

# **ForteBank Joint Stock Company**

## **Consolidated financial statements**

*for the year ended 31 December 2021  
together with independent auditor's report*

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## Independent auditor's report

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

### Opinion

We have audited the consolidated financial statements of ForteBank Joint Stock Company and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2021 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

### Basis for opinion

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

### Key audit matters

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

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

| Key audit matter   | How the matter was addressed in the audit  |
|--|--|
| <b><i>Allowance for expected credit losses of loans to customers</i></b>   |  |
| <p>Estimation of allowance for expected credit losses on loans to customers in accordance with IFRS 9 is a key area of the Group's management judgment. Identification of factors of significant increase in credit risk since initial recognition, including identification of changes in default risk during the remaining term of a financial instrument, as well as determination of probability of default and loss given default rates, requires significant use of professional judgment, assumptions and analysis of various historical, current and forward-looking information.</p> <p>The use of different models and assumptions may significantly affect the amount of allowance for expected credit losses on loans to customers. Due to the materiality of loans to customers of the Group as at 31 December 2021, as well as the significant use of professional judgment, the estimation of the allowance for expected credit losses was a key audit matter.</p> <p>Information on expected credit losses on loans to customers is presented in Note 4 <i>Significant accounting judgments and estimates</i>, Note 8 <i>Credit loss expense</i>, Note 15 <i>Loans to customers</i> and Note 25 <i>Risk management</i> to the consolidated financial statements.</p> | <p>Our audit procedures included analyzing the methodology for estimating the allowance for expected credit losses on the loan portfolio. We also performed analysis and testing controls over the process of identification of factors of significant increase in credit risk on loans to customers since initial recognition and events of default, including the term of overdue debt and changes in internal credit ratings. We analyzed the judgments used by the Group's management in determining the significant increase in credit risk and default criteria for loans to customers in connection with the ongoing COVID-19 pandemic.</p> <p>We performed, on a sample basis, testing of input data and analysis of the assumptions used by the Group in estimation of allowance for expected credit losses, including historical information on debt servicing, borrower's financial and non-financial information, expected recoveries in the events of default from sale of collateral held. We also performed analysis of the forward-looking information, including macroeconomic forecasts and scenario weights, used by the Group in its expected credit loss model.</p> <p>We made recalculations on the allowance for expected credit losses.</p> <p>We have analyzed information on the allowance for expected credit losses on loans to customers disclosed in the Notes to the consolidated financial statements.</p> |



#### ***Assessment of loans received from financial institutions***

We consider this issue to be a key audit matter due to the substantial amounts recognized and use of judgment to determine the fair values of liabilities at initial recognition by the Group's management.

Information on loans received from financial institutions is presented in Note 15 *Loans to customers* and Note 20 *Amounts due to banks and other financial institutions* to the consolidated financial statements.

Our audit procedures included the analysis of the valuation methodology, the model and testing of inputs used by the Group to determine the fair values of loans received at initial recognition. We engaged valuation specialists for assessment of key inputs used in the estimation, such as risk-free interest rate and credit spread, and compared them with the observable market data.

We have reviewed information on loans received from financial institutions disclosed in the Notes to the consolidated financial statements.

#### ***Other information included in Group's 2021 Annual Report***

Other information consists of the information included in Group's 2021 Annual Report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information.

The Group's 2021 Annual Report is expected to be made available to us after the date of this auditor's report.

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

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

#### ***Responsibilities of management the Board of Directors for the consolidated financial statements***

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

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

The Board of Directors are responsible for overseeing the Company's the Group's financial reporting process.

### ***Auditor's responsibilities for the audit of the consolidated financial statements***

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

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

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

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



We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

The partner in charge of the audit resulting in this independent auditor's report is Olga Khegay.

*Ernst & Young LLP*



Olga Khegay  
Auditor

Auditor qualification certificate  
No. МФ-0000286 dated 25 September 2015

050060, Republic of Kazakhstan, Almaty  
Al-Farabi ave., 77/7, Esentai Tower

9 March 2022



Rustamzhan Sattarov  
General Director  
Ernst and Young LLP

State audit license for audit activities on the  
territory of the Republic of Kazakhstan: series  
МФЮ-2 No. 0000003 issued by the Ministry  
of finance of the Republic of Kazakhstan on  
July 15, 2005

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME****For the year ended 31 December 2021***(millions of tenge)*

|   | <i>Note</i> | <i>2021</i>     | <i>2020</i>     |
|---|-------------|-----------------|-----------------|
| Interest income calculated using effective interest rate  | 5           | 191,897         | 184,078         |
| Other interest revenue  | 5           | 1,147           | 1,426           |
| Interest expense  | 5           | (97,109)        | (90,475)        |
| <b>Net interest income</b>  |             | <b>95,935</b>   | <b>95,029</b>   |
| Fee and commission income   | 6           | 37,293          | 35,473          |
| Fee and commission expense  | 6           | (14,809)        | (14,271)        |
| Net (losses)/gains on derecognition of investment securities at fair value through other comprehensive income |             | (195)           | 226             |
| Net gains from foreign currencies   | 7           | 11,025          | 13,340          |
| Net gains on derecognition of financial assets measured at amortized cost                                     | 20          | 4,079           | 11,209          |
| Net gains on derecognition of financial liabilities as a result of modifications                              | 20          | —               | 17,956          |
| Other income  | 10          | 4,123           | 3,666           |
| <b>Non-interest income</b>  |             | <b>41,516</b>   | <b>67,599</b>   |
| Credit loss expense   | 8           | (9,883)         | (38,947)        |
| Net losses on transactions with financial instruments at fair value through profit or loss                    |             | (1,154)         | (1,583)         |
| General and administrative expenses   | 9           | (51,282)        | (48,760)        |
| Loss from disposal of subsidiaries  |             | —               | (587)           |
| Other expenses  | 10          | (8,029)         | (8,784)         |
| <b>Non-interest expense</b>   |             | <b>(70,348)</b> | <b>(98,661)</b> |
| <b>Profit before corporate income tax expense</b>   |             | <b>67,103</b>   | <b>63,967</b>   |
| Corporate income tax expense  | 11          | (3,043)         | (11,005)        |
| <b>Profit for the year</b>  |             | <b>64,060</b>   | <b>52,962</b>   |
| <b>Attributable to:</b>   |             |                 |                 |
| - shareholders of the Bank  |             | 64,060          | 52,962          |
| - non-controlling interests   |             | —               | —               |
|   |             | <b>64,060</b>   | <b>52,962</b>   |



## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)


|   | <i>Note</i> | <i>2021</i>    | <i>2020</i>   |
|---|-------------|----------------|---------------|
| <b>Other comprehensive income</b>   |             |                |               |
| <i>Other comprehensive (loss)/ income 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   |             | (320)          | 3,183         |
| Changes in allowance for expected credit losses of debt instruments at fair value through other comprehensive income                          | 8           | (1,081)        | 338           |
| Reclassification of cumulative gain/(loss) on disposal of debt instruments at fair value through other comprehensive income to profit or loss |             | 195            | (226)         |
| Income tax relating to components of other comprehensive income   |             | 136            | 54            |
| <b>Other comprehensive income for the year, net of tax</b>  |             | <b>(1,070)</b> | <b>3,349</b>  |
| <b>Total comprehensive income for the year</b>  |             | <b>62,990</b>  | <b>56,311</b> |
| <b>Attributable to:</b>   |             |                |               |
| - shareholders of the Bank  |             | 62,990         | 56,311        |
| - non-controlling interests   |             | —              | —             |
|   |             | <b>62,990</b>  | <b>56,311</b> |
| <b>Basic and diluted earnings per common share (in tenge)</b>   | 24          | <b>0.72</b>    | <b>0.59</b>   |

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



Reinis Rubenis  
Chairman of the Management Board

9 March 2022



Stanislav Levin  
Chief Accountant –  
Managing Director

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION****At 31 December 2021***(millions of tenge)*

|   | <i>Note</i> | <i>31 December<br/>2021</i> | <i>31 December<br/>2020</i> |
|---|-------------|-----------------------------|-----------------------------|
| <b>Assets</b>   |             |                             |                             |
| Cash and cash equivalents                             | 12          | 432,948                     | 311,632                     |
| Amounts due from financial institutions               | 13          | 46,990                      | 73,707                      |
| Trading securities                                    | 14          | 2,970                       | 7,377                       |
| Loans to customers                                    | 15          | 808,948                     | 749,742                     |
| Investment securities                                 | 16          | 985,109                     | 780,095                     |
| Property and equipment                                | 17          | 62,637                      | 65,814                      |
| Intangible assets                                     |             | 14,071                      | 11,162                      |
| Other assets  | 18          | 72,116                      | 89,735                      |
| <b>Total assets</b>                                   |             | <b>2,425,789</b>            | <b>2,089,264</b>            |
| <b>Liabilities</b>                                    |             |                             |                             |
| Current accounts and deposits of customers            | 19          | 1,733,759                   | 1,387,167                   |
| Amounts due to banks and other financial institutions | 20          | 85,189                      | 130,470                     |
| Amounts payable under repurchase agreements           | 27          | 25,064                      | 21,670                      |
| Debt securities issued                                | 21          | 253,120                     | 240,202                     |
| Deferred tax liabilities                              | 11          | 13,987                      | 11,171                      |
| Subordinated debt                                     | 22          | 20,503                      | 20,503                      |
| Other liabilities                                     | 18          | 16,470                      | 14,750                      |
| <b>Total liabilities</b>                              |             | <b>2,148,092</b>            | <b>1,825,933</b>            |
| <b>Equity</b>   |             |                             |                             |
| Share capital   | 23          | 332,815                     | 332,815                     |
| Additional paid-in capital                            | 23          | 23,651                      | 21,109                      |
| Treasury shares                                       | 23          | (3,465)                     | (5,260)                     |
| Fair value reserve                                    | 23          | 8,137                       | 9,207                       |
| Accumulated losses                                    |             | (83,441)                    | (94,540)                    |
| <b>Total equity</b>                                   |             | <b>277,697</b>              | <b>263,331</b>              |
| <b>Total equity and liabilities</b>                   |             | <b>2,425,789</b>            | <b>2,089,264</b>            |

**CONSOLIDATED STATEMENT OF CASH FLOWS****For the year ended 31 December 2021***(millions of tenge)*

|  | <i>Note</i> | <i>2021</i> | <i>2020</i> |
|--|-------------|-------------|-------------|
| <b>Cash flows from operating activities</b>  |             |             |             |
| Interest received  | 5           | 171,680     | 156,774     |
| Interest paid  | 5           | (82,472)    | (78,242)    |
| Fee and commission received  |             | 38,402      | 35,414      |
| Fee and commission paid  |             | (14,809)    | (14,271)    |
| Net realized losses from financial instruments at fair value through profit or loss          |             | (1,177)     | (1,574)     |
| Net realised gains from foreign currencies   |             | 12,921      | 12,828      |
| General and administrative expenses paid   |             | (45,320)    | (38,472)    |
| Other operating expenses paid  |             | (1,413)     | (10,662)    |
| <b>Net decrease/(increase) in operating assets</b>   |             |             |             |
| Amounts due from financial institutions  |             | 27,667      | (42,022)    |
| Trading securities   |             | 4,181       | (1,282)     |
| Loans to customers   |             | (74,289)    | 16,553      |
| Other assets   |             | 17,459      | 24,250      |
| <b>Net increase/(decrease) in operating liabilities</b>                                      |             |             |             |
| Current accounts and deposits of customers   |             | 330,796     | 32,468      |
| Amounts due to banks and other financial institutions  |             | (30,849)    | 59,047      |
| Amounts payable under repurchase agreements  |             | 3,362       | (83,006)    |
| Other liabilities  |             | 2,081       | 2,212       |
| <b>Net cash from operating activities before income tax</b>                                  |             | 358,220     | 70,015      |
| Corporate income tax paid  |             | (24)        | (736)       |
| <b>Net cash flow from operating activities</b>   |             | 358,196     | 69,279      |
| <b>Cash flows from investing activities</b>  |             |             |             |
| Proceeds from disposal of a subsidiary, net of cash disposed of                              |             | —           | (37,012)    |
| Purchase of investment securities at fair value through other comprehensive income           |             | (708,814)   | (493,004)   |
| Proceeds from sale of investment securities at fair value through other comprehensive income |             | 11,990      | 5,198       |
| Redemption of investment securities at fair value through other comprehensive income         |             | 522,972     | 460,956     |
| Purchase of investment securities at amortized cost  |             | (66,781)    | (50,085)    |
| Redemption of investment securities at amortized cost  |             | 52,271      | 20,855      |
| Purchase of property and equipment and intangible assets                                     |             | (5,603)     | (14,914)    |
| Proceeds from sale of property and equipment and intangible assets                           |             | 3           | 15          |
| <b>Net cash used in investing activities</b>   |             | (193,962)   | (107,991)   |



**CONSOLIDATED STATEMENT OF CASH FLOWS (continued)**

|   | <b>Note</b> | <b>2021</b>     | <b>2020</b>     |
|---|-------------|-----------------|-----------------|
| <b>Cash flows from financing activities</b>                   |             |                 |                 |
| Repurchase of own shares                                      | 23          | —               | (822)           |
| Sale of previously repurchased shares                         | 23          | 4,337           | —               |
| Repayment of subordinated debt                                | 28          | —               | (2,200)         |
| Dividends paid to shareholders of the Bank                    | 23          | (52,961)        | (21,110)        |
| Issue of debt securities                                      | 28          | 4               | 1,533           |
| Repurchase of debt securities issued                          | 28          | (1,088)         | (1,264)         |
| Redemption of debt securities issued                          | 28          | —               | (3,901)         |
| Payment of lease liabilities                                  |             | (995)           | (650)           |
| <b>Net cash used in financing activities</b>                  |             | <b>(50,703)</b> | <b>(28,414)</b> |
| Effect of exchange rates changes on cash and cash equivalents |             | 7,785           | 31,509          |
| Effect of expected credit losses on cash and cash equivalents |             | —               | 7               |
| <b>Net change in cash and cash equivalents</b>                |             | <b>121,316</b>  | <b>(35,610)</b> |
| Cash and cash equivalents, beginning                          |             | 311,632         | 347,242         |
| <b>Cash and cash equivalents, ending</b>                      | 12          | <b>432,948</b>  | <b>311,632</b>  |
| <b>Non-monetary transactions</b>                              |             |                 |                 |
| Repossession of collateral on loans to customers              | 15          | 4,385           | 7,717           |

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY****For the year ended 31 December 2021***(millions of tenge)*

|   | <i>Share<br/>capital</i> | <i>Additional<br/>paid-in capital</i> | <i>Treasury<br/>shares</i> | <i>Fair value<br/>reserve</i> | <i>Accumulated<br/>losses</i> | <i>Total<br/>equity</i> |
|---|--------------------------|---------------------------------------|----------------------------|-------------------------------|-------------------------------|-------------------------|
| <b>At 1 January 2020</b>                                    | 332,815                  | 21,109                                | (4,438)                    | 5,858                         | (126,392)                     | 228,952                 |
| Profit for the year   | —                        | —                                     | —                          | —                             | 52,962                        | 52,962                  |
| Other comprehensive income for the year                     | —                        | —                                     | —                          | 3,349                         | —                             | 3,349                   |
| <b>Total comprehensive income for the year</b>              | —                        | —                                     | —                          | 3,349                         | 52,962                        | 56,311                  |
| <b>Transactions with owners recorded directly in equity</b> |                          |                                       |                            |                               |                               |                         |
| Repurchase of own shares ( <i>Note 23</i> )                 | —                        | —                                     | (822)                      | —                             | —                             | (822)                   |
| Dividends declared ( <i>Note 23</i> )                       | —                        | —                                     | —                          | —                             | (21,110)                      | (21,110)                |
| <b>At 31 December 2020</b>                                  | 332,815                  | 21,109                                | (5,260)                    | 9,207                         | (94,540)                      | 263,331                 |
| Profit for the year   | —                        | —                                     | —                          | —                             | <b>64,060</b>                 | <b>64,060</b>           |
| Other comprehensive income for the year                     | —                        | —                                     | —                          | <b>(1,070)</b>                | —                             | <b>(1,070)</b>          |
| <b>Total comprehensive income for the year</b>              | —                        | —                                     | —                          | <b>(1,070)</b>                | <b>64,060</b>                 | <b>62,990</b>           |
| <b>Transactions with owners recorded directly in equity</b> |                          |                                       |                            |                               |                               |                         |
| Sale of previously repurchased shares ( <i>Note 23</i> )    | —                        | <b>2,542</b>                          | <b>1,795</b>               | —                             | —                             | <b>4,337</b>            |
| Dividends declared ( <i>Note 23</i> )                       | —                        | —                                     | —                          | —                             | <b>(52,961)</b>               | <b>(52,961)</b>         |
| <b>At 31 December 2021</b>                                  | <b>332,815</b>           | <b>23,651</b>                         | <b>(3,465)</b>             | <b>8,137</b>                  | <b>(83,441)</b>               | <b>277,697</b>          |

The accompanying notes on pages 7 to 88 are an integral part of these consolidated financial statements.

*(millions of tenge)*

## 1. General

### Principal activities

These 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, Nur-Sultan, 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 securities issued by the Bank are listed on the London Stock Exchange, the Luxembourg Stock Exchange and the Kazakhstan Stock Exchange (hereinafter - the “KASE”) and Astana International Exchange.

The Bank is a participant of the Kazakhstan Deposit Insurance Fund (hereinafter, the “KDIF”). The primary objective of the KDIF is to protect interests of depositors in the event of forced liquidation of the participant bank. As at 31 December 2021 and 2020, depositors can receive limited insurance coverage for deposits, depending on its amount and the currency: in tenge – up to 10 million tenge, in foreign currencies – up to 5 million tenge, savings deposits in tenge - up to 15 million tenge.

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

| <i>Name</i>          | <i>Country<br/>of incorporation</i> | <i>Principal<br/>activity</i>   | <i>Ownership, %</i>         |                             |
|----------------------|-------------------------------------|---|-----------------------------|-----------------------------|
|                      |                                     |   | <i>31 December<br/>2021</i> | <i>31 December<br/>2020</i> |
| ForteLeasing JSC     | Republic of Kazakhstan              | Leasing operations  | 100.0                       | 100.0                       |
| OUSA Alliance LLP    | Republic of Kazakhstan              | Management of doubtful<br>and bad assets  | 100.0                       | 100.0                       |
| OUSA-F LLP           | Republic of Kazakhstan              | Management of doubtful<br>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,<br>investment portfolio<br>management activities | 100.0                       | 100.0                       |

## 2. Basis of preparation

### Shareholders

As at 31 December 2021, Mr. B. Zh. Utemuratov was the beneficial owner of 89.32% of the outstanding common shares of the Bank (31 December 2020: 90.60%) and was the ultimate controlling shareholder of the Group. The rest of the shares are held by other shareholders, none of which owns more than 5% of the shares.

### General

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

### Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention, except for trading securities, derivative financial assets, investment securities and measured at fair value through other comprehensive income carried at fair value.

### Functional and presentation currency of consolidated financial statements

The functional currency of the financial statements of 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.



(millions of tenge)

## 2. Basis of preparation (continued)

### Functional and presentation currency of consolidated financial statements (continued)

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

All information of the consolidated financial statements has been rounded to the nearest million tenge, unless otherwise stated.

### Effect of COVID-19 pandemic

Due to the rapid spread of the COVID-19 pandemic in 2020, many governments, including the Government of the Republic of Kazakhstan, have taken various measures to combat the outbreak, including enforcement of travel restrictions, quarantines, closing businesses and other institutions, and closing certain regions. Some of the above measures were also taken during the year ended 31 December 2021 and continue to impact the global supply chain, demand for goods and services, and overall business activity. It is expected that the pandemic itself, as well as the associated public health and social measures, could have an impact on the activities of institutions in various sectors of the economy. The Group continues to assess the impact of the pandemic and changes in economic conditions on its operations, financial position and financial performance.

## 3. Summary of accounting policies

### Changes in accounting policy

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

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

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

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

The amendments had no impact on the consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if required.

#### *COVID-19-Related Rent Concessions beyond 30 June 2021 Amendments to IFRS 16*

On 28 May 2020, the IASB issued COVID-19-Related Rent Concessions – amendment to IFRS 16 *Leases*. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment was intended to apply until 30 June 2021, but as the impact of the COVID-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022.

The amendment applies to annual reporting periods beginning on or after 1 April 2021. However, the Group has not received COVID-19-related rent concessions, but plans to apply the practical expedient if it becomes applicable within allowed period of application.

*(millions of tenge)*

### 3. Summary of accounting policies (continued)

#### Basis of consolidation

Subsidiaries, which are those entities which are controlled by the Group, are consolidated. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to manage the significant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee;
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all significant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- Voting rights or potential voting rights belonging to the Group.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated in full; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. If necessary, the accounting policies of subsidiaries are changed to bring it into conformity with the accounting policies of the Group.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction. Losses are attributed to the non-controlling interests even if that results in a deficit balance.

If the Group loses control over a subsidiary, it derecognises the assets (including goodwill) and liabilities of the subsidiary, the carrying amount of any non-controlling interests, the cumulative translation differences, recorded in equity; recognises the fair value of the consideration received, the fair value of any investment retained and any surplus or deficit in profit or loss and reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss.

#### Fair value measurement

The Group measures financial instruments at fair value through profit or loss (FVPL) and fair value through other comprehensive income (FVOCI), at fair value at each reporting date.

The fair value is a price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability;
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest .

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 – valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 – valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

(millions of tenge)

### 3. Summary of accounting policies (continued)

#### Fair value measurement (continued)

In the event of assets and liabilities recognized in the financial statements on a regular basis, the Group determines the fact of transfer between levels of hierarchy sources by analysing the classification once again (based on initial data of the lowest level that are significant for fair value evaluation in whole) at the end of each reporting period.

#### Financial instruments

##### *Initial recognition*

##### *Date of recognition*

All regular way purchases and sales of financial assets and liabilities are recognised on the trade date i.e. the date that the Group commits to purchase the asset or liability. Regular way purchases or sales are purchases or sales of financial assets and liabilities that require delivery of assets and liabilities within the period generally established by regulation or convention in the marketplace.

##### *Initial measurement*

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value and, except in the case of financial assets and financial liabilities recorded at FVPL, transaction costs are added to, or subtracted from, this amount.

##### *Measurement categories of financial assets and liabilities*

The Group classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- Amortised cost;
- FVOCI;
- FVPL.

The Group classifies and measures its derivative and trading portfolio at FVPL. The Group may designate financial instruments at FVPL, if so doing eliminates or significantly reduces measurement or recognition inconsistencies.

Financial liabilities, other than loan commitments and financial guarantees, are measured at amortised cost or at FVPL when they are held for trading, are derivative instruments or the fair value designation is applied.

##### *Due from financial institutions, loans to customers, investment securities at amortised cost*

The Group only measures Due from financial institutions, loans to customers and other financial investments at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows;
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The details of these conditions are outlined below.



(millions of tenge)

### 3. Summary of accounting policies (continued)

#### Financial instruments (continued)

##### *Initial recognition (continued)*

###### *Business model assessment*

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected);
- The expected frequency, value and timing of sales are also important aspects of the Group's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

###### *The SPPI test*

As a second step of its classification process the Group assesses the contractual terms of financial asset to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVPL.

###### *Debt instruments at FVOCI*

The Group measures debt instruments at FVOCI if both of the following conditions are met:

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets;
- The contractual terms of the financial asset meet the SPPI test.

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in other comprehensive income. Interest revenue and foreign exchange gains and losses are recognised in profit or loss in the same manner as for financial assets measured at amortised cost. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit or loss.

The expected credit losses (ECL) for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the statement of financial position, which remain at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is recycled to the profit and loss upon derecognition of the asset.

(millions of tenge)

### 3. Summary of accounting policies (continued)

#### Financial instruments (continued)

##### *Initial recognition (continued)*

###### *Equity instruments at FVOCI*

Sometimes, upon initial recognition, the Group occasionally elects to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of definition of Equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

Gains and losses on these equity instruments are never recycled to profit or loss. Dividends are recognised in profit or loss as other income when the right of the payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in other comprehensive income. Equity instruments at FVOCI are not subject to an impairment assessment. Upon disposal of such instruments, accumulated revaluation reserve is transferred to retained earnings.

###### *Financial guarantees, letters of credit and undrawn loan commitments*

The Group issues financial guarantees, letters of credit and loan commitments.

Financial guarantees are initially recognised in the financial statements at fair value, being the premium received. Subsequent to initial recognition, the Group's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the consolidated statement of comprehensive income, and an ECL allowance.

Undrawn loan commitments and letters of credits are commitments under which, over the duration of the commitment, the Group is required to provide a loan with pre-specified terms to the customer. Similar to financial guarantee contracts, these liabilities are in the scope of the ECL requirements.

The Group occasionally issues loan commitments at below market interest rates drawdown. Such commitments are subsequently measured at the higher of the amount of the ECL allowance and the amount initially recognised less, when appropriate, the cumulative amount of income.

###### *Performance guarantees*

Performance guarantees are contracts that provide compensation if another party fails to perform a contractual obligation. Performance guarantees do not transfer credit risk. The risk under performance guarantee contracts is the possibility that the failure to perform the contractual obligation by another party occurs. Therefore, performance guarantees are not considered financial instruments and thus do not fall in scope of IFRS 9.

##### ***Reclassification of financial assets and liabilities***

The Group does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Group changes the business model for managing financial assets. Financial liabilities are never reclassified. The Group did not reclassify any of its financial assets and liabilities in 2021.

###### *Cash and cash equivalents*

Cash and cash equivalents consist of cash on hand, amount due from the National Bank of the Republic of Kazakhstan and amounts due from credit institutions that mature within ninety days of the date of origination and are free from contractual encumbrances.

###### *Receivables under repurchase and reverse repurchase agreements and securities lending*

Sale and repurchase agreements ("repos") are treated as secured financing transactions. Securities sold under sale and repurchase agreements are retained in the consolidated statement of financial position and, in case the transferee has the right by contract or custom to sell or repledge them, reclassified as securities pledged under sale and repurchase agreements. The corresponding liability is presented within amounts due to credit institutions or customers. Securities purchased under agreements to resell ("reverse repo") are recorded as amounts due from credit institutions or loans to customers as appropriate. The difference between sale and repurchase price is treated as interest revenue and accrued over the life of repo agreements using the effective interest method.

Securities lent to counterparties are retained in the consolidated statement of financial position. Securities borrowed are not recorded in the consolidated statement of financial position, unless these are sold to third parties. In this case the purchase and sale transaction is recorded within gains less losses from trading securities in the consolidated statement of income. The obligation to return them is recorded at fair value as a trading liability.

*(millions of tenge)*

### 3. Summary of accounting policies (continued)

#### Financial instruments (continued)

##### *Reclassification of financial assets and liabilities (continued)*

##### *Derivative financial instruments*

In the normal course of business, the Group enters into various derivative financial instruments, including forwards, swaps and options on currency markets and capital markets. Such financial instruments are held for trading and are recorded at fair value. The fair values are estimated based on quoted market prices or pricing models that take into account the current market and contractual prices of the underlying instruments and other factors. Derivatives are carried as assets when their fair value is positive and as liabilities when it is negative. Gains and losses resulting from these instruments are recorded in the consolidated statement of comprehensive income as net gain/(loss) from transactions with financial instruments at fair value through profit or loss or net gain/(loss) from foreign currencies (dealing), depending on the nature of the financial instrument.

Derivatives embedded in liabilities and non-financial host contracts are treated as separate derivatives and recorded at fair value if they met the definition of a derivative (as defined above), their economic characteristics and risks were not closely related to those of the host contract, and the host contract was not itself held for trading or designated at FVPL. The embedded derivatives separated from the host are carried at fair on the trading portfolio with changes in fair value recognised in the consolidated statement of comprehensive income.

Financial assets are classified based on the business model and SPPI assessments.

##### *Borrowings*

Issued financial instruments or their components are classified as liabilities, where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity instruments. Such instruments include amounts due to banks and other financial institutions, current accounts and deposits of customers, debt securities issued and other borrowed funds. After initial recognition, borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the borrowings are derecognised as well as through the amortisation process.

If the Group purchases its own debt, it is removed from the statement of financial position and the difference between the carrying amount of the liability and the consideration paid is recognised in profit or loss.

#### Lease

##### *i. Group as lessee*

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

##### *Right-of-use assets*

The Group recognizes the right-of-use assets at the commencement date of the lease (that is, the date on which the underlying asset becomes available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life or the lease term. Right-of-use assets are subject to impairment.

##### *Lease liabilities*

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments, which will be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

*(millions of tenge)*

### 3. Summary of accounting policies (continued)

#### Leases (continued)

##### *i. Group as lessee (continued)*

###### *Lease liabilities (continued)*

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

###### *Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to short-term leases of vehicles and equipment (i.e. contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option). The Group also applies the low value assets lease recognition exemption to contracts of lease of office equipment whose value is considered to be low. Lease payments on short-term leases and lease of assets of low value are recognised as lease expense on a straight-line basis over the lease term.

##### *ii. Operating – Group as lessor*

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the consolidated statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

##### *iii. Finance – Group as lessor*

The Group recognises lease receivables at value equal to the net investment in the lease, starting from the date of commencement of the lease term. Finance income is based on a pattern reflecting a constant periodic rate of return on the net investment outstanding. Initial direct costs are included in the initial measurement of the lease receivables.

#### Offsetting

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. The right of set-off must not be contingent on a future event and must be legally enforceable in all of the following circumstances:

- The normal course of business;
- The event of default; and
- The event of insolvency or bankruptcy of the entity and all of the counterparties.

This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the consolidated statement of financial position.

#### Restructuring of loans

Where possible, the Group seeks to restructure loans rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions.

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

- Change in currency of the loan;
- Change in counterparty;
- If the modification is such that the instrument would no longer meet the SPPI criterion.

*(millions of tenge)*

### 3. Summary of accounting policies (continued)

#### Restructuring of loans (continued)

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

For modifications not resulting in derecognition, the Group also reassesses whether there has been a significant increase in credit risk or whether the assets should be classified as credit-impaired. Once an asset has been classified as credit-impaired as the result of modification, it will remain in Stage 3 for a minimum 12-month probation period. In order for the restructured loan to be reclassified out of Stage 3, regular payments of more than an insignificant amount of principal or interest have been made during at least half of the probation period in accordance with the modified payment schedule.

#### Derecognition of financial assets and liabilities

##### *Financial assets*

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

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

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value. In this case the extent of the Bank's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

##### *Write-off*

Financial assets are written off either partially or in their entirety only when the Group has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated ECL allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent reversals are charged to credit loss expenses. A write-off results in a derecognition event.

##### *Financial liabilities*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

##### *Government grants*

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. Such grants are deducted from the related expense when recognized in the consolidated financial statements.



*(millions of tenge)*

### 3. Summary of accounting policies (continued)

#### Government grants (continued)

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

A benefit from a loan provided by the government at a below market rate of interest are treated as a government grant. The loan is recognized and measured in accordance with IFRS 9 *Financial Instruments*. The benefit from using a below market rate of interest is measured as the difference between the original carrying amount of the loan determined in accordance with IFRS 9, and the proceeds received.

#### Property and equipment

Property and equipment are carried at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and any accumulated impairment. Such cost includes the cost of replacing part of equipment when that cost is incurred if the recognition criteria are met.

The carrying value of property and equipment is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of the individual assets. Depreciation begins when an asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the management of the Group. Land, construction-in-progress and assets to be installed are not depreciated. The estimated useful lives are as follows:

|                   | <b><i>Years</i></b> |
|-------------------|---------------------|
| Buildings         | 10-100              |
| Computer hardware | 5-7                 |
| Vehicles          | 5-7                 |
| Other             | 2-25                |

The asset's residual values, useful lives and methods are reviewed, and adjusted as appropriate, at each financial year-end.

Costs related to repairs and renewals are charged when incurred and included in other operating expenses, unless they qualify for capitalization.

#### Intangible assets

Acquired intangible assets are stated at cost less accumulated amortisation and impairment losses.

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Amortisation is charged to profit or loss on a straight-line basis over the estimated useful lives of intangible assets. The estimated useful lives of intangible assets are 1 to 8 years.

#### Inventories

Inventories are valued at the lower of cost or net realisable value. Net realisable value is the estimated asset's selling price in the ordinary course of business of the Group, less the estimated costs to sell. Collateral received for repayment of loans to customers, which is reflected in the Group's balance sheet at the reporting date, is carried at the lower of cost and net realizable value.

#### Retirement and other employee benefit obligations

The Group does not have any pension arrangements separate from the State pension system of Kazakhstan, which requires withholdings by the employer calculated as a percentage from current gross salary payments. Such expense is charged in the period the related salaries are earned, and are accounted in "General and administrative expenses" in the consolidated statement of comprehensive income. The Group contributes social tax to the budget of the Republic of Kazakhstan for its employees. The Group has no post-retirement benefits.

*(millions of tenge)*

### 3. Summary of accounting policies (continued)

#### Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made.

#### Contingent assets and liabilities

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

#### Equity

##### *Share capital*

Ordinary shares and non-redeemable preference shares with discretionary dividends are both classified as equity. External costs directly attributable to the issue of new shares, other than on a business combination, are shown as a deduction from the proceeds in equity. Any excess of the fair value of consideration received over the par value of shares issued is recognised as additional paid-in capital.

##### *Treasury shares*

Where the Bank or its subsidiaries purchases the Bank's shares, the consideration paid, including any attributable transaction costs, net of income taxes, is deducted from total equity as treasury shares until they are cancelled or reissued. Where such shares are subsequently sold or reissued, any consideration received is included in equity. Treasury shares are stated at weighted average cost.

##### *Dividends*

Dividends are recognised as a liability and deducted from equity at the reporting date only if they are approved before or on the reporting date. Dividends are disclosed when they are proposed before the reporting date or proposed or declared after the reporting date but before the consolidated financial statements are authorised for issue.

#### Taxation

Corporate income tax comprises current and deferred tax. Corporate income tax is recognised in profit or loss except to the extent that it relates to items of other comprehensive income or transactions with shareholders recognised directly in equity, in which case it is recognised within other comprehensive income or directly within equity.

Current income tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and deferred tax liabilities are recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets and deferred tax liabilities are not recognized in respect of the following temporary differences: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit and temporary differences related to investments in subsidiaries where the parent is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences, unused tax losses and credits can be utilised. Deferred tax assets are reduced to the extent that taxable profit will be available against which the deductible temporary differences can be utilised.

*(millions of tenge)*

### 3. Summary of accounting policies (continued)

#### **Income and expense recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

#### ***Interest and similar revenue and expenses***

The Group calculates interest revenue on debt financial assets measured at amortized cost or at FVOCI by applying the EIR to the gross carrying amount of financial assets other than credit-impaired financial assets. EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses. The carrying amount of the financial asset or financial liability is adjusted if the Group revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original effective interest rate and the change in carrying amount is recorded as interest income and expense.

When a financial asset becomes credit-impaired, the Group calculates interest revenue by applying the effective interest rate to the net amortised cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the Group reverts to calculating interest revenue on a gross basis.

For purchased or originated credit-impaired (POCI) financial assets, the Group calculates interest revenue by calculating the credit-adjusted EIR and applying that rate to the amortised cost of the asset. The credit-adjusted EIR is the interest rate that, at original recognition, discounts the estimated future cash flows (including credit losses) to the amortised cost of the POCI assets.

Interest revenue on all financial assets at FVPL is recognised using the contractual interest rate in “Other interest revenue” in the consolidated statement of comprehensive income.

#### ***Fee and commission income***

The Group earns fee and commission income from a diverse range of services it provides to its customers. Fee income can be divided into the following two categories:

##### *Fee income earned from services that are provided over a certain period of time*

Fees earned for the provision of services over a period of time are accrued over that period as respective performance obligations are satisfied. These fees include commission income, custody and other management and advisory fees. Loan commitment fees for loans that are likely to be drawn down and other credit related fees are deferred (together with any incremental costs) and recognised as an adjustment to the effective interest rate on the loan.

##### *Fee income from providing transaction services*

Fees arising from negotiating or participating in the negotiation of a transaction for a third party – such as where the Group’s performance obligation is the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses – are recognised on completion of the underlying transaction. Fees or components of fees that are linked to certain performance obligations are recognised after fulfilling the corresponding criteria. When the contract provides for a variable consideration, fee and commission income is only recognised to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognised will not occur until the uncertainty associated with the variable consideration is subsequently resolved.

#### ***Customer loyalty programs***

The Group offers a number customer loyalty programs. Accounting for such programs varies depending on who is identified as the customer, and whether the Group acts as an agent or as a principal under the contract. For point-based programs, the Group generally recognized a liability for the accumulated points that are expected to be utilized by the customers, which is reversed to profit or loss as the points expire. Cashbacks on plastic card transactions reduce fee and commission income.

#### ***Dividend income***

Dividends are recognised when the Group’s right to receive the payment is established.

(millions of tenge)

### 3. Summary of accounting policies (continued)

#### Segment reporting

An operating segment is a component of a Group that is engaged in business activities from which it may earn revenues and incur expenses (including revenues and expenses related to transactions with other components of the same Group); whose operating results are regularly reviewed by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

#### Foreign currency translation

Transactions in foreign currencies are initially recorded in the functional currency, converted at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into tenge at the market exchange rate established by KASE at the date of the consolidated statement of financial position. Gains and losses resulting from the translation of foreign currency transactions are recognised in the consolidated statement of comprehensive income as gains less losses from foreign currencies - translation differences. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Differences between the contractual exchange rate of a transaction in a foreign currency and the KASE exchange rate on the date of the transaction are included in gains less losses from foreign currencies dealing.

As at 31 December 2021 the official exchange rate used for translation of monetary balances on foreign currency accounts was KZT 431,80 for 1 US dollar (31 December 2020: KZT 420,91 for USD 1).

#### Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt those standards when they become effective.

##### *IFRS 17 Insurance Contracts*

In May 2017, the IASB issued IFRS 17 *Insurance Contracts* (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 *Insurance Contracts* (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. IFRS 17 introduces new accounting requirements for banking products with insurance features that may affect the determination of which instruments or which components thereof will be in the scope of IFRS 9 or IFRS 17.

Credit cards and similar products that provide insurance coverage: most issuers of these products will be able to continue with their existing accounting treatment as a financial instrument under IFRS 9. IFRS 17 excludes from its scope credit card contracts (and other similar contracts that provide credit or payment arrangements) that meet the definition of an insurance contract if, and only if, the entity does not reflect an assessment of the insurance risk associated with an individual customer in setting the price of the contract with that customer.

When the insurance coverage is provided as part of the contractual terms of the credit card, the issuer is required to:

- Separate the insurance coverage component and apply IFRS 17 to it;
- Apply other applicable standards (such as IFRS 9, IFRS 15 *Revenue from Contracts with Customers* or IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*) to the other components.

Loan contracts that meet the definition of insurance but limit the compensation for insured events to the amount otherwise required to settle the policyholder's obligation created by the contract: issuers of such loans – e.g. a loan with waiver on death – have an option to apply IFRS 9 or IFRS 17. The election would be made at a portfolio level and would be irrevocable.

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17.

The Group is currently in the process of assessing the impact of adopting IFRS 17 on its consolidated financial statements.

(millions of tenge)

### 3. Summary of accounting policies (continued)

#### Standards issued but not yet effective (continued)

##### *Amendments to IAS 1 – Classification of Liabilities as Current and Non-current*

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement;
- That a right to defer must exist at the end of the reporting period;
- That classification is unaffected by the likelihood that an entity will exercise its deferral right;
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

##### *Reference to the Conceptual Framework – Amendments to IFRS 3*

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

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

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

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively. The amendments are not expected to have a material impact on the Group.

##### *Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16*

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

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

These amendments are not expected to have a significant impact on the Group’s consolidated financial statements.

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

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

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

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.



(millions of tenge)

### 3. Summary of accounting policies (continued)

#### Standards issued but not yet effective (continued)

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

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

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted.

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

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

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

##### *Definition of Accounting Estimates – Amendments to IAS 8*

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on the Group.

##### *Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2*

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 *Making Materiality Judgements*, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Group is currently assessing the impact of the amendments to determine the impact they will have on the Group's accounting policy disclosures.

(millions of tenge)

## 4. Significant accounting judgments and estimates

### Estimation uncertainty

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

#### *Fair value of financial instruments*

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

#### *Collateral assessment*

The Bank management performs monitoring of collateral on a regular basis. The Bank's management uses internal valuation approaches based on Kazakhstani and international requirements or independent valuation to adjust the value of collateral in light of the current market situation.

#### *Expected credit losses from financial assets*

The measurement of impairment losses both under IFRS 9 across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining the ECL and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances for ECL. In addition, large-scale business disruptions can lead to liquidity problems for some organizations and consumers. The Group's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

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

#### *Determining the lease term of contracts with renewal options*

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

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

#### *Leases – Estimating the incremental borrowing rate*

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

*(millions of tenge)*

#### 4. Significant accounting judgments and estimates (continued)

##### Estimation uncertainty (continued)

###### Taxation

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

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

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

The management believes that deferred tax assets as at 31 December 2021 are recorded to the extent that it is probable that future taxable profits will be available to cover temporary differences, unused tax losses and unused tax benefits, and deferred tax assets are reduced to the extent that it is not probable that taxable profit will be available against which the deductible temporary differences can be utilized.

#### 5. Net interest income

Net interest income comprises:

|   | 2021            | 2020            |
|---|-----------------|-----------------|
| <b>Interest income calculated using effective interest rate</b> |                 |                 |
| Loans to customers  | 117,444         | 125,601         |
| Debt securities at FVOCI  | 46,596          | 37,607          |
| Investment securities measured at amortized cost                | 19,054          | 16,957          |
| Amounts due from financial institutions and cash equivalents    | 6,145           | 2,531           |
| Amounts receivable under reverse repurchase agreements          | 2,658           | 1,382           |
|   | <b>191,897</b>  | <b>184,078</b>  |
| <b>Other interest revenue</b>                                   |                 |                 |
| Trading securities  | 3               | 626             |
| Finance leases  | 1,144           | 800             |
|   | <b>193,044</b>  | <b>185,504</b>  |
| <b>Interest expense</b>   |                 |                 |
| Current accounts and deposits of customers                      | (56,347)        | (51,392)        |
| Debt securities issued  | (29,699)        | (28,170)        |
| Amounts due to banks and other financial institutions           | (6,974)         | (7,096)         |
| Subordinated debt   | (1,616)         | (2,040)         |
| Amounts payable under repurchase agreements                     | (2,473)         | (1,777)         |
|   | <b>(97,109)</b> | <b>(90,475)</b> |
| <b>Net interest income</b>                                      | <b>95,935</b>   | <b>95,029</b>   |

Interest income calculated using the effective interest rate for 2021 includes income in the amount of 8,798 million tenge representing the unwinding of discount on loans to customers (for 2020: 8,315 million tenge).

*(millions of tenge)***5. Net interest income (continued)**

Interest income received is as follows:

|  | <i>2021</i>    | <i>2020</i> |
|--|----------------|-------------|
| <b>Interest revenue received</b>                             |                |             |
| Loans to customers   | <b>108,659</b> | 101,485     |
| Debt securities at FVOCI                                     | <b>34,113</b>  | 31,979      |
| Investment securities measured at amortized cost             | <b>18,810</b>  | 17,733      |
| Amounts due from financial institutions and cash equivalents | <b>6,145</b>   | 2,783       |
| Amounts receivable under reverse repurchase agreements       | <b>2,658</b>   | 1,386       |
| Finance leases   | <b>1,140</b>   | 801         |
| Trading securities   | <b>155</b>     | 607         |
|  | <b>171,680</b> | 156,774     |

Interest expense paid comprise:

|   | <i>2021</i>     | <i>2020</i> |
|---|-----------------|-------------|
| <b>Interest expenses paid</b>                         |                 |             |
| Current accounts and deposits of customers            | <b>(56,639)</b> | (51,599)    |
| Debt securities issued                                | <b>(16,502)</b> | (16,574)    |
| Amounts due to banks and other financial institutions | <b>(5,274)</b>  | (6,249)     |
| Amounts payable under repurchase agreements           | <b>(2,441)</b>  | (1,883)     |
| Subordinated debt                                     | <b>(1,616)</b>  | (1,937)     |
|   | <b>(82,472)</b> | (78,242)    |

**6. Fee and commission income/(expenses)**

Fee and commission income is as follows:

|  | <i>2021</i>   | <i>2020</i> |
|--|---------------|-------------|
| Card operations  | <b>21,312</b> | 18,942      |
| Settlement operations                                      | <b>7,704</b>  | 8,752       |
| Cash operations  | <b>4,469</b>  | 4,451       |
| Commissions on guarantees and letters of credits           | <b>2,247</b>  | 1,783       |
| Foreign currency operations and operations with securities | <b>307</b>    | 426         |
| Other  | <b>1,254</b>  | 1,119       |
|  | <b>37,293</b> | 35,473      |

Fee and commission expense is as follows:

|  | <i>2021</i>     | <i>2020</i> |
|--|-----------------|-------------|
| Maintenance of card accounts                               | <b>(12,888)</b> | (12,124)    |
| Maintenance of nostro accounts                             | <b>(473)</b>    | (389)       |
| Settlement operations                                      | <b>(333)</b>    | (323)       |
| Customer accounts services by financial agents             | <b>(172)</b>    | (124)       |
| Foreign currency operations and operations with securities | <b>(135)</b>    | (91)        |
| Other  | <b>(808)</b>    | (1,220)     |
|  | <b>(14,809)</b> | (14,271)    |

Revenue from contracts with customers recognized in the consolidated statement of comprehensive income for the years ended 31 December 2021 and 2020 primarily represents fee and commission income of 37,293 million tenge and 35,473 million tenge, respectively.

As at 31 December 2021 and 2020, the Group recognized contract assets related to contracts with customers in the amount of 1,443 million tenge and 2,590 million tenge in the 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.

*(millions of tenge)*

## 7. Net gains from foreign currencies

Net gains from foreign currencies is presented as follows:

|                              | 2021          | 2020          |
|------------------------------|---------------|---------------|
| Dealing, net                 | 12,921        | 12,857        |
| Translation differences, net | (1,896)       | 483           |
|                              | <b>11,025</b> | <b>13,340</b> |

## 8. Credit loss expense

Credit loss expense comprised the following for 2021 and 2020:

|  | 2021         |                |                |                |                |
|--|--------------|----------------|----------------|----------------|----------------|
|  | Stage 1      | Stage 2        | Stage 3        | POCI           | Total          |
| Amounts due from financial institutions                              | 92           | —              | —              | —              | 92             |
| Loans to customers   | 2,151        | (6,749)        | (3,683)        | (3,733)        | (12,014)       |
| Investment securities measured at amortized cost                     | 73           | 596            | —              | —              | 669            |
| Investment securities measured at FVOCI                              | 228          | 853            | —              | —              | 1,081          |
| Other financial assets   | —            | —              | (195)          | —              | (195)          |
| Financial guarantees, letters of credit and undrawn loan commitments | 9            | 96             | 379            | —              | 484            |
|  | <b>2,553</b> | <b>(5,204)</b> | <b>(3,499)</b> | <b>(3,733)</b> | <b>(9,883)</b> |

|  | 2020           |                 |                 |                |                 |
|--|----------------|-----------------|-----------------|----------------|-----------------|
|  | Stage 1        | Stage 2         | Stage 3         | POCI           | Total           |
| Cash and cash equivalents  | (5)            | —               | —               | —              | (5)             |
| Amounts due from financial institutions                              | (38)           | —               | —               | —              | (38)            |
| Loans to customers   | (2,118)        | (10,235)        | (21,020)        | (3,185)        | (36,558)        |
| Investment securities measured at amortized cost                     | (16)           | (72)            | —               | —              | (88)            |
| Investment securities measured at FVOCI                              | (345)          | 7               | —               | —              | (338)           |
| Other financial assets   | —              | —               | (1,456)         | —              | (1,456)         |
| Financial guarantees, letters of credit and undrawn loan commitments | (203)          | (107)           | (154)           | —              | (464)           |
|  | <b>(2,725)</b> | <b>(10,407)</b> | <b>(22,630)</b> | <b>(3,185)</b> | <b>(38,947)</b> |

## 9. General and administrative expenses

General and administrative expenses comprise:

|  | 2021            | 2020            |
|--|-----------------|-----------------|
| Salary and related taxes                   | (29,399)        | (25,109)        |
| Depreciation and amortization              | (8,070)         | (7,516)         |
| Repair and maintenance                     | (3,761)         | (2,637)         |
| Taxes other than corporate income tax      | (2,770)         | (2,698)         |
| Advertising and marketing                  | (1,786)         | (1,529)         |
| Maintenance of buildings                   | (1,578)         | (1,489)         |
| Security                                   | (836)           | (922)           |
| Telecommunication and information services | (681)           | (734)           |
| Charity and sponsorship                    | (613)           | (3,020)         |
| Encashment                                 | (422)           | (385)           |
| Transportation services                    | (421)           | (403)           |
| Lease                                      | (364)           | (402)           |
| Other professional services                | (352)           | (248)           |
| Business trips                             | (156)           | (101)           |
| Other                                      | (73)            | (1,567)         |
|  | <b>(51,282)</b> | <b>(48,760)</b> |

*(millions of tenge)***9. General and administrative expenses (continued)**

General administrative expenses comprise:

|  | 2021            | 2020            |
|--|-----------------|-----------------|
| Sales and marketing                          | (24,279)        | (20,800)        |
| Technologies and development of new products | (9,172)         | (6,476)         |
| Other  | (17,831)        | (21,484)        |
|  | <b>(51,282)</b> | <b>(48,760)</b> |

**10. Other income and expenses**

Other income and expense comprise:

|   | 2021           | 2020           |
|---|----------------|----------------|
| <b>Other income</b>   |                |                |
| Income from operating lease   | 1,257          | 1,904          |
| Net income from sale of repossessed collateral                                    | 1,187          | –              |
| Other   | 1,679          | 1,762          |
|   | <b>4,123</b>   | <b>3,666</b>   |
| <b>Other expenses</b>   |                |                |
| Loss from change in net realizable value of repossessed collateral                | (1,439)        | (1,070)        |
| Other expenses from non-banking activities  | (954)          | (1,097)        |
| Expenses for SMS notification   | (988)          | (1,010)        |
| Net losses from modification of loans to customers not resulting in derecognition | (207)          | (2,164)        |
| Net losses from sale of inventories   | –              | (1,461)        |
| Other   | (4,441)        | (1,982)        |
|   | <b>(8,029)</b> | <b>(8,784)</b> |

Net losses from modification of loans to customers not resulting in derecognition includes expenses from the suspension of payments of principal and interest on loans to customers affected by the state of emergency in the Republic of Kazakhstan in connection with the COVID-19 pandemic in the amount of 64 million tenge (in 2020: 2,005 million tenge) (*Note 15*).

**11. Corporate income tax expense**

Corporate income tax expense comprise the following:

|  | 2021           | 2020            |
|--|----------------|-----------------|
| Current corporate income tax charge  | (91)           | (828)           |
| Deferred corporate income tax charge - origination and reversal of temporary differences | (2,952)        | (10,177)        |
| <b>Corporate income tax expense</b>  | <b>(3,043)</b> | <b>(11,005)</b> |

The income of the Bank and its subsidiaries is subject to taxation in the Republic of Kazakhstan. Kazakhstan legal entities have to file corporate income tax returns to the tax authorities. The statutory corporate income tax rate in 2021 and 2020 was 20%.

Below is the reconciliation of income tax expenses based on statutory rate with income tax expenses recorded in the consolidated financial statements:

|   | 2021            | 2020            |
|---|-----------------|-----------------|
| <b>Profit before corporate income tax expense</b>                               | <b>67,103</b>   | <b>63,967</b>   |
| Statutory corporate income tax rate   | 20%             | 20%             |
| <b>Theoretical corporate income tax expense at the statutory rate</b>           | <b>(13,421)</b> | <b>(12,793)</b> |
| Non-taxable income on state securities and securities officially listed at KASE | 13,067          | 10,383          |
| Adjustment of corporate income tax charge/(credit) for prior years              | 183             | (202)           |
| Non-deductible credit loss expense  | 2,566           | (2,527)         |
| Change in tax losses carried forward and unrecognized deferred tax assets       | (3,900)         | (4,549)         |
| Other   | (1,538)         | (1,317)         |
| <b>Corporate income tax expenses</b>  | <b>(3,043)</b>  | <b>(11,005)</b> |



(millions of tenge)

**11. Corporate income tax expense (continued)**

Deferred tax assets and liabilities as at 31 December, as well as their movements for the respective years comprise the following:

|   | 2019           | Origination and reversal of temporary differences within profit or loss | Origination and reversal of temporary differences within other comprehensive income | Disposal of a subsidiary | 2020            | Origination and reversal of temporary differences within profit or loss | Origination and reversal of temporary differences within other comprehensive income | 2021            |
|---|----------------|---|---|--------------------------|-----------------|---|---|-----------------|
| Tax losses carried forward                            | 24,413         | (11,546)  | —   | —                        | 12,867          | (233)   | —   | 12,634          |
| Loans to customers                                    | 3,572          | 528   | —   | 1                        | 4,101           | (756)   | —   | 3,345           |
| Investment securities measured at FVOCI               | (344)          | —   | 54  | —                        | (290)           | —   | 136   | (154)           |
| Investment securities measured at amortized cost      | (1,268)        | (1,379)   | —   | (5)                      | (2,652)         | 3   | —   | (2,649)         |
| Debt securities issued                                | (15,179)       | 2,334   | —   | —                        | (12,845)        | 2,641   | —   | (10,204)        |
| Subordinated debt                                     | (342)          | 3   | —   | 339                      | —               | —   | —   | —               |
| Amounts due to banks and other financial institutions | (4,476)        | (9,740)   | —   | —                        | (14,216)        | (2,512)   | —   | (16,729)        |
| Property and equipment and intangible assets          | 2,994          | 1,278   | —   | 286                      | 4,558           | 1,485   | —   | 6,043           |
| Other   | 194            | 1,348   | —   | (48)                     | 1,494           | 320   | —   | 1,815           |
| <b>Deferred tax assets/(liabilities)</b>              | <b>9,564</b>   | <b>(17,174)</b>   | <b>54</b>   | <b>573</b>               | <b>(6,983)</b>  | <b>948</b>  | <b>136</b>  | <b>(5,899)</b>  |
| Unrecognised deferred tax assets                      | (11,185)       | 6,997   | —   | —                        | (4,188)         | (3,900)   | —   | (8,088)         |
| <b>Deferred tax liabilities, net</b>                  | <b>(1,621)</b> | <b>(10,177)</b>   | <b>54</b>   | <b>573</b>               | <b>(11,171)</b> | <b>(2,952)</b>  | <b>136</b>  | <b>(13,987)</b> |

**12. Cash and cash equivalents**

Cash and cash equivalents comprise:

|  | 31 December 2021 | 31 December 2020 |
|--|------------------|------------------|
| Cash on hand   | 68,721           | 65,827           |
| Cash on current accounts with the NBRK rated at BBB-         | 44,867           | 37,855           |
| Cash on current accounts with other banks:                   |                  |                  |
| - rated from AA- to AA+                                      | —                | 74               |
| - rated from A- to A+  | 65,991           | 44,449           |
| - rated from BBB- to BBB+                                    | 7,128            | 3,810            |
| - rated from BB- to BB+                                      | 1,728            | 1,963            |
| - rated below B+   | 521              | 97               |
| - not rated  | 15               | 19               |
| Time deposits with the NBRK rated at BBB- with up to 90 days | 99,332           | 114,992          |
| Reverse repurchase agreements up to 90 days (Note 27)        | 144,646          | 42,547           |
| <b>Cash and cash equivalents before allowance for ECL</b>    | <b>432,949</b>   | <b>311,633</b>   |
| Allowance for ECL  | (1)              | (1)              |
| <b>Cash and cash equivalents</b>                             | <b>432,948</b>   | <b>311,632</b>   |

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

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

As at 31 December 2021, the Group entered into reverse repurchase agreements at the Kazakhstan Stock Exchange. The subject of these agreements are bonds of the Ministry of Finance of the Republic of Kazakhstan, Kazakhstan Sustainability Fund JSC (hereinafter, "KSF"), the Eurasian Development Bank (EDB), shares of Halyk Savings Bank of Kazakhstan JSC and notes of the NBRK, the total fair value of which as at 31 December 2021 is 145,653 million tenge (31 December 2020: bonds of the Ministry of Finance of the Republic of Kazakhstan with a fair value of 42,545 million tenge).

*(millions of tenge)*

## 12. Cash and cash equivalents (continued)

### Minimum reserve requirements

In accordance with regulations issued by the NBRK, minimum reserve requirements are calculated as a percent of specified banks liabilities. Banks are required to comply with these requirements by maintaining average reserve assets (local currency cash and NBRK balances) equal or in excess of the average minimum requirements. As at 31 December 2021, combined minimum reserve requirements of the Bank amount to 34,544 million tenge (31 December 2020: 31,863 million tenge).

### Concentration of cash and cash equivalents

As at 31 December 2021, the Group has accounts with two banks which balances exceed 10% of total cash and cash equivalents (31 December 2020: one bank). The total aggregate balance of the accounts with the above counterparties as at 31 December 2021 amounts to 188,359 million tenge (31 December 2020: 152,847 million tenge).

## 13. Amounts due from financial institutions

Amounts due from financial institutions comprise:

|   | <i>31 December<br/>2021</i> | <i>31 December<br/>2020</i> |
|---|-----------------------------|-----------------------------|
| Current accounts with the NBRK rated at BBB- restricted in use          | 4,796                       | 34,984                      |
| Deposits with other banks:  |                             |                             |
| - not rated   | 614                         | 610                         |
| Contingent deposits and deposits pledged as a collateral:               |                             |                             |
| - rated at AAA  | 25,794                      | 25,245                      |
| - rated from AA- to AA+   | 5,489                       | 5,347                       |
| - rated from A- to A+   | 328                         | –                           |
| - rated from BBB- to BBB+   | 108                         | 105                         |
| - not rated   | 10,571                      | 8,203                       |
| <b>Amounts due from financial institutions before allowance for ECL</b> | <b>47,700</b>               | <b>74,494</b>               |
| Allowance for ECL   | (710)                       | (787)                       |
| <b>Amounts due from financial institutions</b>                          | <b>46,990</b>               | <b>73,707</b>               |

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

As at 31 December 2021 and 2020, all balances of amounts due from financial institutions are allocated to Stage 1 for ECL measurement purposes.

Amounts on current accounts with the NBRK restricted in use include funds received by the Bank as part of participation in the state program of lending businesses. In 2020, these funds also included amounts allocated by Kazakhstan Sustainability Fund JSC (hereinafter, the "KSF") in favor of the Bank to support small and medium businesses as part of the implementation of measures introduced by the government due to the consequences of the COVID-19 pandemic. The carrying amount of these funds as at 31 December 2020 was 27,789 million tenge. As at 31 December 2021, the program was completed (*Note 20*).

As at 31 December 2021 contingent deposits and deposits pledged as collateral include contingent deposits restricted for use on transactions with providers of payment operation services in the amount of 7.361 million tenge (as at 31 December 2020: 7,172 million tenge).

In accordance with the loan agreements between the Bank and European Bank of Reconstruction and Development (hereinafter, the "EBRD"), during 2020 the Bank placed escrow deposits with EBRD totalling 66 million US dollars for a period until 2023. As at 31 December 2021, the carrying amount of the escrow deposits was 25,794 million tenge (31 December 2020: 25,245 million tenge) (*Note 20*).

### Concentration of amounts due from financial institutions

As at 31 December 2021, the Group has amounts due from four financial institutions (31 December 2020: two), which balances individually exceed 10% of total amounts due from financial institutions. The total value of these balances as at 31 December 2021 is 44,693 million tenge (as at 31 December 2020: 60,229 million tenge).

(millions of tenge)

**14. Trading securities**

Trading securities comprise:

|                              | <i>31 December<br/>2021</i> | <i>31 December<br/>2020</i> |
|------------------------------|-----------------------------|-----------------------------|
| <b>Corporate bonds</b>       |                             |                             |
| - rated from BB- to BB+      | —                           | 423                         |
| <b>Total corporate bonds</b> | —                           | 423                         |
| <b>Bonds of banks</b>        |                             |                             |
| - rated from BB- to BB+      | —                           | 5,514                       |
| <b>Total bonds of banks</b>  | —                           | 5,514                       |
| Equity instruments           | 2,970                       | 1,440                       |
| <b>Trading securities</b>    | <b>2,970</b>                | <b>7,377</b>                |

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

**15. Loans to customers**

Loans to customers comprise:

|  | <i>31 December 2021</i> |                |                |               |                |
|--|-------------------------|----------------|----------------|---------------|----------------|
|  | <i>Stage 1</i>          | <i>Stage 2</i> | <i>Stage 3</i> | <i>POCI</i>   | <i>Total</i>   |
| Individually significant loans                     | 270,021                 | 17,934         | 16,130         | 301           | 304,386        |
| <b>Total individually significant loans</b>        | <b>270,021</b>          | <b>17,934</b>  | <b>16,130</b>  | <b>301</b>    | <b>304,386</b> |
| <b>Individually insignificant loans</b>            |                         |                |                |               |                |
| Corporate loans                                    | 152,614                 | 1,301          | 27,746         | 546           | 182,207        |
| Mortgage loans                                     | 16,592                  | 206            | 4,827          | 9,464         | 31,089         |
| Consumer loans                                     | 212,655                 | 3,038          | 11,856         | —             | 227,549        |
| Car loans  | 4,367                   | 3              | 392            | —             | 4,762          |
| Credit cards                                       | 3,805                   | 99             | 557            | —             | 4,461          |
| Other loans secured by collateral                  | 51,183                  | 1,726          | 22,913         | 16,863        | 92,685         |
| <b>Total individually insignificant loans</b>      | <b>441,216</b>          | <b>6,373</b>   | <b>68,291</b>  | <b>26,873</b> | <b>542,753</b> |
| <b>Loans to customers before allowance for ECL</b> | <b>711,237</b>          | <b>24,307</b>  | <b>84,421</b>  | <b>27,174</b> | <b>847,139</b> |
| Allowance for ECL                                  | (12,651)                | (2,404)        | (21,751)       | (1,385)       | (38,191)       |
| <b>Loans to customers</b>                          | <b>698,586</b>          | <b>21,903</b>  | <b>62,670</b>  | <b>25,789</b> | <b>808,948</b> |

|  | <i>31 December 2020</i> |                |                |               |                |
|--|-------------------------|----------------|----------------|---------------|----------------|
|  | <i>Stage 1</i>          | <i>Stage 2</i> | <i>Stage 3</i> | <i>POCI</i>   | <i>Total</i>   |
| Individually significant loans                     | 183,974                 | 7,117          | 58,536         | —             | 249,627        |
| <b>Total individually significant loans</b>        | <b>183,974</b>          | <b>7,117</b>   | <b>58,536</b>  | <b>—</b>      | <b>249,627</b> |
| <b>Individually insignificant loans</b>            |                         |                |                |               |                |
| Corporate loans                                    | 122,538                 | 1,620          | 38,055         | 1,366         | 163,579        |
| Mortgage loans                                     | 27,662                  | 416            | 16,555         | 10,730        | 55,363         |
| Consumer loans                                     | 176,203                 | 4,051          | 21,352         | 1             | 201,607        |
| Car loans  | 4,657                   | 5              | 485            | —             | 5,147          |
| Credit cards                                       | 4,224                   | 124            | 1,131          | —             | 5,479          |
| Other loans secured by collateral                  | 83,713                  | 1,954          | 48,121         | 18,437        | 152,225        |
| <b>Total individually insignificant loans</b>      | <b>418,997</b>          | <b>8,170</b>   | <b>125,699</b> | <b>30,534</b> | <b>583,400</b> |
| <b>Loans to customers before allowance for ECL</b> | <b>602,971</b>          | <b>15,287</b>  | <b>184,235</b> | <b>30,534</b> | <b>833,027</b> |
| Allowance for ECL                                  | (11,941)                | (3,152)        | (68,921)       | 729           | (83,285)       |
| <b>Loans to customers</b>                          | <b>591,030</b>          | <b>12,135</b>  | <b>115,314</b> | <b>31,263</b> | <b>749,742</b> |

*(millions of tenge)***15. Loans to customers (continued)****Quality of individually significant loans**

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

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

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

|   | <i>Loans before<br/>allowance<br/>for ECL</i> | <i>Allowance<br/>for ECL</i> | <i>Loans less<br/>allowance<br/>for ECL</i> | <i>Allowance for<br/>ECL to gross<br/>loans before<br/>allowance<br/>for ECL, (%)</i> |
|---|---|------------------------------|---|---|
| <b>Individually significant loans</b>       |   |                              |   |   |
| <b>Stage 1 loans</b>                        | 183,974                                       | (3,336)                      | 180,638                                     | 1.81  |
| <b>Stage 2 and Stage 3 loans</b>            |   |                              |   |   |
| - not overdue                               | 33,423  | (1,078)                      | 32,345                                      | 3.23  |
| - overdue for less than 90 days             | 14,495  | —                            | 14,495                                      | 0.00  |
| - overdue for 90 days to 360 days           | 1,068   | (1,068)                      | —   | 100.00  |
| - overdue for more than 360 days            | 16,667  | (12,332)                     | 4,335                                       | 73.99   |
| <b>Stage 2 and Stage 3 loans</b>            | 65,653  | (14,478)                     | 51,175                                      | 22.05   |
| <b>POCI</b>                                 | —   | —                            | —   | 0.00  |
| <b>Total individually significant loans</b> | 249,627                                       | (17,814)                     | 231,813                                     | 7.14  |

*(millions of tenge)***15. Loans to customers (continued)****Quality of individually significant loans (continued)***Analysis of movements in gross carrying amount and ECL allowance*

Analysis of movements in gross carrying amount and related ECL for individually significant loans for 2021 is as follows:

|  | <i>2021</i>    |                |                |             |                |
|--|----------------|----------------|----------------|-------------|----------------|
|  | <i>Stage 1</i> | <i>Stage 2</i> | <i>Stage 3</i> | <i>POCI</i> | <i>Total</i>   |
| <b>Gross carrying amount at 1 January</b>              | 183,974        | 7,117          | 58,536         | —           | 249,627        |
| New assets originated or purchased                     | 330,880        | —              | 14,851         | 301         | 346,032        |
| Assets derecognised or repaid (excluding write-offs)   | (246,552)      | (5,937)        | (28,613)       | (12)        | (281,114)      |
| Transfers to Stage 1                                   | 4,252          | —              | (4,252)        | —           | —              |
| Transfers to Stage 2                                   | (2,151)        | 24,474         | (22,323)       | —           | —              |
| Transfers to Stage 3                                   | (5,235)        | (8,107)        | 13,342         | —           | —              |
| Transfer between loan categories based on significance | 2,911          | (83)           | (985)          | —           | 1,843          |
| Net change in accrued interest                         | 253            | 359            | (2,133)        | —           | (1,521)        |
| Unwinding of discount                                  | —              | —              | 688            | —           | 688            |
| Recoveries   | —              | —              | 381            | —           | 381            |
| Write-off  | —              | —              | (13,451)       | —           | (13,451)       |
| Effect from changes in exchange rates                  | 1,689          | 111            | 89             | 12          | 1,901          |
| <b>At 31 December</b>                                  | <b>270,021</b> | <b>17,934</b>  | <b>16,130</b>  | <b>301</b>  | <b>304,386</b> |

|   | <i>2021</i>    |                |                |             |                |
|---|----------------|----------------|----------------|-------------|----------------|
|   | <i>Stage 1</i> | <i>Stage 2</i> | <i>Stage 3</i> | <i>POCI</i> | <i>Total</i>   |
| <b>ECL at 1 January</b>   | (3,336)        | (12)           | (14,466)       | —           | (17,814)       |
| New assets originated or purchased  | (5,484)        | —              | (635)          | —           | (6,119)        |
| Assets derecognised or repaid (excluding write-offs)  | 3,302          | 11             | 4,830          | —           | 8,143          |
| Transfers to Stage 1  | (5)            | —              | 5              | —           | —              |
| Transfers to Stage 2  | —              | (26)           | 26             | —           | —              |
| Transfers to Stage 3  | 25             | 8              | (33)           | —           | —              |
| Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period | 3,166          | (17)           | (3,254)        | —           | (105)          |
| Transfer between loan categories based on significance  | (3)            | —              | (68)           | —           | (71)           |
| Unwinding of discount   | —              | —              | (688)          | —           | (688)          |
| Recoveries  | —              | —              | (381)          | —           | (381)          |
| Write-off   | —              | —              | 13,451         | —           | 13,451         |
| Effect from changes in exchange rates   | —              | —              | (246)          | —           | (246)          |
| <b>At 31 December</b>   | <b>(2,335)</b> | <b>(36)</b>    | <b>(1,459)</b> | <b>—</b>    | <b>(3,830)</b> |

*(millions of tenge)***15. Loans to customers (continued)****Quality of individually significant loans (continued)***Analysis of movements in gross carrying amount and ECL allowance (continued)*

Analysis of movements in gross carrying amount and related ECL for individually significant loans for 2020 is as follows:

|  | <b>2020</b>    |                |                |             |                |
|--|----------------|----------------|----------------|-------------|----------------|
|  | <b>Stage 1</b> | <b>Stage 2</b> | <b>Stage 3</b> | <b>POCI</b> | <b>Total</b>   |
| <b>Gross carrying amount at 1 January</b>              | 188,466        | 7,563          | 38,337         | —           | 234,366        |
| New assets originated or purchased                     | 238,784        | —              | —              | —           | 238,784        |
| Assets derecognised or repaid (excluding write-offs)   | (196,005)      | (15,238)       | (4,936)        | —           | (216,179)      |
| Transfers to Stage 1                                   | 540            | (540)          | —              | —           | —              |
| Transfers to Stage 2                                   | (28,428)       | 28,428         | —              | —           | —              |
| Transfers to Stage 3                                   | (24,097)       | (13,465)       | 37,562         | —           | —              |
| Transfer between loan categories based on significance | (2,410)        | —              | (2,609)        | —           | (5,019)        |
| Net change in accrued interest                         | 2,575          | 135            | 944            | —           | 3,654          |
| Unwinding of discount                                  | —              | —              | 2,774          | —           | 2,774          |
| Recoveries   | —              | —              | 825            | —           | 825            |
| Write-off  | —              | —              | (15,787)       | —           | (15,787)       |
| Effect from changes in exchange rates                  | 4,549          | 234            | 1,426          | —           | 6,209          |
| <b>At 31 December</b>                                  | <b>183,974</b> | <b>7,117</b>   | <b>58,536</b>  | <b>—</b>    | <b>249,627</b> |

|   | <b>2020</b>    |                |                 |             |                 |
|---|----------------|----------------|-----------------|-------------|-----------------|
|   | <b>Stage 1</b> | <b>Stage 2</b> | <b>Stage 3</b>  | <b>POCI</b> | <b>Total</b>    |
| <b>ECL at 1 January</b>   | (1,250)        | (35)           | (26,141)        | —           | (27,426)        |
| New assets originated or purchased  | (3,244)        | —              | —               | —           | (3,244)         |
| Assets derecognised or repaid (excluding write-offs)  | 1,694          | 45             | 1,146           | —           | 2,885           |
| Transfers to Stage 1  | (6)            | 6              | —               | —           | —               |
| Transfers to Stage 2  | 35             | (35)           | —               | —           | —               |
| Transfers to Stage 3  | —              | 17             | (17)            | —           | —               |
| Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period | (477)          | 7              | (1,009)         | —           | (1,479)         |
| Transfer between loan categories based on significance  | —              | —              | (422)           | —           | (422)           |
| Unwinding of discount   | —              | —              | (2,774)         | —           | (2,774)         |
| Recoveries  | —              | —              | (825)           | —           | (825)           |
| Write-off   | —              | —              | 15,787          | —           | 15,787          |
| Effect from changes in exchange rates   | (88)           | (17)           | (211)           | —           | (316)           |
| <b>At 31 December</b>   | <b>(3,336)</b> | <b>(12)</b>    | <b>(14,466)</b> | <b>—</b>    | <b>(17,814)</b> |



*(millions of tenge)***15. Loans to customers (continued)****Quality of individually insignificant loans**

The following table provides information on the credit quality of individually insignificant loans collectively assessed for impairment as at 31 December 2021:

|   | <i>31 December 2021</i>                       |                              |   |   |
|---|---|------------------------------|---|---|
|   | <i>Loans before<br/>allowance<br/>for ECL</i> | <i>Allowance<br/>for ECL</i> | <i>Loans less<br/>allowance<br/>for ECL</i> | <i>Allowance for<br/>ECL to gross<br/>loans before<br/>allowance<br/>for ECL, (%)</i> |
| <b>Individually insignificant corporate loans</b>       |   |                              |   |   |
| Not overdue   | 160,060                                       | (2,836)                      | 157,224                                     | 1.77  |
| Overdue for less than 30 days                           | 1,842   | (4)                          | 1,838                                       | 0.22  |
| Overdue for 30 to 89 days                               | 557   | (4)                          | 553   | 0.72  |
| Overdue for 90 to 179 days                              | 988   | (15)                         | 973   | 1.52  |
| Overdue for 180 to 360 days                             | 2,849   | (109)                        | 2,740                                       | 3.83  |
| Overdue more than 360 days                              | 15,365  | (4,544)                      | 10,821                                      | 29.57   |
| POCI  | 546   | (117)                        | 429   | 21.43   |
| <b>Total individually insignificant corporate loans</b> | <b>182,207</b>                                | <b>(7,629)</b>               | <b>174,578</b>                              | <b>4.19</b>   |
| <b>Mortgage loans</b>                                   |   |                              |   |   |
| Not overdue   | 16,296  | (77)                         | 16,219                                      | 0.47  |
| Overdue for less than 30 days                           | 557   | (1)                          | 556   | 0.18  |
| Overdue for 30 to 89 days                               | 257   | (9)                          | 248   | 3.5   |
| Overdue for 90 to 179 days                              | 210   | (9)                          | 201   | 4.29  |
| Overdue for 180 to 360 days                             | 143   | (7)                          | 136   | 4.90  |
| Overdue more than 360 days                              | 4,162   | (1,408)                      | 2,754                                       | 33.83   |
| POCI  | 9,464   | (575)                        | 8,889                                       | 6.08  |
| <b>Total mortgage loans</b>                             | <b>31,089</b>                                 | <b>(2,086)</b>               | <b>29,003</b>                               | <b>6.71</b>   |
| <b>Consumer loans</b>                                   |   |                              |   |   |
| Not overdue   | 208,510                                       | (6,596)                      | 201,914                                     | 3.16  |
| Overdue for less than 30 days                           | 4,689   | (1,056)                      | 3,633                                       | 22.52   |
| Overdue for 30 to 89 days                               | 3,113   | (2,252)                      | 861   | 72.34   |
| Overdue for 90 to 179 days                              | 3,042   | (2,428)                      | 614   | 79.82   |
| Overdue for 180 to 360 days                             | 5,644   | (4,583)                      | 1,061                                       | 81.20   |
| Overdue more than 360 days                              | 2,551   | (1,979)                      | 572   | 77.58   |
| <b>Total consumer loans</b>                             | <b>227,549</b>                                | <b>(18,894)</b>              | <b>208,655</b>                              | <b>8.3</b>  |

*(millions of tenge)***15. Loans to customers (continued)****Quality of individually insignificant loans (continued)**

|  | <i>31 December 2021</i>               |                          |                                     | <i>Allowance for ECL to gross loans before allowance for ECL, (%)</i> |
|--|---------------------------------------|--------------------------|-------------------------------------|---|
|  | <i>Loans before allowance for ECL</i> | <i>Allowance for ECL</i> | <i>Loans less allowance for ECL</i> |   |
| <b>Car loans</b>                               |                                       |                          |                                     |   |
| Not overdue                                    | 4,347                                 | –                        | 4,347                               | 0.00  |
| Overdue for less than 30 days                  | 11                                    | –                        | 11                                  | 0.00  |
| Overdue for 30 to 89 days                      | 13                                    | –                        | 13                                  | 0.00  |
| Overdue for 90 to 179 days                     | 2                                     | –                        | 2                                   | 0.00  |
| Overdue for 180 to 360 days                    | 1                                     | (1)                      | –                                   | 100   |
| Overdue more than 360 days                     | 388                                   | (46)                     | 342                                 | 11.86   |
| <b>Total car loans</b>                         | <b>4,762</b>                          | <b>(47)</b>              | <b>4,715</b>                        | <b>0.99</b>   |
| <b>Credit cards</b>                            |                                       |                          |                                     |   |
| Not overdue                                    | 3,580                                 | (606)                    | 2,974                               | 16.93   |
| Overdue for less than 30 days                  | 240                                   | (83)                     | 157                                 | 34.58   |
| Overdue for 30 to 89 days                      | 93                                    | (81)                     | 12                                  | 87.10   |
| Overdue for 90 to 179 days                     | 101                                   | (101)                    | –                                   | 100.00  |
| Overdue for 180 to 360 days                    | 191                                   | (159)                    | 32                                  | 83.25   |
| Overdue more than 360 days                     | 256                                   | (212)                    | 44                                  | 82.81   |
| <b>Total credit cards</b>                      | <b>4,461</b>                          | <b>(1,242)</b>           | <b>3,219</b>                        | <b>27.84</b>  |
| <b>Other loans secured by collateral</b>       |                                       |                          |                                     |   |
| Not overdue                                    | 49,254                                | (68)                     | 49,186                              | 0.14  |
| Overdue for less than 30 days                  | 3,234                                 | (4)                      | 3,230                               | 0.12  |
| Overdue for 30 to 89 days                      | 2,215                                 | (19)                     | 2,196                               | 0.86  |
| Overdue for 90 to 179 days                     | 891                                   | (20)                     | 871                                 | 2.24  |
| Overdue for 180 to 360 days                    | 2,850                                 | (132)                    | 2,718                               | 4.63  |
| Overdue more than 360 days                     | 17,378                                | (3,527)                  | 13,851                              | 20.30   |
| POCI   | 16,863                                | (693)                    | 16,170                              | 4.11  |
| <b>Total other loans secured by collateral</b> | <b>92,685</b>                         | <b>(4,463)</b>           | <b>88,222</b>                       | <b>4.82</b>   |
| <b>Total individually insignificant loans</b>  | <b>542,753</b>                        | <b>(34,361)</b>          | <b>508,392</b>                      | <b>6.33</b>   |

*(millions of tenge)***15. Loans to customers (continued)****Quality of individually insignificant loans (continued)**

Information on the quality of individually insignificant loans collectively assessed for impairment at 31 December 2020 is presented in the table below:

|   | <i>31 December 2020</i>                       |                              |   |   |
|---|---|------------------------------|---|---|
|   | <i>Loans before<br/>allowance<br/>for ECL</i> | <i>Allowance<br/>for ECL</i> | <i>Loans less<br/>allowance<br/>for ECL</i> | <i>Allowance for<br/>ECL to gross<br/>loans before<br/>allowance<br/>for ECL, (%)</i> |
| <b>Individually insignificant corporate loans</b>       |   |                              |   |   |
| Not overdue   | 134,407                                       | (859)                        | 133,548                                     | 0,64  |
| Overdue for less than 30 days                           | 1,715   | (6)                          | 1,709                                       | 0,35  |
| Overdue for 30 to 89 days                               | 3,763   | (392)                        | 3,371                                       | 10,42   |
| Overdue for 90 to 179 days                              | 2,322   | (311)                        | 2,011                                       | 13,39   |
| Overdue for 180 to 360 days                             | 1,479   | (69)                         | 1,410                                       | 4,67  |
| Overdue more than 360 days                              | 18,527  | (7,767)                      | 10,760                                      | 41,92   |
| POCI  | 1,366   | (543)                        | 823   | 39,75   |
| <b>Total individually insignificant corporate loans</b> | <b>163,579</b>                                | <b>(9,947)</b>               | <b>153,632</b>                              | <b>6,08</b>   |
| <b>Mortgage loans</b>                                   |   |                              |   |   |
| Not overdue   | 27,177  | (108)                        | 27,069                                      | 0,40  |
| Overdue for less than 30 days                           | 1,249   | (6)                          | 1,243                                       | 0,48  |
| Overdue for 30 to 89 days                               | 518   | (16)                         | 502   | 3,09  |
| Overdue for 90 to 179 days                              | 238   | (68)                         | 170   | 28,57   |
| Overdue for 180 to 360 days                             | 451   | (61)                         | 390   | 13,53   |
| Overdue more than 360 days                              | 15,000  | (10,514)                     | 4,486                                       | 70,09   |
| POCI  | 10,730  | 523                          | 11,253                                      | (4,87)  |
| <b>Total mortgage loans</b>                             | <b>55,363</b>                                 | <b>(10,250)</b>              | <b>45,113</b>                               | <b>18,51</b>  |
| <b>Consumer loans</b>                                   |   |                              |   |   |
| Not overdue   | 169,848                                       | (6,142)                      | 163,706                                     | 3,62  |
| Overdue for less than 30 days                           | 7,117   | (2,256)                      | 4,861                                       | 31,70   |
| Overdue for 30 to 89 days                               | 4,213   | (2,886)                      | 1,327                                       | 68,50   |
| Overdue for 90 to 179 days                              | 5,900   | (4,826)                      | 1,074                                       | 81,80   |
| Overdue for 180 to 360 days                             | 7,838   | (6,366)                      | 1,472                                       | 81,22   |
| Overdue more than 360 days                              | 6,690   | (5,368)                      | 1,322                                       | 80,24   |
| POCI  | 1   | —                            | 1   | 0,00  |
| <b>Total consumer loans</b>                             | <b>201,607</b>                                | <b>(27,844)</b>              | <b>173,763</b>                              | <b>13,81</b>  |

*(millions of tenge)***15. Loans to customers (continued)****Quality of individually insignificant loans (continued)**

|  | <i>31 December 2020</i>                       |                              |   |   |
|--|---|------------------------------|---|---|
|  | <i>Loans before<br/>allowance<br/>for ECL</i> | <i>Allowance<br/>for ECL</i> | <i>Loans less<br/>allowance<br/>for ECL</i> | <i>Allowance for<br/>ECL to gross<br/>loans before<br/>allowance<br/>for ECL, (%)</i> |
| <b>Car loans</b>                               |   |                              |   |   |
| Not overdue                                    | 4,634   | (1)                          | 4,633                                       | 0,02  |
| Overdue for less than 30 days                  | 25  | —                            | 25  | 0,00  |
| Overdue for 30 to 89 days                      | 8   | —                            | 8   | 0,00  |
| Overdue for 90 to 179 days                     | —   | —                            | —   | —   |
| Overdue for 180 to 360 days                    | 3   | (1)                          | 2   | 33,33   |
| Overdue more than 360 days                     | 477   | (130)                        | 347   | 27,25   |
| <b>Total car loans</b>                         | <b>5,147</b>                                  | <b>(132)</b>                 | <b>5,015</b>                                | <b>2,56</b>   |
| <b>Credit cards</b>                            |   |                              |   |   |
| Not overdue                                    | 3,934   | (424)                        | 3,510                                       | 10,78   |
| Overdue for less than 30 days                  | 245   | (94)                         | 151   | 38,37   |
| Overdue for 30 to 89 days                      | 163   | (121)                        | 42  | 74,23   |
| Overdue for 90 to 179 days                     | 206   | (143)                        | 63  | 69,42   |
| Overdue for 180 to 360 days                    | 340   | (234)                        | 106   | 68,82   |
| Overdue more than 360 days                     | 591   | (358)                        | 233   | 60,58   |
| <b>Total credit cards</b>                      | <b>5,479</b>                                  | <b>(1,374)</b>               | <b>4,105</b>                                | <b>25,08</b>  |
| <b>Other loans secured by collateral</b>       |   |                              |   |   |
| Not overdue                                    | 84,268  | (270)                        | 83,998                                      | 0,32  |
| Overdue for less than 30 days                  | 7,387   | (143)                        | 7,244                                       | 1,94  |
| Overdue for 30 to 89 days                      | 3,099   | (162)                        | 2,937                                       | 5,23  |
| Overdue for 90 to 179 days                     | 1,839   | (71)                         | 1,768                                       | 3,86  |
| Overdue for 180 to 360 days                    | 3,364   | (107)                        | 3,257                                       | 3,18  |
| Overdue more than 360 days                     | 33,831  | (15,920)                     | 17,911                                      | 47,06   |
| POCI   | 18,437  | 749                          | 19,186                                      | (4,06)  |
| <b>Total other loans secured by collateral</b> | <b>152,225</b>                                | <b>(15,924)</b>              | <b>136,301</b>                              | <b>10,46</b>  |
| <b>Total individually insignificant loans</b>  | <b>583,400</b>                                | <b>(65,471)</b>              | <b>517,929</b>                              | <b>11,22</b>  |

*(millions of tenge)***15. Loans to customers (continued)****Quality of individually insignificant loans (continued)***Analysis of movements in gross carrying amount and ECL allowance*

Analysis of movements in gross carrying amount and related ECL for individually insignificant corporate loans for 2021 is as follows:

| <i>Individually insignificant corporate loans</i>      | <i>2021</i>    |                |                |             |                |
|--|----------------|----------------|----------------|-------------|----------------|
|  | <i>Stage 1</i> | <i>Stage 2</i> | <i>Stage 3</i> | <i>POCI</i> | <i>Total</i>   |
| <b>Gross carrying amount at 1 January</b>              | 122,538        | 1,620          | 38,055         | 1,366       | 163,579        |
| New assets originated or purchased                     | 226,738        | —              | 852            | 24          | 227,614        |
| Assets derecognised or repaid (excluding write-offs)   | (192,698)      | (756)          | (9,168)        | (193)       | (202,815)      |
| Transfers to Stage 1                                   | 5,946          | (894)          | (5,052)        | —           | —              |
| Transfers to Stage 2                                   | (2,754)        | 3,055          | (301)          | —           | —              |
| Transfers to Stage 3                                   | (4,076)        | (1,797)        | 5,873          | —           | —              |
| Transfer between loan categories based on significance | (2,911)        | 83             | 985            | —           | (1,843)        |
| Net change in accrued interest                         | (494)          | (13)           | (816)          | 5           | (1,318)        |
| Unwinding of discount                                  | —              | —              | 1,083          | —           | 1,083          |
| Adjustment of the gross value of POCI assets           | —              | —              | —              | 50          | 50             |
| Recoveries   | —              | —              | 3,583          | —           | 3,583          |
| Write-off  | —              | —              | (7,398)        | (717)       | (8,115)        |
| Effect from changes in exchange rates                  | 325            | 3              | 50             | 11          | 389            |
| <b>At 31 December</b>                                  | <b>152,614</b> | <b>1,301</b>   | <b>27,746</b>  | <b>546</b>  | <b>182,207</b> |

| <i>Individually insignificant corporate loans</i>   | <i>2021</i>    |                |                |              |                |
|---|----------------|----------------|----------------|--------------|----------------|
|   | <i>Stage 1</i> | <i>Stage 2</i> | <i>Stage 3</i> | <i>POCI</i>  | <i>Total</i>   |
| <b>ECL at 1 January</b>   | (602)          | (140)          | (8,662)        | (543)        | (9,947)        |
| New assets originated or purchased  | (976)          | —              | (59)           | —            | (1,035)        |
| Assets derecognised or repaid (excluding write-offs)  | 2,117          | 35             | 1,852          | —            | 4,004          |
| Transfers to Stage 1  | (95)           | 2              | 93             | —            | —              |
| Transfers to Stage 2  | 19             | (19)           | —              | —            | —              |
| Transfers to Stage 3  | 17             | 195            | (212)          | —            | —              |
| Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period | (3,085)        | (83)           | (577)          | (241)        | (3,986)        |
| Transfer between loan categories based on significance  | 3              | —              | 68             | —            | 71             |
| Unwinding of discount   | —              | —              | (1,083)        | —            | (1,083)        |
| Adjustment of the gross value of POCI assets  | —              | —              | —              | (50)         | (50)           |
| Recoveries  | —              | —              | (3,583)        | —            | (3,583)        |
| Write-off   | —              | —              | 7,398          | 717          | 8,115          |
| Effect from changes in exchange rates   | —              | —              | (135)          | —            | (135)          |
| <b>At 31 December</b>   | <b>(2,602)</b> | <b>(10)</b>    | <b>(4,900)</b> | <b>(117)</b> | <b>(7,629)</b> |

*(millions of tenge)***15. Loans to customers (continued)****Quality of individually insignificant loans (continued)***Analysis of movements in gross carrying amount and ECL allowance (continued)*

Analysis of movements in gross carrying amount and related ECL for individually insignificant corporate loans for 2020 is as follows:

| <i>Individually insignificant corporate loans</i>      | <i>2020</i>    |                |                |              |                |
|--|----------------|----------------|----------------|--------------|----------------|
|  | <i>Stage 1</i> | <i>Stage 2</i> | <i>Stage 3</i> | <i>POCI</i>  | <i>Total</i>   |
| <b>Gross carrying amount at 1 January</b>              | 120,258        | 6,758          | 25,803         | 31           | 152,850        |
| New assets originated or purchased                     | 211,353        | —              | —              | 1,159        | 212,512        |
| Disposal of a subsidiary                               | (250)          | —              | —              | —            | (250)          |
| Assets derecognised or repaid (excluding write-offs)   | (198,588)      | (4,250)        | (7,026)        | —            | (209,864)      |
| Transfers to Stage 1                                   | 7,297          | (5,834)        | (1,463)        | —            | —              |
| Transfers to Stage 2                                   | (10,132)       | 12,001         | (1,869)        | —            | —              |
| Transfers to Stage 3                                   | (12,486)       | (7,150)        | 19,636         | —            | —              |
| Transfer between loan categories based on significance | 2,410          | —              | 2,609          | —            | 5,019          |
| Net change in accrued interest                         | 1,752          | 82             | (781)          | 112          | 1,165          |
| Unwinding of discount                                  | —              | —              | 1,125          | —            | 1,125          |
| Recoveries   | —              | —              | 5,469          | —            | 5,469          |
| Write-off  | —              | —              | (6,700)        | —            | (6,700)        |
| Effect from changes in exchange rates                  | 924            | 13             | 1,252          | 64           | 2,253          |
| <b>At 31 December</b>                                  | <b>122,538</b> | <b>1,620</b>   | <b>38,055</b>  | <b>1,366</b> | <b>163,579</b> |

| <i>Individually insignificant corporate loans</i>   | <i>2020</i>    |                |                |              |                |
|---|----------------|----------------|----------------|--------------|----------------|
|   | <i>Stage 1</i> | <i>Stage 2</i> | <i>Stage 3</i> | <i>POCI</i>  | <i>Total</i>   |
| <b>ECL at 1 January</b>   | (294)          | (203)          | (9,103)        | 16           | (9,584)        |
| New assets originated or purchased  | (742)          | —              | —              | —            | (742)          |
| Assets derecognised or repaid (excluding write-offs)  | 435            | 31             | 5,570          | 8            | 6,044          |
| Transfers to Stage 1  | (57)           | 54             | 3              | —            | —              |
| Transfers to Stage 2  | 18             | (223)          | 205            | —            | —              |
| Transfers to Stage 3  | 14             | 236            | (250)          | —            | —              |
| Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period | 77             | (10)           | (4,878)        | (566)        | (5,377)        |
| Transfer between loan categories based on significance  | —              | —              | 422            | —            | 422            |
| Unwinding of discount   | —              | —              | (1,125)        | —            | (1,125)        |
| Recoveries  | —              | —              | (5,469)        | —            | (5,469)        |
| Write-off   | —              | —              | 6,700          | —            | 6,700          |
| Effect from changes in exchange rates   | (53)           | (25)           | (737)          | (1)          | (816)          |
| <b>At 31 December</b>   | <b>(602)</b>   | <b>(140)</b>   | <b>(8,662)</b> | <b>(543)</b> | <b>(9,947)</b> |

*(millions of tenge)***15. Loans to customers (continued)****Quality of individually insignificant loans (continued)***Analysis of movements in gross carrying amount and ECL allowance (continued)*

Analysis of movements in gross carrying amount and related ECL for mortgage loans for 2021 is as follows:

| <i><b>Mortgage loans</b></i>                         | <i><b>2021</b></i>    |                       |                       | <i><b>POCI</b></i> | <i><b>Total</b></i> |
|--|-----------------------|-----------------------|-----------------------|--------------------|---------------------|
|  | <i><b>Stage 1</b></i> | <i><b>Stage 2</b></i> | <i><b>Stage 3</b></i> |                    |                     |
| <b>Gross carrying amount at 1 January</b>            | 27,662                | 416                   | 16,555                | 10,730             | 55,363              |
| New assets originated or purchased                   | 2,666                 | —                     | 17                    | 1,512              | 4,195               |
| Assets derecognised or repaid (excluding write-offs) | (12,832)              | (142)                 | (2,310)               | (2,601)            | (17,885)            |
| Transfers to Stage 1                                 | 1,212                 | (513)                 | (699)                 | —                  | —                   |
| Transfers to Stage 2                                 | (681)                 | 752                   | (71)                  | —                  | —                   |
| Transfers to Stage 3                                 | (1,155)               | (285)                 | 1,440                 | —                  | —                   |
| Net change in accrued interest                       | (306)                 | (22)                  | (229)                 | 314                | (243)               |
| Unwinding of discount                                | —                     | —                     | 1,317                 | —                  | 1,317               |
| Adjustment of the gross value of POCI assets         | —                     | —                     | —                     | 2,541              | 2,541               |
| Recoveries   | —                     | —                     | 1,360                 | —                  | 1,360               |
| Write-off  | —                     | —                     | (12,560)              | (3,047)            | (15,607)            |
| Effect from changes in exchange rates                | 26                    | —                     | 7                     | 15                 | 48                  |
| <b>At 31 December</b>                                | <b>16,592</b>         | <b>206</b>            | <b>4,827</b>          | <b>9,464</b>       | <b>31,089</b>       |

| <i><b>Mortgage loans</b></i>  | <i><b>2021</b></i>    |                       |                       | <i><b>POCI</b></i> | <i><b>Total</b></i> |
|---|-----------------------|-----------------------|-----------------------|--------------------|---------------------|
|   | <i><b>Stage 1</b></i> | <i><b>Stage 2</b></i> | <i><b>Stage 3</b></i> |                    |                     |
| <b>ECL at 1 January</b>   | (27)                  | (2)                   | (10,744)              | 523                | (10,250)            |
| New assets originated or purchased  | (19)                  | —                     | (11)                  | —                  | (30)                |
| Assets derecognised or repaid (excluding write-offs)  | 20                    | 2                     | 1,100                 | —                  | 1,122               |
| Transfers to Stage 1  | (50)                  | 4                     | 46                    | —                  | —                   |
| Transfers to Stage 2  | 1                     | (7)                   | 6                     | —                  | —                   |
| Transfers to Stage 3  | 1                     | 4                     | (5)                   | —                  | —                   |
| Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period | 38                    | (7)                   | (1,694)               | (1,604)            | (3,267)             |
| Unwinding of discount   | —                     | —                     | (1,317)               | —                  | (1,317)             |
| Adjustment of the gross value of POCI assets  | —                     | —                     | —                     | (2,541)            | (2,541)             |
| Recoveries  | —                     | —                     | (1,360)               | —                  | (1,360)             |
| Write-off   | —                     | —                     | 12,560                | 3,047              | 15,607              |
| Effect from changes in exchange rates   | —                     | —                     | (50)                  | —                  | (50)                |
| <b>At 31 December</b>   | <b>(36)</b>           | <b>(6)</b>            | <b>(1,469)</b>        | <b>(575)</b>       | <b>(2,086)</b>      |

*(millions of tenge)***15. Loans to customers (continued)****Quality of individually insignificant loans (continued)***Analysis of movements in gross carrying amount and ECL allowance (continued)*

Analysis of movements in gross carrying amount and related ECL for mortgage loans for 2020 is as follows:

| <i><b>Mortgage loans</b></i>                         | <i><b>2020</b></i>    |                       |                       | <i><b>POCI</b></i> | <i><b>Total</b></i> |
|--|-----------------------|-----------------------|-----------------------|--------------------|---------------------|
|  | <i><b>Stage 1</b></i> | <i><b>Stage 2</b></i> | <i><b>Stage 3</b></i> |                    |                     |
| <b>Gross carrying amount at 1 January</b>            | 32,797                | 1,463                 | 24,627                | 9,311              | 68,198              |
| New assets originated or purchased                   | 4,128                 | —                     | —                     | 1,628              | 5,756               |
| Disposal of a subsidiary                             | (16)                  | —                     | —                     | —                  | (16)                |
| Assets derecognised or repaid (excluding write-offs) | (9,752)               | (527)                 | (4,123)               | —                  | (14,402)            |
| Transfers to Stage 1                                 | 2,221                 | (1,605)               | (616)                 | —                  | —                   |
| Transfers to Stage 2                                 | (1,618)               | 1,781                 | (163)                 | —                  | —                   |
| Transfers to Stage 3                                 | (607)                 | (705)                 | 1,312                 | —                  | —                   |
| Net change in accrued interest                       | 377                   | 6                     | (564)                 | 167                | (14)                |
| Unwinding of discount                                | —                     | —                     | 1,792                 | —                  | 1,792               |
| Recoveries   | —                     | —                     | 2,011                 | —                  | 2,011               |
| Write-off  | —                     | —                     | (7,798)               | (429)              | (8,227)             |
| Effect from changes in exchange rates                | 132                   | 3                     | 77                    | 53                 | 265                 |
| <b>At 31 December</b>                                | <b>27,662</b>         | <b>416</b>            | <b>16,555</b>         | <b>10,730</b>      | <b>55,363</b>       |

| <i><b>Mortgage loans</b></i>  | <i><b>2020</b></i>    |                       |                       | <i><b>POCI</b></i> | <i><b>Total</b></i> |
|---|-----------------------|-----------------------|-----------------------|--------------------|---------------------|
|   | <i><b>Stage 1</b></i> | <i><b>Stage 2</b></i> | <i><b>Stage 3</b></i> |                    |                     |
| <b>ECL at 1 January</b>   | (81)                  | (10)                  | (9,656)               | 1,112              | (8,635)             |
| New assets originated or purchased  | (22)                  | —                     | —                     | —                  | (22)                |
| Assets derecognised or repaid (excluding write-offs)  | 114                   | 5                     | 2,289                 | 710                | 3,118               |
| Transfers to Stage 1  | (57)                  | 19                    | 38                    | —                  | —                   |
| Transfers to Stage 2  | 10                    | (18)                  | 8                     | —                  | —                   |
| Transfers to Stage 3  | —                     | 18                    | (18)                  | —                  | —                   |
| Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period | —                     | (40)                  | (7,310)               | (1,728)            | (9,078)             |
| Unwinding of discount   | —                     | —                     | (1,792)               | —                  | (1,792)             |
| Recoveries  | —                     | —                     | (2,011)               | —                  | (2,011)             |
| Write-off   | —                     | —                     | 7,798                 | 429                | 8,227               |
| Effect from changes in exchange rates   | 9                     | 24                    | (90)                  | —                  | (57)                |
| <b>At 31 December</b>   | <b>(27)</b>           | <b>(2)</b>            | <b>(10,744)</b>       | <b>523</b>         | <b>(10,250)</b>     |



*(millions of tenge)***15. Loans to customers (continued)****Quality of individually insignificant loans (continued)***Analysis of movements in gross carrying amount and ECL allowance (continued)*

Analysis of movements in gross carrying amount and related ECL for consumer loans for 2021 is as follows:

| <i>Consumer loans</i>                                | <i>2021</i>    |                |                | <i>POCI</i> | <i>Total</i>   |
|--|----------------|----------------|----------------|-------------|----------------|
|  | <i>Stage 1</i> | <i>Stage 2</i> | <i>Stage 3</i> |             |                |
| <b>Gross carrying amount at 1 January</b>            | 176,203        | 4,051          | 21,352         | 1           | 201,607        |
| New assets originated or purchased                   | 162,487        | —              | 151            | —           | 162,638        |
| Assets derecognised or repaid (excluding write-offs) | (115,706)      | (687)          | (7,682)        | (1)         | (124,076)      |
| Transfers to Stage 1                                 | 5,588          | (3,255)        | (2,333)        | —           | —              |
| Transfers to Stage 2                                 | (11,096)       | 11,372         | (276)          | —           | —              |
| Transfers to Stage 3                                 | (4,666)        | (8,370)        | 13,036         | —           | —              |
| Net change in accrued interest                       | (155)          | (73)           | (303)          | —           | (531)          |
| Unwinding of discount                                | —              | —              | 3,228          | —           | 3,228          |
| Recoveries   | —              | —              | 2,413          | —           | 2,413          |
| Write-off  | —              | —              | (17,730)       | —           | (17,730)       |
| Effect from changes in exchange rates                | —              | —              | —              | —           | —              |
| <b>At 31 December</b>                                | <b>212,655</b> | <b>3,038</b>   | <b>11,856</b>  | <b>—</b>    | <b>227,549</b> |

| <i>Consumer loans</i>   | <i>2021</i>    |                |                | <i>POCI</i> | <i>Total</i>    |
|---|----------------|----------------|----------------|-------------|-----------------|
|   | <i>Stage 1</i> | <i>Stage 2</i> | <i>Stage 3</i> |             |                 |
| <b>ECL at 1 January</b>   | (7,329)        | (2,867)        | (17,648)       | —           | (27,844)        |
| New assets originated or purchased  | (4,918)        | —              | (30)           | —           | (4,948)         |
| Assets derecognised or repaid (excluding write-offs)  | 4,309          | 497            | 6,300          | —           | 11,106          |
| Transfers to Stage 1  | (4,694)        | 2,425          | 2,269          | —           | —               |
| Transfers to Stage 2  | 1,123          | (1,381)        | 258            | —           | —               |
| Transfers to Stage 3  | 1,048          | 5,960          | (7,008)        | —           | —               |
| Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period | 3,468          | (6,885)        | (5,880)        | —           | (9,297)         |
| Unwinding of discount   | —              | —              | (3,228)        | —           | (3,228)         |
| Recoveries  | —              | —              | (2,413)        | —           | (2,413)         |
| Write-off   | —              | —              | 17,730         | —           | 17,730          |
| Effect from changes in exchange rates   | —              | —              | —              | —           | —               |
| <b>At 31 December</b>   | <b>(6,993)</b> | <b>(2,251)</b> | <b>(9,650)</b> | <b>—</b>    | <b>(18,894)</b> |

*(millions of tenge)***15. Loans to customers (continued)****Quality of individually insignificant loans (continued)***Analysis of movements in gross carrying amount and ECL allowance (continued)*

Analysis of movements in gross carrying amount and related ECL for consumer loans for 2020 is as follows:

| <i>Consumer loans</i>                                | <i>2020</i>    |                |                | <i>POCI</i> | <i>Total</i>   |
|--|----------------|----------------|----------------|-------------|----------------|
|  | <i>Stage 1</i> | <i>Stage 2</i> | <i>Stage 3</i> |             |                |
| <b>Gross carrying amount at 1 January</b>            | 182,768        | 3,326          | 4,972          | 1           | 191,067        |
| New assets originated or purchased                   | 106,981        | —              | —              | —           | 106,981        |
| Assets derecognised or repaid (excluding write-offs) | (96,914)       | (476)          | (1,222)        | (1)         | (98,613)       |
| Transfers to Stage 1                                 | 6,172          | (5,078)        | (1,094)        | —           | —              |
| Transfers to Stage 2                                 | (16,534)       | 16,801         | (267)          | —           | —              |
| Transfers to Stage 3                                 | (8,662)        | (10,544)       | 19,206         | —           | —              |
| Net change in accrued interest                       | 2,392          | 65             | 343            | 1           | 2,801          |
| Unwinding of discount                                | —              | —              | 2,931          | —           | 2,931          |
| Recoveries   | —              | —              | 52             | —           | 52             |
| Write-off  | —              | (43)           | (3,576)        | —           | (3,619)        |
| Effect from changes in exchange rates                | —              | —              | 7              | —           | 7              |
| <b>At 31 December</b>                                | <b>176,203</b> | <b>4,051</b>   | <b>21,352</b>  | <b>1</b>    | <b>201,607</b> |

| <i>Consumer loans</i>   | <i>2020</i>    |                |                 | <i>POCI</i> | <i>Total</i>    |
|---|----------------|----------------|-----------------|-------------|-----------------|
|   | <i>Stage 1</i> | <i>Stage 2</i> | <i>Stage 3</i>  |             |                 |
| <b>ECL at 1 January</b>   | (4,006)        | (1,603)        | (4,307)         | —           | (9,916)         |
| New assets originated or purchased  | (2,879)        | —              | —               | —           | (2,879)         |
| Assets derecognised or repaid (excluding write-offs)  | 2,366          | 134            | 382             | —           | 2,882           |
| Transfers to Stage 1  | (4,162)        | 3,147          | 1,015           | —           | —               |
| Transfers to Stage 2  | 621            | (866)          | 245             | —           | —               |
| Transfers to Stage 3  | 322            | 6,569          | (6,891)         | —           | —               |
| Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period | 409            | (10,291)       | (8,678)         | —           | (18,560)        |
| Unwinding of discount   | —              | —              | (2,931)         | —           | (2,931)         |
| Recoveries  | —              | —              | (52)            | —           | (52)            |
| Write-off   | —              | 43             | 3,576           | —           | 3,619           |
| Effect from changes in exchange rates   | —              | —              | (7)             | —           | (7)             |
| <b>At 31 December</b>   | <b>(7,329)</b> | <b>(2,867)</b> | <b>(17,648)</b> | <b>—</b>    | <b>(27,844)</b> |

*(millions of tenge)***15. Loans to customers (continued)****Quality of individually insignificant loans (continued)***Analysis of movements in gross carrying amount and ECL allowance (continued)*

Analysis of movements in gross carrying amount and related ECL for car loans for 2021 is as follows:

| <i>Car loans</i>                                     | <i>2021</i>    |                |                |             | <i>Total</i> |
|--|----------------|----------------|----------------|-------------|--------------|
|  | <i>Stage 1</i> | <i>Stage 2</i> | <i>Stage 3</i> | <i>POCI</i> |              |
| <b>Gross carrying amount at 1 January</b>            | <b>4,657</b>   | <b>5</b>       | <b>485</b>     | <b>—</b>    | <b>5,147</b> |
| New assets originated or purchased                   | 1,291          | —              | —              | —           | 1,291        |
| Assets derecognised or repaid (excluding write-offs) | (1,585)        | —              | (117)          | —           | (1,702)      |
| Transfers to Stage 1                                 | 1              | —              | (1)            | —           | —            |
| Transfers to Stage 2                                 | (3)            | 3              | —              | —           | —            |
| Transfers to Stage 3                                 | —              | (5)            | 5              | —           | —            |
| Net change in accrued interest                       | (1)            | —              | (4)            | —           | (5)          |
| Unwinding of discount                                | —              | —              | 11             | —           | 11           |
| Recoveries   | —              | —              | 180            | —           | 180          |
| Write-off  | —              | —              | (168)          | —           | (168)        |
| Effect from changes in exchange rates                | 7              | —              | 1              | —           | 8            |
| <b>At 31 December</b>                                | <b>4,367</b>   | <b>3</b>       | <b>392</b>     | <b>—</b>    | <b>4,762</b> |

| <i>Car loans</i>  | <i>2021</i>    |                |                |             | <i>Total</i> |
|---|----------------|----------------|----------------|-------------|--------------|
|   | <i>Stage 1</i> | <i>Stage 2</i> | <i>Stage 3</i> | <i>POCI</i> |              |
| <b>ECL at 1 January</b>   | <b>(1)</b>     | <b>—</b>       | <b>(131)</b>   | <b>—</b>    | <b>(132)</b> |
| New assets originated or purchased  | (1)            | —              | —              | —           | (1)          |
| Assets derecognised or repaid (excluding write-offs)  | —              | —              | 23             | —           | 23           |
| Transfers to Stage 1  | —              | —              | —              | —           | —            |
| 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 | 2              | —              | 84             | —           | 86           |
| Unwinding of discount   | —              | —              | (11)           | —           | (11)         |
| Recoveries  | —              | —              | (180)          | —           | (180)        |
| Write-off   | —              | —              | 168            | —           | 168          |
| Effect from changes in exchange rates   | —              | —              | —              | —           | —            |
| <b>At 31 December</b>   | <b>—</b>       | <b>—</b>       | <b>(47)</b>    | <b>—</b>    | <b>(47)</b>  |

*(millions of tenge)***15. Loans to customers (continued)****Quality of individually insignificant loans (continued)***Analysis of movements in gross carrying amount and ECL allowance (continued)*

Analysis of movements in gross carrying amount and related ECL for car loans for 2020 is as follows:

| <i>Car loans</i>                                     | <i>2020</i>    |                |                |             | <i>Total</i> |
|--|----------------|----------------|----------------|-------------|--------------|
|  | <i>Stage 1</i> | <i>Stage 2</i> | <i>Stage 3</i> | <i>POCI</i> |              |
| <b>Gross carrying amount at 1 January</b>            | 1,495          | 2              | 458            | —           | 1,955        |
| New assets originated or purchased                   | 5,986          | —              | —              | —           | 5,986        |
| Assets derecognised or repaid (excluding write-offs) | (2,880)        | —              | (25)           | —           | (2,905)      |
| Transfers to Stage 1                                 | 4              | (2)            | (2)            | —           | —            |
| Transfers to Stage 2                                 | (24)           | 24             | —              | —           | —            |
| Transfers to Stage 3                                 | —              | (19)           | 19             | —           | —            |
| Net change in accrued interest                       | 64             | —              | 7              | —           | 71           |
| Unwinding of discount                                | —              | —              | 22             | —           | 22           |
| Recoveries   | —              | —              | 20             | —           | 20           |
| Write-off  | —              | —              | (15)           | —           | (15)         |
| Effect from changes in exchange rates                | 12             | —              | 1              | —           | 13           |
| <b>At 31 December</b>                                | <b>4,657</b>   | <b>5</b>       | <b>485</b>     | <b>—</b>    | <b>5,147</b> |

| <i>Car loans</i>  | <i>2020</i>    |                |                |             | <i>Total</i> |
|---|----------------|----------------|----------------|-------------|--------------|
|   | <i>Stage 1</i> | <i>Stage 2</i> | <i>Stage 3</i> | <i>POCI</i> |              |
| <b>ECL at 1 January</b>   | —              | —              | (91)           | —           | (91)         |
| New assets originated or purchased  | (7)            | —              | —              | —           | (7)          |
| Assets derecognised or repaid (excluding write-offs)  | 3              | —              | 14             | —           | 17           |
| Transfers to Stage 1  | —              | —              | —              | —           | —            |
| 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 | 3              | —              | (26)           | —           | (23)         |
| Unwinding of discount   | —              | —              | (22)           | —           | (22)         |
| Recoveries  | —              | —              | (20)           | —           | (20)         |
| Write-off   | —              | —              | 15             | —           | 15           |
| Effect from changes in exchange rates   | —              | —              | (1)            | —           | (1)          |
| <b>At 31 December</b>   | <b>(1)</b>     | <b>—</b>       | <b>(131)</b>   | <b>—</b>    | <b>(132)</b> |

*(millions of tenge)***15. Loans to customers (continued)****Quality of individually insignificant loans (continued)***Analysis of movements in gross carrying amount and ECL allowance (continued)*

Analysis of movements in gross carrying amount and related ECL for credit cards for 2021 is as follows:

| <i>Credit cards</i>                                  | <i>2021</i>    |                |                | <i>POCI</i> | <i>Total</i> |
|--|----------------|----------------|----------------|-------------|--------------|
|  | <i>Stage 1</i> | <i>Stage 2</i> | <i>Stage 3</i> |             |              |
| <b>Gross carrying amount at 1 January</b>            | 4,224          | 124            | 1,131          | —           | 5,479        |
| New assets originated or purchased                   | 26,537         | —              | 164            | —           | 26,701       |
| Assets derecognised or repaid (excluding write-offs) | (26,381)       | (221)          | (315)          | —           | (26,917)     |
| Transfers to Stage 1                                 | 223            | (139)          | (84)           | —           | —            |
| Transfers to Stage 2                                 | (595)          | 604            | (9)            | —           | —            |
| Transfers to Stage 3                                 | (193)          | (268)          | 461            | —           | —            |
| Net change in accrued interest                       | (11)           | (1)            | —              | —           | (12)         |
| Unwinding of discount                                | —              | —              | 75             | —           | 75           |
| Recoveries   | —              | —              | 44             | —           | 44           |
| Write-off  | —              | —              | (910)          | —           | (910)        |
| Effect from changes in exchange rates                | 1              | —              | —              | —           | 1            |
| <b>At 31 December</b>                                | <b>3,805</b>   | <b>99</b>      | <b>557</b>     | <b>—</b>    | <b>4,461</b> |

| <i>Credit cards</i>   | <i>2021</i>    |                |                | <i>POCI</i> | <i>Total</i>   |
|---|----------------|----------------|----------------|-------------|----------------|
|   | <i>Stage 1</i> | <i>Stage 2</i> | <i>Stage 3</i> |             |                |
| <b>ECL at 1 January</b>   | (523)          | (114)          | (737)          | —           | (1,374)        |
| New assets originated or purchased  | (3,899)        | —              | —              | —           | (3,899)        |
| Assets derecognised or repaid (excluding write-offs)  | 3,876          | 202            | 245            | —           | 4,323          |
| Transfers to Stage 1  | (193)          | 127            | 66             | —           | —              |
| Transfers to Stage 2  | 87             | (94)           | 7              | —           | —              |
| Transfers to Stage 3  | 28             | 245            | (273)          | —           | —              |
| Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period | (23)           | (490)          | (628)          | —           | (1,141)        |
| Unwinding of discount   | —              | —              | (75)           | —           | (75)           |
| Recoveries  | —              | —              | (44)           | —           | (44)           |
| Write-off   | —              | —              | 910            | —           | 910            |
| Effect from changes in exchange rates   | —              | 34             | 24             | —           | 58             |
| <b>At 31 December</b>   | <b>(647)</b>   | <b>(90)</b>    | <b>(505)</b>   | <b>—</b>    | <b>(1,242)</b> |

*(millions of tenge)***15. Loans to customers (continued)****Quality of individually insignificant loans (continued)***Analysis of movements in gross carrying amount and ECL allowance (continued)*

Analysis of movements in gross carrying amount and related ECL for credit cards for 2020 is as follows:

| <i>Credit cards</i>                                  | <i>2020</i>    |                |                | <i>POCI</i> | <i>Total</i> |
|--|----------------|----------------|----------------|-------------|--------------|
|  | <i>Stage 1</i> | <i>Stage 2</i> | <i>Stage 3</i> |             |              |
| <b>Gross carrying amount at 1 January</b>            | 4,903          | 168            | 620            | —           | 5,691        |
| New assets originated or purchased                   | 29,905         | —              | —              | —           | 29,905       |
| Disposal of a subsidiary                             | (105)          | (3)            | (55)           | —           | (163)        |
| Assets derecognised or repaid (excluding write-offs) | (29,264)       | (6)            | (3)            | —           | (29,273)     |
| Transfers to Stage 1                                 | 361            | (231)          | (130)          | —           | —            |
| Transfers to Stage 2                                 | (743)          | 770            | (27)           | —           | —            |
| Transfers to Stage 3                                 | (339)          | (556)          | 895            | —           | —            |
| Net change in accrued interest                       | 104            | —              | 25             | —           | 129          |
| Unwinding of discount                                | —              | —              | 94             | —           | 94           |
| Recoveries   | —              | —              | 3              | —           | 3            |
| Write-off  | —              | —              | (131)          | —           | (131)        |
| Effect from changes in exchange rates                | (598)          | (18)           | (160)          | —           | (776)        |
| <b>At 31 December</b>                                | <b>4,224</b>   | <b>124</b>     | <b>1,131</b>   | <b>—</b>    | <b>5,479</b> |

| <i>Credit cards</i>   | <i>2020</i>    |                |                | <i>POCI</i> | <i>Total</i>   |
|---|----------------|----------------|----------------|-------------|----------------|
|   | <i>Stage 1</i> | <i>Stage 2</i> | <i>Stage 3</i> |             |                |
| <b>ECL at 1 January</b>   | (995)          | (156)          | (521)          | —           | (1,672)        |
| New assets originated or purchased  | (3,807)        | (1)            | —              | —           | (3,808)        |
| Assets derecognised or repaid (excluding write-offs)  | 4,170          | 2              | 3              | —           | 4,175          |
| Transfers to Stage 1  | (190)          | 83             | 107            | —           | —              |
| Transfers to Stage 2  | 116            | (137)          | 21             | —           | —              |
| Transfers to Stage 3  | 81             | 160            | (241)          | —           | —              |
| Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period | (305)          | (75)           | (290)          | —           | (670)          |
| Unwinding of discount   | —              | —              | (94)           | —           | (94)           |
| Recoveries  | —              | —              | (3)            | —           | (3)            |
| Write-off   | —              | —              | 131            | —           | 131            |
| Effect from changes in exchange rates   | 407            | 10             | 150            | —           | 567            |
| <b>At 31 December</b>   | <b>(523)</b>   | <b>(114)</b>   | <b>(737)</b>   | <b>—</b>    | <b>(1,374)</b> |

*(millions of tenge)***15. Loans to customers (continued)****Quality of individually insignificant loans (continued)***Analysis of movements in gross carrying amount and ECL allowance (continued)*

Analysis of movements in gross carrying amount and related ECL for collateralised loans for 2021 is as follows:

| <i>Other loans secured by collateral</i>             | <i>2021</i>    |                |                | <i>POCI</i>   | <i>Total</i>  |
|--|----------------|----------------|----------------|---------------|---------------|
|  | <i>Stage 1</i> | <i>Stage 2</i> | <i>Stage 3</i> |               |               |
| <b>Gross carrying amount at 1 January</b>            | 83,713         | 1,954          | 48,121         | 18,437        | 152,225       |
| New assets originated or purchased                   | 9,698          | —              | —              | 2,569         | 12,267        |
| Assets derecognised or repaid (excluding write-offs) | (40,877)       | (1,096)        | (5,588)        | (4,203)       | (51,764)      |
| Transfers to Stage 1                                 | 7,417          | (3,058)        | (4,359)        | —             | —             |
| Transfers to Stage 2                                 | (5,459)        | 6,786          | (1,327)        | —             | —             |
| Transfers to Stage 3                                 | (2,456)        | (2,842)        | 5,298          | —             | —             |
| Net change in accrued interest                       | (896)          | (18)           | (1,202)        | 488           | (1,628)       |
| Unwinding of discount                                | —              | —              | 2,405          | —             | 2,405         |
| Adjustment of the gross value of POCI assets         | —              | —              | —              | 3,100         | 3,100         |
| Recoveries   | —              | —              | 814            | —             | 814           |
| Write-off  | —              | —              | (21,265)       | (3,546)       | (24,811)      |
| Effect from changes in exchange rates                | 43             | —              | 16             | 18            | 77            |
| <b>At 31 December</b>                                | <b>51,183</b>  | <b>1,726</b>   | <b>22,913</b>  | <b>16,863</b> | <b>92,685</b> |

| <i>Other loans secured by collateral</i>  | <i>2021</i>    |                |                | <i>POCI</i>  | <i>Total</i>   |
|---|----------------|----------------|----------------|--------------|----------------|
|   | <i>Stage 1</i> | <i>Stage 2</i> | <i>Stage 3</i> |              |                |
| <b>ECL at 1 January</b>   | (123)          | (17)           | (16,533)       | 749          | (15,924)       |
| New assets originated or purchased  | (34)           | —              | —              | —            | (34)           |
| Assets derecognised or repaid (excluding write-offs)  | 45             | 9              | 1,414          | —            | 1,468          |
| Transfers to Stage 1  | (203)          | 93             | 110            | —            | —              |
| Transfers to Stage 2  | 26             | (128)          | 102            | —            | —              |
| Transfers to Stage 3  | 4              | 55             | (59)           | —            | —              |
| Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period | 247            | (23)           | (6,763)        | (1,888)      | (8,427)        |
| Unwinding of discount   | —              | —              | (2,405)        | —            | (2,405)        |
| Adjustment of the gross value of POCI assets  | —              | —              | —              | (3,100)      | (3,100)        |
| Recoveries  | —              | —              | (814)          | —            | (814)          |
| Write-off   | —              | —              | 21,265         | 3,546        | 24,811         |
| Effect from changes in exchange rates   | —              | —              | (38)           | —            | (38)           |
| <b>At 31 December</b>   | <b>(38)</b>    | <b>(11)</b>    | <b>(3,721)</b> | <b>(693)</b> | <b>(4,463)</b> |

(millions of tenge)

**15. Loans to customers (continued)****Quality of individually insignificant loans (continued)***Analysis of movements in gross carrying amount and ECL allowance (continued)*

Analysis of movements in gross carrying amount and related ECL for collateralised loans for 2020 is as follows:

| <i>Other loans secured by collateral</i>             | <i>2020</i>    |                |                | <i>POCI</i>   | <i>Total</i>   |
|--|----------------|----------------|----------------|---------------|----------------|
|  | <i>Stage 1</i> | <i>Stage 2</i> | <i>Stage 3</i> |               |                |
| <b>Gross carrying amount at 1 January</b>            | 124,553        | 6,801          | 58,674         | 13,199        | 203,227        |
| New assets originated or purchased                   | 17,003         | —              | —              | 5,526         | 22,529         |
| Disposal of a subsidiary                             | (70)           | —              | —              | —             | (70)           |
| Assets derecognised or repaid (excluding write-offs) | (53,481)       | (1,676)        | (12,596)       | —             | (67,753)       |
| Transfers to Stage 1                                 | 4,957          | (3,227)        | (1,730)        | —             | —              |
| Transfers to Stage 2                                 | (8,492)        | 10,014         | (1,522)        | —             | —              |
| Transfers to Stage 3                                 | (2,062)        | (10,088)       | 12,150         | —             | —              |
| Net change in accrued interest                       | 1,145          | 126            | 1,350          | 260           | 2,881          |
| Unwinding of discount                                | —              | —              | 3,560          | —             | 3,560          |
| Recoveries   | —              | —              | 3,532          | —             | 3,532          |
| Write-off  | —              | —              | (15,428)       | (597)         | (16,025)       |
| Effect from changes in exchange rates                | 160            | 4              | 131            | 49            | 344            |
| <b>At 31 December</b>                                | <b>83,713</b>  | <b>1,954</b>   | <b>48,121</b>  | <b>18,437</b> | <b>152,225</b> |

| <i>Other loans secured by collateral</i>  | <i>2020</i>    |                |                 | <i>POCI</i> | <i>Total</i>    |
|---|----------------|----------------|-----------------|-------------|-----------------|
|   | <i>Stage 1</i> | <i>Stage 2</i> | <i>Stage 3</i>  |             |                 |
| <b>ECL at 1 January</b>   | (132)          | (28)           | (16,563)        | 1,761       | (14,962)        |
| New assets originated or purchased  | (167)          | —              | —               | —           | (167)           |
| Assets derecognised or repaid (excluding write-offs)  | 26             | 15             | 3,724           | 160         | 3,925           |
| Transfers to Stage 1  | (131)          | 61             | 70              | —           | —               |
| Transfers to Stage 2  | 14             | (52)           | 38              | —           | —               |
| Transfers to Stage 3  | 32             | 44             | (76)            | —           | —               |
| Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period | 235            | (57)           | (11,957)        | (1,769)     | (13,548)        |
| Unwinding of discount   | —              | —              | (3,560)         | —           | (3,560)         |
| Recoveries  | —              | —              | (3,532)         | —           | (3,532)         |
| Write-off   | —              | —              | 15,428          | 597         | 16,025          |
| Effect from changes in exchange rates   | —              | —              | (105)           | —           | (105)           |
| <b>At 31 December</b>   | <b>(123)</b>   | <b>(17)</b>    | <b>(16,533)</b> | <b>749</b>  | <b>(15,924)</b> |

In 2021, the Bank revised the composition of key macroeconomic factors used in calculating the ECL approach to the timing of defaults, as well as the application of PIT calibration. As a result of the amendments, the ECL allowance was reduced by the Group in the amount of 2,353 million tenge.

The amounts of undiscounted ECL at initial recognition on purchased credit-impaired loans to customers that were initially recognised in 2021 and 2020 were as follows:

|  | <i>2021</i>  | <i>2020</i>  |
|--|--------------|--------------|
| Mortgage loans   | 487          | 629          |
| Other loans secured by collateral                            | 695          | 702          |
| <b>Total undiscounted ECL at initial recognition of POCI</b> | <b>1,182</b> | <b>1,331</b> |



*(millions of tenge)***15. Loans to customers (continued)****Quality of individually insignificant loans (continued)***Analysis of movements in gross carrying amount and ECL allowance (continued)*

In 2020, the Group converted and forgave foreign currency loans under the state program for refinancing mortgage and housing loans to customers. At the time of conversion and forgiveness, the carrying amount of these loans was 23,768 million tenge. All loans were in Stage 3 at the time of conversion. Previously written-off loans, for which the right to claim was not terminated, were also subject to conversion and forgiveness. As a result of loan conversion and forgiveness, the Group recognized a loss on derecognition of loans to customers in the amount of 15,670 million tenge. In 2021, as part of this program, the Group forgave loans from socially vulnerable segments of the population. At the time of forgiveness, the value of the loans was 14,286 million tenge. As a result, the Group recognized a loss on derecognition of loans to customers in the amount of 10,004 million tenge.

As part of this government program, the Group attracted deposits from Kazakhstan Sustainability Fund JSC with a nominal interest rate of 0.10% to 2.99% per annum and payable at maturity in 2038-2050 (*Note 20*). Income on initial recognition of borrowings amounted to 14,083 million tenge (2020: 26,879 million tenge) and was recognized net of a loss as a result of derecognition of loans to customers in “Net gains on derecognition of financial assets measured at amortized cost”.

In 2020, the Group introduced certain changes in its process of estimation of expected credit losses in the context of the ongoing COVID-19 pandemic. In particular, it has revised indicators of significant increase in credit risk and does not automatically consider the credit risk to have significantly increased in the case of a loan modification being part of the government support measures. The Group also updated forward looking information, including forecasts of macroeconomic indicators. In addition, the management of the Group made additional adjustments to expected credit losses as at 31 December 2020 in the amount of 617 million tenge.

**Modified and renegotiated loans**

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

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

The Group has modified the terms and conditions of certain mortgage and consumer loans, and introduced payment holidays, as part of the measures introduced by the government related to consequences of COVID-19 pandemic. As a result, the Group recognized a loss from the modification of the terms of loans to customers, which amounted to 64 million tenge, as part of other expenses in the consolidated statement of comprehensive income (for 2020: 2.005 million tenge) (*Note 10*). As at 31 December 2021, the principal and interest prolongation program has been completed.

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

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

(millions of tenge)

**15. Loans to customers (continued)****Modified and renegotiated loans (continued)**

|  | <i>31 December 2020</i> |                |                |              |                |
|--|-------------------------|----------------|----------------|--------------|----------------|
|  | <i>Stage 1</i>          | <i>Stage 2</i> | <i>Stage 3</i> | <i>POCI</i>  | <i>Total</i>   |
| Individually significant loans                     | 11,126                  | 932            | 31,620         | —            | 43,678         |
| Individually insignificant corporate loans         | 31,414                  | 1,033          | 10,833         | —            | 43,280         |
| Mortgage loans                                     | 5,811                   | 293            | 610            | 1,818        | 8,532          |
| Consumer loans                                     | 27,112                  | 1,874          | 7,914          | —            | 36,900         |
| Car loans  | 103                     | —              | —              | —            | 103            |
| Credit cards                                       | 80                      | 1              | 52             | —            | 133            |
| Other loans secured by collateral                  | 29,577                  | 1,434          | 5,674          | 2,868        | 39,553         |
| <b>Loans to customers before allowance for ECL</b> | <b>105,223</b>          | <b>5,567</b>   | <b>56,703</b>  | <b>4,686</b> | <b>172,179</b> |

As at 31 December 2021, the share of non-past due Phase 3 loans and POCI issued to customers who were granted with a delay in payment due to the COVID-19 pandemic is 62,35% (31 December 2020: 55,31%).

**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 such as shareholders of borrowers represented by small and medium-sized businesses are not taken into account in assessing the impairment.

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

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

The main types of collateral obtained are as follows:

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

As at 31 December 2021, loans net of ECL allowance overdue over 90 days amount to 51,889 million tenge (as at 31 December 2020: 55,157 million tenge). As at 31 December 2021, the total fair value of collateral securing such loans, limited to the gross value of the respective loans, amounted to 52,587 million tenge (31 December 2020: 69,011 million tenge).

*Collateral withdrawn*

In 2021, the Group received property classified within other assets with a carrying amount of 4,385 million tenge (2020: 7,717 million tenge) by obtaining control over collateral for loans issued to customers (*Note 18*). The Group's policy assumes sale of these assets as soon as it is practicable.

**Concentration of loans to customers**

As at 31 December 2021, the Group had a concentration of loans represented by 164,689 million tenge due from the ten largest independent borrowers or 19.44% of gross loan portfolio (31 December 2020: 130,709 million tenge or 15.69% of gross loan portfolio). Allowance for ECL on these loans is 1,282 million tenge (31 December 2020: 2,431 million tenge).

*(millions of tenge)***15. Loans to customers (continued)****Industry and geographical analysis of loans**

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

|  | <i>31 December<br/>2021</i> | <i>31 December<br/>2020</i> |
|--|-----------------------------|-----------------------------|
| Loans to retail customers                        | 360,546                     | 419,821                     |
| Metallurgy                                       | 68,633                      | 60,180                      |
| Wholesale trading                                | 64,154                      | 48,433                      |
| Services provided by small and medium businesses | 59,006                      | 44,486                      |
| Retail services                                  | 45,686                      | 35,793                      |
| Real estate activities                           | 44,750                      | 49,556                      |
| Financial services                               | 34,131                      | 20,831                      |
| Food industry                                    | 26,448                      | 21,514                      |
| Construction                                     | 22,927                      | 20,475                      |
| Transport  | 19,533                      | 16,543                      |
| Postal and communication services                | 16,662                      | 6,100                       |
| Agriculture                                      | 9,565                       | 6,752                       |
| Textile production                               | 8,368                       | 7,154                       |
| Production of crude oil and natural gas          | 2,884                       | 5,924                       |
| Metal products manufacturing                     | 2,587                       | 3,026                       |
| Chemical industry                                | 2,454                       | 2,326                       |
| Manufacturing                                    | 1,885                       | 1,924                       |
| Machine-building                                 | 264                         | 554                         |
| Other  | 56,656                      | 61,635                      |
|  | <b>847,139</b>              | <b>833,027</b>              |
| Allowance for ECL                                | <b>(38,191)</b>             | <b>(83,285)</b>             |
|  | <b>808,948</b>              | <b>749,742</b>              |

**Finance lease receivables**

As at 31 December 2021 and 31 December 2020 loans to customers include finance lease receivables of 7.997 million tenge and 5.864 million tenge, respectively.

|   | <i>31 December<br/>2021</i> | <i>31 December<br/>2020</i> |
|---|-----------------------------|-----------------------------|
| Minimum lease payments receivable                                   | 10,723                      | 7,336                       |
| Unearned finance income   | (2,312)                     | (1,130)                     |
| <b>Net minimum lease payments receivable</b>                        | <b>8,411</b>                | <b>6,206</b>                |
| Less: ECL allowance   | (414)                       | (342)                       |
| <b>Net investment in finance leases</b>                             | <b>7,997</b>                | <b>5,864</b>                |
| Current portion of minimum lease payments                           | 2,794                       | 4,010                       |
| Current portion of unearned finance income                          | (307)                       | (276)                       |
| <b>Current portion of net minimum lease payments receivable</b>     | <b>2,487</b>                | <b>3,734</b>                |
| Non-current portion of minimum lease payments                       | 7,929                       | 3,326                       |
| Non-current portion of unearned finance income                      | (2,005)                     | (854)                       |
| <b>Non-current portion of net minimum lease payments receivable</b> | <b>5,924</b>                | <b>2,472</b>                |
| <b>Net minimum lease payments receivable</b>                        | <b>8,411</b>                | <b>6,206</b>                |

*(millions of tenge)***15. Loans to customers (continued)****Finance lease receivables (continued)**

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

| <i>At 31 December 2021</i>                   | <i>Up to<br/>1 year</i> | <i>From 1 to<br/>2 years</i> | <i>2 to<br/>3 years</i> | <i>3 to<br/>4 years</i> | <i>4 to<br/>5 years</i> | <i>Total</i> |
|--|-------------------------|------------------------------|-------------------------|-------------------------|-------------------------|--------------|
| Minimum lease payments receivable            | 2,794                   | 4,179                        | 3,420                   | 278                     | 52                      | 10,723       |
| Unearned finance income                      | (307)                   | (869)                        | (1,009)                 | (104)                   | (23)                    | (2,312)      |
| <b>Net minimum lease payments receivable</b> | <b>2,487</b>            | <b>3,310</b>                 | <b>2,411</b>            | <b>174</b>              | <b>29</b>               | <b>8,411</b> |

| <i>At 31 December 2020</i>                   | <i>Up to<br/>1 year</i> | <i>From 1 to<br/>2 years</i> | <i>2 to<br/>3 years</i> | <i>3 to<br/>4 years</i> | <i>4 to<br/>5 years</i> | <i>Total</i> |
|--|-------------------------|------------------------------|-------------------------|-------------------------|-------------------------|--------------|
| Minimum lease payments receivable            | 4,010                   | 2,244                        | 818                     | 206                     | 58                      | 7,336        |
| Unearned finance income                      | (276)                   | (470)                        | (265)                   | (87)                    | (32)                    | (1,130)      |
| <b>Net minimum lease payments receivable</b> | <b>3,734</b>            | <b>1,774</b>                 | <b>553</b>              | <b>119</b>              | <b>26</b>               | <b>6,206</b> |

*(millions of tenge)***16. Investment securities**

Investment securities, including those pledged under repurchase agreements, comprise:

|  | <i>31 December<br/>2021</i> | <i>31 December<br/>2020</i> |
|--|-----------------------------|-----------------------------|
| <b>Debt securities at amortized cost</b>   |                             |                             |
| <b>Government bonds</b>  |                             |                             |
| Bonds of the NBRK rated BBB-   | —                           | 6,543                       |
| Treasury bills of the Ministry of Finance of the Republic of Kazakhstan rated BBB- | 21,523                      | 17,128                      |
| Bonds of foreign countries rated at BB- to BB+                                     | 870                         | 848                         |
| <b>Total government bonds</b>  | <b>22,393</b>               | <b>24,519</b>               |
| <b>Corporate bonds</b>   |                             |                             |
| Rated from BBB- to BBB+  | 177,244                     | 82,935                      |
| Rated from BB- to BB+  | 83,965                      | 160,804                     |
| <b>Total corporate bonds</b>   | <b>261,209</b>              | <b>243,739</b>              |
| <b>Bonds of banks</b>  |                             |                             |
| Rated from BBB- to BBB+  | 1,643                       | —                           |
| Rated from BB- to BB+  | —                           | 1,639                       |
| Rated from B- to B+  | 5,310                       | 5,208                       |
| <b>Total bonds of banks</b>  | <b>6,953</b>                | <b>6,847</b>                |
| <b>Investment securities measured at amortised cost before ECL allowance</b>       | <b>290,555</b>              | <b>275,105</b>              |
| Allowance for ECL  | (274)                       | (932)                       |
| <b>Investment securities measured at amortized cost</b>                            | <b>290,281</b>              | <b>274,173</b>              |
| <b>Debt securities at FVOCI</b>  |                             |                             |
| <b>Government bonds</b>  |                             |                             |
| Bonds of the NBRK rated BBB-   | 49,202                      | 91,083                      |
| Treasury bills of the Ministry of Finance of the Republic of Kazakhstan rated BBB- | 507,422                     | 276,764                     |
| Bonds of the Sultanate of Oman rated at BB   | —                           | 1,265                       |
| <b>Total government bonds</b>  | <b>556,624</b>              | <b>369,112</b>              |
| <b>Corporate bonds</b>   |                             |                             |
| Rated from BBB- to BBB+  | 111,770                     | 81,341                      |
| Rated from BB- to BB+  | 5,765                       | 435                         |
| <b>Total corporate bonds</b>   | <b>117,535</b>              | <b>81,776</b>               |
| <b>Bonds of banks</b>  |                             |                             |
| Rated from BBB- to BBB+  | 17,271                      | 12,124                      |
| Rated from BB- to BB+  | 303                         | 38,455                      |
| Rated below B+   | 3,095                       | 4,455                       |
| <b>Total bonds of banks</b>  | <b>20,669</b>               | <b>55,034</b>               |
| <b>Investment securities measured at FVOCI</b>                                     | <b>694,828</b>              | <b>505,922</b>              |

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

As at 31 December 2021, investment securities measured at FVOCI, represented by treasury bonds of the Ministry of Finance of the Republic of Kazakhstan, with a fair value of 25,062 million tenge, were pledged under the repurchase agreements entered into at the KASE (*Note 27*).

As at 31 December 2020, investment securities measured at FVOCI, represented by treasury bonds of the Ministry of Finance of the Republic of Kazakhstan, with a fair value of 23,466 million tenge, were pledged under the repurchase agreements entered into at the KASE (*Note 28*).

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 31 December 2021, the total carrying amount of these bonds was 236,849 million tenge (31 December 2020: 236,933 million tenge).

The Group's debt securities issued held by SWF Samruk-Kazyna JSC (*Note 21*), with a total nominal value of 220,000 million tenge, serve as collateral for liabilities to the Group on the above mentioned bonds.

*(millions of tenge)***17. Property and equipment**

The movements in property and equipment were as follows:

|   | <i>Land</i> | <i>Buildings</i> | <i>Computers</i> | <i>Motor<br/>vehicles</i> | <i>Construction<br/>-in-progress<br/>and assets to<br/>be installed</i> | <i>Other</i> | <i>Right-of-use<br/>asset</i> | <i>Total</i> |
|---|-------------|------------------|------------------|---------------------------|---|--------------|-------------------------------|--------------|
| <b>Cost</b>                                   |             |                  |                  |                           |   |              |                               |              |
| <b>At 1 January 2020</b>                      | 3,143       | 43,347           | 4,991            | 481                       | 7,236   | 27,241       | 2,553                         | 88,992       |
| Additions                                     | 15          | 242              | 1,117            | 5                         | 860   | 3,876        | 1,516                         | 7,631        |
| Transfers                                     | —           | 4,162            | 41               | —                         | (6,869)   | 1,717        | —                             | (949)        |
| Disposals                                     | (30)        | (19)             | (152)            | (7)                       | —   | (1,173)      | (929)                         | (2,310)      |
| Disposals as a result of sale of a subsidiary | (486)       | (3,503)          | (752)            | (26)                      | —   | (959)        | (252)                         | (5,978)      |
| <b>At 31 December 2020</b>                    | 2,642       | 44,229           | 5,245            | 453                       | 1,227   | 30,702       | 2,888                         | 87,386       |
| Additions                                     | —           | 112              | 495              | 39                        | 712   | 1,655        | 683                           | 3,696        |
| Transfers                                     | —           | —                | 60               | —                         | (719)   | 659          | —                             | —            |
| Disposals                                     | —           | (49)             | (73)             | —                         | —   | (1,780)      | (729)                         | (2,631)      |
| <b>At 31 December 2021</b>                    | 2,642       | 44,292           | 5,727            | 492                       | 1,220   | 31,236       | 2,842                         | 88,451       |
| <b>Accumulated depreciation</b>               |             |                  |                  |                           |   |              |                               |              |
| <b>At 1 January 2020</b>                      | —           | (3,421)          | (2,374)          | (299)                     | —   | (11,425)     | (818)                         | (18,337)     |
| Depreciation charge for the year              | —           | (1,078)          | (732)            | (52)                      | —   | (3,804)      | (625)                         | (6,291)      |
| Transfers                                     | —           | —                | —                | —                         | —   | —            | —                             | —            |
| Disposals                                     | —           | 19               | 109              | 6                         | —   | 1,032        | 384                           | 1,550        |
| Disposals as a result of sale of a subsidiary | —           | 330              | 481              | 7                         | —   | 556          | 132                           | 1,506        |
| <b>At 31 December 2020</b>                    | —           | (4,150)          | (2,516)          | (338)                     | —   | (13,641)     | (927)                         | (21,572)     |
| Depreciation charge for the year              | —           | (1,071)          | (759)            | (51)                      | —   | (4,021)      | (568)                         | (6,470)      |
| Disposals                                     | —           | 22               | 38               | —                         | —   | 1,749        | 419                           | 2,228        |
| <b>At 31 December 2021</b>                    | —           | (5,199)          | (3,237)          | (389)                     | —   | (15,913)     | (1,076)                       | (25,814)     |
| <b>Net book value</b>                         |             |                  |                  |                           |   |              |                               |              |
| <b>At 1 January 2020</b>                      | 3,143       | 39,926           | 2,617            | 182                       | 7,236   | 15,816       | 1,735                         | 70,655       |
| <b>At 31 December 2020</b>                    | 2,642       | 40,079           | 2,729            | 115                       | 1,227   | 17,061       | 1,961                         | 65,814       |
| <b>At 31 December 2021</b>                    | 2,642       | 39,093           | 2,490            | 103                       | 1,220   | 15,323       | 1,766                         | 62,637       |

As at 31 December 2021, the cost and related accumulated depreciation of fully depreciated property and equipment amounted to 11,868 million tenge (31 December 2020: 9,561 million tenge).

*(millions of tenge)***18. Other assets and other liabilities**

Other assets comprise:

|  | <i>31 December<br/>2021</i> | <i>31 December<br/>2020</i> |
|--|-----------------------------|-----------------------------|
| Accounts receivable for the sale of repossessed collateral | 16,322                      | 14,940                      |
| Government subsidy receivable                              | 2,516                       | 3,177                       |
| Accounts receivable on commission income                   | 1,443                       | 2,590                       |
| Other accounts receivable from bank activities             | 5,732                       | 7,791                       |
|  | <b>26,013</b>               | <b>28,498</b>               |
| Allowance for ECL  | <b>(3,087)</b>              | <b>(4,294)</b>              |
| <b>Other financial assets</b>                              | <b>22,926</b>               | <b>24,204</b>               |
| Repossessed collateral                                     | 36,246                      | 51,694                      |
| Prepayments and other trade receivables                    | 4,911                       | 4,485                       |
| Prepaid taxes other than corporate income tax              | 2,181                       | 2,766                       |
| Investment property  | 2,469                       | 2,908                       |
| Inventories held for sale                                  | 1,761                       | 1,956                       |
| Inventory  | 786                         | 1,001                       |
| Other  | 922                         | 765                         |
|  | <b>49,276</b>               | <b>65,575</b>               |
| Impairment allowance                                       | <b>(86)</b>                 | <b>(44)</b>                 |
| <b>Other non-financial assets</b>                          | <b>49,190</b>               | <b>65,531</b>               |
| <b>Total other assets</b>                                  | <b>72,116</b>               | <b>89,735</b>               |

The Group took possession of collateral with an estimated value of 4,385 million tenge during 2021 (2020: 7,717 million tenge). Even though the Group is currently actively trying to sell these assets, most of them were not sold within a short period of time. Management still intends to sell the repossessed collateral.

Other liabilities comprise:

|   | <i>31 December<br/>2021</i> | <i>31 December<br/>2020</i> |
|---|-----------------------------|-----------------------------|
| Accrued expenses for employee benefits                              | 5,902                       | 4,469                       |
| Payables on non-banking activities                                  | 3,539                       | 3,549                       |
| Lease liabilities   | 1,941                       | 2,099                       |
| Obligations to pay mandatory contributions to the KDIF              | 366                         | 445                         |
| Allowance for ECL for credit related commitments ( <i>Note 30</i> ) | 658                         | 734                         |
| Other   | 1,191                       | 1,450                       |
| <b>Other financial liabilities</b>                                  | <b>13,597</b>               | <b>12,746</b>               |
| Taxes payable other than corporate income tax                       | 2,078                       | 1,749                       |
| Other   | 795                         | 255                         |
| <b>Other non-financial liabilities</b>                              | <b>2,873</b>                | <b>2,004</b>                |
| <b>Total other liabilities</b>                                      | <b>16,470</b>               | <b>14,750</b>               |

*(millions of tenge)***19. Current accounts and deposits of customers**

Current accounts and deposits of customers comprise:

|  | <i>31 December<br/>2021</i> | <i>31 December<br/>2020</i> |
|--|-----------------------------|-----------------------------|
| <b>Current accounts and demand deposits</b>                                |                             |                             |
| - Retail customers   | 91,195                      | 84,652                      |
| - Corporate customers  | 439,278                     | 369,583                     |
| <b>Time deposits</b>   |                             |                             |
| - Retail customers   | 478,679                     | 437,787                     |
| - Corporate customers  | 661,904                     | 419,687                     |
| <b>Guarantee deposits</b>  |                             |                             |
| - Retail customers   | 17,462                      | 18,148                      |
| - Corporate customers  | 45,241                      | 57,310                      |
|  | <b>1,733,759</b>            | <b>1,387,167</b>            |
| <b>Held as security against letters of credit and guarantees (Note 30)</b> | <b>(2,416)</b>              | <b>(483)</b>                |

**Concentration of current accounts and deposits of customers**

As at 31 December 2021, total amount of account balances of top 10 clients amounted to 386,317 million tenge or 22.28% of total current accounts and deposits of customers (31 December 2020: 300,912 million tenge or 21.69%).

As at 31 December 2021, the Group's outstanding balance of accounts and deposits of individuals and individual entrepreneurs amounted to 243,073 million tenge (31 December 2020: 232,166 million tenge) with limited KDIF insurance coverage on behalf of the Government of the Republic of Kazakhstan.

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

**20. Amounts due to banks and other financial institutions**

Amounts due to banks and other financial institutions comprise:

|   | <i>31 December<br/>2021</i> | <i>31 December<br/>2020</i> |
|---|-----------------------------|-----------------------------|
| Loans and deposits from governmental organizations    | 48,110                      | 45,587                      |
| Loans from other financial institutions               | 22,706                      | 22,553                      |
| Liabilities due to Kazakhstan Sustainability Fund JSC | 14,280                      | 60,400                      |
| Current accounts and deposits of banks                | 93                          | 1,930                       |
|   | <b>85,189</b>               | <b>130,470</b>              |

As at 31 December 2021, loans from public institutions included loans from Entrepreneurship Development Fund "Damu" JSC and Kazakhstan Development Bank JSC in the amount of 34,960 million tenge and 13,079 million tenge, respectively (31 December 2020: 32,417 million tenge and 13,015 million tenge, respectively), as part of the state program to support small and medium-sized businesses by the banking sector. Loans are denominated in tenge, have nominal interest rates from 1.00% to 9.00% per annum and mature in 2022-2035.

As at 31 December 2021 loans from other financial institutions include loans in the amount of 22,706 million tenge (31 December 2020: 22,553 million tenge) received from European Bank for Reconstruction and Development as part of the program for supporting of investments in micro, small and medium businesses in the Republic of Kazakhstan and Women in Business program. The loans are denominated in tenge, bear interest rates of 10.35% per annum and mature in 2023. As at 31 December 2021, a deposit in the amount of 25,794 million tenge placed by the Bank with the EBRD acts as collateral for these obligations (31 December 2020: 25,245 million tenge) (Note 13).



(millions of tenge)

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

As at 31 December 2020, liabilities to the Kazakhstan Sustainability Fund JSC included funds in the amount of 46,756 million tenge received as part of the implementation of measures of the Government of the Republic of Kazakhstan to support small and medium-sized businesses affected by the COVID-19 pandemic. These liabilities include deposits denominated in tenge in the amount of 18,967 million tenge, with a nominal rate of 5.00% per annum and maturing in 2021 and funds in the amount of 27,789 million tenge not providing for the accrual and payment of interest until the moment the said funds are utilized by the Bank (*Note 13*). As at 31 December 2021, the funds were returned to Kazakhstan Sustainability Fund JSC in connection with the completion of the state support program.

As at 31 December 2021, liabilities to Kazakhstan Sustainability Fund JSC include deposits in the amount of 11,734 million tenge (31 December 2020: 10,666 million tenge) as part of the governmental program for refinancing of mortgage and housing loans to customers. In 2020, this program was changed in terms of providing additional aid to mortgage borrowers belonging to the category of socially vulnerable segments of the population, as well as unilateral conversion of foreign currency mortgage loans into tenge. Deposits are denominated in tenge, have nominal interest rates from 0.10% to 2.99% per annum and mature in 2038-2050. The fair value of deposits attracted at initial recognition was determined by the Group using market rates ranging from 14.07% to 14.40% per annum (31 December 2020: from 13.50% to 13.95% per annum). The fair value of mortgage loans upon derecognition as a result of a significant modification was determined by the Group using market rates from 18.07% to 18.40% per annum (31 December 2020: from 17.50% to 17.95% per annum). In 2021, the Group recognized net income from government grants less loss on derecognition of loans to customers in the amount of 4,079 million tenge (2020: 11,209 million tenge) in the consolidated statement of comprehensive income.

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

## 21. Debt securities issued

Debt securities issued comprise:

|                            | <i>Maturity</i> | <i>Coupon rate</i> | <i>31 December 2021</i> | <i>31 December 2020</i> |
|----------------------------|-----------------|--------------------|-------------------------|-------------------------|
| <b>Bonds in US dollars</b> |                 |                    |                         |                         |
| Bonds issued in 2019       | 2022            | 3.00%              | 16,171                  | 16,829                  |
| Eurobonds issued in 2010   | 2022            | 14.00%             | 15,497                  | 15,136                  |
|                            |                 |                    | <b>31,668</b>           | 31,965                  |
| <b>Bonds in tenge</b>      |                 |                    |                         |                         |
| Bonds issued in 2018       | 2024            | 4.00%              | 172,406                 | 159,837                 |
| Bonds issued in 2015       | 2025            | 10.13%             | 49,046                  | 48,400                  |
|                            |                 |                    | <b>221,452</b>          | 208,237                 |
|                            |                 |                    | <b>253,120</b>          | 240,202                 |

In September 2018, the Group 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 (*Note 16*).

## 22. Subordinated debt

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

*(millions of tenge)***23. Share capital**

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

|   | <i>31 December<br/>2021</i> | <i>31 December<br/>2020</i> |
|---|-----------------------------|-----------------------------|
| <b>Common shares</b>                          |                             |                             |
| Number of authorised shares                   | <b>150,003,000,000</b>      | 150,003,000,000             |
| Number of issued shares                       | <b>92,387,104,089</b>       | 92,387,104,089              |
| Number of repurchased shares                  | <b>(1,934,376,697)</b>      | (3,391,835,697)             |
| Number of outstanding shares                  | <b>90,452,727,392</b>       | 88,995,268,392              |
| <b>Total share capital, millions of tenge</b> | <b>329,350</b>              | 327,555                     |

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

|                                       | <i>Quantity<br/>of common<br/>shares</i> | <i>Placement value<br/>of common<br/>shares,<br/>in million tenge</i> |
|---------------------------------------|--|---|
| <b>At 1 January 2021</b>              | <b>88,995,268,392</b>                    | <b>327,555</b>  |
| Sale of previously repurchased shares | <b>1,457,459,000</b>                     | <b>1,795</b>  |
| <b>At 31 December 2021</b>            | <b>90,452,727,392</b>                    | <b>329,350</b>  |
| <b>At 1 January 2020</b>              | <b>89,493,581,272</b>                    | <b>328,377</b>  |
| Purchase of treasury shares           | <b>(498,312,880)</b>                     | <b>(822)</b>  |
| <b>At 31 December 2020</b>            | <b>88,995,268,392</b>                    | <b>327,555</b>  |

In December 2021, the Bank sold previously redeemed GDRs, the underlying asset of which were 1,457,459,000 common shares of the Bank representing in total 1.58% of the total issued common shares of the Bank. The total value of the transaction is 4,337 million tenge.

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

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

**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>2021</i>    | <i>2020</i> |
|---|----------------|-------------|
| <b>At 1 January</b>   | <b>9,207</b>   | 5,858       |
| Net change in fair value of debt instruments at fair value through other comprehensive income   | <b>(320)</b>   | 3,183       |
| Changes in allowance for expected credit losses of debt instruments at fair value through other comprehensive income                          | <b>(1,081)</b> | 338         |
| Reclassification of cumulative gain/(loss) on disposal of debt instruments at fair value through other comprehensive income to profit or loss | <b>195</b>     | (226)       |
| Income tax relating to components of other comprehensive income   | <b>136</b>     | 54          |
| <b>At 31 December</b>   | <b>8,137</b>   | 9,207       |

*(millions of tenge)***24. Earnings per share**

The following reflects the income and share data used in the basic and diluted earnings per share computations.

|  | <b>2021</b>           | <b>2020</b>    |
|--|-----------------------|----------------|
| Net profit attributable to shareholders of the Bank                            | <b>64,060</b>         | 52,962         |
| The average weighted number of common shares<br>for the year ended 31 December | <b>89,111,066,504</b> | 89,112,358,304 |
| Basic and diluted earnings per share, tenge                                    | <b>0.72</b>           | 0.59           |

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

**25. Risk management****Introduction**

Risk management is inherent in the bank activities and is an essential element of the Group's operations. The major risks faced by the Group are those related to market risk, credit risk, liquidity risk and operational risks.

The Group's risk management policies aim to identify, analyse and manage the risks faced by the Group, to set appropriate risk limits and controls, and to monitor continuously risk levels and adherence to limits. Risk management policies and procedures are reviewed regularly to reflect changes in market conditions, bank products and services offered and emerging best practice.

**Risk management structure***Board of Directors*

The Board of Directors has overall responsibility for the oversight of the risk management framework, overseeing the management of key risks and reviewing its risk management policies and procedures as well as approving significantly large exposures.

*Management Board*

The Management Board is responsible for monitoring and implementation of risk mitigation measures and making sure that the Group operates within the established risk parameters. The Head of Risk Management Unit (Credit Risk Function, Strategic Risk Function and Collateral Function) is responsible for the overall risk management and compliance functions, ensuring the implementation of common principles and methods for identifying, measuring, managing and reporting both financial and non-financial risks. He reports directly to the Chairman of the Management Board and indirectly to the Board of Directors.

*Risk Committees*

Credit risk is controlled by a system of credit committees. For improving the efficiency of decision-making process, the Group has established a hierarchy of credit committees depending on the type and amount of risk exposure. Market risks, liquidity risk, as well as credit risks in terms of counterparties and country risks are managed and controlled by the Asset and Liability Management Committee (hereinafter "ALMC"), both at the level of the portfolio as a whole and at the level of individual transactions. Operational risks, including information technology and information security risks, are monitored by the Operations Committee.

*Credit risk function, Strategic risk function*

Both external and internal risk factors are identified and managed throughout the Group. Particular attention is given to identifying the full range of risk factors and determining the level of assurance over current risk mitigation procedures. In addition to the standard analysis of risks to which the Group is exposed, the risk management monitors financial and non-financial risks by holding regular meetings with divisions of the first line of defense to obtain an expert judgement in certain areas of development of the Group's activities.

*Bank Treasury*

The Bank's Treasury is responsible for managing the Group's assets and liabilities and the overall financial structure. It is also primarily responsible for the funding and liquidity risks of the Group.

*(millions of tenge)*

## 25. Risk management (continued)

### Risk management structure (continued)

#### *Internal audit*

Risk management processes throughout the Group are audited annually by the internal audit function, that examines both the adequacy of the procedures and the Group's compliance with the procedures. Internal Audit discusses the results of all assessments with management, and reports its findings and recommendations to the Audit Committee.

#### *Risk measurement and reporting systems*

The Group's risks are measured using a method which reflects the expected loss likely to arise in normal circumstances based on statistical models. The models make use of probabilities derived from historical experience, adjusted to reflect the economic environment. Except for expected losses, the Group also runs worst case scenarios that may arise in the event that extreme events which are unlikely to occur do, in fact, occur.

Monitoring and controlling risks is primarily performed based on limits established by the Group. These limits reflect the business strategy and market environment of the Group as well as the level of risk that the Group is willing to accept. In addition the Group monitors and measures the overall risk bearing capacity in relation to the aggregate risk exposure across all risks types and activities.

Information compiled from all the businesses is examined and processed in order to analyse, control and identify early risks. This information is presented and explained to the Management Board, the Risk Committees, and the head of each business division. The reporting contains information on the total amount of credit, market, operational risks, liquidity indicator and changes in the level of risks. On a monthly basis the Management Board and collegial bodies under the Management Board and on a quarterly basis the Board of Directors receive a detailed risk report, which contains all the information necessary to assess the Group's risks and make appropriate decisions.

For all levels throughout the Group, specifically tailored risk reports are prepared and distributed in order to ensure that all business divisions have access to extensive, necessary and up-to-date information.

Discussions are regularly held at meetings of the Management Board of the Bank, authorized collegial bodies and other employees of the Group on compliance with and maintenance of established limits, investments, liquidity, as well as changes in the level of risk.

#### *Risk mitigation*

As part of risk management, the Group uses a wide range of instruments to manage exposures arising from changes in foreign exchange rates, portfolio price risk, derivative financial instruments, credit risk, and exposures arising from forecast transactions.

The Group is not active in the stock and derivatives markets and actively uses collateral to mitigate its credit risk.

#### *Excessive risk concentration*

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographical location.

In order to avoid excessive concentrations of risks, the Group's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio.

### Credit risk

Credit risk is the risk that the Group will incur a loss because its customers, clients or counterparties failed to discharge their contractual obligations. The Group manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical and industry concentrations, and by monitoring exposures in relation to such limits.

The Group has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties, including regular collateral revisions. Counterparty limits are established by the use of a credit risk classification system, which assigns each counterparty a risk rating. Risk ratings are subject to regular revision. The asset quality assessment procedure allows the Group to assess the amount of potential losses on the risks to which it is exposed and to take the necessary measures if necessary.

(millions of tenge)

## 25. Risk management (continued)

### Credit risk (continued)

#### *Credit-related commitments risks*

The Group makes available to its customers guarantees which may require that the Group make payments on their behalf. Such payments are collected from customers based on the terms of the letter of credit. They expose the Group to similar risks to loans and these are mitigated by the same control processes and policies.

The carrying amount of components of the consolidated statement of financial position without the influence of risk mitigation through the use of master netting agreements and collateral agreements, most accurately reflects the maximum credit exposure on these components.

Where financial instruments are recorded at fair value, the carrying value represents the current credit risk exposure but not the maximum risk exposure that could arise in the future as a result of changes in values.

For more detail on the maximum exposure to credit risk for each class of financial instrument, references shall be made to the specific notes. The effect of collateral and other risk mitigation techniques is shown in *Note 15*.

#### *Impairment assessment*

The Group calculates ECL for insignificant assets on a collective basis and individually significant on the basis of several probability-weighted scenarios to estimate expected cash shortfalls, which are discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive. The mechanics of the ECL calculations are outlined below and the key elements are as follows:

|                              |   |
|------------------------------|---|
| Probability of default (PD)  | <i>The Probability of Default</i> is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.  |
| Exposure at default (EAD)    | <i>The Exposure at Default</i> is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments. |
| The Loss Given Default (LGD) | <i>The Loss Given Default</i> is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.        |

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). The 12mECL is the portion of LTECL that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECL and 12mECL are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. Based on the above process, the Group groups its loans as described below:

|          |  |
|----------|--|
| Stage 1: | When loans are first recognised, the Group recognises an allowance based on 12m ECL.   |
| Stage 2: | When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECL.   |
| Stage 3: | Loans considered credit-impaired. The Group recognizes an allowance for the LTECL.   |
| POCI:    | Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest revenue is subsequently recognised based on a credit-adjusted EIR. ECL are only recognised or released to the extent that there is a subsequent change in the lifetime expected credit losses. |

(millions of tenge)

## 25. Risk management (continued)

### Credit risk (continued)

#### *Definition of default and cure*

The Group considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days and over 90 days (60 days and more for individual financial assets) past due on its contractual payments.

As a part of a qualitative assessment of whether a customer is in default, the Group also considers a variety of instances that may indicate unlikelihood to pay. When such events occur, the Group carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate. Such events include:

- Internal rating of the borrower (corporate business)/counterparty bank indicating default or near-default;
- Suspension of the loan contractual interest accrual due to the deterioration of a financial condition of the borrower;
- Write-off of a portion and/or the entire outstanding amount of the borrower, which was caused by a significant increase in credit risk since a loan has been provided;
- Sale of loans at a significant discount;
- Availability of court decisions on declaring the borrower bankrupt in accordance with the legislation of the Republic of Kazakhstan (not applicable to the co-borrower);
- Blocking of the counterparty's correspondent account (by court order or otherwise);
- Withdrawal of rating assigned at the time of issuing a loan;
- Appeal of the counterparty bank to the court, with an application for declaring it bankrupt in accordance with the legislation of the country of the counterparty bank;
- Revocation/suspension of the license of the counterparty bank;
- Decease of the borrower;
- If the borrower is the issuer of securities registered on the stock exchange, and such securities are undergoing or have gone through the procedure for canceling the issue of securities;
- Debt restructuring due to deterioration of financial condition of the borrower for the last 12 months;
- Moving the borrower to the unit working with non-performing loans.

It is the Group's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3 when none of the default criteria have been present at the reporting date subject to a reduction of the debt on this financial instrument as a result of the repayment of its portion, as well as in the case of restructuring, at least 12 months have passed since the restructuring. The decision whether to classify an asset as Stage 2 or Stage 1 once cured depends on the updated credit grade, at the time of the cure, and whether this indicates there has been a significant increase in credit risk compared to initial recognition.

#### *The internal rating and PD estimation process*

The Bank's Credit Risk Department operates its internal rating models. For corporate business and small and medium-sized businesses borrowers, a single rating model is used. The models incorporate both qualitative and quantitative information and, in addition to information specific to the borrower, utilise supplemental external information that could affect the borrower's behaviour. Where practical, they also build on information from the national and international external rating agencies. PDs, incorporating forward looking information and the IFRS 9 stage classification of the exposure, are assigned for each grade. This is repeated for each economic scenario as appropriate.

#### *Treasury and interbank relationships*

The Group's treasury and interbank relationships and counterparties comprise financial services institutions, banks, broker-dealers, exchanges and clearing-houses. To assess such relationships, the Group's Strategic Risks Function uses publicly available information, such as external ratings of international rating agencies, on which the ECL calculations are based.

(millions of tenge)

## 25. Risk management (continued)

### Credit risk (continued)

#### *Corporate and small business lending*

For corporate loans, the borrowers are assessed by specialised credit risk employees of the Group. The credit risk assessment is based on a financial model that takes into account various historical, current and forward-looking information such as:

- Historical financial information together with forecasts and budgets prepared by the client. This financial information includes realised and expected results, solvency ratios, liquidity ratios and any other relevant ratios to measure the client's financial performance. Some of these indicators are captured in covenants with the clients and are, therefore, measured with greater attention.
- Any publicly available information on the clients from external parties. This includes external rating grades issued by rating agencies, independent analyst reports, publicly traded bond or CDS prices or press releases and articles.
- Any macro-economic or geopolitical information, e.g., GDP growth relevant for the specific industry and geographical segments where the client operates.
- Any other objectively supportable information on the quality and abilities of the client's management relevant for the company's performance.

#### *Retail lending*

Retail lending comprises secured and unsecured personal loans and credit cards. These products are assessed using an automated scoring system. Basic input data used in the models are the following: credit history, the ratio of the amount of the monthly loan payment to wages, as well as the ratio of the loan amount to the value of the acquired property in the case of mortgage lending and the value of collateral in case of other loans secured by collateral.

#### *Exposure at default*

The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the client's ability to increase its exposure while approaching default and potential early repayments too. To calculate the EAD for a Stage 1 loan, the Group assesses the possible default events within 12 months for the calculation of the 12mECL. For Stage 2, Stage 3 and POCI financial assets, the exposure at default is considered for events over the lifetime of the instruments.

The Group determines EADs by modelling the range of possible exposure outcomes at various points in time, corresponding the multiple scenarios. The IFRS 9 PDs are then assigned to each economic scenario based on the outcome of the Group's models.

The Group's product offering includes a variety of corporate and retail overdraft and credit cards facilities, in which the Group has the right to cancel and/or reduce the facilities. The Group does not limit its exposure to credit losses to the contractual notice period, but, instead calculates ECL over a period that reflects the Group's expectations of the customer behaviour, its likelihood of default and the Group's future risk mitigation procedures, which could include reducing or cancelling the facilities. The interest rate used to discount the ECLs for credit cards is based on the original effective interest rate that is expected to be charged over the expected period of exposure to the facilities.

#### *Loss given default*

In case of collateralized lending, the LGD indicator is taken into account, which provides for a discount on the sale of collateral (liquidity ratio) and the expected period of sale of the collateral.

The LGD rate takes into account the expected EAD in comparison to the amount expected to be recovered or realised from any collateral held.

The Group segments its retail lending products into smaller homogeneous portfolios, based on key characteristics that are relevant to the estimation of future cash flows. The applied data is based on historically collected loss data and involves a wider set of transaction characteristics (e.g., product type, wider range of collateral types) as well as borrower characteristics.

Where appropriate, further recent data and forward-looking economic scenarios are used in order to determine the IFRS 9 LGD rate for each group of financial instruments. When assessing forward-looking information, the expectation is based on multiple scenarios. Examples of key inputs involve changes in, collateral values including property prices for mortgages, payment status or other factors that are indicative of losses in the group.

(millions of tenge)

## 25. Risk management (continued)

### Credit risk (continued)

#### *Loss given default (continued)*

LGD rates are estimated for the Stage 1, Stage 2, Stage 3 and POCI segment of each asset class. The inputs for these LGD rates are estimated and, where possible, calibrated through back testing against recent recoveries. LGD levels for securities issuers of the Bank's own securities portfolio are assessed on the basis of external data of the international rating agency Moody's.

#### *Significant increase in credit risk*

The Group continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12mECL or LTECL, the Group assesses whether there has been a significant increase in credit risk since initial recognition. Except for loans to individuals, the Group believes that the credit risk on a financial instrument has increased significantly from the moment of initial recognition if the borrower's rating decreased in comparison with the rating at initial recognition based on an analysis of the Bank's statistics confirming the significance of such a decrease in respect of credit risk.

The Group also applies a secondary qualitative method for triggering a significant increase in credit risk for an asset, for example, deterioration of the Bank's communication with the borrower, which, in the Bank's opinion, may lead to difficulties in repaying the loan or granting a grace period of more than 1 month when the client applies. In certain cases, the Group may also consider that events explained in "Definition of default" section above are a significant increase in credit risk as opposed to a default. Regardless of the change in credit grades, if contractual payments are more than 30 days past due, the credit risk is deemed to have increased significantly since initial recognition.

#### *Grouping financial assets measured on a collective basis*

Dependent on the factors below, the Group calculates ECLs either on a collective or on an individual basis.

Asset classes where the Group calculates ECL on an individual basis include:

- Individually significant financial assets in the corporate business and small and medium-sized businesses portfolio of Stage 2 and Stage 3;
- The treasury and interbank financial assets (such as amounts due from banks, cash equivalents and debt investment securities at amortised cost and fair value through other comprehensive income);
- Purchased credit impaired financial assets managed on a collective basis.

Asset classes where the Group calculates ECL on a collective basis include:

- Individually insignificant loans and individually significant instruments in the portfolio of corporate business and small and medium-sized businesses of Stage 2 and 3;
- Individually significant and individually insignificant financial assets in the corporate business and small and medium-sized businesses portfolio of Stage 1;
- Mortgage loans;
- Consumer unsecured loans;
- Contingency loans;
- Car loans;
- Other loans to individuals;
- Purchased credit impaired financial assets managed on a collective basis.

The Group groups these financial assets into smaller homogeneous portfolios, based on a combination of internal and external characteristics of the loans, for example internal grade, overdue bucket, product type, loan-to-value ratios, or borrower's industry.



*(millions of tenge)***25. Risk management (continued)****Credit risk (continued)***Forward-looking information and multiple economic scenarios*

In 2021, the Group eliminated the following macro factors for the purposes of estimating ECL allowances:

- GDP growth;
- Volume of production of oil and gas condensate;
- Unemployment rates;
- Refinancing rate, %;
- Volume of gross agricultural output;
- Volume of industrial production,
- Volume of retail trade.

As at 31 December 21, the Group uses the following forward-looking information in its ECL calculation models as economic inputs:

- Rate of inflation;
- Real salary index;
- Foreign exchange rates.

The Group obtains the forward-looking information from third party sources (external rating agencies, governmental bodies e.g. NBRK, and international financial institutions). Experts of the Group's Strategic Risks Function determine the weights attributable to the multiple scenarios. Range of predictive values of key factors used by segments/subsegments depending on scenario weights in the ECL calculation as at 31 December 2021 are presented below:

| <b><i>Key drivers</i></b>    | <b><i>ECL scenario</i></b> | <b><i>Assigned probabilities,<br/>%</i></b> | <b><i>Forecast</i></b> |
|------------------------------|----------------------------|---|------------------------|
| <b>USD/KZT exchange rate</b> | Positive                   | 5%  | 392.80-400.13          |
|                              | Base case                  | 50%   | 453.55-462.01          |
|                              | Negative                   | 45%   | 459.24-467.80          |
| <b>Inflation, %</b>          | Positive                   | 5%  | 4.4%                   |
|                              | Base case                  | 50%   | 6.9%                   |
|                              | Negative                   | 45%   | 7%                     |
| <b>Real salary index, %</b>  | Positive                   | 5%  | 11.4%                  |
|                              | Base case                  | 50%   | 1.9%                   |
|                              | Negative                   | 45%   | 0.4%                   |

The table below shows the values of the main forecast economic variables/assumptions that were used in 2020 for the baseline forecast scenario of key macroeconomic factors for the purpose of estimating ECL. This scenario was used as a baseline scenario with a probability of 80%. In addition, the calculations also involved pessimistic and optimistic scenarios with a 10% probability each.

| <b><i>Key drivers</i></b>                                 |       |
|---|-------|
| Brent oil price (Brent ICE), US dollars                   | 20.00 |
| GDP index, % to the previous year                         | 99.4  |
| Volume of oil and gas condensate extraction, million tons | 90.00 |
| Inflation, %  | 10.40 |
| USD/KZT exchange rate                                     | 509.0 |

The amount of the ECL allowance for loans to customers recognized in the consolidated statement of financial position as at 31 December 2021 was 38,191 million tenge (31 December 2020: 83,285 million tenge). More details are provided in *Note 15*.

*(millions of tenge)***25. Risk management (continued)****Credit risk (continued)***Credit quality per class of financial assets*

The Group manages the credit quality of financial assets by analyzing the number of days overdue for the retail and SME segment and on the basis of internal ratings – for corporate loans, for other financial instruments - based on ratings assigned by international rating agencies according to the table below. Credit quality analysis is presented in the respective notes.

| <i><b>Ratings of international<br/>external rating agency (Moody's)</b></i> | <i><b>Ratings of international<br/>external rating agency (Fitch)</b></i> | <i><b>Annual PD</b></i> |
|---|---|-------------------------|
| Aa1 to Aaa  | AA+ to AAA  | 0.00-0.07%              |
| Aa2   | AA  |                         |
| A1 to Aa3   | A+ to AA-   |                         |
| A3 to A2  | A- to A   | 0.04-0.46%              |
| Baa1  | BBB+  |                         |
| Baa2  | BBB   |                         |
| Baa3  | BBB-  |                         |
| Ba1   | BB+   |                         |
| Ba3 to Ba2  | BB- to BB   | 0.74-9.80%              |
| B3 to B1  | B- to B+  |                         |
| Caa2 to Caa1  | CCC to CCC+   |                         |
| Ca to Caa3  | C to CCC-   | 22.05-39.01%            |
| Default   | D   |                         |
|   |   | 100%                    |

LGD levels for securities issuers of the Bank's own securities portfolio are assessed on the basis of external data of the international rating agency Moody's according to the following table:

| <i><b>Securities issuer sector</b></i>         | <i><b>LGD</b></i> |
|--|-------------------|
| Government securities                          | 47.00%            |
| Securities of corporate sector including banks | 62.34%            |

**Geographic information**

As of 31 December 2021, the Bank's assets and liabilities are mainly concentrated in the Republic of Kazakhstan.

**Market risk**

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market prices. Market risks comprise currency risk, interest rate risk and other price risks. Market risk arises from open positions in interest rate and equity financial instruments, which are exposed to general and specific market movements and changes in the level of volatility of market prices and market exchange rates.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, whilst optimising the return on risk.

Overall authority for market risk is vested in the ALCO. Market risk limits are approved by the ALMC based on recommendations of the Strategic Risk Function and subsequently agreed by the Board of Directors.

The Group manages its market risk by setting open position limits in relation to financial instrument, interest rate maturity and currency positions and stop-loss limits which are monitored on a regular basis and reviewed and approved by the Management Board and Board of Directors.

In addition, the Group uses a wide range of stress tests to model the financial impact of a variety of exceptional market scenarios on individual trading portfolios and the overall position. Stress tests provide an indication of the potential size of losses that could arise in extreme conditions. The stress tests carried out by the Group include risk factor stress testing, where stress movements are applied to each risk category, and ad hoc stress testing, which includes applying possible stress events to specific positions.

Interest rate risk is also managed by monitoring the interest rate gap and is supplemented by monitoring the sensitivity of net interest margin to various standard and non-standard interest rate scenarios.

(millions of tenge)

**25. Risk management (continued)****Market risk(continued)***Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market interest rates. The Group is exposed to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest margins may increase as a result of such changes, but may also reduce or create losses in the event that unexpected movements occur.

*Interest gap analysis*

Interest rate risk is managed principally through monitoring interest rate gaps. As the majority of the financial instruments bear fixed interest rates the interest gap analysis is similar to the maturity analysis.

*Interest rate sensitivity analysis*

The management of interest rate risk, based on an interest rate gap analysis, is supplemented by monitoring the sensitivity of financial assets and liabilities. An analysis of the sensitivity of net profit and equity to changes in interest rates (repricing risk), based on a simplified scenario of a 100 basis points (bp) symmetrical fall or 300 bp rise in all yield curves and positions of interest-bearing assets and liabilities existing as at 31 December 2021 and 2020 is as follows:

|                                    | <i>2021</i>             | <i>2020</i>             |
|------------------------------------|-------------------------|-------------------------|
|                                    | <i>Effect on profit</i> | <i>Effect on profit</i> |
| 100 basis points parallel decrease | <b>225.9</b>            | 280.9                   |
| 300 basis points parallel increase | <b>(677.7)</b>          | (842.8)                 |

An analysis of the sensitivity of net profit or loss and equity as a result of changes in the fair value of financial instruments at fair value through profit or loss and debt securities measured at FVOCI due to changes in the interest rates based on positions existing as at 31 December 2021 and 2020 and a simplified scenario of a 100 bp symmetrical fall or 300 bp rise in all yield curves is as follows:

|                                    | <i>2021</i>             |   | <i>2020</i>             |
|------------------------------------|-------------------------|---|-------------------------|
|                                    | <i>Effect on profit</i> | <i>Impact on other comprehensive income</i> | <i>Effect on profit</i> |
|                                    |                         | <i>Impact on other comprehensive income</i> |                         |
| 100 basis points parallel decrease | –                       | <b>13,294</b>                               | 111                     |
| 300 basis points parallel increase | –                       | <b>(37,426)</b>                             | (317)                   |
|                                    |                         |   | 8,255                   |
|                                    |                         |   | (24,534)                |

*Currency risk*

The Group has assets and liabilities denominated in several foreign currencies.

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. Despite the fact that the Group hedges its exposure to currency risk, such transactions do not qualify as hedging relationships in accordance with IFRS.

*(millions of tenge)***25. Risk management (continued)****Market risk (continued)***Currency risk (continued)*

The following table shows financial assets and liabilities by foreign currencies:

| <i>31 December 2021</i>   | <i>Tenge</i>     | <i>USD</i>     | <i>Euro</i>   | <i>Other currencies</i> | <i>Total</i>     |
|---|------------------|----------------|---------------|-------------------------|------------------|
| <b>Assets</b>   |                  |                |               |                         |                  |
| Cash and cash equivalents   | 196,019          | 218,141        | 11,802        | 6,986                   | 432,948          |
| Amounts due from financial institutions   | 4,829            | 42,161         | —             | —                       | 46,990           |
| Trading securities  | 1,452            | 1,485          | 33            | —                       | 2,970            |
| Loans to customers  | 719,098          | 89,678         | 7             | 165                     | 808,948          |
| Investment securities   | 734,754          | 227,356        | 22,999        | —                       | 985,109          |
| Other financial assets  | 22,516           | 400            | 7             | 3                       | 22,926           |
| <b>Total financial assets</b>   | <b>1,678,668</b> | <b>579,221</b> | <b>34,848</b> | <b>7,154</b>            | <b>2,299,891</b> |
| <b>Liabilities</b>  |                  |                |               |                         |                  |
| Current accounts and deposits of customers  | 1,141,440        | 547,304        | 32,499        | 12,516                  | 1,733,759        |
| Amounts due to banks and other financial institutions   | 85,100           | 89             | —             | —                       | 85,189           |
| Amounts payable under repurchase agreements   | 25,064           | —              | —             | —                       | 25,064           |
| Debt securities issued  | 221,452          | 31,668         | —             | —                       | 253,120          |
| Subordinated debt   | 20,503           | —              | —             | —                       | 20,503           |
| Other financial liabilities   | 12,924           | 286            | 380           | 7                       | 13,597           |
| <b>Total financial liabilities</b>  | <b>1,506,483</b> | <b>579,347</b> | <b>32,879</b> | <b>12,523</b>           | <b>2,131,232</b> |
| <b>Net position</b>   | <b>172,185</b>   | <b>(126)</b>   | <b>1,969</b>  | <b>(5,369)</b>          | <b>168,659</b>   |
| Impact of derivative instruments held for the purpose of risk management                                  | 1,127            | (5,152)        | (1,565)       | 5,590                   | —                |
| <b>Net position adjusted for impact of derivative instruments held for the purpose of risk management</b> | <b>173,312</b>   | <b>(5,278)</b> | <b>404</b>    | <b>221</b>              | <b>168,659</b>   |

The following table shows financial assets and liabilities by foreign currencies:

| <i>31 December 2020</i>   | <i>Tenge</i>     | <i>USD</i>      | <i>Euro</i>   | <i>Other currencies</i> | <i>Total</i>     |
|---|------------------|-----------------|---------------|-------------------------|------------------|
| <b>Assets</b>   |                  |                 |               |                         |                  |
| Cash and cash equivalents   | 126,169          | 170,038         | 11,369        | 4,056                   | 311,632          |
| Amounts due from financial institutions   | 34,969           | 38,738          | —             | —                       | 73,707           |
| Trading securities  | 1,440            | 5,937           | —             | —                       | 7,377            |
| Loans to customers  | 659,285          | 90,077          | 6             | 374                     | 749,742          |
| Investment securities   | 521,639          | 233,794         | 24,662        | —                       | 780,095          |
| Other financial assets  | 24,172           | —               | 29            | 3                       | 24,204           |
| <b>Total financial assets</b>   | <b>1,367,674</b> | <b>538,584</b>  | <b>36,066</b> | <b>4,433</b>            | <b>1,946,757</b> |
| <b>Liabilities</b>  |                  |                 |               |                         |                  |
| Current accounts and deposits of customers  | 805,034          | 543,580         | 33,050        | 5,503                   | 1,387,167        |
| Amounts due to banks and other financial institutions   | 128,539          | 1,840           | 91            | —                       | 130,470          |
| Amounts payable under repurchase agreements   | 21,670           | —               | —             | —                       | 21,670           |
| Debt securities issued  | 208,237          | 31,965          | —             | —                       | 240,202          |
| Subordinated debt   | 20,503           | —               | —             | —                       | 20,503           |
| Other financial liabilities   | 12,014           | 444             | 254           | 34                      | 12,746           |
| <b>Total financial liabilities</b>  | <b>1,195,997</b> | <b>577,829</b>  | <b>33,395</b> | <b>5,537</b>            | <b>1,812,758</b> |
| <b>Net position</b>   | <b>171,677</b>   | <b>(39,245)</b> | <b>2,671</b>  | <b>(1,104)</b>          | <b>133,999</b>   |
| Impact of derivative instruments held for the purpose of risk management                                  | (27,105)         | 27,989          | (2,584)       | 1,700                   | —                |
| <b>Net position adjusted for impact of derivative instruments held for the purpose of risk management</b> | <b>144,572</b>   | <b>(11,256)</b> | <b>87</b>     | <b>596</b>              | <b>133,999</b>   |

*(millions of tenge)***25. Risk management (continued)****Market risk (continued)***Currency risk (continued)*

The tables below indicate the currencies to which the Group had significant exposure at 31 December on its non-trading monetary assets and liabilities and its forecast cash flows. This analysis is on a net of tax basis and is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant. Negative amounts in the table reflect a potential net reduction in income or equity, while a positive amount reflects a net potential increase.

| <i>Currency</i> | <i>2021</i>                                   |  | <i>2020</i>                                   |  |
|-----------------|---|--|---|--|
|                 | <i>Increase<br/>in currency rate<br/>in %</i> | <i>Effect on profit<br/>before tax</i> | <i>Increase<br/>in currency rate<br/>in %</i> | <i>Effect on profit<br/>before tax</i> |
| US dollar       | 13  | (686)                                  | 14  | (1,576)                                |
| Euro            | 13  | 53                                     | 14  | 12                                     |

| <i>Currency</i> | <i>2021</i>                                 |  | <i>2020</i>                                 |  |
|-----------------|---|--|---|--|
|                 | <i>Decrease<br/>in currency rate,<br/>%</i> | <i>Effect on profit<br/>before tax</i> | <i>Decrease<br/>in currency rate,<br/>%</i> | <i>Effect on profit<br/>before tax</i> |
| US dollar       | (10)  | 528                                    | (11)  | 1,238                                  |
| Euro            | (10)  | (40)                                   | (11)  | (10)                                   |

**Operational risk**

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Group cannot expect to eliminate all operational risks, but through a control framework and by monitoring and responding to potential risks, the Group is able to manage the risks. Controls include effective segregation of duties, access rights, authorization and reconciliation procedures, staff education and assessment processes, including the use of internal audit.

**Liquidity risk**

Liquidity risk is the risk that the Group may encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk exists when the maturities of assets and liabilities do not match. The matching and/or controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to liquidity risk management. It is unusual for financial institutions ever to be completely matched since business transacted is often of an uncertain term and of different types. An unmatched position potentially enhances profitability, but can also increase the risk of losses.

The Group maintains liquidity management with the objective of ensuring that funds will be available at all times to honour all cash flow obligations as they become due. Liquidity risk management policy is reviewed and approved by the Board of Directors.

*(millions of tenge)*

## 25. Risk management (continued)

### Liquidity risk (continued)

The Group seeks to actively support a diversified and stable funding base comprising issued debt securities, long-term and short-term loans from other banks, deposits of the main corporate customers and individuals as well as diversified portfolios of highly liquid assets, in order to be able to respond quickly and smoothly to unforeseen liquidity requirements. Liquidity risk management policy includes:

- Projecting cash flows by major currencies and considering the level of liquid assets necessary in relation thereto;
- Maintaining a diverse range of funding sources;
- Managing the concentration and profile of debts;
- Managing the duration of the securities' portfolio;
- Maintaining debt financing plans;
- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any interruption to cash flow;
- Developing a financing plan in case of a liquidity crisis;
- Monitoring liquidity ratios against regulatory requirements.

The Bank Treasury receives information from business units regarding the liquidity profile of their financial assets and liabilities and details of other projected cash flows arising from projected future business. The Treasury Department then provides for an adequate portfolio of short-term liquid assets to be maintained, largely made up of short-term liquid trading securities, loans to banks and other inter-bank facilities, to ensure that sufficient liquidity is maintained within the Group as a whole.

The daily liquidity position is monitored by the Treasury and regular liquidity stress testing under a variety of scenarios covering both normal and more unfavorable market conditions is performed by the strategic risks function. Under normal market conditions, liquidity reports are provided to the Management Board and the ALMC on a monthly basis, and to the Board of Directors on a quarterly basis. Decisions on liquidity management are made by the ALMC as advised by the risk management and implemented by the Treasury.

The following tables show the undiscounted contractual cash flows on financial assets, liabilities and credit-related commitments on the basis of their earliest possible contractual maturity. The total gross inflow and outflow disclosed in the tables is the contractual, undiscounted cash flow on the financial assets, liability or credit related commitment. For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee can be claimed.

*(millions of tenge)***25. Risk management (continued)****Liquidity risk (continued)**

The maturity analysis for financial assets and liabilities and contingent and contractual liabilities based on undiscounted contractual cash flows as at 31 December 2021 is as follows:

| <i>31 December 2021</i>  | <i>On demand<br/>and less than<br/>1 month</i> | <i>From 1 to<br/>3 months</i> | <i>3 to<br/>12 months</i> | <i>1 to<br/>5 years</i> | <i>Over<br/>5 years</i> | <i>Total</i>       | <i>Carrying<br/>amount</i> |
|--|--|-------------------------------|---------------------------|-------------------------|-------------------------|--------------------|----------------------------|
| <b>Non-derivative financial assets</b>                                 |  |                               |                           |                         |                         |                    |                            |
| Cash and cash equivalents  | 433,206  | —                             | —                         | —                       | —                       | 433,206            | 432,948                    |
| Amounts due from financial institutions                                | —  | —                             | —                         | 31,304                  | 15,686                  | 46,990             | 46,990                     |
| Trading securities   | 1,452  | —                             | —                         | —                       | 1,518                   | 2,970              | 2,970                      |
| Loans to customers   | 79,003   | 70,008                        | 290,787                   | 965,354                 | 177,764                 | 1,582,916          | 808,948                    |
| Investment securities  | 49,216   | 40,148                        | 165,137                   | 869,915                 | 68,694                  | 1,193,110          | 985,109                    |
| Other financial assets   | 1,133  | 11                            | 5,958                     | 15,453                  | 371                     | 22,926             | 22,926                     |
| <b>Total non-derivative financial assets</b>                           | <b>564,010</b>                                 | <b>110,167</b>                | <b>461,882</b>            | <b>1,882,026</b>        | <b>264,033</b>          | <b>3,282,118</b>   | <b>2,299,891</b>           |
| <b>Non-derivative financial liabilities</b>                            |  |                               |                           |                         |                         |                    |                            |
| Current accounts and deposits of customers                             | (1,030,317)                                    | (151,819)                     | (356,355)                 | (210,102)               | (14,379)                | (1,762,972)        | (1,733,759)                |
| Amounts due to banks and other financial institutions                  | (179)  | (916)                         | (3,931)                   | (38,477)                | (75,447)                | (118,950)          | (85,189)                   |
| Amounts payable under repurchase agreements                            | (25,180)                                       | —                             | —                         | —                       | —                       | (25,180)           | (25,064)                   |
| Debt securities issued   | (2,530)  | —                             | (40,746)                  | (242,917)               | —                       | (286,193)          | (253,120)                  |
| Subordinated debt  | (119)  | —                             | (7,360)                   | (9,683)                 | (10,300)                | (27,462)           | (20,503)                   |
| Other financial liabilities  | (8,518)  | (38)                          | (2,945)                   | (1)                     | (2,095)                 | (13,597)           | (13,597)                   |
| <b>Total non-derivative financial liabilities</b>                      | <b>(1,066,843)</b>                             | <b>(152,773)</b>              | <b>(411,337)</b>          | <b>(501,180)</b>        | <b>(102,221)</b>        | <b>(2,234,354)</b> | <b>(2,131,232)</b>         |
| <b>Net liquidity gap on financial assets and financial liabilities</b> | <b>(502,833)</b>                               | <b>(42,606)</b>               | <b>50,545</b>             | <b>1,380,846</b>        | <b>161,812</b>          | <b>1,047,764</b>   | <b>168,659</b>             |
| <b>Contingent liabilities</b>  | <b>(6,258)</b>                                 | <b>(8,587)</b>                | <b>(10,400)</b>           | <b>(34,524)</b>         | <b>(390)</b>            | <b>(60,159)</b>    |                            |

In accordance with Kazakhstan legislation, depositors can withdraw their term deposits at any time, losing in most of the cases the accrued interest income. The Bank expects that many customers will not request repayment on the earliest date the Bank could be required to pay. Accordingly, in the above table, deposits of individuals are presented in accordance with contractual terms with consideration of this assumption.

*(millions of tenge)***25. Risk management (continued)****Liquidity risk (continued)**

Management expects that the repayment of liabilities and disposal of assets may be different from their contractual terms either because management has the discretionary ability to manage the cash flows or because past experience indicates that cash flows on these financial assets and liabilities may differ from contractual terms.

The maturity analysis for financial assets and liabilities and contingent and contractual liabilities based on undiscounted contractual cash flows as at 31 December 2020 is as follows:

| <i>31 December 2020</i>  | <i>On demand<br/>and less than<br/>1 month</i> | <i>From 1 to<br/>3 months</i> | <i>3 to<br/>12 months</i> | <i>1 to<br/>5 years</i> | <i>Over<br/>5 years</i> | <i>Total</i>       | <i>Carrying<br/>amount</i> |
|--|--|-------------------------------|---------------------------|-------------------------|-------------------------|--------------------|----------------------------|
| <b>Non-derivative financial assets</b>                                 |  |                               |                           |                         |                         |                    |                            |
| Cash and cash equivalents  | 311,756  | —                             | —                         | —                       | —                       | 311,756            | 311,632                    |
| Amounts due from financial institutions                                | —  | —                             | 27,858                    | 30,568                  | 15,281                  | 73,707             | 73,707                     |
| Trading securities   | 7,377  | —                             | —                         | —                       | —                       | 7,377              | 7,377                      |
| Loans to customers   | 76,015   | 64,299                        | 215,135                   | 754,848                 | 137,386                 | 1,247,683          | 749,742                    |
| Investment securities  | 51,331   | 69,512                        | 121,657                   | 596,897                 | 88,173                  | 927,570            | 780,095                    |
| Other financial assets   | 1,489  | 639                           | 8,967                     | 12,793                  | 316                     | 24,204             | 24,204                     |
| <b>Total non-derivative financial assets</b>                           | <b>447,968</b>                                 | <b>134,450</b>                | <b>373,617</b>            | <b>1,395,106</b>        | <b>241,156</b>          | <b>2,592,297</b>   | <b>1,946,757</b>           |
| <b>Non-derivative financial liabilities</b>                            |  |                               |                           |                         |                         |                    |                            |
| Current accounts and deposits of customers                             | (735,672)                                      | (66,728)                      | (454,045)                 | (161,933)               | (4,644)                 | (1,423,022)        | (1,387,167)                |
| Amounts due to banks and other financial institutions                  | (1,968)  | (937)                         | (13,404)                  | (37,929)                | (113,074)               | (167,312)          | (130,470)                  |
| Amounts payable under repurchase agreements                            | (21,718)                                       | —                             | —                         | —                       | —                       | (21,718)           | (21,670)                   |
| Debt securities issued   | (2,530)  | —                             | (11,200)                  | (273,184)               | —                       | (286,914)          | (240,202)                  |
| Subordinated debt  | (118)  | —                             | (1,498)                   | (13,713)                | (13,748)                | (29,077)           | (20,503)                   |
| Other financial liabilities  | (7,458)  | (50)                          | (2,098)                   | (234)                   | (2,906)                 | (12,746)           | (12,746)                   |
| <b>Total non-derivative financial liabilities</b>                      | <b>(769,464)</b>                               | <b>(67,715)</b>               | <b>(482,245)</b>          | <b>(486,993)</b>        | <b>(134,372)</b>        | <b>(1,940,789)</b> | <b>(1,812,758)</b>         |
| <b>Net liquidity gap on financial assets and financial liabilities</b> | <b>(321,496)</b>                               | <b>66,735</b>                 | <b>(108,628)</b>          | <b>908,113</b>          | <b>106,784</b>          | <b>651,508</b>     | <b>133,999</b>             |
| <b>Contingent liabilities</b>  | <b>(5,717)</b>                                 | <b>(4,802)</b>                | <b>(12,483)</b>           | <b>(27,527)</b>         | <b>(444)</b>            | <b>(50,973)</b>    |                            |



*(millions of tenge)***26. Maturity analysis of assets and liabilities**

The following table shows the expected maturities of assets and liabilities as at 31 December 2021 and 2020:

| <i>31 December 2021</i>                               | <i>Less than<br/>1 month</i> | <i>From 1 to<br/>3 months</i> | <i>From 3 to<br/>12 months</i> | <i>1 to<br/>5 years</i> | <i>Over<br/>5 years</i> | <i>Without<br/>maturity</i> | <i>Overdue</i> | <i>Total</i>       |
|---|------------------------------|-------------------------------|--------------------------------|-------------------------|-------------------------|-----------------------------|----------------|--------------------|
| <b>Assets</b>   |                              |                               |                                |                         |                         |                             |                |                    |
| Cash and cash equivalents                             | 432,948                      | —                             | —                              | —                       | —                       | —                           | —              | 432,948            |
| Amounts due from financial institutions               | —                            | —                             | —                              | 31,304                  | 15,686                  | —                           | —              | 46,990             |
| Trading securities                                    | 1,452                        | —                             | —                              | —                       | 1,518                   | —                           | —              | 2,970              |
| Loans to customers                                    | 38,954                       | 53,134                        | 206,315                        | 419,216                 | 55,712                  | —                           | 35,617         | 808,948            |
| Investment securities                                 | 47,971                       | 38,692                        | 133,660                        | 714,306                 | 50,480                  | —                           | —              | 985,109            |
| Property and equipment                                | —                            | —                             | —                              | —                       | —                       | 62,637                      | —              | 62,637             |
| Intangible assets                                     | —                            | —                             | —                              | —                       | —                       | 14,071                      | —              | 14,071             |
| Other assets  | 973                          | 8                             | 62,368                         | 2,975                   | 1,173                   | 3,664                       | 955            | 72,116             |
| <b>Total assets</b>                                   | <b>522,298</b>               | <b>91,834</b>                 | <b>402,343</b>                 | <b>1,167,801</b>        | <b>124,569</b>          | <b>80,372</b>               | <b>36,572</b>  | <b>2,425,789</b>   |
| <b>Liabilities</b>                                    |                              |                               |                                |                         |                         |                             |                |                    |
| Current accounts and deposits of customers            | (1,027,399)                  | (147,516)                     | (345,974)                      | (199,494)               | (13,376)                | —                           | —              | (1,733,759)        |
| Amounts due to banks and other financial institutions | (149)                        | (443)                         | (1,382)                        | (30,861)                | (52,354)                | —                           | —              | (85,189)           |
| Amounts payable under repurchase agreements           | (25,064)                     | —                             | —                              | —                       | —                       | —                           | —              | (25,064)           |
| Debt securities issued                                | (2,151)                      | —                             | (32,035)                       | (218,934)               | —                       | —                           | —              | (253,120)          |
| Deferred tax liabilities                              | —                            | —                             | —                              | (13,987)                | —                       | —                           | —              | (13,987)           |
| Subordinated debt                                     | (119)                        | —                             | (6,180)                        | (5,396)                 | (8,808)                 | —                           | —              | (20,503)           |
| Other liabilities                                     | (8,548)                      | (38)                          | (5,765)                        | (1)                     | (2,095)                 | —                           | (23)           | (16,470)           |
| <b>Total liabilities</b>                              | <b>(1,063,430)</b>           | <b>(147,997)</b>              | <b>(391,336)</b>               | <b>(468,673)</b>        | <b>(76,633)</b>         | <b>—</b>                    | <b>(23)</b>    | <b>(2,148,092)</b> |
| <b>Net position</b>                                   | <b>(541,132)</b>             | <b>(56,163)</b>               | <b>11,007</b>                  | <b>699,128</b>          | <b>47,936</b>           | <b>80,372</b>               | <b>36,549</b>  | <b>277,697</b>     |
| <b>Net accumulated position</b>                       | <b>(541,132)</b>             | <b>(597,295)</b>              | <b>(586,288)</b>               | <b>112,840</b>          | <b>160,776</b>          | <b>241,148</b>              | <b>277,697</b> |                    |

*(millions of tenge)***26. Maturity analysis of assets and liabilities (continued)**

| <i>31 December 2020</i>                               | <i>Less than<br/>1 month</i> | <i>From 1 to<br/>3 months</i> | <i>From 3 to<br/>12 months</i> | <i>1 to<br/>5 years</i> | <i>Over<br/>5 years</i> | <i>Without<br/>maturity</i> | <i>Overdue</i> | <i>Total</i>       |
|---|------------------------------|-------------------------------|--------------------------------|-------------------------|-------------------------|-----------------------------|----------------|--------------------|
| <b>Assets</b>   |                              |                               |                                |                         |                         |                             |                |                    |
| Cash and cash equivalents                             | 311,632                      | —                             | —                              | —                       | —                       | —                           | —              | 311,632            |
| Amounts due from financial institutions               | —                            | —                             | 27,858                         | 30,568                  | 15,281                  | —                           | —              | 73,707             |
| Trading securities                                    | 7,377                        | —                             | —                              | —                       | —                       | —                           | —              | 7,377              |
| Loans to customers                                    | 37,936                       | 55,599                        | 156,913                        | 412,110                 | 50,495                  | —                           | 36,689         | 749,742            |
| Investment securities                                 | 50,649                       | 66,571                        | 98,543                         | 496,611                 | 67,721                  | —                           | —              | 780,095            |
| Property and equipment                                | —                            | —                             | —                              | —                       | —                       | 65,814                      | —              | 65,814             |
| Intangible assets                                     | —                            | —                             | —                              | —                       | —                       | 11,162                      | —              | 11,162             |
| Other assets  | 394                          | 24                            | 66,116                         | 17,985                  | 948                     | 2,908                       | 1,360          | 89,735             |
| <b>Total assets</b>                                   | <b>407,988</b>               | <b>122,194</b>                | <b>349,430</b>                 | <b>957,274</b>          | <b>134,445</b>          | <b>79,884</b>               | <b>38,049</b>  | <b>2,089,264</b>   |
| <b>Liabilities</b>                                    |                              |                               |                                |                         |                         |                             |                |                    |
| Current accounts and deposits of customers            | (733,227)                    | (62,219)                      | (441,229)                      | (147,300)               | (3,192)                 | —                           | —              | (1,387,167)        |
| Amounts due to banks and other financial institutions | (1,945)                      | (351)                         | (10,811)                       | (28,883)                | (88,480)                | —                           | —              | (130,470)          |
| Amounts payable under repurchase agreements           | (21,670)                     | —                             | —                              | —                       | —                       | —                           | —              | (21,670)           |
| Debt securities issued                                | (2,151)                      | —                             | (568)                          | (237,483)               | —                       | —                           | —              | (240,202)          |
| Deferred tax liabilities                              | —                            | —                             | —                              | (11,171)                | —                       | —                           | —              | (11,171)           |
| Subordinated debt                                     | (117)                        | —                             | (192)                          | (8,809)                 | (11,385)                | —                           | —              | (20,503)           |
| Other liabilities                                     | (7,398)                      | (264)                         | (3,900)                        | (236)                   | (2,906)                 | —                           | (46)           | (14,750)           |
| <b>Total liabilities</b>                              | <b>(766,508)</b>             | <b>(62,834)</b>               | <b>(456,700)</b>               | <b>(433,882)</b>        | <b>(105,963)</b>        | <b>—</b>                    | <b>(46)</b>    | <b>(1,825,933)</b> |
| <b>Net position</b>                                   | <b>(358,520)</b>             | <b>59,360</b>                 | <b>(107,270)</b>               | <b>523,392</b>          | <b>28,482</b>           | <b>79,884</b>               | <b>38,003</b>  | <b>263,331</b>     |
| <b>Net accumulated position</b>                       | <b>(358,520)</b>             | <b>(299,160)</b>              | <b>(406,430)</b>               | <b>116,962</b>          | <b>145,444</b>          | <b>225,328</b>              | <b>263,331</b> |                    |

*(millions of tenge)***27. Offsetting of financial instruments**

Disclosures in the tables below include information on financial assets and financial liabilities, which are:

- Offset in the Group's consolidated statement of financial position; or
- Subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments, irrespective of whether they are offset in the consolidated statement of financial position.

Similar financial instruments include derivative financial assets, sales and repurchase agreements, reverse sale and repurchase agreements and securities borrowing and lending agreements. Financial instruments such as loans and deposits are not disclosed in the table below, unless they are offset in the consolidated statement of financial position.

The Group receives and provides collateral in the form of cash and marketable securities in respect of the repurchase and reverse repurchase agreements.

Such collateral is subject to the standard industry terms of the ISDA Credit Support Annex. This means that securities received/given as collateral can be pledged or sold during the term of the transaction but must be returned before maturity of the transaction. The terms also give each counterparty the right to terminate the related transactions upon the counterparty's failure to post collateral.

As at 31 December 2021, the Group has payables under repurchase agreements in the amount of 25,064 million tenge, which are collateralized by investment securities with a total fair value of 25,062 million tenge (treasury bonds of the Ministry of Finance of the Republic of Kazakhstan) (*Note 16*).

As at 31 December 2020, the Group has payables under repurchase agreements in the amount of 21.670 million tenge, which are collateralized by investment securities with a total fair value of 23,466 million tenge (treasury bonds of the Ministry of Finance of the Republic of Kazakhstan) (*Note 16*).

The table below shows financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar arrangements as at 31 December 2021.

|   | <i>Gross amount<br/>of recognized<br/>financial<br/>assets/<br/>(liabilities)</i> | <i>Gross amount<br/>of recognised<br/>financial<br/>liabilities<br/>offset in the<br/>consolidated<br/>statement of<br/>financial<br/>position</i> | <i>Net amount of<br/>financial<br/>assets/<br/>(liabilities)<br/>presented in the<br/>consolidated<br/>statement of<br/>financial<br/>position</i> | <i>Related<br/>amounts not<br/>offset in the<br/>consolidated<br/>statement of<br/>financial<br/>position<br/>Financial<br/>instruments</i> | <i>Net amount</i> |
|---|---|--|--|---|-------------------|
| <b>31 December 2021</b>   |   |  |  |   |                   |
| Receivables under reverse<br>repurchase agreements ( <i>Note 12</i> ) | 144,646   | —  | 144,646  | (145,653)   | (1,007)           |
| Accounts payable under repurchase<br>agreements ( <i>Note 16</i> )    | (25,064)  | —  | (25,064)   | 25,062  | (2)               |
|   | 119,582   | —  | 119,582  | (120,591)   | (1,009)           |

The table below shows financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar arrangements as at 31 December 2020.

|   | <i>Gross amount<br/>of recognized<br/>financial<br/>assets/<br/>(liabilities)</i> | <i>Gross amount<br/>of recognised<br/>financial<br/>liabilities<br/>offset in the<br/>consolidated<br/>statement of<br/>financial<br/>position</i> | <i>Net amount of<br/>financial<br/>assets/<br/>(liabilities)<br/>presented in the<br/>consolidated<br/>statement of<br/>financial<br/>position</i> | <i>Related<br/>amounts not<br/>offset in the<br/>consolidated<br/>statement of<br/>financial<br/>position<br/>Financial<br/>instruments</i> | <i>Net amount</i> |
|---|---|--|--|---|-------------------|
| <b>31 December 2020</b>   |   |  |  |   |                   |
| Receivables under reverse<br>repurchase agreements ( <i>Note 12</i> ) | 42,547  | —  | 42,547   | (42,545)  | 2                 |
| Accounts payable under repurchase<br>agreements ( <i>Note 16</i> )    | (21,670)  | —  | (21,670)   | 23,466  | 1,796             |
|   | 20,877  | —  | 20,877   | (19,079)  | 1,798             |

*(millions of tenge)***28. Changes in liabilities arising from financing activities**

|   | <i>Debt securities<br/>issued</i> | <i>Subordinated<br/>debt</i> | <i>Total liabilities<br/>arising from<br/>financing<br/>activities</i> |
|---|-----------------------------------|------------------------------|--|
| <b>Carrying amount as at 31 December 2019</b> | 229,263                           | 25,951                       | 255,214  |
| Disposal of a subsidiary                      | —                                 | (3,386)                      | (3,386)  |
| Proceeds from issue                           | 1,533                             | —                            | 1,533  |
| Repurchase                                    | (1,264)                           | —                            | (1,264)  |
| Redemption                                    | (3,901)                           | (2,200)                      | (6,101)  |
| Accrual of interest                           | 16,506                            | 2,040                        | 18,546   |
| Repayment of interest                         | (16,618)                          | (1,937)                      | (18,555)   |
| Foreign exchange differences                  | 3,019                             | 35                           | 3,054  |
| Unwinding of discount                         | 11,664                            | —                            | 11,664   |
| <b>Carrying amount as at 31 December 2020</b> | 240,202                           | 20,503                       | 260,705  |
| Proceeds from issue                           | 4                                 | —                            | 4  |
| Repurchase                                    | (1,088)                           | —                            | (1,088)  |
| Redemption                                    | —                                 | —                            | —  |
| Accrual of interest                           | 16,494                            | 1,616                        | 18,110   |
| Repayment of interest                         | (16,502)                          | (1,616)                      | (18,118)   |
| Foreign exchange differences                  | 805                               | —                            | 805  |
| Unwinding of discount                         | 13,205                            | —                            | 13,205   |
| <b>Carrying amount as at 31 December 2021</b> | <b>253,120</b>                    | <b>20,503</b>                | <b>273,623</b>   |

The Group classifies interest paid as cash flows from operating activities.

**29. 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 ratios established by the NBRK in supervising the Bank.

As at 31 December 2021 and 2020 the Bank had complied in full with all its externally imposed capital requirements.

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

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

The NBRK sets and monitors capital requirements for the Bank.

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

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

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

*(millions of tenge)*

## 29. Capital management (continued)

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

|   | <i>31 December<br/>2021</i> | <i>31 December<br/>2020</i> |
|---|-----------------------------|-----------------------------|
| Tier 1 capital  | 252,085                     | 244,336                     |
| Tier 2 capital  | 12,885                      | 14,839                      |
| <b>Total regulatory capital</b>   | <b>264,970</b>              | <b>259,175</b>              |
| Risk-weighted statutory assets, contingent liabilities, operational and market risk | 1,089,944                   | 1,164,668                   |
| <b>Ratio k1</b>   | <b>23.1%</b>                | <b>21.0%</b>                |
| <b>Ratio k1-2</b>   | <b>23.1%</b>                | <b>21.0%</b>                |
| <b>Ratio k2</b>   | <b>24.3%</b>                | <b>22.3%</b>                |

## 30. Commitments and contingencies

### Operating and economic environment

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

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

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 contingencies take the form of approved loan and credit card limits and overdraft facilities.

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

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

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

|   | <i>31 December<br/>2021</i> | <i>31 December<br/>2020</i> |
|---|-----------------------------|-----------------------------|
| Undrawn loan commitments  | 132,972                     | 147,045                     |
| Guarantees issued   | 57,325                      | 47,522                      |
| Letters of credit   | 2,835                       | 764                         |
|   | <b>193,132</b>              | <b>195,331</b>              |
| Less: amounts due to customers held as security against letters of credit and guarantees ( <i>Note 19</i> ) | (2,416)                     | (483)                       |
| Less: allowance for expected losses   | (658)                       | (734)                       |
|   | <b>190,058</b>              | <b>194,114</b>              |

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

*(millions of tenge)*

### 30. Commitments and contingencies (continued)

#### Credit related commitments (continued)

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

#### Legal proceedings

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

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

#### Contingent tax liabilities

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

These circumstances may create tax risks in the Republic of Kazakhstan that are substantially more significant than in other countries. Management believes that it has provided adequately for tax liabilities 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 consolidated financial statements, if the authorities were successful in enforcing their interpretations, could be significant.

### 31. Related party transactions

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

Total remuneration to 13 members of the Management Board and Board of Directors (2020: 17 members) included in general and administrative expenses for 2021 and 2020 is as follows:

|   | <i>2021</i>  | <i>2020</i> |
|---|--------------|-------------|
| Members of the Board of Directors and the Management Board of the Group | <b>4,502</b> | 3,148       |
|   | <b>4,502</b> | 3,148       |

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

As at 31 December 2021, the total amount of the Group's liabilities to pay remuneration to members of the Board of Directors and the Management Board amounted to 1.800 million tenge (31 December 2020: 1.800 million tenge) and, in accordance with the NBRK Resolution No. 74 dated 24 February 2012, is payable over a period of at least three years, subject to the established conditions.

*(millions of tenge)***31. Related party transactions (continued)****Transactions with other related parties**

Other related parties include key management personnel and entities jointly controlled by key management personnel. The outstanding balances and the related average effective interest rates as at 31 December 2021 and related profit or loss amounts of transactions for 2021 with related parties are as follows:

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

|                                     | 2021             |                                      |                       |                                      |
|-------------------------------------|------------------|--------------------------------------|-----------------------|--------------------------------------|
|                                     | Shareholders     | Entities under common control        | Other related parties | Total                                |
|                                     | In million tenge | Average effective interest rate, (%) | In million tenge      | Average effective interest rate, (%) |
| <b>Income/(expenses)</b>            |                  |                                      |                       |                                      |
| Interest revenue                    | —                | —                                    | 239                   | 239                                  |
| Interest expense                    | (330)            | (692)                                | (105)                 | (1,127)                              |
| Fee and commission income           | —                | 23                                   | 6                     | 29                                   |
| General and administrative expenses | —                | (731)                                | (35)                  | (766)                                |
| Other expenses                      | —                | (725)                                | —                     | (725)                                |

The outstanding balances and the related average effective rates as at 31 December 2020 and related profit or loss on transactions with other related parties for 2020 are as follows:

|   | 2020                |   |                               |   |                       |   |                     |
|---|---------------------|---|-------------------------------|---|-----------------------|---|---------------------|
|   | Shareholders        |   | Entities under common control |   | Other related parties |   | Total               |
|   | In million<br>tenge | Average<br>effective<br>interest<br>rate, (%) | In million<br>tenge           | Average<br>effective<br>interest<br>rate, (%) | In million<br>tenge   | Average<br>effective<br>interest<br>rate, (%) | In million<br>tenge |
| Assets  |                     |   |                               |   |                       |   |                     |
| Loans to customers                            | —                   | —   | —                             | —   | 4,245                 | 3.00-17.50                                    | 4,245               |
| Other assets                                  | —                   | —   | 19                            | —   | 1                     | —   | 20                  |
| Liabilities                                   |                     |   |                               |   |                       |   |                     |
| Current accounts and<br>deposits of customers | 12,159              | 1.00  | 12,841                        | 1.53  | 12,026                | 0.28  | 37,026              |
| Other liabilities                             | —                   | —   | 16                            | —   | —                     | —   | 16                  |
| Contingent liabilities                        | —                   | —   | —                             | —   | 192                   | —   | 192                 |

|                                  | 2020             |                                      |                       |                                      |
|----------------------------------|------------------|--------------------------------------|-----------------------|--------------------------------------|
|                                  | Shareholders     | Entities under common control        | Other related parties | Total                                |
|                                  | In million tenge | Average effective interest rate, (%) | In million tenge      | Average effective interest rate, (%) |
| <b>Income/(expenses)</b>         |                  |                                      |                       |                                      |
| Interest revenue                 | —                | —                                    | 275                   | 275                                  |
| Interest expense                 | (173)            | (78)                                 | (770)                 | (1,021)                              |
| Fee and commission income        | —                | 10                                   | 9                     | 19                                   |
| Net gain from foreign currencies | —                | —                                    | 26                    | 26                                   |
| Other expenses                   | —                | (158)                                | (867)                 | (1,025)                              |

*(millions of tenge)*

## 32. Segment analysis

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

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

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



*(millions of tenge)***32. Segment analysis (continued)**

Information on the main reporting segments for 2021 is presented as follows:

|   | 2021           |                 |                 |                             |                 |                    |                 |
|---|----------------|-----------------|-----------------|-----------------------------|-----------------|--------------------|-----------------|
|   | <i>CB</i>      | <i>SMB</i>      | <i>RB</i>       | <i>Investing activities</i> | <i>Other</i>    | <i>Elimination</i> | <i>Total</i>    |
| Interest income   | 14,856         | 31,746          | 66,556          | 74,015                      | 5,871           | –                  | 193,044         |
| Transfer income   | 35,433         | 26,178          | 30,039          | 23,508                      | 8,443           | (123,601)          | –               |
| Interest expenses   | (26,783)       | (13,066)        | (22,699)        | (24,592)                    | (9,969)         | –                  | (97,109)        |
| Transfer expenses   | (10,548)       | (19,822)        | (30,770)        | (76,210)                    | (3,891)         | 141,241            | –               |
| <b>Net interest income</b>  | <b>12,958</b>  | <b>25,036</b>   | <b>43,126</b>   | <b>(3,279)</b>              | <b>454</b>      | <b>17,640</b>      | <b>95,935</b>   |
| Fee and commission income   | 2,492          | 19,783          | 14,980          | 17                          | 21              | –                  | 37,293          |
| Fee and commission expense  | (1,296)        | (9,007)         | (4,241)         | (222)                       | (43)            | –                  | (14,809)        |
| Net losses on derecognition of investment securities at fair value through other comprehensive income | –              | –               | –               | (195)                       | –               | –                  | (195)           |
| Net gains / (losses) from foreign currencies  | 3,663          | 5,547           | 2,710           | (2,083)                     | 1,188           | –                  | 11,025          |
| Net (losses)/gains on derecognition of financial assets measured at amortized cost                    | –              | –               | (2,910)         | –                           | 6,989           | –                  | 4,079           |
| Other income  | (158)          | 644             | 221             | 3                           | 3,413           | –                  | 4,123           |
| <b>Non-interest income</b>  | <b>4,701</b>   | <b>16,967</b>   | <b>10,760</b>   | <b>(2,480)</b>              | <b>11,568</b>   | <b>–</b>           | <b>41,516</b>   |
| Credit loss expense   | 2,026          | (1,917)         | (10,610)        | 1,836                       | (1,218)         | –                  | (9,883)         |
| Net losses on transactions with financial instruments at fair value through profit or loss            | –              | –               | –               | (1,154)                     | –               | –                  | (1,154)         |
| General and administrative expenses   | (2,897)        | (12,260)        | (28,047)        | (1,344)                     | (6,734)         | –                  | (51,282)        |
| Other expenses  | (221)          | (272)           | (3,544)         | (56)                        | (3,936)         | –                  | (8,029)         |
| <b>Non-interest expense</b>   | <b>(1,092)</b> | <b>(14,449)</b> | <b>(42,201)</b> | <b>(718)</b>                | <b>(11,888)</b> | <b>–</b>           | <b>(70,348)</b> |
| <b>Other transfer income and expenses</b>   | <b>(2,783)</b> | <b>521</b>      | <b>(2,476)</b>  | <b>36,361</b>               | <b>(13,983)</b> | <b>(17,640)</b>    | <b>–</b>        |
| Profit/(loss) before corporate income tax expense   | 13,784         | 28,075          | 9,209           | 29,884                      | (13,849)        | –                  | 67,103          |
| Corporate income tax expenses   | (231)          | (470)           | (154)           | (501)                       | (1,687)         | –                  | (3,043)         |
| <b>Profit/(loss) for the year</b>   | <b>13,553</b>  | <b>27,605</b>   | <b>9,055</b>    | <b>29,383</b>               | <b>(15,536)</b> | <b>–</b>           | <b>64,060</b>   |

*(millions of tenge)***32. Segment analysis (continued)**

| <i>31 December 2020</i>                                      | <i>CB</i>      | <i>SMB</i>     | <i>RB</i>      | <i>Investing activities</i> | <i>Other</i>   | <i>Total</i>     |
|--|----------------|----------------|----------------|-----------------------------|----------------|------------------|
| <b>Assets</b>  |                |                |                |                             |                |                  |
| Cash and cash equivalents                                    | 48,041         | 38,994         | 60,537         | 156,031                     | 8,029          | 311,632          |
| Amounts due from financial institutions                      | 2,497          | 31,890         | 597            | 38,723                      | —              | 73,707           |
| Trading securities   | —              | —              | —              | 7,377                       | —              | 7,377            |
| Loans to customers   | 143,901        | 209,286        | 332,956        | —                           | 63,599         | 749,742          |
| Investment securities  | —              | —              | —              | 780,095                     | —              | 780,095          |
| Property and equipment                                       | —              | —              | —              | —                           | 65,814         | 65,814           |
| Intangible assets  | —              | —              | —              | —                           | 11,162         | 11,162           |
| Other assets   | 35             | 430            | 2,214          | 1,135                       | 85,921         | 89,735           |
| <b>Total assets</b>  | <b>194,474</b> | <b>280,600</b> | <b>396,304</b> | <b>983,361</b>              | <b>234,525</b> | <b>2,089,264</b> |
| <b>Liabilities</b>   |                |                |                |                             |                |                  |
| Current accounts and deposits of customers                   | 525,121        | 313,218        | 548,827        | —                           | 1              | 1,387,167        |
| Amounts due to banks and other financial institutions        | 12,677         | 99,258         | 5,156          | 2,955                       | 10,424         | 130,470          |
| Amounts payable under repurchase agreements                  | —              | —              | —              | 21,670                      | —              | 21,670           |
| Debt securities issued                                       | —              | —              | 16,827         | 159,837                     | 63,538         | 240,202          |
| Deferred tax liabilities                                     | —              | —              | —              | —                           | 11,171         | 11,171           |
| Subordinated debt  | —              | —              | —              | —                           | 20,503         | 20,503           |
| Other liabilities  | 331            | 482            | 2,800          | 22                          | 11,115         | 14,750           |
| <b>Total liabilities</b>                                     | <b>538,129</b> | <b>412,958</b> | <b>573,610</b> | <b>184,484</b>              | <b>116,752</b> | <b>1,825,933</b> |
| <b>Equity</b>  |                |                |                |                             |                |                  |
| Share capital  | —              | —              | —              | —                           | 332,815        | 332,815          |
| Additional paid-in capital                                   | —              | —              | —              | —                           | 21,109         | 21,109           |
| Treasury shares  | —              | —              | —              | —                           | (5,260)        | (5,260)          |
| Fair value reserve   | —              | —              | —              | —                           | 9,207          | 9,207            |
| Accumulated losses   | —              | —              | —              | —                           | (94,540)       | (94,540)         |
| <b>Total equity attributable to shareholders of the Bank</b> | <b>—</b>       | <b>—</b>       | <b>—</b>       | <b>—</b>                    | <b>263,331</b> | <b>263,331</b>   |

(millions of tenge)

**32. Segment analysis (continued)**

Information on the main reporting segments for 2020 may be presented as follows:

|  | <b>2020</b>    |                 |                 |                             |                 |                    |                 |
|--|----------------|-----------------|-----------------|-----------------------------|-----------------|--------------------|-----------------|
|  | <i>CB</i>      | <i>SMB</i>      | <i>RB</i>       | <i>Investing activities</i> | <i>Other</i>    | <i>Elimination</i> | <i>Total</i>    |
| Interest income  | 10,648         | 25,002          | 70,097          | 60,992                      | 18,765          | —                  | 185,504         |
| Transfer income  | 30,121         | 20,932          | 28,595          | 21,396                      | 9,652           | (110,696)          | —               |
| Interest expenses  | (20,774)       | (9,472)         | (23,013)        | (23,003)                    | (14,213)        | —                  | (90,475)        |
| Transfer expenses  | (8,693)        | (15,780)        | (33,892)        | (61,405)                    | (5,331)         | 125,101            | —               |
| <b>Net interest income</b>   | <b>11,302</b>  | <b>20,682</b>   | <b>41,787</b>   | <b>(2,020)</b>              | <b>8,873</b>    | <b>14,405</b>      | <b>95,029</b>   |
| Fee and commission income  | 2,283          | 17,019          | 14,565          | 469                         | 1,137           | —                  | 35,473          |
| Fee and commission expense   | (1,146)        | (7,046)         | (5,052)         | (430)                       | (597)           | —                  | (14,271)        |
| Net gains on derecognition of investment securities at fair value through other comprehensive income | —              | —               | —               | 226                         | —               | —                  | 226             |
| Net gains / (losses) from foreign currencies   | 3,236          | 6,221           | 3,418           | (3,587)                     | 4,052           | —                  | 13,340          |
| Net gains/ (losses) on derecognition of financial assets measured at amortized cost                  | —              | (109)           | 1,173           | —                           | 10,145          | —                  | 11,209          |
| Net gains on derecognition of financial liabilities as a result of modifications                     | —              | —               | 561             | —                           | 17,395          | —                  | 17,956          |
| Other income/ (expenses)   | 21             | 321             | 3,989           | 77                          | (742)           | —                  | 3,666           |
| <b>Non-interest income</b>   | <b>4,394</b>   | <b>16,406</b>   | <b>18,654</b>   | <b>(3,245)</b>              | <b>31,390</b>   | <b>—</b>           | <b>67,599</b>   |
| Credit loss expense  | (1,140)        | (2,785)         | (21,583)        | (686)                       | (12,753)        | —                  | (38,947)        |
| Net losses on transactions with financial instruments at fair value through profit or loss           | —              | —               | —               | (1,583)                     | —               | —                  | (1,583)         |
| Loss from disposal of subsidiaries   | —              | —               | —               | —                           | (587)           | —                  | (587)           |
| General and administrative expenses  | (2,743)        | (10,399)        | (23,718)        | (2,853)                     | (9,047)         | —                  | (48,760)        |
| Other expenses   | (63)           | (570)           | (1,970)         | (186)                       | (5,995)         | —                  | (8,784)         |
| <b>Non-interest expense</b>  | <b>(3,946)</b> | <b>(13,754)</b> | <b>(47,271)</b> | <b>(5,308)</b>              | <b>(28,382)</b> | <b>—</b>           | <b>(98,661)</b> |
| <b>Other transfer income and expenses</b>  | <b>(1,646)</b> | <b>(658)</b>    | <b>(3,399)</b>  | <b>36,909</b>               | <b>(16,801)</b> | <b>(14,405)</b>    | <b>—</b>        |
| Profit/ (loss) before corporate income tax expense   | 10,104         | 22,676          | 9,771           | 26,336                      | (4,920)         | —                  | 63,967          |
| Corporate income tax expenses  | (1,148)        | (2,577)         | (1,110)         | (3,010)                     | (3,160)         | —                  | (11,005)        |
| <b>Profit/ (loss) for the year</b>   | <b>8,956</b>   | <b>20,099</b>   | <b>8,661</b>    | <b>23,326</b>               | <b>(8,080)</b>  | <b>—</b>           | <b>52,962</b>   |

*(millions of tenge)***33. Fair value of financial instruments****Accounting classification and fair values**

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

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

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

|   | <i>31 December 2020</i>                              |   |                              |                    |                                 |
|---|--|---|------------------------------|--------------------|---------------------------------|
|   | <i>Assets and liabilities measured at fair value</i> | <i>Assets and liabilities whose fair value is disclosed</i> | <i>Total carrying amount</i> | <i>Fair values</i> | <i>Unrecognised gain/(loss)</i> |
| Cash and cash equivalents                             | —  | 311,632   | 311,632                      | 311,632            | —                               |
| Amounts due from financial institutions               | —  | 73,707  | 73,707                       | 73,707             | —                               |
| Trading securities                                    | 7,377  | —   | 7,377                        | 7,377              | —                               |
| Loans to customers                                    | —  | 749,742   | 749,742                      | 753,405            | 3,663                           |
| Investment securities measured at FVOCI               | 505,922  | —   | 505,922                      | 505,922            | —                               |
| Investment securities measured at amortized cost      | —  | 274,173   | 274,173                      | 272,813            | (1,360)                         |
| Other financial assets                                | —  | 24,204  | 24,204                       | 24,204             | —                               |
|   | <b>513,299</b>                                       | <b>1,433,458</b>  | <b>1,946,757</b>             | <b>1,949,060</b>   | <b>2,303</b>                    |
| Current accounts and deposits of customers            | —  | 1,387,167   | 1,387,167                    | 1,389,323          | (2,156)                         |
| Amounts due to banks and other financial institutions | —  | 130,470   | 130,470                      | 119,642            | 10,828                          |
| Amounts payable under repurchase agreements           | —  | 21,670  | 21,670                       | 23,466             | (1,796)                         |
| Debt securities issued                                | —  | 240,202   | 240,202                      | 234,866            | 5,336                           |
| Subordinated debt                                     | —  | 20,503  | 20,503                       | 16,369             | 4,134                           |
| Other financial liabilities                           | —  | 12,746  | 12,746                       | 12,746             | —                               |
|   | <b>—</b>   | <b>1,812,758</b>  | <b>1,812,758</b>             | <b>1,796,412</b>   | <b>16,346</b>                   |
|   |  |   |                              |                    | <b>18,649</b>                   |

*(millions of tenge)***33. Fair value of financial instruments (continued)****Accounting classification and fair value (continued)**

The estimate of fair value is intended to approximate the amount for which a financial instrument can be exchanged between knowledgeable, willing parties in an arm's length transaction. However, considering the uncertainties and the use of judgements, the fair value should not be interpreted as realisable within the framework of an immediate sale of assets or the transfer of liabilities.

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

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

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

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

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

*Assets for which fair value approximates to carrying value*

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

*Financial assets and financial liabilities accounted for at amortised cost*

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

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

- The discount rate in the range from 4.84% to 14.51% was used to discount the future cash flows from loans to corporate customers (31 December 2020: 5.20% to 13.88%).
- The discount rate of 28.73% was used to calculate the future cash flows from loans to individuals (31 December 2020: 3.85% to 20.78%).

**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)

**34. Fair value of financial instruments (continued)****Fair value hierarchy (continued)**

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

|   | <i>Note</i> | <i>Level 1</i> | <i>Level 2</i> | <i>Level 3</i> | <i>Total</i>   |
|---|-------------|----------------|----------------|----------------|----------------|
| <b>Assets</b>                           |             |                |                |                |                |
| Trading securities                      | 14          | 1,518          | –              | 1,452          | 2,970          |
| Investment securities measured at FVOCI | 16          | 579,407        | 115,421        | –              | 694,828        |
|   |             | <b>580,925</b> | <b>115,421</b> | <b>1,452</b>   | <b>697,798</b> |

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

|   | <i>Note</i> | <i>Level 1</i> | <i>Level 2</i> | <i>Level 3</i> | <i>Total</i>   |
|---|-------------|----------------|----------------|----------------|----------------|
| <b>Assets</b>                           |             |                |                |                |                |
| Trading securities                      | 14          | 5,937          | –              | 1,440          | 7,377          |
| Investment securities measured at FVOCI | 16          | 388,114        | 117,808        | –              | 505,922        |
|   |             | <b>394,051</b> | <b>117,808</b> | <b>1,440</b>   | <b>513,299</b> |

As of 31 December 2021, KSF debt securities valued under the FVOCI in the amount of KZT 95,705 million were assigned to Level 2 of the fair value hierarchy (as of 31 December 2020: KZT 56,208 million). These investment securities are treated as high-quality liquid assets for regulatory purposes, but are classified in Level 2 due to the insufficient volume of transactions with these securities in the active market.

The following table shows a reconciliation for fair value measurements in Level 3 of the fair value hierarchy for 2021:

|  | <i>Trading securities</i> |
|--|---------------------------|
| <b>At 1 January 2021</b>   | <b>1,440</b>              |
| Net gain from transactions with financial instruments at fair value through profit or loss                     | 12                        |
| Net gains/(losses) on transactions with financial instruments at fair value through other comprehensive income | –                         |
| <b>At 31 December 2021</b>   | <b>1,452</b>              |

The following table shows a reconciliation for fair value measurements in Level 3 of the fair value hierarchy for 2020:

|  | <i>Trading securities</i> |
|--|---------------------------|
| <b>At 1 January 2020</b>   | <b>1,440</b>              |
| Net gains/(losses) on transactions with financial instruments at fair value through profit or loss             | –                         |
| Net gains/(losses) on transactions with financial instruments at fair value through other comprehensive income | –                         |
| <b>At 31 December 2020</b>   | <b>1,440</b>              |

*(millions of tenge)***33. 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 2021, by fair value hierarchy, into which the fair value measurement is categorised:

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

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

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

|   | <i>Level 1</i> | <i>Level 2</i> | <i>Level 3</i> | <i>Total fair value</i> | <i>Total carrying value</i> |
|---|----------------|----------------|----------------|-------------------------|-----------------------------|
| <b>Assets</b>   |                |                |                |                         |                             |
| Cash and cash equivalents                             | –              | 311,632        | –              | 311,632                 | 311,632                     |
| Amounts due from financial institutions               | –              | 73,707         | –              | 73,707                  | 73,707                      |
| Loans to customers                                    | –              | –              | 753,405        | 753,405                 | 749,742                     |
| Investment securities measured at amortized cost      | 34,721         | 9,440          | 228,652        | 272,813                 | 274,173                     |
| Other financial assets                                | –              | –              | 24,204         | 24,204                  | 24,204                      |
| <b>Liabilities</b>                                    |                |                |                |                         |                             |
| Current accounts and deposits of customers            | –              | 1,389,323      | –              | 1,389,323               | 1,387,167                   |
| Amounts due to banks and other financial institutions | –              | 119,642        | –              | 119,642                 | 130,470                     |
| Amounts payable under repurchase agreements           | –              | 23,466         | –              | 23,466                  | 21,670                      |
| Debt securities issued                                | –              | 234,866        | –              | 234,866                 | 240,202                     |
| Subordinated debt                                     | –              | 16,369         | –              | 16,369                  | 20,503                      |
| Other financial liabilities                           | –              | 12,746         | –              | 12,746                  | 12,746                      |

*(millions of tenge)*

### 34. Events after the reporting period

On 2 January 2022 protests started in Mangystau region of Kazakhstan related to significant increase in the liquified natural gas retail price. These protests spread to other cities and resulted in riots, damage to property and loss of life. On 5 January 2022 the government declared a state of emergency.

As a result of the above protests and state of emergency the President of Kazakhstan has made certain public announcements regarding possible measures including amendments to the tax legislation, introducing measures for financial stability, controlling and stabilizing the inflation rate and the tenge exchange rate.

As at 9 March 2022, the state of emergency was lifted. The Group is currently unable to quantify what the impact, if any, may be on the Group's financial position of any new measures the government may take or any impact from the effect on the Kazakhstan economy as a result of the above protests and state of emergency.

In February 2022, due to the conflict between the Russian Federation and Ukraine, numerous sanctions have been announced by majority of western countries against the Russian Federation. These sanctions are targeted to have a negative economic impact on the Russian Federation.

Due to the growing geopolitical tensions, since February 2022, there has been a significant increase in volatility on the securities and currency markets, as well as a significant depreciation of the ruble against the US dollar and the euro.

On 24 February 2022, the Monetary Policy Committee of the NBRK made an extraordinary decision to raise the base rate to 13.5% per annum with an interest rate collar of +/- 1%.

In order to manage country risk, the Bank controls transactions with counterparties within the limits established by the collegial body of the Bank, which are reviewed regularly. As at 31 December 2021, the concentration of amounts due from Russian counterparties amounted to 4,431 million tenge, which comprised amounts in accounts with financial institutions and investments securities at fair value through other comprehensive income. The Bank has taken measures to reduce risks, including minimizing such concentration.

The Group regards these events as non-adjusting events after the reporting period, the quantitative effect of which cannot be estimated at the moment with a sufficient degree of confidence.

Currently, the Group's management is analyzing the possible impact of changing micro- and macroeconomic conditions on the Company's financial position and results of operations.