(Loss)/profit before corporate income tax expense	(4,249)	11,338	5,575	16,534	5,628	34,826
Corporate income tax expense	—	(69)	(102)	(18)	(3,591)	(3,780)
(Loss)/profit for the period	(4,249)	11,269	5,473	16,516	2,037	31,046

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

The table below sets out the carrying amounts and fair values of financial assets and financial liabilities as at 30 June 2021:

	<i>30 June 2021 (unaudited)</i>				
	<i>Assets and liabilities measured at fair value</i>	<i>Assets and liabilities whose fair values are disclosed</i>	<i>Total carrying amount</i>	<i>Fair values</i>	<i>Unrecognised gain/(loss)</i>
Cash and cash equivalents	–	405,773	405,773	405,773	–
Amounts due from financial institutions	–	63,357	63,357	63,357	–
Trading securities	2,019	–	2,019	2,019	–
Loans to customers	–	754,249	754,249	757,125	2,876
Investment securities measured at FVOCI	505,282	–	505,282	505,282	–
Investment securities measured at amortized cost	–	313,727	313,727	322,435	8,708
Other financial assets	–	26,866	26,866	26,866	–
	507,301	1,563,972	2,071,273	2,082,857	11,584
Current accounts and deposits of customers	–	1,527,467	1,527,467	1,530,872	(3,405)
Amounts due to banks and other financial institutions	–	117,923	117,923	112,425	5,498
Amounts payable under repurchase agreements	–	19,077	19,077	18,755	322
Debt securities issued	–	251,664	251,664	242,347	9,317
Subordinated debt	–	20,503	20,503	16,659	3,844
Other financial liabilities	–	12,207	12,207	12,207	–
	–	1,948,841	1,948,841	1,933,265	15,576
					27,160

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

The table below sets out the carrying amounts and fair values of financial assets and financial liabilities as at 31 December 2020:

	<i>31 December 2020</i>				
	<i>Assets and liabilities measured at fair value</i>	<i>Assets and liabilities whose fair values are disclosed</i>	<i>Total carrying amount</i>	<i>Fair values</i>	<i>Unrecognised gain/(loss)</i>
Cash and cash equivalents	–	311,632	311,632	311,632	–
Amounts due from financial institutions	–	73,707	73,707	73,707	–
Trading securities	7,377	–	7,377	7,377	–
Loans to customers	–	749,742	749,742	753,405	3,663
Investment securities measured at FVOCI	505,922	–	505,922	505,922	–
Investment securities measured at amortized cost	–	274,173	274,173	288,205	14,032
Other financial assets	–	24,204	24,204	24,204	–
	513,299	1,433,458	1,946,757	1,964,452	17,695
Current accounts and deposits of customers	–	1,387,167	1,387,167	1,389,323	(2,156)
Amounts due to banks and other financial institutions	–	130,470	130,470	119,642	10,828
Amounts payable under repurchase agreements	–	21,670	21,670	23,466	(1,796)
Debt securities issued	–	240,202	240,202	234,866	5,336
Subordinated debt	–	20,503	20,503	16,369	4,134
Other financial liabilities	–	12,746	12,746	12,746	–
	–	1,812,758	1,812,758	1,796,412	16,346
					34,041

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

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

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

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

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

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

*(millions of tenge)***27. Fair values of financial instruments (continued)****Accounting classification and fair values (continued)***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 their fair value approximates to the carrying amount. This assumption is also applied to demand deposits and savings accounts without a specific maturity.

Financial assets and financial liabilities carried at amortised cost

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

- To discount the future cash flows from loans to corporate customers a discount rate in the range from 4.88% p.a. to 13.54% p.a. (as at 31 December 2020: from 5.20% per annum to 13.88% per annum);
- To calculate the future cash flows from loans to individuals a discount rate in the range from 2.47% p.a. to 23.11% p.a. (31 December 2020: from 3.85% per annum to 20.78% per annum).

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 June 2021, by fair value hierarchy, into which the fair value measurement is categorised. The amounts are based on amounts carried in the interim condensed consolidated statement of financial position.

		30 June 2021			
		(unaudited)			
	Note	Level 1	Level 2	Level 3	Total
Assets					
Trading securities	13	–	–	2,019	2,019
Investment securities at FVOCI	15	356,288	148,994	–	505,282
		356,288	148,994	2,019	507,301

The following table analyses financial instruments carried at fair value as at 31 December 2020, by fair value hierarchy, into which the fair value measurement is categorised. The amounts are based on amounts carried in the interim condensed consolidated statement of financial position.

		31 December 2020			
	Note	Level 1	Level 2	Level 3	Total
Assets					
Trading securities	13	5,937	–	1,440	7,377
Investment securities at FVOCI	15	369,112	136,810	–	505,922
		375,049	136,810	1,440	513,299

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

The following table analyses financial instruments not measured at fair value as at 30 June 2021, by fair value hierarchy, into which the fair value measurement is categorised:

	<i>30 June 2021 (unaudited)</i>			<i>Total fair value</i>	<i>Total carrying value</i>
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>		
Assets					
Cash and cash equivalents	–	405,773	–	405,773	405,773
Amounts due from financial institutions	–	63,357	–	63,357	63,357
Loans to customers	–	–	757,125	757,125	754,249
Investment securities measured at amortized cost	52,768	269,667	–	322,435	313,757
Other financial assets	–	26,866	–	26,866	26,866
Liabilities					
Current accounts and deposits of customers	–	1,530,872	–	1,530,872	1,527,467
Amounts due to banks and other financial institutions	–	112,425	–	112,425	117,923
Amounts payable under repurchase agreements	–	18,755	–	18,755	19,077
Debt securities issued	–	242,347	–	242,347	251,664
Subordinated debt	–	16,659	–	16,659	20,503
Other financial liabilities	–	12,207	–	12,207	12,207

The following table analyses financial instruments not measured at fair value as at 31 December 2020, by fair value hierarchy, into which the fair value measurement is categorised:

	<i>31 December 2020</i>			<i>Total fair value</i>	<i>Total carrying value</i>
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>		
Assets					
Cash and cash equivalents	–	311,632	–	311,632	311,632
Amounts due from financial institutions	–	73,707	–	73,707	73,707
Loans to customers	–	–	753,405	753,405	749,742
Investment securities measured at amortized cost	28,653	259,552	–	288,205	274,173
Other financial assets	–	24,204	–	24,204	24,204
Liabilities					
Current accounts and deposits of customers	–	1,389,323	–	1,389,323	1,387,167
Amounts due to banks and other financial institutions	–	119,642	–	119,642	130,470
Amounts payable under repurchase agreements	–	23,466	–	23,466	21,670
Debt securities issued	–	234,866	–	234,866	240,202
Subordinated debt	–	16,369	–	16,369	20,503
Other financial liabilities	–	12,746	–	12,746	12,746

28. Events after the end of the interim period

On 5 August 2021, the Bank repurchased bonds issued in 2019 for the total amount of 2,500,000 US dollars (equivalent in tenge at the date of the transaction – 1,060 million tenge).