

ForteBank Joint Stock Company

Interim condensed consolidated financial statements

30 June 2023

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Independent Auditors' Report on Review of Interim Condensed Consolidated Financial Information

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Independent Auditors' Report on Review of Interim Condensed Consolidated Financial Information

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

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of ForteBank Joint Stock Company and its subsidiaries (the "Group") as at 30 June 2023, and the related interim condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and notes to the interim condensed consolidated financial information (the "interim condensed consolidated financial information"). Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial information as at 30 June 2023 and for the six-month period then ended is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.



ForteBank Joint Stock Company

Independent Auditors' Report on Review of Interim Condensed Consolidated Financial Information

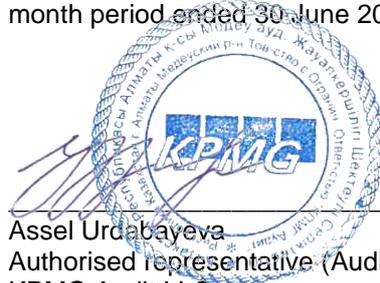
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Other Matter

The consolidated financial statements of the Group as at and for the year ended 31 December 2022 were audited by other auditors who expressed an unmodified opinion on those statements on 13 March 2023.

The interim condensed consolidated financial information of the Group as at 30 June 2022 and for the three- and six- month periods then ended was reviewed by other auditors who expressed an unmodified review conclusion on that information on 31 August 2022.

Interim condensed consolidated statement of comprehensive income for the three-month period ended 30 June 2023 is not reviewed.



Assel Urdabayeva
Authorised representative (Audit Partner)
KPMG Audit LLC
Astana, Republic of Kazakhstan

1 September 2023

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME**

For the six-month period ended 30 June 2023

(millions of tenge)

	Note	For the three-month period ended 30 June		For the six-month period ended 30 June	
		2023	2022	2023	2022
		<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Interest income calculated using effective interest rate	4	87,256	59,173	169,211	113,024
Other interest income	4	776	459	1,428	810
Interest expense	4	(42,145)	(31,081)	(82,970)	(57,186)
Net interest income		45,887	28,551	87,669	56,648
Fee and commission income	5	9,007	9,197	17,388	16,547
Fee and commission expenses	5	(3,490)	(2,831)	(6,946)	(5,508)
Net (loss)/gain on transactions with financial instruments at fair value through profit or loss		(323)	1,181	(394)	4,091
Net gain/(loss) on derecognition of investment securities at fair value through other comprehensive income		248	(5)	925	21
Net foreign exchange gain	6	8,271	17,298	17,533	23,512
Other income		2,211	1,746	3,500	2,153
Non-interest income		15,924	26,586	32,006	40,816
Credit loss expenses	7	(11,021)	(2,208)	(22,752)	(11,009)
Net loss on derecognition of financial assets measured at amortised cost	15	(786)	(1,286)	(1,676)	(1,674)
General and administrative expenses	8	(19,152)	(17,008)	(35,501)	(31,312)
Other expenses		(1,128)	(2,544)	(2,854)	(3,471)
Non-interest expenses		(32,087)	(23,046)	(62,783)	(47,466)
Profit before corporate income tax benefit/(expenses)		29,724	32,091	56,892	49,998
Corporate income tax benefit/(expenses)	9	450	(3,001)	1,257	(4,696)
Profit for the period		30,174	29,090	58,149	45,302
Attributable to:					
- Shareholders of the Bank	19	30,174	29,090	58,149	45,302
		30,174	29,090	58,149	45,302

The accompanying notes on pages 7 to 50 are an integral part of these interim condensed consolidated financial statements.

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME**

For the six-month period ended 30 June 2023

(millions of tenge)

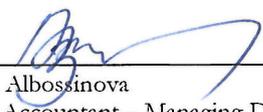
	Note	For the three-month period ended 30 June		For the six-month period ended 30 June	
		2023 (unaudited)	2022 (unaudited)	2023 (unaudited)	2022 (unaudited)
Other comprehensive income					
<i>Other comprehensive income/ (loss) to be reclassified to profit or loss in the subsequent periods</i>					
Net change in fair value of debt instruments at fair value through other comprehensive income		1,547	(4,089)	10,678	(30,578)
Income tax relating to components of other comprehensive income		(44)	219	(125)	836
Change in allowance for expected credit losses for investment securities at fair value through other comprehensive income	7	(74)	2	214	8
Amount reclassified to profit or loss as a result of derecognition of debt instruments measured at fair value through other comprehensive income		(248)	5	(925)	(21)
Other comprehensive income/(loss) for the period, net of tax		1,181	(3,863)	9,842	(29,755)
Total comprehensive income for the period		31,355	25,227	67,991	15,547
Attributable to:					
- Shareholders of the Bank		31,355	25,227	67,991	15,547
		31,355	25,227	67,991	15,547
Basic and diluted earnings per ordinary share (in tenge)	19	0,33	0,32	0,64	0,50

Signed and authorised for issue on behalf of the Management Board of the Bank:



Bekzhan Pimatov
Chairman of the Management Board

1 September 2023

Zaure Albossinova
Chief Accountant – Managing Director

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

	<i>Note</i>	<i>30 June 2023 (unaudited)</i>	<i>31 December 2022</i>
Assets			
Cash and cash equivalents	10	459,577	457,962
Amounts due from financial institutions		30,940	31,046
Securities measured at fair value through profit or loss		2,931	2,763
Loans to customers	11	1,219,506	1,173,542
Investment securities	12	1,050,797	990,574
Property and equipment		58,324	59,020
Intangible assets		14,249	14,550
Other assets	13	45,561	59,929
Total assets		2,881,885	2,789,386
Liabilities			
Current accounts and deposits from customers	14	2,008,910	2,011,734
Amounts due to banks and other financial institutions	15	66,464	66,751
Amounts payable under repurchase agreements	16	129,323	67,980
Debt securities issued	17	263,254	249,473
Subordinated debt		14,389	16,795
Deferred tax liabilities	9	11,984	13,904
Other liabilities	13	24,844	18,989
Total liabilities		2,519,168	2,445,626
Equity			
Share capital	18	332,815	332,815
Additional paid-in capital		23,651	23,651
Treasury shares	18	(3,465)	(3,465)
Fair value reserve		(14,044)	(23,886)
Retained earnings		23,760	14,645
Total equity		362,717	343,760
Total equity and liabilities		2,881,885	2,789,386

The accompanying notes on pages 7 to 50 are an integral part of these interim condensed consolidated financial statements.

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

	<i>Note</i>	<i>For the six-month period ended 30 June</i>	
		<i>2023</i>	<i>2022</i>
		<i>(unaudited)</i>	<i>(unaudited)</i>
Cash flows from operating activities			
Interest income received	4	158,007	113,582
Interest expenses paid	4	(69,940)	(44,577)
Fee and commission income received		17,851	16,415
Fee and commission expenses paid		(6,970)	(5,536)
Net realised (loss)/income on financial instruments at fair value through profit or loss		(494)	2,643
Net realised foreign exchange gain	6	17,354	24,672
Other operating income/(expenses), net, received/(paid)		3,776	(1,485)
General and administrative expenses paid		(27,040)	(27,645)
(Increase)/decrease in operating assets			
Amounts due from financial institutions		(346)	(15,333)
Securities measured at fair value through profit or loss		(93)	1,042
Loans to customers		(70,581)	(220,503)
Other assets		8,496	8,207
Increase/(decrease) in operating liabilities			
Current accounts and deposits from customers		16,692	41,604
Amounts due to banks and other financial institutions		1,443	16,129
Amounts payable under repurchase agreements		60,965	97,078
Other liabilities		2,261	(5,551)
Net cash flow from operating activities before corporate income tax		111,381	742
Corporate income tax paid		(584)	(7)
Net cash flows from operating activities		110,797	735
Cash flows from investing activities			
Purchase of investment securities measured at amortised cost		–	(6,810)
Proceeds from redemption of investment securities measured at amortised cost		4,834	888
Purchase of investment securities at fair value through other comprehensive income		(176,968)	(97,153)
Proceeds from sale of investment securities at fair value through other comprehensive income		29,231	–
Proceeds from redemption of investment securities at fair value through other comprehensive income		94,954	119,604
Purchase of property and equipment and intangible assets		(2,040)	(2,617)
Proceeds from sale of property and equipment and intangible assets		1	1,038
Net cash (used in)/from investing activities		(49,988)	14,950
Cash flows from financing activities			
Dividends paid to shareholders of the Bank	18	(49,034)	–
Repayment of lease liabilities		(333)	(409)
Repayment of subordinated debt		(2,313)	(3,148)
Proceeds from placement of debt securities issued		1,369	–
Redemption of debt securities issued		–	(16,687)
Net cash used in financing activities		(50,311)	(20,244)
Net change in cash and cash equivalents		10,498	(4,559)
Effect of changes in exchange rates on cash and cash equivalents		(8,882)	15,059
Effect of ECL on cash and cash equivalents		(1)	(30)
Cash and cash equivalents at the beginning of the period		457,962	432,948
Cash and cash equivalents at the end of the period		459,577	443,418

The accompanying notes on pages 7 to 50 are an integral part of these interim condensed consolidated financial statements.

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

	<i>Share capital</i>	<i>Additional paid-in capital</i>	<i>Treasury shares</i>	<i>Fair value reserve</i>	<i>Retained earnings</i>	<i>Total equity</i>
At 1 January 2023	332,815	23,651	(3,465)	(23,886)	14,645	343,760
Profit for the reporting period (unaudited)	–	–	–	–	58,149	58,149
Other comprehensive income for the period (unaudited)	–	–	–	9,842	–	9,842
Total comprehensive income for the period (unaudited)	–	–	–	9,842	58,149	67,991
Dividends declared (<i>Note 18</i>) (unaudited)	–	–	–	–	(49,034)	(49,034)
At 30 June 2023 (unaudited)	332,815	23,651	(3,465)	(14,044)	23,760	362,717

The accompanying notes on pages 7 to 50 are an integral part of these interim condensed consolidated financial statements.

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

	<i>Share capital</i>	<i>Additional paid-in capital</i>	<i>Treasury shares</i>	<i>Fair value reserve</i>	<i>Accumulated losses</i>	<i>Total equity</i>
At 1 January 2022	332,815	23,651	(3,465)	8,137	(83,441)	277,697
Profit for the reporting period (unaudited)	–	–	–	–	45,302	45,302
Other comprehensive loss for the period (unaudited)	–	–	–	(29,755)	–	(29,755)
Total comprehensive income for the period (unaudited)	–	–	–	(29,755)	45,302	15,547
At 30 June 2022 (unaudited)	332,815	23,651	(3,465)	(21,618)	(38,139)	293,244

The accompanying notes on pages 7 to 50 are an integral part of these interim condensed consolidated financial statements.

(millions of tenge)

1 General

Principal activities

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

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

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

The Group’s primary business is related to commercial banking activities, granting of loans and guarantees, accepting deposits, exchanging foreign currencies, dealing with securities, transferring cash payments, as well as providing other banking services. Some debt securities issued by the Bank are listed on the Kazakhstan Stock Exchange (hereinafter, the “KASE”) and Astana International Exchange (hereinafter, the “AIX”). Some equity securities of the Bank are listed on the Luxembourg Stock 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 2023 and 31 December 2022, depositors can receive limited insurance coverage for deposits, depending on the currency and type of the deposit: in tenge – up to 10 million tenge, in foreign currencies – up to 5 million tenge, savings deposits in tenge - up to 20 million tenge.

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

<i>Name</i>	<i>Country of incorporation</i>	<i>Principal activity</i>	<i>Ownership, %</i>	
			<i>30 June 2023 (unaudited)</i>	<i>31 December 2022</i>
ForteLeasing JSC	Republic of Kazakhstan	Leasing operations	100,0	100,0
OUSA Alliance LLP	Republic of Kazakhstan	Management of doubtful and bad assets	100,0	100,0
OUSA-F LLP	Republic of Kazakhstan	Management of doubtful and bad assets	100,0	100,0
ONE Technologies LLP	Republic of Kazakhstan	Software development	100,0	100,0
ForteFinance JSC	Republic of Kazakhstan	Brokerage and dealer activities, investment portfolio management activities	100,0	100,0

Shareholders

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

2 Basis of preparation

Statement of compliance with IAS 34 *Interim Financial Reporting*

The interim condensed consolidated financial statements for the six-month period ended 30 June 2023 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 2022.

(millions of tenge)

2 Basis of preparation (continued)

Statement of compliance with IAS 34 *Interim Financial Reporting* (continued)

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

Basis of measurement

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

Functional and presentation currency of consolidated financial statements

The functional currency of the Bank and its subsidiaries is tenge as, being the national currency of the Republic of Kazakhstan, it reflects the economic substance of the majority of the Group's transactions and circumstances relevant to them affecting its activities. As at 30 June 2023, the official exchange rate used for translation of foreign currency balances was 454.13 tenge for 1 US dollar (31 December 2022: 462.65 tenge per 1 US dollar).

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

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

Geopolitical events

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

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

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

Inflation and the current economic environment

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

Prices of many commodities, including food, remain high. In 2022, inflation in Kazakhstan was 20.3%. As at 30 June 2023, the annual inflation was 14.6%.

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

On 6 December 2022, the Monetary Policy Committee of the National Bank of Kazakhstan (hereinafter, the “NBRK”) made an extraordinary decision to raise the base rate to 16.75% per annum with an interest band of +/-1%. During the six-month period ended 30 June 2023, the NBRK made a decision to keep the base rate at 16.75% per annum with an interest band of +/-1%.

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

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

Changes in accounting policies

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

(millions of tenge)

2 Basis of preparation (continued)

Changes in accounting policies (continued)

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

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

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

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

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

3 Significant accounting judgements and estimates

Estimation uncertainty

The preparation of the interim condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the amounts of assets, liabilities, income and expenses reported in the interim condensed consolidated financial statements. Actual results may differ from those estimates.

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

In the process of applying the Group's accounting policies, management has used its judgements and made estimates in determining the amounts recognised in the interim condensed consolidated financial statements. The judgements made in applying the accounting policies and the key sources of estimation uncertainty were similar to those described in the last annual consolidated financial statements, except for the changes disclosed below.

Expected credit losses (ECL) on financial assets

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

- Stage 2 triggers have been supplemented by the following parameters: the threshold of absolute 12-month probability of default estimated based on the internal substantiated statistics exceeds 30%; for corporate and SME customers - the most recent rating has been assigned to a borrower more than 18 months ago.
- An updated approach to assessing the level of loss given default (LGD) is applied.

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

(millions of tenge)

3 Significant accounting judgements and estimates (continued)

Estimation uncertainty (continued)

Expected credit losses (ECL) on financial assets (continued)

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

As a result of application of the updated approach to LGD calculation, the allowance for ECL for the six months ended 30 June 2023 increased by 7,578 million tenge (unaudited).

Forward-looking information and multiple economic scenarios

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

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

*(millions of tenge)***3 Significant accounting judgements and estimates (continued)****Estimation uncertainty (continued)***Forward-looking information and multiple economic scenarios (continued)*

The Group obtains the forward-looking information from third party sources (external rating agencies, governmental bodies e.g. NBRK and international credit institutions). Experts of the Group's Strategic Risks Function determine the weights attributable to the multiple scenarios. A range of forecast values of key factors used by segments/subsegments depending on scenario weights in the ECL calculation as at 30 June 2023 are presented below:

<i>Key drivers</i>	<i>ECL scenario</i>	<i>Assigned probabilities, %</i>	<i>Forecast</i>
Price per a barrel of oil	Positive	16%	105,50
	Base case	68%	87,18
	Negative	16%	70,25
Inflation rate, %	Positive	16%	5.95%
	Base case	68%	7.66%
	Negative	16%	9.38%
GDP growth, %	Positive	16%	5%
	Base case	68%	4%
	Negative	16%	3%
TONIA (Tenge OverNight Index Average)	Positive	16%	13.22%
	Base case	68%	14.73%
	Negative	16%	16.35%
USD/KZT rate	Positive	16%	473,86
	Base case	68%	511,21
	Negative	16%	551,23
Real salary index	Positive	16%	104,34
	Base case	68%	102,07
	Negative	16%	99,84

As at 30 June 2023 the Group has updated the indicators of key macroeconomic factors used in ECL calculation. As a result of changes made, the allowance for ECL increased by 711 million tenge.

The amount of the allowance for ECL for loans to customers recognised in the interim condensed consolidated statement of financial position as at 30 June 2023 was 87,510 million tenge (unaudited) (31 December 2022: 65,066 million tenge). More details are provided in *Note 11*.

*(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>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Interest income calculated using effective interest rate				
Loans to customers	58,206	37,256	110,989	69,012
Debt investment securities at FVOCI	17,860	14,398	35,308	28,863
Amounts due from financial institutions	5,125	890	11,322	1,211
Investment securities measured at amortised cost	4,277	4,458	8,614	8,933
Amounts receivable under reverse repurchase agreements	1,444	2,089	2,333	4,665
Other financial assets	344	82	645	340
	87,256	59,173	169,211	113,024
Other interest income				
Finance lease receivables	776	459	1,428	810
	88,032	59,632	170,639	113,834
Interest expense				
Current accounts and deposits from customers	(28,893)	(17,937)	(56,897)	(33,841)
Debt securities issued	(7,709)	(7,806)	(15,214)	(15,450)
Amounts due to banks and other financial institutions	(882)	(1,466)	(1,746)	(2,740)
Subordinated debt	(284)	(379)	(568)	(783)
Amounts payable under repurchase agreements	(4,377)	(3,493)	(8,545)	(4,372)
	(42,145)	(31,081)	(82,970)	(57,186)
Net interest income	45,887	28,551	87,669	56,648

Interest income calculated using the effective interest rate for the six-month period ended 30 June 2023 includes income of 4,581 million tenge (unaudited) representing the unwinding of discount on loans to customers (for the six-month period ended 30 June 2022: 4,971 million tenge (unaudited)).

Interest income received is as follows:

	<i>For the six-month period ended 30 June</i>	
	<i>2023</i>	<i>2022</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Interest income received		
Loans to customers	105,761	67,484
Debt investment securities at FVOCI	36,150	38,582
Amounts due from financial institutions	11,322	1,211
Amounts receivable under reverse repurchase agreements	2,333	4,665
Finance lease receivables	1,428	810
Investment securities measured at amortised cost	1,013	830
	158,007	113,582

Interest expense paid comprise:

	<i>For the six-month period ended 30 June</i>	
	<i>2023</i>	<i>2022</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Interest expenses paid		
Current accounts and deposits from customers	(56,790)	(33,938)
Amounts payable under repurchase agreements	(8,167)	(3,958)
Debt securities issued	(2,507)	(3,633)
Amounts due to banks and other financial institutions	(1,815)	(2,240)
Subordinated debt	(661)	(808)
	(69,940)	(44,577)

(millions of tenge)

5 Fee and commission income and expenses

Fee and commission income is as follows:

	<i>For the three-month period ended 30 June</i>		<i>For the six-month period ended 30 June</i>	
	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Card operations	3,894	3,954	7,693	7,760
Settlement transactions	2,332	2,591	4,462	4,277
Cash transactions	1,380	1,572	2,618	2,598
Commissions on guarantees and letters of credit	919	630	1,646	1,139
Foreign currency transactions and transactions with securities	119	75	252	142
Other	363	375	717	631
	9,007	9,197	17,388	16,547

Fee and commission expense is as follows:

	<i>For the three-month period ended 30 June</i>		<i>For the six-month period ended 30 June</i>	
	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Maintenance of card accounts	(2,553)	(2,248)	(5,087)	(4,420)
Maintenance of nostro accounts	(229)	(185)	(455)	(299)
Settlement transactions	(154)	(114)	(318)	(223)
Customer accounts services by financial agents	(54)	(27)	(82)	(55)
Foreign currency transactions and transactions with securities	(37)	(28)	(64)	(62)
Other	(463)	(229)	(940)	(449)
	(3,490)	(2,831)	(6,946)	(5,508)

Revenue from contracts with customers recognised in the interim condensed consolidated statement of comprehensive income for the six months ended 30 June 2023 and 2022 primarily represents fee and commission income of 17,388 million tenge (unaudited) and 16,547 million tenge (unaudited), respectively.

At 30 June 2023 and 31 December 2022, the Group recognised contract assets related to contracts with customers in the amount of 1,245 million tenge (unaudited) and 1,708 million tenge (unaudited) in the interim condensed consolidated statement of financial position within other assets, respectively.

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

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 foreign exchange gain

Net foreign exchange gain comprises:

	<i>For the three-month period ended 30 June</i>		<i>For the six-month period ended 30 June</i>	
	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Dealing transactions, net	8,267	17,772	17,354	24,672
Foreign exchange revaluation, net	4	(474)	179	(1,160)
	8,271	17,298	17,533	23,512

(millions of tenge)

7 Credit loss expenses

Credit loss 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>2023 (unaudited)</i>	<i>2022 (unaudited)</i>	<i>2023 (unaudited)</i>	<i>2022 (unaudited)</i>
Cash and cash equivalents	(4)	(30)	(2)	(30)
Amounts due from financial institutions	(3)	421	(122)	(76)
Loans to customers (<i>Note 11</i>)	(10,427)	(3,171)	(21,658)	(10,818)
Investment securities measured at amortised cost	(1)	(40)	(21)	(30)
Investment securities measured at FVOCI	74	(2)	(214)	(8)
Other financial assets	(660)	(451)	(735)	48
Financial guarantees, letters of credit and credit related commitments	–	1,065	–	(95)
	(11,021)	(2,208)	(22,752)	(11,009)

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>2023 (unaudited)</i>	<i>2022 (unaudited)</i>	<i>2023 (unaudited)</i>	<i>2022 (unaudited)</i>
Salary and related taxes	(10,493)	(10,919)	(20,280)	(19,988)
Depreciation and amortisation	(2,177)	(2,053)	(4,311)	(4,085)
Charity and sponsorship	(1,917)	(522)	(2,663)	(558)
Repair and maintenance	(1,258)	(900)	(2,039)	(1,690)
Taxes other than corporate income tax	(761)	(937)	(1,438)	(1,525)
Advertising and marketing	(745)	(359)	(1,206)	(715)
Maintenance of buildings	(517)	(393)	(1,047)	(836)
Security	(251)	(215)	(513)	(436)
Telecommunication and information services	(184)	(157)	(351)	(329)
Encashment	(139)	(130)	(277)	(224)
Transportation	(130)	(117)	(268)	(239)
Business trips	(118)	(52)	(158)	(66)
Lease	(87)	(79)	(165)	(168)
Other professional services	(65)	(73)	(150)	(144)
Other	(310)	(102)	(635)	(309)
	(19,152)	(17,008)	(35,501)	(31,312)

During the six-month period ended 30 June 2023, the Group provided a sponsorship of 1,891 million tenge (unaudited) to *Bulat Utemuratov Foundation* Private Fund for construction of a school in the city of Essik (Almaty Region). The school with a total area of 12,5 thousand square meters has a capacity of 900 schoolchildren. The completion of the construction is scheduled for September 2024.

On 4 July 2023, the Group provided the second tranche for construction of the school of 4,060 million tenge (unaudited).

Total remuneration to members of the Board of Directors and the Management Board included in General and administrative expenses for the six-month periods ended 30 June 2023 and 2022 is 2,367 million tenge (unaudited) and 5,306 million tenge (unaudited), respectively.

As at 30 June 2023, the total amount of the Bank's liabilities to pay remuneration to members of the Board of Directors and the Management Board amounted to 4,967 million tenge (unaudited) (31 December 2022: 3,221 million tenge).

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

These amounts include long-term remuneration to the members of the Board of Directors and the Management Board and related taxes of 2,196 million tenge (31 December 2022: 450 million tenge) recognised in accordance with the NBRK Resolution No. 74 dated 24 February 2012, payable over a period of at least three years, subject to the established conditions.

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>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Sales and marketing	(6,762)	(9,049)	(13,160)	(16,933)
Development of technologies and new products	(2,753)	(3,090)	(5,535)	(5,775)
Other*	(9,637)	(4,869)	(16,806)	(8,604)
	(19,152)	(17,008)	(35,501)	(31,312)

* “Other” caption comprises expenses to maintain the Bank operational activity: operational and administrative staff costs, depreciation and amortisation, maintenance of buildings, tax expenses, sponsorship, security and encashment, other administrative expenses.

9 Corporate income tax benefit/(expenses)

Corporate income tax 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>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Current corporate income tax expenses	(775)	–	(788)	(6)
Deferred corporate income tax benefit/(expenses) – origination and decrease of temporary differences	1,225	(3,001)	2,045	(4,690)
	450	(3,001)	1,257	(4,696)

As at 30 June 2023, deferred corporate income tax liabilities comprised 11,984 million tenge (as at 31 December 2022: 13,904 million tenge).

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

*(millions of tenge)***10 Cash and cash equivalents**

Cash comprises:

	<i>30 June 2023 (unaudited)</i>	<i>31 December 2022</i>
Cash on hand	63,965	45,793
Cash on current accounts with the NBRK rated BBB-	65,260	95,199
Cash on current accounts with other banks:		
- rated from A- to A+	44,641	69,860
- rated from BBB- to BBB+	2,942	27,026
- rated from BB- to BB+	116	–
- rated below B+	38	175
- not rated	6,282	10,257
Time deposits with the NBRK rated at BBB- with contractual maturity of 90 days or less	189,191	161,600
Accounts receivable under reverse repurchase agreements with contractual maturity of 90 days and less	87,153	48,062
Cash and cash equivalents before allowance for ECL	459,588	457,972
Allowance for ECL	(11)	(10)
Cash and cash equivalents	459,577	457,962

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

As at 30 June 2023, cash balances of 3,573 million tenge are allocated to Stage 2. As at 31 December 2022, cash balances of 9,844 million tenge are allocated to Stage 2. The remaining cash is allocated to Stage 1.

As at 30 June 2023, the Group entered into reverse repurchase agreements at the Kazakhstan Stock Exchange. The subject of these agreements are bonds of the Ministry of Finance of the Republic of Kazakhstan, Kazakhstan Sustainability Fund JSC (KSF), Eurasian Development Bank and notes of the NBRK, the fair value of which as at 30 June 2023 is 87,522 million tenge (31 December 2022: bonds of the Ministry of Finance of the Republic of Kazakhstan, KSF, Eurasian Development Bank and notes of the NBRK, with fair value of 48,027 million tenge).

Minimum reserve requirements

In accordance with regulations issued by the NBRK, minimum reserve requirements are calculated as a percent of specified liabilities of second-tier banks. Banks are required to comply with these requirements by maintaining average reserve assets (local currency cash and NBRK balances) equal or in excess of the average minimum requirements. As at 30 June 2023, minimum reserve requirements of the Group amount to 44,511 million tenge (31 December 2022: 41,731 million tenge).

Concentration of cash and cash equivalents

As at 30 June 2023, the Group has accounts with one bank whose balances exceed 10% of total cash and cash equivalents (31 December 2022: one bank). The total balance on the accounts with the above counterparty as at 30 June 2023 amounts to 254,451 million tenge (31 December 2022: 256,799 million tenge).

*(millions of tenge)***11 Loans to customers**

Loans to customers comprise:

	<i>30 June 2023 (unaudited)</i>				
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
Individually significant loans	478,406	2,063	16,197	314	496,980
Total individually significant loans	478,406	2,063	16,197	314	496,980
Individually insignificant loans					
Corporate loans	236,743	1,851	15,761	937	255,292
Mortgage loans	16,193	171	2,645	6,988	25,997
Consumer loans	393,905	11,596	44,347	–	449,848
Car loans	12,790	5	398	–	13,193
Credit cards	3,267	291	1,024	–	4,582
Other loans secured by collateral	31,135	691	15,611	13,687	61,124
Total individually insignificant loans	694,033	14,605	79,786	21,612	810,036
Loans to customers before allowance for ECL	1,172,439	16,668	95,983	21,926	1,307,016
Allowance for ECL	(25,660)	(6,001)	(53,674)	(2,175)	(87,510)
Loans to customers	1,146,779	10,667	42,309	19,751	1,219,506
	<i>31 December 2022</i>				
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
Individually significant loans	489,947	5,071	17,821	328	513,167
Total individually significant loans	489,947	5,071	17,821	328	513,167
Individually insignificant loans					
Corporate loans	212,010	5,842	16,355	968	235,175
Mortgage loans	14,022	255	3,118	7,603	24,998
Consumer loans	334,016	16,078	28,755	–	378,849
Car loans	12,958	22	405	–	13,385
Credit cards	3,188	272	822	–	4,282
Other loans secured by collateral	35,636	1,375	17,205	14,536	68,752
Total individually insignificant loans	611,830	23,844	66,660	23,107	725,441
Loans to customers before allowance for ECL	1,101,777	28,915	84,481	23,435	1,238,608
Allowance for ECL	(22,041)	(6,801)	(34,377)	(1,847)	(65,066)
Loans to customers	1,079,736	22,114	50,104	21,588	1,173,542

*(millions of tenge)***11 Loans to customers (continued)****Quality of individually significant loans**

Information on the quality of individually significant loans as at 30 June 2023 is given in the table below:

<i>Individually significant loans</i>	<i>30 June 2023 (unaudited)</i>			
	<i>Loans before allowance for ECL</i>	<i>Allowance for ECL</i>	<i>Loans less allowance for ECL</i>	<i>Allowance for ECL to gross loans before allowance for ECL, (%)</i>
Stage 1 loans				
- not overdue	477,506	(3,612)	473,894	0.76
- overdue for less than 30 days	900	(33)	867	3.67
	478,406	(3,645)	474,761	0.76
Stage 2 and Stage 3 loans				
- not overdue	14,276	(3)	14,273	0.02
- overdue less than 90 days	878	–	878	0.00
- overdue for 90 days to 360 days	2,316	(318)	1,998	13.73
- overdue for more than 360 days	789	(735)	54	93.16
Total Stage 2 and Stage 3 loans	18,259	(1,056)	17,203	5.78
POCI	315	(49)	266	15.56
Total individually significant loans	496,980	(4,750)	492,230	0.96

Information on the quality of individually significant loans at 31 December 2022 is presented in the table below:

<i>Individually significant loans</i>	<i>31 December 2022 (audited)</i>			
	<i>Loans before allowance for ECL</i>	<i>Allowance for ECL</i>	<i>Loans less allowance for ECL</i>	<i>Allowance for ECL to gross loans before allowance for ECL, (%)</i>
Stage 1 loans				
- not overdue	489,947	(4,125)	485,822	0.84
	489,947	(4,125)	485,822	0.84
Stage 2 and Stage 3 loans				
- not overdue	21,951	(465)	21,486	2.12
- overdue for more than 360 days	941	(568)	373	60.36
Stage 2 and Stage 3 loans	22,892	(1,033)	21,859	4.51
POCI	328	(85)	243	25.91
Total individually significant loans	513,167	(5,243)	507,924	1.02

*(millions of tenge)***11 Loans to customers (continued)****Quality of individually significant loans (continued)***Analysis of movements in allowance for ECL*

An analysis of movements in the allowance for ECL on individually significant loans for the six-month period ended 30 June 2023 is as follows:

<i>Individually significant loans</i>	<i>For the six-month period ended 30 June 2023 (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 2023	(4,125)	(371)	(662)	(85)	(5,243)
New assets originated or purchased	(1,346)	(14)	(55)	–	(1,415)
Assets derecognized or repaid (excluding write-offs)	2,333	493	504	–	3,330
Transfers to Stage 1	(3)	3	–	–	–
Transfers to Stage 2	10	(10)	–	–	–
Transfers to Stage 3	54	–	(54)	–	–
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	(3)	(24)	(701)	36	(692)
Transfer between loan materiality categories	(584)	(80)	(88)	–	(752)
Unwinding of discount	–	–	(16)	–	(16)
Recoveries	–	–	–	–	–
Write-off	–	–	16	–	16
Effect from changes in exchange rates	18	–	4	–	22
At 30 June 2023	(3,646)	(3)	(1,052)	(49)	(4,750)

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

<i>Individually significant loans</i>	<i>For the six-month period ended 30 June 2022 (unaudited)</i>				
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
ECL as at 1 January 2022	(2,335)	(36)	(1,459)	–	(3,830)
New assets originated or purchased	(5,548)	–	–	–	(5,548)
Assets derecognized or repaid (excluding write-offs)	1,059	2	238	170	1,469
Transfers to Stage 1	(25)	25	–	–	–
Transfers to Stage 2	–	–	–	–	–
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	4,391	10	20	(23)	4,398
Transfer between loan materiality categories	(15)	–	(13)	–	(28)
Unwinding of discount	–	–	(72)	–	(72)
Recoveries	–	–	–	(170)	(170)
Write-off	–	–	64	–	64
Effect from changes in exchange rates	(300)	(1)	(112)	–	(413)
At 30 June 2022	(2,773)	–	(1,334)	(23)	(4,130)

*(millions of tenge)***11 Loans to customers (continued)****Quality of individually insignificant loans**

Information on the quality of individually insignificant loans as at 30 June 2023 is presented in the table below:

<i>Individually insignificant corporate loans</i>	<i>30 June 2023 (unaudited)</i>			
	<i>Loans before allowance for ECL</i>	<i>Allowance for ECL</i>	<i>Loans less allowance for ECL</i>	<i>Allowance for ECL to gross loans before allowance for ECL, (%)</i>
Not overdue	238,201	(3,644)	234,557	1.53
Overdue for less than 30 days	2,876	(210)	2,666	7.30
Overdue for 30 to 89 days	1,222	(249)	973	20.38
Overdue for 90 to 179 days	1,303	(636)	667	48.81
Overdue for 180 to 360 days	1,767	(931)	836	52.69
Overdue more than 360 days	8,986	(6,150)	2,836	68.44
POCI	937	(12)	925	1.28
Total individually insignificant corporate loans	255,292	(11,832)	243,460	4.63
Mortgage loans				
Not overdue	16,218	(186)	16,032	1.15
Overdue for less than 30 days	480	(16)	464	3.33
Overdue for 30 to 89 days	140	(32)	108	22.86
Overdue for 90 to 179 days	88	(33)	55	37.50
Overdue for 180 to 360 days	82	(34)	48	41.46
Overdue more than 360 days	2,001	(1,497)	504	74.81
POCI	6,988	(624)	6,364	8.93
Total mortgage loans	25,997	(2,422)	23,575	9.32
Consumer loans				
Not overdue	384,918	(11,147)	373,771	2.90
Overdue for less than 30 days	14,746	(3,052)	11,694	20.70
Overdue for 30 to 89 days	8,696	(5,015)	3,681	57.67
Overdue for 90 to 179 days	9,024	(6,967)	2,057	77.21
Overdue for 180 to 360 days	12,442	(9,840)	2,602	79.09
Overdue more than 360 days	20,022	(16,988)	3,034	84.85
Total consumer loans	449,848	(53,009)	396,839	11.78

*(millions of tenge)***11 Loans to customers (continued)****Quality of individually insignificant loans (continued)**

	<i>30 June 2023 (unaudited)</i>			
	<i>Loans before allowance for ECL</i>	<i>Allowance for ECL</i>	<i>Loans less allowance for ECL</i>	<i>Allowance for ECL to gross loans before allowance for ECL, (%)</i>
Car loans				
Not overdue	12,768	(49)	12,719	0.38
Overdue for less than 30 days	45	(2)	43	4.44
Overdue for 30 to 89 days	–	–	–	0.00
Overdue for 90 to 179 days	4	(3)	1	75.00
Overdue for 180 to 360 days	–	–	–	0.00
Overdue more than 360 days	376	(138)	238	36.70
Total car loans	13,193	(192)	13,001	1.46
Credit cards				
Not overdue	3,284	(306)	2,978	9.32
Overdue for less than 30 days	218	(61)	157	27.98
Overdue for 30 to 89 days	82	(56)	26	68.29
Overdue for 90 to 179 days	95	(81)	14	85.26
Overdue for 180 to 360 days	238	(211)	27	88.66
Overdue more than 360 days	665	(597)	68	89.77
Total credit cards	4,582	(1,312)	3,270	28.63
Other loans secured by collateral				
Not overdue	30,371	(294)	30,077	0.97
Overdue for less than 30 days	1,571	(59)	1,512	3.76
Overdue for 30 to 89 days	601	(49)	552	8.15
Overdue for 90 to 179 days	475	(96)	379	20.21
Overdue for 180 to 360 days	704	(128)	576	18.18
Overdue more than 360 days	13,715	(11,877)	1838	86.60
POCI	13,687	(1,490)	12,197	10.89
Total other loans secured by collateral	61,124	(13,993)	47,131	22.89
Total individually insignificant loans	810,036	(82,760)	727,276	10.22

*(millions of tenge)***11 Loans to customers (continued)****Quality of individually insignificant loans (continued)**

Information on the quality of individually insignificant loans at 31 December 2022 is presented in the table below:

	<i>31 December 2022</i>			
	<i>Loans before allowance for ECL</i>	<i>Allowance for ECL</i>	<i>Loans less allowance for ECL</i>	<i>Allowance for ECL to gross loans before allowance for ECL, (%)</i>
Individually insignificant corporate loans				
Not overdue	218,420	(9,951)	208,469	4.56
Overdue for less than 30 days	2,285	(91)	2,194	3.98
Overdue for 30 to 89 days	1,196	(97)	1,099	8.11
Overdue for 90 to 179 days	2,278	(524)	1,754	23.00
Overdue for 180 to 360 days	1,231	(217)	1,014	17.63
Overdue more than 360 days	8,797	(2,859)	5,938	32.50
POCI	968	(5)	963	0.52
Total individually insignificant corporate loans	235,175	(13,744)	221,431	5.84
Mortgage loans				
Not overdue	14,230	(38)	14,192	0.27
Overdue for less than 30 days	323	(8)	315	2.48
Overdue for 30 to 89 days	78	(2)	76	2.56
Overdue for 90 to 179 days	88	(3)	85	3.41
Overdue for 180 to 360 days	84	(5)	79	5.95
Overdue more than 360 days	2,592	(502)	2,090	19.37
POCI	7,603	(524)	7,079	6.89
Total mortgage loans	24,998	(1,082)	23,916	4.33
Consumer loans				
Not overdue	335,399	(8,818)	326,581	2.63
Overdue for less than 30 days	9,031	(2,237)	6,794	24.77
Overdue for 30 to 89 days	6,936	(3,982)	2,954	57.41
Overdue for 90 to 179 days	6,555	(5,116)	1,439	78.05
Overdue for 180 to 360 days	7,936	(6,377)	1,559	80.36
Overdue more than 360 days	12,992	(11,031)	1,961	84.91
Total consumer loans	378,849	(37,561)	341,288	9.91

*(millions of tenge)***11 Loans to customers (continued)****Quality of individually insignificant loans (continued)***31 December 2022*

	<i>Loans before allowance for ECL</i>	<i>Allowance for ECL</i>	<i>Loans less allowance for ECL</i>	<i>Allowance for ECL to gross loans before allowance for ECL, (%)</i>
Car loans				
Not overdue	12,921	(1)	12,920	0.01
Overdue for less than 30 days	47	–	47	0.00
Overdue for 30 to 89 days	16	–	16	0.00
Overdue for 90 to 179 days	2	–	2	0.00
Overdue for 180 to 360 days	1	–	1	0.00
Overdue more than 360 days	398	(143)	255	35.93
Total car loans	13,385	(144)	13,241	1.08
Credit cards				
Not overdue	3,231	(368)	2,863	11.39
Overdue for less than 30 days	123	(44)	79	35.77
Overdue for 30 to 89 days	118	(99)	19	83.90
Overdue for 90 to 179 days	120	(99)	21	82.50
Overdue for 180 to 360 days	201	(165)	36	82.09
Overdue more than 360 days	489	(401)	88	82.00
Total credit cards	4,282	(1,176)	3,106	27.46
Other loans secured by collateral				
Not overdue	35,206	(319)	34,887	0.91
Overdue for less than 30 days	1,768	(58)	1,710	3.28
Overdue for 30 to 89 days	811	(47)	764	5.80
Overdue for 90 to 179 days	615	(128)	487	20.81
Overdue for 180 to 360 days	1,004	(216)	788	21.51
Overdue more than 360 days	14,812	(4,115)	10,697	27.78
POCI	14,536	(1,233)	13,303	8.48
Total other loans secured by collateral	68,752	(6,116)	62,636	8.90
Total individually insignificant loans	725,441	(59,823)	665,618	8.25

*(millions of tenge)***11 Loans to customers (continued)****Quality of individually insignificant loans (continued)***Analysis of movements in allowance for ECL*

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

<i>Individually insignificant corporate loans</i>	<i>For the six-month period ended 30 June 2023 (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 2023	(9,258)	(161)	(4,320)	(5)	(13,744)
New assets originated or purchased	(839)	(10)	(170)	–	(1,019)
Assets derecognized or repaid (excluding write-offs)	711	265	2,090	43	3,109
Transfers to Stage 1	(460)	460	–	–	–
Transfers to Stage 2	1000	(1,128)	128	–	–
Transfers to Stage 3	477	961	(1,438)	–	–
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	5,450	(732)	(3,685)	(596)	437
Transfer between loan materiality categories	584	80	88	–	752
Unwinding of discount	–	–	(592)	–	(592)
Recoveries	–	–	(1,931)	(27)	(1,958)
Write-off	–	–	575	567	1,142
Effect from changes in exchange rates	9	1	25	6	41
At 30 June 2023	(2,326)	(264)	(9,230)	(12)	(11,832)

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

<i>Individually insignificant corporate loans</i>	<i>For the six-month period ended 30 June 2022 (unaudited)</i>				
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
ECL as at 1 January 2022	(2,602)	(10)	(4,900)	(117)	(7,629)
New assets originated or purchased	(1,382)	–	(19)	–	(1,401)
Assets derecognized or repaid (excluding write-offs)	1,888	30	3,170	–	5,088
Transfers to Stage 1	(94)	48	46	–	–
Transfers to Stage 2	3	(51)	48	–	–
Transfers to Stage 3	35	59	(94)	–	–
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	(544)	(124)	(4,145)	(250)	(5,063)
Transfer between loan materiality categories	15	–	13	–	28
Unwinding of discount	–	–	(405)	–	(405)
Recoveries	–	–	(2,613)	–	(2,613)
Write-off	–	–	3,035	146	3,181
Effect from changes in exchange rates	(22)	–	(41)	–	(63)
At 30 June 2022	(2,703)	(48)	(5,905)	(221)	(8,877)

*(millions of tenge)***11 Loans to customers (continued)****Quality of individually insignificant loans (continued)***Analysis of movements in allowance for ECL (continued)*

An analysis of movements in the allowance for ECL on mortgage loans for the six-month period ended 30 June 2023 is as follows:

<i>Mortgage loans</i>	<i>For the six-month period ended 30 June 2023 (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 2023	(21)	(2)	(535)	(524)	(1,082)
New assets originated or purchased	(37)	–	(271)	(6)	(314)
Assets derecognized or repaid (excluding write-offs)	23	6	1,652	70	1,751
Transfers to Stage 1	(1)	1	–	–	–
Transfers to Stage 2	21	(24)	3	–	–
Transfers to Stage 3	5	18	(23)	–	–
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	(114)	(28)	(1,824)	(296)	(2,262)
Unwinding of discount	–	–	(57)	–	(57)
Recoveries	–	–	(1,296)	(64)	(1,360)
Write-off	–	–	701	194	895
Effect from changes in exchange rates	–	–	5	2	7
At 30 June 2023	(124)	(29)	(1,645)	(624)	(2,422)

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

<i>Mortgage loans</i>	<i>For the six-month period ended 30 June 2022 (unaudited)</i>				
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
ECL as at 1 January 2022	(36)	(6)	(1,469)	(575)	(2,086)
New assets originated or purchased	(19)	–	–	–	(19)
Assets derecognized or repaid (excluding write-offs)	4	1	593	88	686
Transfers to Stage 1	(11)	4	7	–	–
Transfers to Stage 2	3	(7)	4	–	–
Transfers to Stage 3	1	6	(7)	–	–
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	42	2	(28)	(661)	(645)
Unwinding of discount	–	–	(60)	–	(60)
Recoveries	–	–	(439)	(88)	(527)
Write-off	–	–	778	593	1,371
Effect from changes in exchange rates	(1)	–	(12)	–	(13)
At 30 June 2022	(17)	–	(633)	(643)	(1,293)

*(millions of tenge)***11 Loans to customers (continued)****Quality of individually insignificant loans (continued)***Analysis of movements in allowance for ECL (continued)*

An analysis of movements in the allowance for ECL on consumer loans for the six-month period ended 30 June 2023 is as follows:

<i>Consumer loans</i>	<i>For the six-month period ended 30 June 2023 (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 2023	(8,050)	(6,014)	(23,497)	–	(37,561)
New assets originated or purchased	(3,179)	(15)	(83)	–	(3,277)
Assets derecognized or repaid (excluding write-offs)	6,433	1,558	6,724	5	14,720
Transfers to Stage 1	(2,202)	2,187	15	–	–
Transfers to Stage 2	11,040	(11,777)	737	–	–
Transfers to Stage 3	984	14,634	(15,618)	–	–
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	(16,490)	(6,109)	(3,203)	(5)	(25,807)
Unwinding of discount	–	–	(3,792)	–	(3,792)
Recoveries	–	–	(47)	–	(47)
Write-off	–	–	2,755	–	2,755
Effect from changes in exchange rates	–	–	–	–	–
At 30 June 2023	(11,464)	(5,536)	(36,009)	–	(53,009)

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

<i>Consumer loans</i>	<i>For the six-month period ended 30 June 2022 (unaudited)</i>				
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
ECL as at 1 January 2022	(6,993)	(2,251)	(9,650)	–	(18,894)
New assets originated or purchased	(6,010)	–	(2)	–	(6,012)
Assets derecognized or repaid (excluding write-offs)	2,635	321	464	–	3,420
Transfers to Stage 1	(2,229)	1,965	264	–	–
Transfers to Stage 2	1,466	(2,086)	620	–	–
Transfers to Stage 3	371	4,863	(5,234)	–	–
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	(773)	(5,931)	(1,357)	–	(8,061)
Unwinding of discount	–	–	(1,810)	–	(1,810)
Recoveries	–	–	(65)	–	(65)
Write-off	–	–	1,871	–	1,871
Effect from changes in exchange rates	–	–	(1)	–	(1)
At 30 June 2022	(11,533)	(3,119)	(14,900)	–	(29,552)

*(millions of tenge)***11 Loans to customers (continued)****Quality of individually insignificant loans (continued)***Analysis of movements in allowance for ECL (continued)*

An analysis of movements in the allowance for ECL on car loans for the six-month period ended 30 June 2023 is as follows:

<i>Car loans</i>	<i>For the six-month period ended 30 June 2023 (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 2023	(1)	–	(143)	–	(144)
New assets originated or purchased	–	–	–	–	–
Assets derecognized or repaid (excluding write-offs)	–	2	85	–	87
Transfers to Stage 3	4	4	(8)	–	–
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	(42)	(6)	(69)	–	(117)
Unwinding of discount	–	–	(9)	–	(9)
Recoveries	–	–	(49)	–	(49)
Write-off	–	–	40	–	40
Effect from changes in exchange rates	–	–	–	–	–
At 30 June 2023	(39)	–	(153)	–	(192)

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

<i>Car loans</i>	<i>For the six-month period ended 30 June 2022 (unaudited)</i>				
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
ECL as at 1 January 2022	–	–	(47)	–	(47)
New assets originated or purchased	(1)	–	–	–	(1)
Assets derecognized or repaid (excluding write-offs)	–	–	240	–	240
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	(1)	–	(51)	–	(52)
Unwinding of discount	–	–	(5)	–	(5)
Recoveries	–	–	(239)	–	(239)
Write-off	–	–	25	–	25
Effect from changes in exchange rates	–	–	(3)	–	(3)
At 30 June 2022	(2)	–	(80)	–	(82)

*(millions of tenge)***11 Loans to customers (continued)****Quality of individually insignificant loans (continued)***Analysis of movements in allowance for ECL (continued)*

An analysis of movements in the allowance for ECL on credit card loans for the six-month period ended 30 June 2023 is as follows:

<i>Credit cards</i>	<i>For the six-month period ended 30 June 2023 (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 2023	(345)	(157)	(674)	–	(1,176)
New assets originated or purchased	(28)	(1)	(1)	–	(30)
Assets derecognized or repaid (excluding write-offs)	–	–	3	–	3
Transfers to Stage 1	(52)	51	1	–	–
Transfers to Stage 2	278	(282)	4	–	–
Transfers to Stage 3	8	234	(242)	–	–
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	(148)	41	(462)	–	(569)
Unwinding of discount	–	–	(12)	–	(12)
Recoveries	–	–	(3)	–	(3)
Write-off	–	–	471	–	471
Effect from changes in exchange rates	1	–	3	–	4
At 30 June 2023	(286)	(114)	(912)	–	(1,312)

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

<i>Credit cards</i>	<i>For the six-month period ended 30 June 2022 (unaudited)</i>				
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
ECL as at 1 January 2022	(647)	(90)	(505)	–	(1,242)
New assets originated or purchased	(1,693)	(4)	(12)	–	(1,709)
Assets derecognized or repaid (excluding write-offs)	1,838	14	45	–	1,897
Transfers to Stage 1	(97)	77	20	–	–
Transfers to Stage 2	73	(116)	43	–	–
Transfers to Stage 3	24	195	(219)	–	–
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	(433)	(179)	31	–	(581)
Unwinding of discount	–	–	(16)	–	(16)
Recoveries	–	–	(2)	–	(2)
Write-off	–	–	41	–	41
Effect from changes in exchange rates	(9)	(1)	(7)	–	(17)
At 30 June 2022	(944)	(104)	(581)	–	(1,629)

*(millions of tenge)***11 Loans to customers (continued)****Quality of individually insignificant loans (continued)***Analysis of movements in allowance for ECL (continued)*

An analysis of movements in the allowance for ECL on other loans secured by collateral for the six-month period ended 30 June 2023 is as follows:

<i>Other loans secured by collateral</i>	<i>For the six-month period ended 30 June 2023 (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 2023	(241)	(96)	(4,546)	(1,233)	(6,116)
New assets originated or purchased	(68)	–	(109)	(289)	(466)
Assets derecognized or repaid (excluding write-offs)	211	6	1,891	193	2,301
Transfers to Stage 1	(64)	64	–	–	–
Transfers to Stage 2	141	(156)	15	–	–
Transfers to Stage 3	5	125	(130)	–	–
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	(715)	(151)	(9,195)	(1,367)	(11,428)
Unwinding of discount	–	–	(394)	–	(394)
Recoveries	–	–	(1,579)	(97)	(1,676)
Write-off	–	–	2,445	1,290	3,735
Effect from changes in exchange rates	28	–	10	13	51
At 30 June 2023	(703)	(208)	(11,592)	(1,490)	(13,993)

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

<i>Other loans secured by collateral</i>	<i>For the six-month period ended 30 June 2022 (unaudited)</i>				
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
ECL as at 1 January 2022	(38)	(11)	(3,721)	(693)	(4,463)
New assets originated or purchased	(30)	–	(5)	–	(35)
Assets derecognized or repaid (excluding write-offs)	8	4	1,536	151	1,699
Transfers to Stage 1	(16)	9	7	–	–
Transfers to Stage 2	2	(16)	14	–	–
Transfers to Stage 3	1	12	(13)	–	–
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	30	(9)	158	(767)	(588)
Unwinding of discount	–	–	(177)	–	(177)
Recoveries	–	–	(1,251)	(151)	(1,402)
Write-off	–	–	2,009	556	2,565
Effect from changes in exchange rates	–	–	(28)	–	(28)
At 30 June 2022	(43)	(11)	(1,471)	(904)	(2,429)

Collateral and other credit enhancements

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

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

*(millions of tenge)***11 Loans to customers (continued)****Collateral and other credit enhancements (continued)**

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

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

The main types of collateral obtained are as follows:

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

As at 30 June 2023, loans net of ECL allowance overdue over 90 days amount to 27,601 million tenge, unaudited (as at 31 December 2022: 39,472 million tenge). As at 30 June 2023, total fair value of collateral securing such loans, limited to the gross value of the respective loans, was equal to 41,709 million tenge, unaudited (31 December 2022: 42,860 million tenge).

Repossessed collateral

For the six-month period ended 30 June 2023, the Group received a property with the carrying amount of 653 million tenge (six-month period ended 30 June 2022: 802 million tenge) by obtaining control over collateral for loans issued to customers (*Note 13*). The Group's policy assumes sale of these assets as soon as it is practicable.

Concentration of loans to customers

As at 30 June 2023, the Group had a concentration of loans represented by 265,477 million tenge due from the ten largest independent groups of companies or 20.31% of gross loan portfolio (31 December 2022: 315,382 million tenge or 25.45% of gross loan portfolio). Allowance for ECL on these loans is 1,547 million tenge, unaudited (31 December 2022: 2,690 million tenge).

Industry and geographical analysis of loans

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

	<i>30 June 2023 (unaudited)</i>	<i>31 December 2022</i>
Loans to retail customers	554,744	490,266
Metallurgy	165,800	191,137
Wholesale trading	126,645	94,764
Services provided by small and medium businesses	79,814	67,489
Transportation	32,195	78,601
Financial services	76,599	67,794
Retail services	58,989	56,416
Real estate activities	48,902	48,528
Food industry	35,254	35,681
Construction	36,370	27,319
Agriculture	10,901	9,587
Textile production	8,200	7,609
Post and communication services	5,692	8,254
Manufacturing	7,806	6,593
Metal products manufacturing	5,347	3,801
Chemical industry	412	678
Machine-building	89	155
Other	53,257	43,936
	1,307,016	1,238,608
Allowance for ECL	(87,510)	(65,066)
	1,219,506	1,173,542

*(millions of tenge)***11 Loans to customers (continued)****Finance lease receivables**

As at 30 June 2023 and 31 December 2022 loans to customers recognised within corporate loans include finance lease receivables of 16,293 million tenge and 10,469 million tenge, respectively.

	<i>30 June 2023 (unaudited)</i>	<i>31 December 2022</i>
Minimum lease payments receivable	20,928	14,527
Unearned finance income	(4,291)	(3,602)
Net minimum lease payments receivable	16,637	10,925
Less: ECL allowance	(344)	(456)
Net investment in finance leases	16,293	10,469
Current portion of minimum lease payments	6,913	4,250
Current portion of unearned finance income	(777)	(574)
Current portion of net minimum lease payments receivable	6,136	3,676
Non-current portion of minimum lease payments	14,015	10,277
Non-current portion of unearned finance income	(3,514)	(3,028)
Non-current portion of net minimum lease payments receivable	10,501	7,249
Net minimum lease payments receivable	16,637	10,925

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

<i>At 30 June 2023</i>	<i>Up to 1 year</i>	<i>1 to 2 years</i>	<i>2 to 3 years</i>	<i>3 to 4 years</i>	<i>4 to 5 years</i>	<i>Total</i>
Minimum lease payments receivable	6,913	8,885	4,177	875	78	20,928
Unearned finance income	(777)	(1,891)	(1,256)	(332)	(35)	(4,291)
Net minimum lease payments receivable	6,136	6,994	2,921	543	43	16,637
<i>At 31 December 2022</i>	<i>Up to 1 year</i>	<i>1 to 2 years</i>	<i>2 to 3 years</i>	<i>3 to 4 years</i>	<i>4 to 5 years</i>	<i>Total</i>
Minimum lease payments receivable	4,250	6,586	3,037	574	80	14,527
Unearned finance income	(574)	(1,662)	(1,072)	(253)	(41)	(3,602)
Net minimum lease payments receivable	3,676	4,924	1,965	321	39	10,925

*(millions of tenge)***12 Investment securities**

Investment securities including those pledged under repurchase agreements comprise:

	<i>30 June 2023 (unaudited)</i>	<i>31 December 2022</i>
Debt investment securities at amortized cost		
Government bonds		
Treasury bills of the Ministry of Finance of the Republic of Kazakhstan rated BBB-	29,210	30,044
Bonds of foreign countries rated at BB- to BB+	910	932
Total government bonds	30,120	30,976
Corporate bonds		
Rated from BBB- to BBB+	180,440	177,938
Rated from BB- to BB+	87,692	84,414
Total corporate bonds	268,132	262,352
Bonds of banks		
Rated from B- to B+	–	4,711
Total bonds of banks	–	4,711
Investment securities measured at amortized cost before ECL allowance	298,252	298,039
Allowance for ECL	(204)	(187)
Investment securities measured at amortized cost	298,048	297,852
	<i>30 June 2023 (unaudited)</i>	<i>31 December 2022</i>
Debt securities at FVOCI		
Government bonds		
Treasury bills of the United States of America rated AAA	4,626	293
Bonds of the NBRK rated BBB-	50,425	497
Treasury bills of the Ministry of Finance of the Republic of Kazakhstan rated BBB-	551,175	532,466
Total government bonds	606,226	533,256
Corporate bonds		
Rated from BBB- to BBB+	109,012	125,596
Rated from BB- to BB+	21,520	11,985
Rated from B- to B+	1,946	1,963
Total corporate bonds	132,478	139,544
Bonds of banks		
Rated from A- to A+	1,620	–
Rated from BBB- to BBB+	12,178	12,081
Rated below B+	–	2,363
Not rated	247	186
Total bonds of banks	14,045	14,630
Investments in equity instruments		
Corporate shares	–	5,292
Total investments in equity instruments	–	5,292
Investment securities measured at FVOCI	752,749	692,722

*(millions of tenge)***12 Investment securities (continued)**

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

As at 30 June 2023, investment securities measured at FVOCI, represented by treasury bonds of the Ministry of Finance of the Republic of Kazakhstan and Kazakhstan Sustainability Fund JSC, with a total fair value of 129,650 million tenge, were pledged under the repurchase agreements entered into at the KASE.

As at 31 December 2022, investment securities measured at FVOCI, represented by treasury bonds of the Ministry of Finance of the Republic of Kazakhstan and Kazakhstan Sustainability Fund JSC, with a fair value of 68,128 million tenge, were pledged under the repurchase agreements entered into at the KASE.

In 2018 and 2019, the Group acquired bonds of NAC Kazatomprom JSC, Sovereign Wealth Fund Samruk-Kazyna JSC and Kazakhstan Temir Zholy JSC classified as investment securities at amortized cost. As at 30 June 2023, the total carrying amount of these bonds was 247,304 million tenge (31 December 2022: 241,073 million tenge).

The Group's debt securities issued held by SWF Samruk-Kazyna JSC (*Note 17*), with a total nominal value of 220,000 million tenge, serve as collateral for liabilities to the Group on the above-mentioned bonds.

13 Other assets and other liabilities

Other assets comprise:

	<i>30 June 2023 (unaudited)</i>	<i>31 December 2022</i>
Accounts receivable for sale of pledged property	9,981	12,653
Receivables under government programs for support of specific population segments	1,996	2,875
Accounts receivable on commission income	1,245	1,708
Other accounts receivable from bank activities	2,350	2,862
	15,572	20,098
Allowance for ECL	(2,982)	(2,869)
Other financial assets	12,590	17,229
Repossessed collateral	21,337	30,593
Prepayments and other receivables	6,150	5,659
Prepaid taxes other than corporate income tax	1,542	2,078
Investment property	1,635	1,609
Inventories held for sale	745	1,236
Other inventories	723	776
Other	903	827
	33,035	42,778
Impairment allowance	(64)	(78)
Other non-financial assets	32,971	42,700
Total other assets	45,561	59,929

During the six-month period ended 30 June 2023, the Group took possession of collaterals with a total value of 653 million tenge (six-month period ended 30 June 2022: 802 million tenge). Even though the Group is currently working actively to dispose repossessed collateral held for sale, most of them have not been sold within short period of time. Management still intends to sell the repossessed collateral.

*(millions of tenge)***13 Other assets and other liabilities (continued)**

Other liabilities comprise:

	<i>30 June 2023 (unaudited)</i>	<i>31 December 2022</i>
Accrued expenses for employee benefits	10,038	5,457
Deferred income from government economic support programs	3,009	3,811
Payables on non-banking activities	2,182	2,065
Lease liabilities	1,628	1,770
Obligations to pay mandatory contributions to the KDIF	229	866
Allowance for ECL for credit related commitments (<i>Note 21</i>)	1,130	546
Other	1,792	1,259
Other financial liabilities	20,008	15,774
Taxes payable other than corporate income tax	3,268	2,628
Other	1,568	587
Other non-financial liabilities	4,836	3,215
Total other liabilities	24,844	18,989

14 Current accounts and deposits of customers

Current accounts and deposits of customers comprise:

	<i>30 June 2023 (unaudited)</i>	<i>31 December 2022</i>
Current accounts and demand deposits		
- Retail customers	131,630	138,821
- Corporate customers	589,287	555,155
Term deposits		
- Retail customers	563,714	570,528
- Corporate customers	640,370	663,616
Guarantee deposits		
- Retail customers	35,174	34,441
- Corporate customers	48,735	49,173
	2,008,910	2,011,734
Held as security against letters of credit and guarantees (<i>Note 21</i>)	(145)	(521)

Concentration of current accounts and deposits of customers

As at 30 June 2023, total amount of account balances of top 10 clients amounted to 268,810 million tenge or 13.38% of total current accounts and deposits of customers (31 December 2022: 356,755 million tenge or 17.73%).

As at 30 June 2023, the Group's outstanding balance of accounts and deposits of individuals and individual entrepreneurs amounted to 316,504 million tenge (31 December 2022: 287,838 million tenge) with limited KDIF insurance coverage on behalf of the Government of the Republic of Kazakhstan.

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

As at 30 June 2023, the amount of 54,049 million tenge (unaudited) within current accounts and deposits from customers relates to current accounts and deposits from related parties of the Group (31 December 2022: 68,382 million tenge).

*(millions of tenge)***15 Amounts due to banks and other financial institutions**

Amounts due to banks and other financial organizations comprise:

	<i>30 June 2023 (unaudited)</i>	<i>31 December 2022</i>
Loans from governmental organizations	53,401	53,035
Liabilities due to Kazakhstan Sustainability Fund JSC	13,052	13,716
Current accounts and deposits of banks	11	–
	66,464	66,751

As at 30 June 2023, loans from public institutions included loans received from Damu Entrepreneurship Development Fund JSC, Development Bank of Kazakhstan JSC and Industrial Development Fund JSC in the amount of 34,535 million tenge, 13,451 million tenge and 5,377 million tenge, respectively (31 December 2022: Damu Entrepreneurship Development Fund JSC, Development Bank of Kazakhstan JSC and Industrial Development Fund JSC in the amount of 34,485 million tenge, 13,321 million tenge and 5,179 million tenge, respectively), as part of the state programme to support small and medium-sized businesses by the banking sector and the state programme of preferential lending to individuals to purchase passenger vehicles of domestic manufacturers. Loans are denominated in tenge, have nominal interest rates from 1.00% to 9.00% per annum and mature in 2023-2052. The loan received from Industrial Development Fund JSC in May 2022 in the amount of 15,000 million tenge was recognised at fair value using a market rate of 14.12% per annum.

During the six-month period ended 30 June 2023, the fair value of car loans issued at a nominal rate of 4.00% per annum was recognised at fair value using market rates of 24.00%-25.00% per annum. For the six-month period ended 30 June 2023, the Group recognised a loss of 569 million tenge on issuance of loans at the below market interest rate and a gain of 766 million tenge on recognition of loans from Development Bank of Kazakhstan JSC and Industrial Development Fund JSC, covering the above loss, in the interim condensed consolidated statement of comprehensive income.

As at 30 June 2023, liabilities to Kazakhstan Sustainability Fund JSC include deposits in the amount of 10,432 million tenge (31 December 2022: 11,225 million tenge) as part of the governmental programme for refinancing of mortgage and housing loans to customers. In 2020, this programme was changed in terms of providing additional aid to mortgage borrowers belonging to the category of socially vulnerable segments of the population, as well as unilateral conversion of foreign currency mortgage loans into tenge. Deposits are denominated in tenge, have nominal interest rates from 0.10% to 2.99% per annum and mature in 2038-2050. The fair value of deposits for the six-month period ended 30 June 2023 was determined by the Group using a market rate of 13.43% per annum. During the six-month period ended 30 June 2023, the fair value of mortgage loans recognised as a result of significant modification was determined by the Group using a market rate of 20.00% to 24.00% per annum (for the six-month period ended 30 June 2022: 19.72% to 19.77% per annum). For the six-month period ended 30 June 2023, the Group recognised a loss on derecognition of loans to customers in the amount of 3,207 million tenge, as well as a gain upon initial recognition and derecognition of KSF deposits, covering the above loss of 1,531 million tenge (for the six-month period ended 30 June 2022: a loss on derecognition of loans to customers in the amount of 1,500 million tenge and loss upon initial recognition and derecognition of KSF deposits in the amount of 174 million tenge).

16 Amounts payable under repurchase agreements

As at 30 June 2023, the Group has payables under repurchase agreements in the amount of 129,323 million tenge (unaudited), which are collateralized by investment securities with a total fair value of 129,650 million tenge (unaudited) (treasury bonds of the Ministry of Finance of the Republic of Kazakhstan, Kazakhstan Sustainability Fund JSC) (Note 12).

As at 31 December 2022, the Group has payables under repurchase agreements in the amount of 67,980 million tenge, which are collateralized by investment securities with a total fair value of 68,128 million tenge (treasury bonds of the Ministry of Finance of the Republic of Kazakhstan, Kazakhstan Sustainability Fund JSC) (Note 12).

*(millions of tenge)***17 Debt securities issued**

Debt securities issued comprise:

	<i>Maturity year</i>	<i>Coupon rate</i>	<i>30 June 2023 (unaudited)</i>	<i>31 December 2022</i>
Bonds in US dollars				
Bonds issued in 2022	2025	2.60%	14,308	13,040
			14,308	13,040
Bonds in tenge				
Bonds issued in 2018	2024	4.00%	198,771	186,659
Bonds issued in 2015	2025	10.13%	50,175	49,774
			248,946	236,433
			263,254	249,473

On 8 August 2022, the Bank carried out the first bond issue on the AIFC Exchange (AIX) under the bond programme with a limit of up to 200,000 thousand US dollars, due on 8 August 2025 and a rate of 2.60% per annum. The total amount of bonds issued is 100,000 thousand US dollars. The nominal value of the bond is 100 thousand US dollars. As at 30 June 2023, the total nominal value of outstanding bonds issued under this bond programme amounted to 30,900 thousand US dollars (equivalent in tenge - 13,983 million tenge). As at 31 December 2022, the total nominal value of outstanding bonds issued under this bond programme amounted to 27,900 thousand US dollars (equivalent in tenge - 12,908 million tenge).

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

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.

On 8 August 2023, the Bank repurchased bonds issued under the bond program registered on the AIFC Exchange (AIX) on 8 August 2022 for the total amount of 25,500 thousand US dollars (equivalent in tenge - 11,382 million tenge), unaudited.

18 Share capital

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

	<i>30 June 2023 (unaudited)</i>	<i>31 December 2022</i>
Ordinary shares		
Number of authorized shares	150,003,000,000	150,003,000,000
Number of issued shares	92,387,104,089	92,387,104,089
Number of repurchased shares	(1,934,434,197)	(1,934,434,197)
Number of outstanding shares	90,452,669,892	90,452,669,892
Total share capital, millions of tenge	329,350	329,350

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

*(millions of tenge)***18 Share capital (continued)***Fair value reserve*

This reserve records fair value changes on financial assets at FVOCI.

The movement in the fair value reserve is as follows:

	<i>2023</i>	<i>2022</i>
At 1 January	(23,886)	8,137
Net change in fair value of debt instruments at fair value through other comprehensive income	10,678	(30,578)
Changes in allowance for expected credit losses of debt instruments at fair value through other comprehensive income	214	8
Amount reclassified to profit or loss as a result of derecognition of debt instruments measured at fair value through other comprehensive income	(925)	(21)
Income tax relating to components of other comprehensive income	(125)	836
At 30 June	(14,044)	(21,618)

19 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>2023 (unaudited)</i>	<i>2022 (unaudited)</i>
Net profit attributable to shareholders of the Bank	30,174	29,090
Weighted average number of ordinary shares	90,452,669,892	90,452,727,392
Basic and diluted earnings per ordinary share in tenge	0,33	0,32
	<i>For the six-month period ended 30 June</i>	
	<i>2023 (unaudited)</i>	<i>2022 (unaudited)</i>
Net profit attributable to shareholders of the Bank	58,149	45,302
Weighted average number of ordinary shares	90,452,669,892	90,452,727,392
Basic and diluted earnings per ordinary share in tenge	0,64	0,50

As at 30 June 2023 and 30 June 2022, the Bank did not have any financial instruments diluting earnings per share.

20 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 2023 and 31 December 2022, the Bank had complied in full with all its externally imposed capital requirements.

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

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

The NBRK sets and monitors capital requirements for the Bank.

(millions of tenge)

20 Capital management (continued)

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

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

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

	<i>30 June 2023 (unaudited)</i>	<i>31 December 2022</i>
Tier 1 capital	321,784	315,091
Tier 2 capital	8,595	10,354
Total equity	330,379	325,445
Total risk-weighted statutory assets, contingent liabilities, operational and market risk	1,714,511	1,609,161
Ratio k1	18.8%	19.6%
Ratio k1-2	18.8%	19.6%
Ratio k2	19.3%	20.2%

21 Commitments and contingencies

Political and economic environment

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

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

Credit related commitments

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

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

*(millions of tenge)***21 Commitments and contingencies (continued)**

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

	<i>30 June 2023 (unaudited)</i>	<i>31 December 2022</i>
Credit related commitments	262,351	217,758
Guarantees issued	86,235	69,375
Letters of credit	3,132	1,365
	351,718	288,498
Less: current accounts and deposits of customers, held as collateral under letters of credit and guarantees (<i>Note 14</i>)	(145)	(521)
Less: allowance for ECL (<i>Note 13</i>)	(1,130)	(546)
	350,443	287,431

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

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

Legal proceedings

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

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

Contingent tax liabilities

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

22 Segment information

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

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

*(millions of tenge)***22 Segment information (continued)**

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

	<i>30 June 2023 (unaudited)</i>					
	<i>CB</i>	<i>SMB</i>	<i>RB</i>	<i>Investing activities</i>	<i>Other</i>	<i>Total</i>
Assets						
Cash and cash equivalents	334	17,575	43,516	276,344	121,808	459,577
Amounts due from financial institutions	–	–	–	25,636	5,304	30,940
Securities measured at fair value through profit or loss	–	–	–	2,931	–	2,931
Loans to customers	352,450	371,599	480,532	–	14,925	1,219,506
Investment securities	–	–	–	1,050,797	–	1,050,797
Property, plant and equipment	–	–	–	–	58,324	58,324
Intangible assets	–	–	–	–	14,249	14,249
Other assets	89	231	684	76	44,481	45,561
Total assets	352,873	389,405	524,732	1,355,784	259,091	2,881,885
Liabilities						
Current accounts and deposits of customers	689,528	578,964	740,356	–	62	2,008,910
Amounts due to banks and other financial institutions	10,526	34,353	11,136	75	10,374	66,464
Amounts payable under repurchase agreements	–	–	–	129,323	–	129,323
Debt securities issued	–	–	14,308	198,772	50,174	263,254
Deferred tax liabilities	–	–	–	–	11,984	11,984
Subordinated debt	–	–	–	–	14,389	14,389
Other liabilities	25	207	1,525	9	23,078	24,844
Total liabilities	700,079	613,524	767,325	328,179	110,061	2,519,168
Equity						
Share capital	–	–	–	–	332,815	332,815
Additional paid-in capital	–	–	–	–	23,651	23,651
Treasury shares	–	–	–	–	(3,465)	(3,465)
Fair value reserve	–	–	–	–	(14,044)	(14,044)
Accumulated losses	–	–	–	–	23,760	23,760
Total equity attributable to shareholders of the Bank	–	–	–	–	362,717	362,717

*(millions of tenge)***22 Segment information (continued)**

	<i>31 December 2022</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	80,130	70,252	91,717	209,665	6,198	457,962
Amounts due from financial institutions	3,134	3,865	293	23,754	–	31,046
Securities measured at fair value through profit or loss	–	–	–	2,763	–	2,763
Loans to customers	382,300	344,295	428,375	–	18,572	1,173,542
Investment securities	–	–	–	990,574	–	990,574
Property, plant and equipment	–	–	–	–	59,020	59,020
Intangible assets	–	–	–	–	14,550	14,550
Other assets	85	177	102	–	59,565	59,929
Total assets	465,649	418,589	520,487	1,226,756	157,905	2,789,386
Liabilities						
Current accounts and deposits from customers	680,679	582,487	748,472	–	96	2,011,734
Amounts due to banks and other financial institutions	10,518	34,310	10,692	37	11,194	66,751
Amounts payable under repurchase agreements	–	–	–	67,980	–	67,980
Debt securities issued	–	–	13,040	186,660	49,773	249,473
Subordinated debt	–	–	–	–	16,795	16,795
Deferred tax liabilities	–	–	–	–	13,904	13,904
Other liabilities	24	90	1,531	8	17,336	18,989
Total liabilities	691,221	616,887	773,735	254,685	109,098	2,445,626
Equity						
Share capital	–	–	–	–	332,815	332,815
Additional paid-in capital	–	–	–	–	23,651	23,651
Treasury shares	–	–	–	–	(3,465)	(3,465)
Fair value reserve	–	–	–	–	(23,886)	(23,886)
Accumulated losses	–	–	–	–	14,645	14,645
Total equity attributable to shareholders of the Bank	–	–	–	–	343,760	343,760

*(millions of tenge)***22 Segment information (continued)**

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

	<i>For the three-month period ended 30 June 2023 (unaudited)</i>						
	<i>CB</i>	<i>SMB</i>	<i>RB</i>	<i>Investing activities</i>	<i>Other</i>	<i>Elimination</i>	<i>Total</i>
Interest income	11,394	15,026	31,463	28,519	1,630	–	88,032
Transfer income	16,142	14,887	17,169	10,808	3,896	(62,902)	–
Interest expense	(11,724)	(5,808)	(11,934)	(10,529)	(2,150)	–	(42,145)
Transfer expenses	(8,174)	(9,841)	(12,777)	(28,069)	(398)	59,259	–
Net interest income	7,638	14,264	23,921	729	2,978	(3,643)	45,887
Fee and commission income	678	5,187	3,101	7	34	–	9,007
Fee and commission expense	(313)	(1,400)	(1,724)	(46)	(7)	–	(3,490)
Net loss on financial instruments at fair value through profit or loss	–	–	–	(323)	–	–	(323)
Net gain on derecognition of investment securities measured at fair value through other comprehensive income	–	–	–	248	–	–	248
Net foreign exchange gain	1,487	4,342	1,243	924	275	–	8,271
Other income	(360)	301	(427)	(3)	2,700	–	2,211
Non-interest income	1,492	8,430	2,193	807	3,002	–	15,924
Credit loss expense	(270)	921	(12,540)	57	811	–	(11,021)
Net loss on derecognition of financial assets measured at amortized cost	–	–	444	–	(1,230)	–	(786)
General and administrative expenses	(1,062)	(4,914)	(8,457)	(420)	(4,299)	–	(19,152)
Other expenses	(11)	57	(618)	(20)	(536)	–	(1,128)
Non-interest expense	(1,343)	(3,936)	(21,171)	(383)	(5,254)	–	(32,087)
Other transfer income and expenses	145	(628)	(170)	1,143	(4,133)	3,643	–
Profit before corporate income tax benefit	7,932	18,130	4,773	2,296	(3,407)	–	29,724
Corporate income tax benefit	102	244	69	35	–	–	450
Profit for the period	8,034	18,374	4,842	2,331	(3,407)	–	30,174

*(millions of tenge)***22 Segment information (continued)**

	<i>For the six-month period ended 30 June 2023 (unaudited)</i>						
	<i>CB</i>	<i>SMB</i>	<i>RB</i>	<i>Investing activities</i>	<i>Other</i>	<i>Elimination</i>	<i>Total</i>
Interest income	21,352	28,904	59,932	57,157	3,294	–	170,639
Transfer income	31,642	30,352	32,502	23,453	8,213	(126,162)	–
Interest expense	(23,097)	(12,058)	(22,919)	(20,657)	(4,239)	–	(82,970)
Transfer expenses	(15,364)	(18,567)	(24,056)	(55,805)	(819)	114,611	–
Net interest income	14,533	28,631	45,459	4,148	6,449	(11,551)	87,669
Fee and commission income	1,382	9,863	6,064	16	63	–	17,388
Fee and commission expense	(668)	(2,789)	(3,389)	(85)	(15)	–	(6,946)
Net loss on financial instruments at fair value through profit or loss	–	–	–	(394)	–	–	(394)
Net gain on derecognition of investment securities measured at fair value through other comprehensive income	–	–	–	925	–	–	925
Net foreign exchange gain	3,504	8,933	2,455	2,157	484	–	17,533
Other income	(263)	343	(450)	(3)	3,873	–	3,500
Non-interest income	3,955	16,350	4,680	2,616	4,405	–	32,006
Credit loss expense	(484)	696	(23,566)	(376)	978	–	(22,752)
Net loss on derecognition of financial assets measured at amortized cost	–	–	(203)	–	(1,473)	–	(1,676)
General and administrative expenses	(2,159)	(9,544)	(15,681)	(1,584)	(6,533)	–	(35,501)
Other expenses	(5)	(98)	(1,809)	(45)	(897)	–	(2,854)
Non-interest expense	(2,648)	(8,946)	(41,259)	(2,005)	(7,925)	–	(62,783)
Other transfer income and expenses	249	(1,025)	(400)	(1,022)	(9,353)	11,551	–
Profit before corporate income tax benefit	16,089	35,010	8,480	3,737	(6,424)	–	56,892
Corporate income tax benefit	320	695	168	74	–	–	1,257
Profit for the period	16,409	35,705	8,648	3,811	(6,424)	–	58,149

*(millions of tenge)***22 Segment information (continued)**

	<i>For the three-month period ended 30 June 2022 (unaudited)</i>						
	<i>CB</i>	<i>SMB</i>	<i>RB</i>	<i>Investing activities</i>	<i>Other</i>	<i>Elimination</i>	<i>Total</i>
Interest income	5,712	10,163	20,913	21,708	1,136	–	59,632
Transfer income	13,270	10,743	9,495	9,994	4,447	(47,949)	–
Interest expense	(8,668)	(4,246)	(6,184)	(9,176)	(2,807)	–	(31,081)
Transfer expenses	(4,092)	(6,822)	(8,939)	(24,723)	(599)	45,175	–
Net interest income	6,222	9,838	15,285	(2,197)	2,177	(2,774)	28,551
Fee and commission income	657	5,315	3,208	5	12	–	9,197
Fee and commission expense	(312)	(1,419)	(1,067)	(75)	42	–	(2,831)
Net gain on financial instruments at fair value through profit or loss	–	–	–	1,249	(68)	–	1,181
Net loss on derecognition of investment securities measured at fair value through other comprehensive income	–	–	–	(5)	–	–	(5)
Net foreign exchange gain	1,269	5,362	1,165	10,350	(848)	–	17,298
Other income	1	84	532	29	1,100	–	1,746
Non-interest income	1,615	9,342	3,838	11,553	238	–	26,586
Credit loss expense	4,404	961	(6,947)	402	(1,028)	–	(2,208)
Net loss on derecognition of financial assets measured at amortized cost	–	–	(608)	–	(678)	–	(1,286)
General and administrative expenses	(1,442)	(4,366)	(8,181)	(458)	(2,561)	–	(17,008)
Other expenses	(7)	(82)	(896)	(24)	(1,535)	–	(2,544)
Non-interest expense	2,955	(3,487)	(16,632)	(80)	(5,802)	–	(23,046)
Other transfer income and expenses	(780)	(689)	(834)	2,706	(3,177)	2,774	–
Profit before corporate income tax expense	10,012	15,004	1,657	11,982	(6,564)	–	32,091
Corporate income tax expense	(801)	(1,145)	(111)	(944)	–	–	(3,001)
Profit for the period	9,211	13,859	1,546	11,038	(6,564)	–	29,090

*(millions of tenge)***22 Segment information (continued)**

	<i>For the six-month period ended 30 June 2022 (unaudited)</i>						
	<i>CB</i>	<i>SMB</i>	<i>RB</i>	<i>Investing activities</i>	<i>Other</i>	<i>Elimination</i>	<i>Total</i>
Interest income	10,380	19,242	38,225	43,418	2,569	–	113,834
Transfer income	25,203	19,940	17,484	16,949	8,811	(88,387)	–
Interest expense	(16,079)	(8,357)	(11,642)	(15,560)	(5,548)	–	(57,186)
Transfer expenses	(7,316)	(12,882)	(16,836)	(46,809)	(1,209)	85,052	–
Net interest income	12,188	17,943	27,231	(2,002)	4,623	(3,335)	56,648
Fee and commission income	1,265	8,959	6,297	11	15	–	16,547
Fee and commission expense	(639)	(2,659)	(2,076)	(122)	(12)	–	(5,508)
Net gain on financial instruments at fair value through profit or loss	–	–	–	4,159	(68)	–	4,091
Net gain on derecognition of investment securities measured at fair value through other comprehensive income	–	–	–	21	–	–	21
Net foreign exchange gain	2,404	10,145	3,694	8,012	(743)	–	23,512
Other income	37	92	508	30	1,486	–	2,153
Non-interest income	3,067	16,537	8,423	12,111	678	–	40,816
Credit loss expense	108	(62)	(11,822)	(91)	858	–	(11,009)
Net loss on derecognition of financial assets measured at amortized cost	–	–	(698)	–	(976)	–	(1,674)
General and administrative expenses	(2,176)	(8,250)	(15,475)	(815)	(4,596)	–	(31,312)
Other expenses	(13)	(103)	(1,564)	(40)	(1,751)	–	(3,471)
Non-interest expense	(2,081)	(8,415)	(29,559)	(946)	(6,465)	–	(47,466)
Other transfer income and expenses	(1,339)	(1,145)	(1,369)	7,019	(6,501)	3,335	–
Profit before corporate income tax expense	11,835	24,920	4,726	16,182	(7,665)	–	49,998
Corporate income tax expense	(964)	(2,029)	(385)	(1,318)	–	–	(4,696)
Profit for the period	10,871	22,891	4,341	14,864	(7,665)	–	45,302

*(millions of tenge)***23 Fair value of financial instruments****Accounting classifications and fair values**

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

	<i>30 June 2023 (unaudited)</i>				
	<i>Assets and liabilities measured at fair value</i>	<i>Assets and liabilities whose fair value is disclosed separately</i>	<i>Total carrying amount</i>	<i>Fair value</i>	<i>Unrecognized gain/(loss)</i>
Cash and cash equivalents	–	459,577	459,577	459,577	–
Amounts due from financial institutions	–	30,940	30,940	30,940	–
Securities measured at fair value through profit or loss	2,931	–	2,931	2,931	–
Loans to customers	–	1,219,506	1,219,506	1,200,506	(19,000)
Investment securities measured at FVOCI	752,749	–	752,749	752,749	–
Investment securities measured at amortized cost	–	298,048	298,048	280,251	(17,797)
Other financial assets	–	12,590	12,590	12,590	–
	755,680	2,020,661	2,776,341	2,739,544	(36,797)
Current accounts and deposits from customers	–	2,008,910	2,008,910	2,007,849	1,061
Amounts due to banks and other financial institutions	–	66,464	66,464	53,396	13,068
Amounts payable under repurchase agreements	–	129,323	129,323	129,323	–
Debt securities issued	–	263,254	263,254	245,681	17,573
Subordinated debt	–	14,389	14,389	10,934	3,455
Other financial liabilities	–	20,008	20,008	20,008	–
	–	2,502,348	2,502,348	2,467,191	35,157
					(1,640)

*(millions of tenge)***23 Fair value of financial instruments (continued)****Accounting classifications 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 2022:

	<i>31 December 2022</i>				
	<i>Assets and liabilities measured at fair value</i>	<i>Assets and liabilities whose fair value is disclosed separately</i>	<i>Total carrying amount</i>	<i>Fair value</i>	<i>Unrecognized gain/(loss)</i>
Cash and cash equivalents	–	457,962	457,962	457,962	–
Amounts due from financial institutions	–	31,046	31,046	31,046	–
Securities measured at fair value through profit or loss	2,763	–	2,763	2,763	–
Loans to customers	–	1,173,542	1,173,542	1,157,280	(16,262)
Investment securities measured at FVOCI	692,722	–	692,722	692,722	–
Investment securities measured at amortized cost	–	297,852	297,852	280,291	(17,561)
Other financial assets	–	17,229	17,229	17,229	–
	<u>695,485</u>	<u>1,977,631</u>	<u>2,673,116</u>	<u>2,639,293</u>	<u>(33,823)</u>
Current accounts and deposits of customers	–	2,011,734	2,011,734	2,008,655	3,079
Amounts due to banks and other financial institutions	–	66,751	66,751	56,752	9,999
Amounts payable under repurchase agreements	–	67,980	67,980	67,980	–
Debt securities issued	–	249,473	249,473	227,519	21,954
Subordinated debt	–	16,795	16,795	13,124	3,671
Other financial liabilities	–	15,774	15,774	15,774	–
	<u>–</u>	<u>2,428,507</u>	<u>2,428,507</u>	<u>2,389,804</u>	<u>38,703</u>
					<u>4,880</u>

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

(millions of tenge)

23 Fair value of financial instruments (continued)

Accounting classifications and fair values (continued)

The fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market quotes or dealer price quotations. The Group determines fair value of all other financial instruments using various valuation techniques.

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

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

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

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

Assets for which fair value approximates to carrying value

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

Financial assets and financial liabilities accounted for at amortized cost

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

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

- The discount rate in the range from 4.02% to 21.08% per annum was used to discount the future cash flows from loans to corporate customers (31 December 2022: 4.97% to 19.54% per annum).
- The discount rate of 33.64% per annum was used to calculate the future cash flows from loans to individuals (31 December 2022: 32.86% 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.

*(millions of tenge)***23 Fair value of financial instruments (continued)****Fair value hierarchy (continued)**

The following table analyses financial instruments carried at fair value as at 30 June 2023, by fair value hierarchy, into which the fair value measurement is categorized.

		<i>30 June 2023 (unaudited)</i>			
<i>Note</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>	
Assets					
Securities measured at fair value through profit or loss	621	38	2,272	2,931	
Investment securities measured at FVOCI	12	626,035	126,467	247	752,749
		626,656	126,505	2,519	755,680

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

		<i>31 December 2022</i>			
<i>Note</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>	
Assets					
Securities measured at fair value through profit or loss	235	256	2,272	2,763	
Investment securities measured at FVOCI	12	554,864	137,858	–	692,722
		555,099	138,114	2,272	695,485

As at 30 June 2023, KSF debt securities measured FVOCI in the amount of 101,659 million tenge (unaudited) are classified into Level 2 of the fair value hierarchy (as at 31 December 2022: 109,985 million tenge). These investment securities are considered for regulatory purposes as high-quality liquid assets, but are classified into Level 2 due to insufficient amount of transactions with these securities in an active market.

The following table analyses financial instruments not measured at fair value as at 30 June 2023, by fair value hierarchy, into which the fair value measurement is categorized:

		<i>30 June 2023 (unaudited)</i>			<i>Total fair values</i>	<i>Total carrying amount</i>
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>			
Assets						
Cash and cash equivalents	–	459,577	–	459,577	459,577	
Amounts due from financial institutions	–	30,940	–	30,940	30,940	
Loans to customers	–	1,115,650	84,982	1,200,632	1,219,506	
Investment securities measured at amortized cost	28,481	19,072	232,698	280,251	298,048	
Other financial assets	–	–	12,590	12,590	12,590	
Liabilities						
Current accounts and deposits of customers	–	2,007,849	–	2,007,849	2,008,910	
Amounts due to banks and other financial institutions	–	53,396	–	53,396	66,464	
Amounts payable under repurchase agreements	–	129,323	–	129,323	129,323	
Debt securities issued	–	245,681	–	245,681	263,254	
Subordinated debt	–	10,934	–	10,934	14,389	
Other financial liabilities	–	20,008	–	20,008	20,008	

*(millions of tenge)***23 Fair value of financial instruments (continued)****Fair value hierarchy (continued)**

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

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

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