



# JSC HALYK BANK

Interim condensed consolidated  
financial information (unaudited)  
for the six months ended 30 June 2023

	Page
STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2023 (UNAUDITED)	1
REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION	2
INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2023 (UNAUDITED):	
Interim condensed consolidated statement of financial position (unaudited)	3
Interim condensed consolidated statement of profit or loss (unaudited)	4
Interim condensed consolidated statement of other comprehensive income (unaudited)	5
Interim condensed consolidated statement of changes in equity (unaudited)	6-7
Interim condensed consolidated statement of cash flows (unaudited)	8-9
Selected explanatory notes to the interim condensed consolidated financial information (unaudited)	10-64



## REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

To the Shareholders and Board of Directors of JSC Halyk Bank

### Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of JSC Halyk Bank and its subsidiaries (the "Group") as at 30 June 2023 and the related interim condensed consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flows for the six months then ended, and selected explanatory notes. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

### Scope of Review

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

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.



15 August 2023  
Almaty, Republic of Kazakhstan

Interim Condensed Consolidated Statement of Financial Position  
as at 30 June 2023 (unaudited)  
(millions of Kazakhstani Tenge)

	Notes	30 June 2023 (unaudited)	31 December 2022 (recalculated)*
<b>ASSETS</b>			
Cash and cash equivalents	5	1,277,098	2,028,831
Obligatory reserves		241,878	259,544
Financial assets at fair value through profit or loss	6	413,637	342,168
Amounts due from credit institutions	7	116,666	135,655
Financial assets at fair value through other comprehensive income	8	2,443,080	2,109,269
Debt securities at amortized cost, net of allowance for expected credit losses	9	1,028,062	1,019,089
Loans to customers	10, 28	8,173,686	7,857,902
Investment property		34,776	35,541
Commercial property		72,845	76,538
Assets classified as held for sale		38,610	23,923
Current income tax assets		1,519	1,521
Deferred income tax assets		252	273
Property and equipment and intangible assets		207,866	207,788
Insurance contract assets		11,768	7,117
Reinsurance contract assets		20,599	22,151
Other assets	28	159,121	159,985
<b>TOTAL ASSETS</b>		<b>14,241,463</b>	<b>14,287,295</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
Amounts due to customers	11, 28	10,174,797	10,512,048
Amounts due to credit institutions	12	958,413	878,665
Financial liabilities at fair value through profit or loss	6	8,018	10,628
Debt securities issued	13, 28	561,214	462,817
Current income tax liability		14,300	12,358
Deferred tax liability		51,162	52,595
Provisions	16	11,846	13,773
Insurance contract liabilities		238,863	230,159
Reinsurance contract liabilities		830	2,763
Other liabilities		204,740	189,343
<b>Total liabilities</b>		<b>12,224,183</b>	<b>12,365,149</b>
<b>EQUITY</b>			
Share capital	15	209,027	209,027
Share premium reserve		8,367	7,966
Treasury shares	15	(258,881)	(260,535)
Retained earnings and other reserves		2,058,758	1,965,679
Total equity attributable to owners of the Group		2,017,271	1,922,137
Non-controlling interest		9	9
<b>Total equity</b>		<b>2,017,280</b>	<b>1,922,146</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>14,241,463</b>	<b>14,287,295</b>

\* Comparative information has been restated in accordance with Note 4b

On behalf of the Management Board:

Murat U. Koshenov  
Deputy Chairperson of the Board

15 August 2023  
Almaty, Kazakhstan



Pavel A. Cheussov  
Chief Accountant

15 August 2023  
Almaty, Kazakhstan



The notes on pages 10 to 64 form an integral part of this interim condensed consolidated financial information.

Interim Condensed Consolidated Statement of Profit or Loss  
for the Six Months ended 30 June 2023 (unaudited)

(millions of Kazakhstani Tenge, except for earnings per share which is in Tenge)

	Notes	Three months ended 30 June 2023 (unaudited)	Three months ended 30 June 2023 (unaudited) (recalculated)*	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited) (recalculated)*
Interest income calculated using effective interest method	17, 28	390,171	291,290	762,438	538,773
Other interest income	17	10,022	6,445	18,024	12,802
Interest expense	17, 28	(205,378)	(143,494)	(393,555)	(253,073)
<b>NET INTEREST INCOME BEFORE CREDIT LOSS EXPENSE</b>		<b>194,815</b>	<b>154,241</b>	<b>386,907</b>	<b>298,502</b>
Credit loss expense	5, 7, 8, 9, 10	(17,840)	(31,536)	(32,659)	(56,913)
<b>NET INTEREST INCOME</b>		<b>176,975</b>	<b>122,705</b>	<b>354,248</b>	<b>241,589</b>
Fee and commission income	18	51,284	45,778	98,689	79,300
Fee and commission expense	18	(24,484)	(23,509)	(46,970)	(43,818)
<b>Fees and commissions, net</b>		<b>26,800</b>	<b>22,269</b>	<b>51,719</b>	<b>35,482</b>
Net gain/(loss) from financial assets and liabilities at fair value through profit or loss	19	18,782	(20,121)	22,601	(283)
Net realised loss from financial assets at fair value through other comprehensive income		(1,081)	(1,004)	(1,427)	(1,106)
Net gain on foreign exchange operations	20	11,273	82,754	31,410	109,401
Insurance underwriting income		76,328	46,238	139,394	80,115
Share in profit of associate	28	3,417	2,426	7,155	4,411
Income on non-banking activities	22	6,765	10,887	11,447	15,615
Other income		5,486	1,259	18,260	8,101
<b>OTHER NON-INTEREST INCOME</b>		<b>120,970</b>	<b>122,439</b>	<b>228,840</b>	<b>216,254</b>
Operating expenses	21, 28	(53,157)	(47,462)	(99,583)	(90,764)
Recovery/(loss) from impairment of non-financial assets		65	-	5	(60)
Recovery of other credit loss expense/(other credit loss expense)	16	305	587	1,557	(902)
Insurance claims incurred		(48,872)	(32,543)	(84,943)	(53,838)
Net expenses from reinsurance contracts held		(18,207)	(9,032)	(25,854)	(23,161)
<b>NON-INTEREST EXPENSES</b>		<b>(119,866)</b>	<b>(88,450)</b>	<b>(208,818)</b>	<b>(168,725)</b>
<b>INCOME BEFORE INCOME TAX EXPENSE</b>		<b>204,879</b>	<b>178,963</b>	<b>425,989</b>	<b>324,600</b>
Income tax expense	14	(27,921)	(17,603)	(60,830)	(38,764)
<b>NET PROFIT</b>		<b>176,958</b>	<b>161,360</b>	<b>365,159</b>	<b>285,836</b>
Attributable to:					
Owners of the Bank		176,957	161,360	365,158	285,836
Non-controlling interest		1	-	1	-
		<b>176,958</b>	<b>161,360</b>	<b>365,159</b>	<b>285,836</b>
<b>EARNINGS PER SHARE</b>	23				
(in Kazakhstani Tenge)					
Basic and diluted earnings per share		16.25	14.81	33.54	26.24

\* Comparative information has been restated in accordance with Note 4b

On behalf of the Management Board:

Murat U. Koshegov  
Deputy Chairperson of the Board

15 August 2023  
Almaty, Kazakhstan

Pavel A. Chelissoy  
Chief Accountant

15 August 2023  
Almaty, Kazakhstan

The notes on pages 10 to 64 form an integral part of this interim condensed consolidated financial information.



**Interim Condensed Consolidated Statement of Other Comprehensive Income  
for the Six Months ended 30 June 2023 (unaudited)**  
*(millions of Kazakhstani Tenge)*

	Three months ended 30 June 2023 (unaudited)	Three months ended 30 June 2023 (unaudited) (recalculated)*	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited) (recalculated)*
<b>Net profit</b>	<b>176,958</b>	<b>161,360</b>	<b>365,159</b>	<b>285,836</b>
Other comprehensive income:				
<i>Items that will not be subsequently reclassified to profit or loss:</i>				
(Loss)/gain on revaluation of property	(20)	570	(3)	570
(Loss)/gain on revaluation of equity financial assets at fair value through other comprehensive income (net of tax – KZT Nil)	(101)	125	(152)	1,473
<i>Items that may be subsequently reclassified to profit or loss:</i>				
Exchange differences on translation of foreign operations (net of tax – KZT Nil)	(1,492)	17,859	(3,589)	23,111
Share of other comprehensive (loss)/income of associate	(178)	45	619	(1,611)
Share of other comprehensive income of an associate from revaluation of property	14	2	14	2
(Loss)/gain on revaluation of debt financial assets at fair value through other comprehensive income, including impaired during the period (net of tax – KZT Nil)	(746)	(9,630)	6,128	(114,657)
Reclassification adjustment relating to financial assets at fair value through other comprehensive income disposed of in the period (net of tax – KZT Nil)	1,081	1,004	1,427	1,106
<b>Other comprehensive (loss)/income for the period</b>	<b>(1,442)</b>	<b>9,975</b>	<b>4,444</b>	<b>(90,006)</b>
<b>Total comprehensive income for the period</b>	<b>175,516</b>	<b>171,335</b>	<b>369,603</b>	<b>195,830</b>
Attributable to:				
Owners of the Bank	175,515	171,335	369,602	195,829
Non-controlling interest	1	-	1	1
<b>Total comprehensive income for the period</b>	<b>175,516</b>	<b>171,335</b>	<b>369,603</b>	<b>195,830</b>

\* Comparative information has been restated in accordance with Note 4b

On behalf of the Management Board:

**Murat U. Kosherov**  
Deputy Chairperson of the Board

15 August 2023  
Almaty, Kazakhstan



**Pavel A. Cheusov**  
Chief Accountant

15 August 2023  
Almaty, Kazakhstan



The notes on pages 10 to 64 form an integral part of this interim condensed consolidated financial information.

# JSC Halyk Bank



## Interim Condensed Consolidated Statement of Changes in Equity for the Six Months ended 30 June 2023 (unaudited) (millions of Kazakhstani Tenge)

	Share capital Common shares	Share premium reserve	Treasury common shares	Cumulative translation reserve*	Revaluation reserve of financial assets at fair value through other comprehensive income*	Property revaluation reserve*	Retained earnings*	Total equity	Non-controlling interest	Total equity
<b>31 December 2022 (recalculated)*</b>	<b>209,027</b>	<b>7,966</b>	<b>(260,535)</b>	<b>11,742</b>	<b>(78,649)</b>	<b>43,308</b>	<b>1,989,278</b>	<b>1,922,137</b>	<b>9</b>	<b>1,922,146</b>
Net income	-	-	-	-	-	-	365,158	365,158	1	365,159
Other comprehensive income	-	-	-	(3,589)	8,023	11	-	4,445	(1)	4,444
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,589)</b>	<b>8,023</b>	<b>11</b>	<b>365,158</b>	<b>369,603</b>	<b>-</b>	<b>369,603</b>
Treasury shares purchased (Note 15)	-	-	(729)	-	-	-	-	(729)	-	(729)
Treasury shares sold (Note 15)	-	401	2,383	-	-	-	-	2,784	-	2,784
Dividends – ordinary shares (Note 15)	-	-	-	-	-	-	(276,524)	(276,524)	-	(276,524)
Release of property and equipment revaluation reserve on depreciation and disposal of previously revalued assets	-	-	-	-	-	(1,066)	1,066	-	-	-
<b>30 June 2023 (unaudited)</b>	<b>209,027</b>	<b>8,367</b>	<b>(258,881)</b>	<b>8,153</b>	<b>(70,626)</b>	<b>42,253</b>	<b>2,078,978</b>	<b>2,017,271</b>	<b>9</b>	<b>2,017,280</b>

\* Comparative information has been restated in accordance with Note 4b



# JSC Halyk Bank



## Interim Condensed Consolidated Statement of Changes in Equity for the Six Months ended 30 June 2023 (unaudited) (continued) (millions of Kazakhstanian Tenge)

	Share capital Common shares	Share premium reserve	Share reserve common shares	Treasury common shares	Cumulative translation reserve*	Revaluation reserve of financial assets at fair value through other comprehensive income*	Property revaluation reserve*	Retained earnings*	Total equity	Non-controlling interest	Total equity
31 December 2021	209,027	9,067	9,067	(259,322)	5,582	25,115	27,521	1,556,606	1,573,596	8	1,573,604
Effect on transition to IFRS 17 (Note 3)	-	-	-	-	-	-	-	2,047	2,047	-	2,047
1 January 2022 (recalculated)**	209,027	9,067	9,067	(259,322)	5,582	25,115	27,521	1,558,653	1,575,643	8	1,575,651
Net income	-	-	-	-	-	-	-	285,836	285,836	-	285,836
Other comprehensive loss	-	-	-	-	23,110	(113,689)	572	-	(90,007)	1	(90,006)
Total comprehensive income	-	-	-	-	23,110	(113,689)	572	285,836	195,829	1	195,830
Treasury shares purchased (Note 15)	-	(470)	-	(3,338)	-	-	-	-	(3,808)	-	(3,808)
Treasury shares sold (Note 15)	-	-	-	3,403	-	-	-	-	3,403	-	3,403
Release of property and equipment revaluation reserve on depreciation and disposal of previously revalued assets	-	-	-	-	-	-	-	(309)	(309)	-	(309)
30 June 2022 (unaudited)	209,027	8,597	8,597	(259,257)	28,692	(88,574)	27,176	1,845,097	1,770,758	9	1,770,767

\* These amounts are included within retained earnings and other reserves in the interim condensed consolidated statement of financial position.

\*\* Comparative information has been restated in accordance with Note 4b

On behalf of the Management Board:

Murat U. Koshelov  
Deputy Chairman of the Board

15 August 2023  
Almaty, Kazakhstan



Pavel A. Zhelezov  
Chief Accountant

15 August 2023  
Almaty, Kazakhstan

The notes on pages 10 to 64 form an integral part of this interim condensed consolidated financial information.

**Interim Condensed Consolidated Statement of Cash Flows  
for the Six Months ended 30 June 2023 (unaudited)  
(millions of Kazakhstani Tenge)**

	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Interest received from financial assets at fair value through profit or loss	12,225	11,645
Interest received from cash equivalents and amounts due from credit institutions	28,007	8,665
Interest received on financial assets at fair value through other comprehensive income	59,038	56,128
Interest received on debt securities at amortized cost, net of allowance for expected credit losses	3,947	15,479
Interest received from loans to customers	641,396	413,865
Interest paid on due to customers	(336,505)	(189,424)
Interest paid on due to credit institutions	(22,124)	(40,263)
Interest paid on debt securities issued	(10,183)	(18,100)
Fee and commission received	97,183	79,298
Fee and commission paid	(47,686)	(42,380)
Insurance underwriting income received	139,393	80,115
Ceded insurance share paid	(19,224)	(18,455)
Receipts/(payments) from derivative operations	14,871	(2,739)
Other income received	29,707	23,716
Operating expenses paid	(85,387)	(86,274)
Insurance claims paid	(123,220)	(89,956)
Cash flows from operating activities before changes in net operating assets	381,438	201,320
Changes in operating assets and liabilities:		
(Increase)/decrease in operating assets:		
Obligatory reserves	17,666	(30,801)
Financial assets at fair value through profit or loss	(59,620)	6,793
Amounts due from credit institutions	14,483	410,225
Loans to customers	(419,606)	(1,298,496)
Assets classified as held for sale	426	7,963
Insurance assets	29,009	50,400
Other assets	23,074	(9,139)
Increase/(decrease) in operating liabilities:		
Amounts due to customers	(214,906)	1,307,511
Amounts due to credit institutions	87,610	(142,238)
Financial liabilities at fair value through profit or loss	(2,584)	40,565
Insurance liabilities	6,311	(14,496)
Other liabilities	15,088	18,635
<b>Net cash (outflow)/inflow from operating activities before income tax</b>	<b>(121,611)</b>	<b>548,242</b>
Income tax paid	(60,128)	(40,468)
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(181,739)</b>	<b>507,774</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase and prepayment for property and equipment and intangible assets	(12,120)	(16,025)
Proceeds on sale of property and equipment	24	3,396
Proceeds on sale of investment property	1,144	8,953
Proceeds on sale of commercial property	5,505	352,807
Proceeds on sale of financial assets at fair value through other comprehensive income	175,141	1,384
Purchase of financial assets at fair value through other comprehensive income	(519,891)	(221,359)
Purchase of debt securities at amortized cost, net of allowance for expected credit losses	(67,934)	(35,158)
Proceeds on sale and maturity of debt securities at amortized cost, net of allowance for expected credit losses	94,248	4,104
Capital expenditures on commercial property	(1,254)	(1,898)
<b>Net cash (outflow)/inflow from investing activities</b>	<b>(325,137)</b>	<b>96,204</b>

**Interim Condensed Consolidated Statement of Cash Flows  
for the Six Months ended 30 June 2023 (unaudited) (continued)  
(millions of Kazakhstani Tenge)**

	Notes	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Proceeds on sale of treasury shares		2,784	3,403
Purchase of treasury shares		(729)	(3,808)
Dividends paid – ordinary shares		(276,524)	-
Proceeds from issue of debt securities issued	13	261,400	130,882
Redemption and repayment of debt securities issued	13	(173,659)	(177,600)
Repayment of the lease liabilities		(1,551)	(2,301)
<b>Net cash outflow from financing activities</b>		<b>(188,279)</b>	<b>(49,424)</b>
Effect of changes in foreign exchange rate fluctuations on cash and cash equivalents		(56,578)	126,697
Net change in cash and cash equivalents		(751,733)	681,251
<b>CASH AND CASH EQUIVALENTS, beginning of the period</b>	5	<b>2,028,831</b>	<b>1,438,521</b>
<b>CASH AND CASH EQUIVALENTS, end of the period</b>	5	<b>1,277,098</b>	<b>2,119,772</b>

During the six months ended 30 June 2023, the Group entered into transactions related to the withdrawal of collateral for customer loans in the amount of KZT 17,692 million and the sale of property in installments in the amount of KZT 2,768 million (six months ended 30 June 2022 – KZT 5,084 million and KZT 12,104 million, respectively). These transactions have resulted in transfers between line items in the statement of financial position and are therefore non-cash transfers that are excluded from the interim condensed consolidated statement of cash flows.

On behalf of the Management Board:

**Murat U. Koshenov**  
Deputy Chairperson of the Board

15 August 2023  
Almaty, Kazakhstan



**Pavel A. Cheussov**  
Chief Accountant

15 August 2023  
Almaty, Kazakhstan



The notes on pages 10 to 64 form an integral part of this interim condensed consolidated financial information.

**Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Six Months ended 30 June 2023 (unaudited)**  
*(millions of Kazakhstani Tenge)*

---

## 1. Principal activities

JSC Halyk Bank (the “Bank”) and its subsidiaries (collectively, the “Group”) provide corporate and retail banking services principally in Kazakhstan, Kyrgyzstan, Georgia and Uzbekistan, leasing services in Kazakhstan, as well as asset management, insurance and brokerage services in Kazakhstan. The primary state registration of the Bank with the authorities of justice of Kazakhstan was made on 20 January 1994. The Bank operates under license No. 1.2.47/230/38/1 for carrying out banking and other operations and activities on the securities market, renewed by the Agency of the Republic of Kazakhstan for Regulation and Development of the Financial Market on 23 June 2023. The Bank is a member of the obligatory deposit insurance system provided by the JSC Kazakhstan Deposit Insurance Fund.

The Bank’s primary business includes originating loans and guarantees, collecting deposits, trading in securities and foreign currencies, executing transfers, cash and payment card operations as well as rendering other banking services to its customers. In addition, the Bank acts as a non-exclusive agent of the Government of the Republic of Kazakhstan in channeling various budgetary payments and pensions through its nationwide branch network.

The Bank has a primary listing with the Kazakhstan Stock Exchange (“KASE”) and Astana International Exchange. The Bank’s Global Depository Receipts (“GDRs”) are primary listed on the London Stock Exchange, KASE and Astana International Exchange.

The Group is ultimately controlled by Timur Kulibayev and his wife Dinara Kulibayeva via JSC HG Almex.

As at 30 June 2023, the Bank operated through its head office in Almaty and its 24 regional branches, 120 sub-regional offices and 428 cash settlement units (31 December 2022 – 24, 120 and 428, respectively) located throughout Kazakhstan. The address of the Bank’s registered office is 40 Al-Farabi Avenue, Almaty, A26M3K5, Republic of Kazakhstan.

As at 30 June 2023, the number of the Group’s employees was 16,552 (31 December 2022 – 17,038).

The interim condensed consolidated financial information of the Group for the six months ended 30 June 2023 was authorized for issue by the Management Board on 15 August 2023.

### Legal proceedings

From time to time and in the normal course of business, claims against the Group are received from customers and counterparties. Management is of the opinion that no material unaccrued losses will be incurred and accordingly no provision has been made in this interim condensed consolidated financial information.

**Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Six Months ended 30 June 2023 (unaudited) (continued)**  
*(millions of Kazakhstani Tenge)*

**Operating environment**

Emerging markets such as Kazakhstan are subject to different risks compared to more developed markets, including economic, political, social, legal and legislative risks. Laws and regulations affecting businesses in Kazakhstan continue to change rapidly; tax and regulatory frameworks are subject to varying interpretations. The future economic direction of Kazakhstan is heavily influenced by the fiscal and monetary policies adopted by the government, together with developments in the legal, regulatory, and political environment.

Because Kazakhstan produces and exports large volumes of oil and gas, its economy is particularly sensitive to the price of oil and gas on the world market. Moreover, the state of the economy is significantly influenced by government spending on major infrastructure projects and various programs of the country's socio-economic development.

During the second quarter of 2023, the average price of Brent oil was around \$78.03 per barrel (\$112.74 per barrel during the second quarter of 2022). For the period from January to June 2023, the economy of Kazakhstan increased by 5.0% (3.4% for the period from January to June 2023). In June 2023, the annual inflation accelerated to 14.6% (14.5% in June 2022).

The Monetary Policy Committee of the National Bank of the Republic of Kazakhstan decided to keep the base rate at 16.75% per annum with a corridor of +/- 1 p.p. Global inflationary pressures, despite slowing inflation in some countries, remain elevated. Against this background, the central banks of developed countries continue to tighten monetary conditions. In Kazakhstan, inflation is also slowing down both in annual and monthly terms.

Management of the Group is monitoring developments in the economic and political situation, including any sanctions related risks, and taking measures it considers necessary to support the sustainability and development of the Group's business for the foreseeable future. However, the consequences of these events and related future changes August have a significant impact on the Group's operations.

**Ownership**

As at 30 June 2023 and 31 December 2022, the Group's shares were represented by common shares only.

As at 30 June 2023 and 31 December 2022, the Group was owned by the following shareholders, which own individually more than 5% of the issued shares of the Group:

**30 June 2023 (unaudited)**

	Total shares (Common shares)	Stake in total shares in circulation
JSC HG Almex	7,583,538,228	69.6%
GDR holders	3,096,490,320	28.4%
Other	218,415,712	2.0%
<b>Total shares in circulation (on consolidated basis)</b>	<b>10,898,444,260</b>	<b>100%</b>



**Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Six Months ended 30 June 2023 (unaudited) (continued)**  
*(millions of Kazakhstani Tenge)*

31 December 2022

	Total shares (Common shares)	Stake in total shares in circulation
JSC HG Almex	7,583,538,228	69.7%
GDR holders	3,090,660,400	28.4%
Other	209,669,751	1.9%
<b>Total shares in circulation (on consolidated basis)</b>	<b>10,883,868,379</b>	<b>100%</b>

## 2. Basis of presentation

### Accounting basis

The interim condensed consolidated financial information of the Group has been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting”. This interim condensed consolidated financial information has been prepared assuming that the Group is a going concern, as the Group have the resources to continue in operation for the foreseeable future. In making this assessment, the management have considered a wide range of information in relation to present and future economic conditions, including projections of cash flows, profit and capital resources.

The interim condensed consolidated financial information is unaudited and does not include all the information and disclosures required in the annual financial statements. The Group omitted disclosures, which would substantially duplicate the information contained in its audited annual consolidated financial statements for the year ended 31 December 2022 prepared in accordance with International Financial Reporting Standards (“IFRS”), such as accounting policies and details of accounts, which have not changed significantly in amount or composition. Additionally, the Group has provided disclosures, where significant events have occurred subsequent to the issuance of the Group’s annual consolidated financial statements for the year ended 31 December 2022 prepared in accordance with IFRS.

Management believes that the disclosures in this interim condensed consolidated financial information are adequate to make the information presented not misleading if this interim condensed consolidated financial information is read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2022 prepared in accordance with IFRS. In management’s opinion, this interim condensed consolidated financial information reflects all adjustments necessary to present fairly the Group’s financial position, results of the operations, changes in shareholders’ equity and cash flows for the interim reporting periods.

This interim condensed consolidated financial information is presented in millions of Kazakhstani Tenge (“KZT” or “Tenge”), except for earnings per share amounts and unless otherwise indicated.

### Consolidated subsidiaries

No significant changes in the Group structure occurred during the six months ended 30 June 2023 in comparison with the structure as at 31 December 2022.



**Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Six Months ended 30 June 2023 (unaudited) (continued)**  
*(millions of Kazakhstani Tenge)*

---

### 3. Significant accounting policies

In preparing this interim condensed consolidated financial information, the Group has applied the same accounting policies and methods of computation as those applied in the annual consolidated financial statements of the Group for the year ended 31 December 2022.

The following amended standards and interpretations became effective for the Group from 1 January 2023:

- *IFRS 17 (including amendments to IFRS 17 from June 2020 and December 2021);*
- *Amendments to IAS 1 “Classification of liabilities as current or non-current”;*
- *Amendments to IAS 1 and IFRS Practice Statement 2 “accounting policy disclosures”;*
- *Amendments to IAS 12 “Deferred tax associated with assets and liabilities arising from a single transaction”;*
- *Amendments to IAS 8 “Definition of Accounting Estimates”.*

The standards listed above did not have any significant impact on the Group’s interim condensed consolidated financial information for the six month ended 30 June 2023, except IFRS 17 “Insurance contracts”.

The Group did not early adopt any other standards, amendments or interpretations that have been issued and are not yet effective.

#### ***IFRS 17 “Insurance Contracts”***

On 1 January 2023, the Group implemented IFRS 17, Insurance Contracts. The sections below explain in further details the changes to accounting policies implemented. Insurance contracts are issued by two subsidiary insurance companies. Under IFRS 17, insurance contracts are contracts under which the Group accepts significant insurance risk from a policyholder, by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder.

Each portfolio of insurance contracts (i.e. contracts that are subject to similar risks and are managed together) is divided into (i) groups of contracts that are onerous at initial recognition (ii) groups of contracts that at initial recognition, have no significant possibility of becoming onerous subsequently, and (iii) groups of remaining contracts in the portfolio.

Groups of insurance contracts issued are initial recognised from the earliest of the (i) the beginning of the coverage period of the group, (ii) the date when the first payment from a policyholder becomes due, or (iii) for a group of onerous contracts, when the group becomes onerous. Furthermore, each group is divided into annual cohorts so that each group only includes contracts issued no more than one year apart. In a life insurance subsidiary, the unit of account is the contract and, accordingly, the cash flows are modeled at the contract level.

**Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Six Months ended 30 June 2023 (unaudited) (continued)**  
*(millions of Kazakhstani Tenge)*

---

The Group measures insurance contracts using the General Measurement Model (GMM, or Building Block approach) or Premium Allocation Approach (PAA). Groups of insurance contracts under GMM are initially measured as the total of fulfilment cash flows (which comprise estimated future cash flows, an adjustment for time value of money and financial risks related to future cash flows, and a risk adjustment for non-financial risk) and contractual service margin (CSM; unearned profit that will be recognised as the Group provides insurance contract services).

An insurance contract is onerous at the date of initial recognition if the fulfilment cash flows, any previously recognised insurance acquisition cash flows and any cash flows arising from the contract at the date of initial recognition are in total a net outflow. The loss from onerous insurance contracts is recognised immediately in profit or loss.

At each reporting date, the group of insurance contracts is subsequently measured as the sum of:

- the liability for remaining coverage comprising fulfilment cash flows relating to future services and CSM for the Group at that date; and
- liability for incurred claims, which are measured as fulfilment cash flows relating to past services of the Group at that date.

Insurance and reinsurance contracts with the coverage period of up to one year are measured under PAA, which means the liability for remaining coverage is measured on initial recognition at premium received less any acquisition cash flows paid, unless the Group chooses to recognize the payments as an expense, and plus or minus any amount arising from the derecognition at that date of: (i) any asset for insurance acquisition cash flows; and (ii) any other asset or liability previously recognised for cash flows related to the group of contracts.

Non-life insurance subsidiary applies PAA for the measurement of all insurance groups. Life insurance subsidiary recognizes acquisition cash flows as an expenses when applying PAA. Credit life insurance products have been divided into short-term and long-term. Short-term are measured under PAA and long-term under GMM.

The key impacts of the implementation of IFRS 17 are:

- For insurance contracts that represents financial instruments arising from issued insurance contracts that limit the amount of insured event compensation to the amount that would otherwise be required to settle the policyholder's obligation created by the contract, the Group applies IFRS 9 instead of IFRS 17.
- Insurance receivables (and payables) are no longer presented separately from insurance liabilities, resulting in a reduction in total assets and liabilities;
- Premiums are no longer recognised in profit or loss at their due dates. Instead, the contractual service margin is recognised in insurance revenue as services are provided over the expected coverage period of the group of insurance contracts;
- Insurance service expenses presented in profit or loss include claims incurred and other insurance service expenses.

The changes in accounting policies are the result of applying IFRS 17 using a modified retrospective approach.

**Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Six Months ended 30 June 2023 (unaudited) (continued)**  
*(millions of Kazakhstani Tenge)*

The effect from initial recognition of IFRS 17 is presented in the interim condensed consolidated statement of changes in equity as at 1 January 2022.

**4. 4a. Significant accounting estimates**

In preparing this interim condensed consolidated financial information, the significant judgments made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were consistent with those that applied to the Group's annual consolidated financial statements for the year ended 31 December 2022 prepared in accordance with IFRS. There have been no changes to the basis upon which the significant accounting estimates have been determined compared with 31 December 2022, except for those disclosed in this Note below.

**Measurement of allowances for expected credit losses ("ECL")**

Due to significant changes in the operating environment caused by the realized geopolitical risks, an extraordinary stress-testing of the Group's financial stability was carried out. The results of stress testing show some decrease in certain financial indicators (growth in allowances for expected credit losses, decrease in net profit and outflow of customer funds). At the same time, given that the Group has a sufficient amount of equity capital and liquid assets, a significant deterioration in the Group's financial position and violation of prudential norms and requirements is not expected.

**4b. Reclassifications**

The interim condensed consolidated statement of financial position as at 30 June 2022 and the corresponding statement of profit or loss for the six months ended 30 June 2022 have been amended due to the application of IFRS 17.

<b>Statement of financial position</b>	<b>Balance under</b>	<b>Recalculation</b>	<b>Balance under</b>
	<b>IFRS 4</b>		<b>IFRS 17</b>
	<b>31 December 2022</b>	<b>31 December 2022</b>	<b>31 December 2022</b>
Insurance contract assets	53,233	(46,116)	7,117
Reinsurance contract assets	-	22,151	22,151
Insurance contract liabilities	292,344	(62,185)	230,159
Reinsurance contract liabilities	-	2,763	2,763
Other assets	160,097	(112)	159,985
Amounts due to customers	10,487,615	24,433	10,512,048
Retained earnings and other reserves	1,954,767	10,912	1,965,679

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Six Months ended 30 June 2023 (unaudited) (continued)  
(millions of Kazakhstani Tenge)

	Balance under IFRS 4	Recalculation	Balance under IFRS 17
	Six months ended 30 June 2022	Six months ended 30 June 2022	Six months ended 30 June 2022
<b>Statement of profit and loss</b>			
Interest income calculated using effective interest method	538,709	64	538,773
Interest expense	(252,853)	(220)	(253,073)
Credit loss expense	(56,877)	(36)	(56,913)
Fee and commission expense	(43,830)	12	(43,818)
Insurance underwriting income	69,145	10,970	80,115
Insurance claims incurred	(65,810)	11,972	(53,838)
Net reinsurance result	-	(23,161)	(23,161)
Operating expenses	(95,598)	4,834	(90,764)
Net profit	281,401	4,435	285,836

## 5. Cash and cash equivalents

Cash and cash equivalents comprise:

	30 June 2023 (unaudited)	31 December 2022
Cash on hand	254,428	274,961
Correspondent accounts with Organization for Economic Co-operation and Development countries (the "OECD") based banks	429,289	493,639
Short-term deposits with OECD based banks	785	46,266
Overnight deposits with OECD based banks	-	92,536
Correspondent accounts with NBRK	188,588	236,507
Short-term deposits with NBRK	232,986	769,907
Correspondent accounts with Kazakhstan banks	43,151	30,874
Short-term deposits with Kazakhstan banks (incl. loans under reverse repurchase agreements)	27,766	17,152
Correspondent accounts with non-OECD based banks	32,937	40,199
Short-term deposits with non-OECD based banks	44,849	6,652
Overnight deposits with non-OECD based banks	22,319	20,138
<b>Total cash and cash equivalents</b>	<b>1,277,098</b>	<b>2,028,831</b>

As at 30 June 2023 and 31 December 2022, allowance for expected credit losses on short-term deposits included in cash and cash equivalents comprised KZT 23 million and KZT 21 million, respectively.

The movements in accumulated allowances for expected credit losses of cash and cash equivalents were as follows:

	Three months ended 30 June 2023 (unaudited)	Three months ended 30 June 2022 (unaudited)	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)
	Stage 1	Stage 1	Stage 1	Stage 1
At the beginning of the period	(16)	(45)	(21)	(42)
Changes in risk parameters	(7)	(93)	(4)	(66)
Foreign exchange differences and other movements	-	40	2	10
<b>At the end of the period</b>	<b>(23)</b>	<b>(98)</b>	<b>(23)</b>	<b>(98)</b>

**Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Six Months ended 30 June 2023 (unaudited) (continued)**  
*(millions of Kazakhstani Tenge)*

Interest rates and currencies in which interest earning cash and cash equivalents are denominated are as follows:

	30 June 2023 (unaudited)		31 December 2022	
	KZT	Foreign currencies	KZT	Foreign currencies
Short-term deposits with OECD based banks	17.8%	-	-	0.7%
Short-term deposits with NBRK	15.8%	5.3%	15.8%	4.0%-4.5%
Overnight deposits with OECD based banks	-	-	-	2.5%
Short-term deposits with non-OECD based banks	-	5.5%-7.5%	-	11.0%-15.0%
Short-term deposits with Kazakhstan banks (incl. loans under reverse repurchase agreements)	16.0%-17.0%	15.0%	14.8%-22.0%	-
Overnight deposits with non-OECD based banks	-	4.5%-12.0%	-	3.0%-13.0%

Fair value of assets pledged and carrying amounts of loans under reverse repurchase agreements included into short-term deposits with Kazakhstan banks as at 30 June 2023 and 31 December 2022 are as follows:

	30 June 2023 (unaudited)		31 December 2022	
	Carrying amount of loans	Fair value of collateral	Carrying amount of loans	Fair value of collateral
Treasury bills of the Ministry of Finance of Kazakhstan	16,642	16,327	1,711	1,623
Treasury bills of the Ministry of Finance of Uzbekistan	7,147	7,154	-	-
Notes of NBRK	1,646	1,646	6,216	6,367
Corporate bonds	1,636	1,648	7,815	7,331
Bonds of JSC Development Bank of Kazakhstan	695	701	1,317	1,294
Equity securities of Kazakhstan corporations	-	-	93	93
	<b>27,766</b>	<b>27,476</b>	<b>17,152</b>	<b>16,708</b>

As at 30 June 2023 and 31 December 2022, maturities of loans under reverse repurchase agreements were less than one month.

## 6. Financial assets and liabilities at fair value through profit or loss

Financial assets at fair value through profit or loss comprise:

	30 June 2023 (unaudited)	31 December 2022
<b>Financial assets held for trading:</b>		
Corporate bonds	174,684	171,078
Bonds of JSC Development Bank of Kazakhstan	43,326	37,871
Treasury bills of the Ministry of Finance of Kazakhstan	41,938	11,529
Equity securities of Kazakhstan corporations	32,341	44,103
Derivative financial instruments	23,178	11,736
Bonds of foreign financial organizations	21,065	18,590
Equity securities of foreign organizations	17,048	7,808
Bonds of foreign states	16,965	27,743
Bonds of Kazakhstan banks	16,339	9,250
NBRK notes	13,830	-
Bonds of foreign organizations	12,923	2,460
<b>Total financial assets at fair value through profit or loss</b>	<b>413,637</b>	<b>342,168</b>



**Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Six Months ended 30 June 2023 (unaudited) (continued)**  
*(millions of Kazakhstani Tenge)*

Financial liabilities at fair value through profit or loss comprise:

	30 June 2023 (unaudited)	31 December 2022
<b>Financial liabilities held for trading:</b>		
Derivative financial instruments	8,018	10,628

Interest rates on financial assets at fair value through profit or loss are presented in the table below. Interest rates in the table below are calculated as weighted average of the effective interest rates for the respective financial assets:

	30 June 2023 (unaudited)	31 December 2022
Corporate bonds	12.3%	11.4%
Bonds of JSC Development Bank of Kazakhstan	14.8%	12.8%
Treasury bills of the Ministry of Finance of Kazakhstan	12.3%	7.6%
Bonds of foreign financial organizations	11.7%	10.7%
Bonds of foreign states	4.7%	4.7%
Bonds of Kazakhstan banks	12.7%	12.2%
NBRK notes	14.8%	-
Bonds of foreign organizations	6.2%	7.1%

As at 30 June 2023 financial assets at fair value through profit or loss included pledged under repurchase agreement (Note 12) Treasury bills of the Ministry of Finance of Kazakhstan, Bonds of JSC "Development Bank of Kazakhstan", bonds of JSC National Company KazMunayGas, JSC "Industry Development Fund" and JSC "Kazakhstan Sustainability Fund" at fair value of KZT 16,976 million (31 December 2022 – KZT 18,943 million). All repurchase agreements as at 30 June 2023 matured before 26 July 2023 (as at 31 December 202 – 25 January 2023).

Derivative financial instruments comprise:

	30 June 2023 (unaudited)			31 December 2022		
	Notional amount	Fair value		Notional amount	Fair value	
		Asset	Liability		Asset	Liability
<b>Foreign currency contracts</b>						
Swaps	599,826	22,184	4,918	473,979	10,455	9,288
Spots	125,249	994	2,802	34,212	1,281	1,244
Forwards	10,408	-	298	4,627	-	96
		<b>23,178</b>	<b>8,018</b>		<b>11,736</b>	<b>10,628</b>

As at 30 June 2023 and 31 December 2022, the Group used quoted market prices from independent information sources for all of its financial assets at fair value through profit or loss, except for derivative financial instruments, which are valued using valuation models based on observable market data.



Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Six Months ended 30 June 2023 (unaudited) (continued)  
(millions of Kazakhstani Tenge)

**7. Amounts due from credit institutions**

Amounts due from credit institutions comprise:

	30 June 2023 (unaudited)	31 December 2022
Loans to credit institutions	42,893	47,159
Deposit pledged as collateral	37,847	53,720
Term deposits and restricted accounts	36,229	35,121
	<b>116,969</b>	<b>136,000</b>
Less - Allowance for expected credit losses	(303)	(345)
<b>Total amounts due from credit institutions</b>	<b>116,666</b>	<b>135,655</b>

Interest rates and maturities of amounts due from credit institutions are as follows:

	30 June 2023 (unaudited)		31 December 2022	
	Interest rate, %	Maturity, year	Interest rate, %	Maturity, year
Term deposits and restricted accounts	18.0%	2023	6.0%-18.0%	2023
Deposit pledged as collateral	1.8%-5.2%	2023-2046	1.5%-4.1%	2046
Loans to credit institutions	1.8%-9.4%	2023-2027	1.8%-8.9%	2023-2027

The movements in accumulated allowances for expected credit losses of amounts due from credit institutions were as follows:

	Three months Ended 30 June 2023 (unaudited)			Six months Ended 30 June 2023 (unaudited)		
	Stage 1	Stage 2	Total	Stage 1	Stage 2	Total
At the beginning of the period	(130)	(17)	(147)	(201)	(144)	(345)
Changes in risk parameters	(144)	3	(141)	(77)	130	53
Foreign exchange differences and other movements	(15)	-	(15)	(11)	-	(11)
<b>At the end of the period</b>	<b>(289)</b>	<b>(14)</b>	<b>(303)</b>	<b>(289)</b>	<b>(14)</b>	<b>(303)</b>

	Three months Ended 30 June 2022 (unaudited)		Six months Ended 30 June 2022 (unaudited)	
	Stage 1	Total	Stage 1	Total
At the beginning of the period	(202)	(202)	(198)	(198)
Changes in risk parameters	92	92	79	79
Foreign exchange differences and other movements	(8)	(8)	1	1
<b>At the end of the period</b>	<b>(118)</b>	<b>(118)</b>	<b>(118)</b>	<b>(118)</b>

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Six Months ended 30 June 2023 (unaudited) (continued)  
(millions of Kazakhstani Tenge)

**8. Financial assets at fair value through other comprehensive income**

Debt securities comprise:

	30 June 2023 (unaudited)	31 December 2022
Treasury bills of the Ministry of Finance of Kazakhstan	1,285,400	1,125,065
Bonds of foreign states	408,325	404,556
Bonds of foreign organisations	238,790	106,449
Corporate bonds	234,308	236,879
Bonds of JSC Development Bank of Kazakhstan	145,289	133,508
Bonds of foreign financial organisations	97,360	69,659
Bonds of Kazakhstan banks	13,664	13,621
Local municipal bonds	10,638	10,578
	<b>2,433,774</b>	<b>2,100,315</b>

Equity securities comprise:

	30 June 2023 (unaudited)	31 December 2022
Equity securities of Kazakhstan corporations	9,306	8,954
	<b>9,306</b>	<b>8,954</b>
<b>Total financial assets at fair value through other comprehensive income</b>	<b>2,443,080</b>	<b>2,109,269</b>

As at 30 June 2023 and 31 December 2022, the allowance for expected credit losses on financial assets at fair value through other comprehensive income comprised KZT 1,376 million and KZT 1,218 million, respectively (Note 9).

As at 30 June 2023 and 31 December 2022, financial assets at fair value through other comprehensive income included Treasury bills of the Ministry of Finance of Kazakhstan at fair value of KZT 4,440 million and KZT 6,609 million, respectively, which were pledged under repurchase agreements with other banks (see Note 12). All repurchase agreements as at 30 June 2023 and 31 December 2022 matured before 26 July 2023 and 25 January 2023, respectively.

Interest rates and maturities of financial assets at fair value through other comprehensive income securities are presented in the table below. Interest rates in the table below are calculated as the weighted average of the effective interest rates for the respective securities.

	30 June 2023 (unaudited)		31 December 2022	
	Interest rate, %	Maturity, year	Interest rate, %	Maturity, year
Treasury bills of the Ministry of Finance of Kazakhstan	5.1%	2023-2045	4.8%	2023-2045
Bonds of foreign states	3.7%	2023-2025	1.6%	2023-2025
Bonds of foreign organizations	3.5%	2023-2027	2.2%	2023-2025
Corporate bonds	10.3%	2023-2047	10.3%	2023-2047
Bonds of JSC Development Bank of Kazakhstan	6.1%	2024-2032	4.9%	2024-2032
Bonds of foreign financial organisations	9.0%	2023-2030	7.6%	2023-2026
Bonds of Kazakhstan banks	12.2%	2023-2026	11.7%	2023-2026
Local municipal bonds	10.8%	2026	10.8%	2026

**Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Six Months ended 30 June 2023 (unaudited) (continued)**  
*(millions of Kazakhstani Tenge)*

**9. Debt securities at amortized cost, net of allowances for expected credit losses**

Debt securities at amortized cost, net of allowances for expected credit losses comprise:

	30 June 2023 (unaudited)	31 December 2022
Treasury bills of the Ministry of Finance of Kazakhstan	817,926	783,595
Corporate bonds	187,115	191,141
Bonds of foreign organizations	6,627	8,221
Treasury bills of Uzbekistan	6,200	25,234
Notes of National Bank of the Kyrgyz Republic	4,896	2,689
Notes of National Bank of Georgia	3,034	3,002
Treasury bills of the Kyrgyz Republic	2,264	3,494
Bonds of Kazakhstan banks	-	1,713
<b>Total debt securities at amortized cost, net of allowances for expected credit losses</b>	<b>1,028,062</b>	<b>1,019,089</b>

As at 30 June 2023 and 31 December 2022, the allowance for expected credit losses on debt securities at amortized cost comprised KZT 339 million and KZT 350 million, respectively.

As at 30 June 2023 and 31 December 2022, debt securities at amortised cost, net of allowances for expected credit losses included Treasury bills of the Ministry of Finance of Kazakhstan at fair value of KZT 589,831 million and KZT 505,588 million, respectively, pledged under repurchase agreements with the other banks (see Note 12). All repurchase agreements as at 30 June 2023 and 31 December 2022 mature before 31 July 2023 and 25 January 2023, respectively.

Interest rates and maturities of debt securities at amortized cost, net of allowance for expected credit losses are presented in the table below. Interest rates in the table below are calculated as the weighted average of the effective interest rates for the respective securities.

	30 June 2023 (unaudited)		31 December 2022	
	Interest rate, %	Maturity, year	Interest rate, %	Maturity, year
Treasury bills of the Ministry of Finance of Kazakhstan	9.2%	2023-2027	9.2%	2023-2027
Corporate bonds	3.3%	2024	3.3%	2024
Bonds of foreign organizations	3.4%	2025	2.5%	2025
Treasury bills of Uzbekistan	16.5%	2023	16.7%	2023
Notes of National Bank of the Kyrgyz Republic	12.1%	2023	12.8%	2023
Notes of National Bank of Georgia	9.8%	2024-2028	9.6%	2024-2028
Treasury bills of the Kyrgyz Republic	8.5%	2023-2025	10.0%	2023-2024
Bonds of Kazakhstan banks	-	-	4.1%	2023

# JSC Halyk Bank



## Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Six Months ended 30 June 2023 (unaudited) (continued) (millions of Kazakhstani Tenge)

The movements in accumulated allowances for expected credit losses of debt securities at amortised cost, net of allowances for expected credit losses and financial assets at fair value through other comprehensive income were as follows:

	Three months ended 30 June 2023 (unaudited)			Three months ended 30 June 2022 (unaudited)			Six months ended 30 June 2023 (unaudited)			Six months ended 30 June 2022 (unaudited)					
	Stage 1	Total	Stage 3	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>At the beginning of the period</b>	<b>(1,607)</b>	<b>(1,607)</b>	<b>(1,607)</b>	<b>(1,555)</b>	<b>(458)</b>	<b>(1,653)</b>	<b>(3,666)</b>	<b>(1,398)</b>	<b>(1,628)</b>	<b>(170)</b>	<b>(1,568)</b>	<b>(1,628)</b>	<b>(437)</b>	<b>(1,594)</b>	<b>(3,222)</b>
Transfer to Stage 1		(437)	-		437	-	-		(437)	-	-		437	-	-
Transfer to Stage 2		3	-		(3)	-	-		440	-	-		(440)	-	-
Changes in risk parameters*	(32)	(32)	(60)	587	(138)	(147)	389	(147)	281	-	(147)		(159)	(119)	3
New originations or purchases of financial assets*	(99)	(99)	-	(77)	-	(77)	(77)	(218)	(79)	-	(218)		-	-	(79)
Derecognition of financial assets*	6	6	-	6	-	6	6	9	-	-	9		-	-	-
Write-offs		-	-	-	-	-	-	-	8	170	170		-	-	8
Foreign exchange differences and other movements	17	17	-	33	(52)	-	(19)	39	(25)	-	39		(52)	-	(77)
<b>At the end of the period</b>	<b>(1,715)</b>	<b>(1,715)</b>	<b>(1,713)</b>	<b>(1,440)</b>	<b>(214)</b>	<b>(1,713)</b>	<b>(3,367)</b>	<b>(1,715)</b>	<b>(1,440)</b>	<b>-</b>	<b>(1,715)</b>	<b>(1,440)</b>	<b>(214)</b>	<b>(1,713)</b>	<b>(3,367)</b>

\* FS line "Credit loss expense" in the interim condensed consolidated statement of profit or loss is comprised from "Changes in risk parameters", "New originations or purchases of financial assets" and "Derecognition of financial assets".

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Six Months ended 30 June 2023 (unaudited) (continued)  
(millions of Kazakhstani Tenge)

**10. Loans to customers**

Loans to customers comprise:

	30 June 2023 (unaudited)	31 December 2022
Originated loans to customers	8,606,711	8,259,709
Overdrafts	23,191	20,581
	<b>8,629,902</b>	<b>8,280,290</b>
Stage 1	7,859,997	7,549,514
Stage 2	67,147	106,694
Stage 3	667,900	586,787
Purchased or originated credit-impaired assets ("POCI")	34,858	37,295
<b>Total</b>	<b>8,629,902</b>	<b>8,280,290</b>
Less – Allowance for expected credit losses	(456,216)	(422,388)
<b>Loans to customers</b>	<b>8,173,686</b>	<b>7,857,902</b>

The weighted average interest rate on loans to customers is calculated as interest income on loans to customers divided by monthly average balances of loans to customers. For the six months ended 30 June 2023, average interest rate on loans was 15.7% (for the six months ended 30 June 2022 – 13.4%).

As at 30 June 2023, the Group's loan concentration to the ten largest borrowers was KZT 1,683,086 million, which comprised 20% of the Group's total gross loan portfolio (as at 31 December 2022 – KZT 1,549,351 million, 19%) and 83% of the Group's total equity (as at 31 December 2022 – 81%).

As at 30 June 2023, the allowance for expected credit losses created against these loans was KZT 16,992 million (as at 31 December 2022 – KZT 23,707 million).

**Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Six Months ended 30 June 2023 (unaudited) (continued)**  
*(millions of Kazakhstani Tenge)*

As at 30 June 2023 and 31 December 2022, loans were granted to the following sectors:

	30 June 2023 (unaudited)	%	31 December 2022	%
Retail loans:				
- consumer loans	2,354,343	27%	2,148,440	26%
- mortgage loans	384,170	4%	388,416	5%
	<b>2,738,513</b>		<b>2,536,856</b>	
Services	809,748	9%	796,329	10%
Wholesale trade	634,569	7%	649,849	8%
Retail trade	590,135	7%	528,459	6%
Energy	463,525	5%	320,085	4%
Oil and gas	360,249	4%	401,939	5%
Real estate	358,517	4%	337,180	4%
Chemical industry	331,283	4%	327,215	4%
Financial services	325,069	4%	356,178	4%
Transportation	311,894	4%	330,642	4%
Agriculture	289,851	3%	268,233	3%
Food industry	286,337	3%	304,746	4%
Construction	264,714	3%	287,046	3%
Metallurgy	217,184	3%	184,312	2%
Machinery	216,687	3%	221,028	3%
Mining	132,022	2%	145,260	2%
Communication	90,917	1%	92,976	1%
Light industry	61,340	1%	53,278	1%
Hotel industry	50,179	1%	51,216	0%
Other	97,169	1%	87,463	1%
	<b>8,629,902</b>	<b>100%</b>	<b>8,280,290</b>	<b>100%</b>

#### Restructured and modified loans to customers

The Bank derecognises a financial asset, such as a loan to a customer, if the terms of the contract are renegotiated in such a way that it effectively becomes a new loan and the difference is recognized as a gain or loss on derecognition before an impairment loss is recognized. On initial recognition, loans to customers are classified in Stage 1 for the purpose of estimating expected credit losses, unless the loan originated is considered POCI. If the modification does not result in a significant change in cash flows, then derecognition does not occur. No material modification gain/(loss) of loans to customers was recognized in the second quarter of 2023 and 2022.

As at 30 June 2023, accrued interest on loans comprised KZT 167,675 million (31 December 2022 – KZT 178,222 million).

During the six months ended 30 June 2023 and 2022, the Group received financial and non-financial assets by taking possession of collateral it held as security. As at 30 June 2023 and 31 December 2022, such assets of KZT 17,692 million and KZT 4,032 million, respectively, are included in assets classified as held for sale.

As at 30 June 2023 and 31 December 2022, loans to customers included loans of KZT 245,571 million and KZT 273,204 million, respectively, which terms were renegotiated. Otherwise, these loans would be past due.





Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Six Months ended 30 June 2023 (unaudited) (continued)  
(millions of Kazakhstani Tenge)

	30 June 2023 (unaudited)				
Retail Business	Stage 1	Stage 2	Stage 3	POCI Total	
<b>At the beginning of the period</b>	<b>2,354,692</b>	<b>15,253</b>	<b>163,659</b>	<b>3,252</b>	<b>2,536,856</b>
Transfer to Stage 1	18,806	(10,966)	(7,840)	-	-
Transfer to Stage 2	(28,562)	31,128	(2,566)	-	-
Transfer to Stage 3	(39,106)	(18,164)	57,270	-	-
New originations or purchases of financial assets	833,233	-	-	-	833,233
Assets derecognised or repaid**	(296,479)	(818)	(11,934)	(53)	(309,284)
Write-offs	-	-	(4,731)	-	(4,731)
Changes in the gross value of financial assets*	(315,808)	294	(1,264)	(783)	(317,561)
<b>At the end of the period</b>	<b>2,526,776</b>	<b>16,727</b>	<b>192,594</b>	<b>2,416</b>	<b>2,738,513</b>

	30 June 2023 (unaudited)				
SME Business	Stage 1	Stage 2	Stage 3	POCI Total	
<b>At the beginning of the period</b>	<b>1,148,257</b>	<b>19,153</b>	<b>120,470</b>	<b>6,074</b>	<b>1,293,954</b>
Transfer to Stage 1	11,051	(8,888)	(2,163)	-	-
Transfer to Stage 2	(22,459)	23,317	(858)	-	-
Transfer to Stage 3	(20,302)	(7,306)	27,608	-	-
New originations or purchases of financial assets	721,892	-	-	-	721,892
Assets derecognised or repaid**	(336,952)	(3,958)	(15,358)	(71)	(356,339)
Write-offs	-	-	(3,786)	-	(3,786)
Changes in the gross value of financial assets*	(308,628)	(5,835)	(3,309)	(1,270)	(319,042)
<b>At the end of the period</b>	<b>1,192,859</b>	<b>16,483</b>	<b>122,604</b>	<b>4,733</b>	<b>1,336,679</b>

## JSC Halyk Bank



### Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Six Months ended 30 June 2023 (unaudited) (continued) (millions of Kazakhstani Tenge)

	30 June 2022 (unaudited)				
	Stage 1	Stage 2	Stage 3	POCI	Total
<b>At the beginning of the period</b>	<b>5,469,752</b>	<b>245,157</b>	<b>502,058</b>	<b>33,293</b>	<b>6,250,260</b>
Transfer to Stage 1	37,956	(33,380)	(4,576)	-	-
Transfer to Stage 2	(43,757)	47,500	(3,743)	-	-
Transfer to Stage 3	(48,220)	(45,458)	93,678	-	-
New originations or purchases of financial assets	2,152,268	-	-	-	2,152,268
Assets derecognised or repaid**/**	(779,961)	(15,654)	(27,762)	-	(823,377)
Write-offs	-	-	(19,793)	(351)	(20,144)
Changes in the gross value of financial assets*	86,119	36,577	11,770	992	135,458
<b>At the end of the period</b>	<b>6,874,157</b>	<b>234,742</b>	<b>551,632</b>	<b>33,934</b>	<b>7,694,465</b>
<b>Corporate Business</b>					
<b>At the beginning of the period</b>	<b>2,834,605</b>	<b>197,214</b>	<b>234,273</b>	<b>26,974</b>	<b>3,293,066</b>
Transfer to Stage 1	29,402	(28,587)	(815)	-	-
Transfer to Stage 2	(12,699)	13,229	(530)	-	-
Transfer to Stage 3	(16,137)	(22,767)	38,904	-	-
New originations or purchases of financial assets	1,066,049	-	-	-	1,066,049
Assets derecognised or repaid**/**	(527,999)	(8,579)	(10,223)	-	(546,801)
Changes in the gross value of financial assets*	263,682	25,176	(9,644)	684	279,898
<b>At the end of the period</b>	<b>3,636,903</b>	<b>175,686</b>	<b>251,965</b>	<b>27,658</b>	<b>4,092,212</b>

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Six Months ended 30 June 2023 (unaudited) (continued)  
(millions of Kazakhstani Tenge)

	30 June 2022 (unaudited)				
Retail Business	Stage 1	Stage 2	Stage 3	POCI	Total
<b>At the beginning of the period</b>	<b>1,758,678</b>	<b>11,633</b>	<b>141,870</b>	-	<b>1,912,181</b>
Transfer to Stage 1	6,193	(3,647)	(2,546)	-	-
Transfer to Stage 2	(11,249)	12,956	(1,707)	-	-
Transfer to Stage 3	(16,667)	(8,023)	24,690	-	-
New originations or purchases of financial assets	693,604	-	-	-	693,604
Assets derecognised or repaid**/**	(113,777)	(938)	(5,644)	-	(120,359)
Write-offs	-	-	(11,866)	-	(11,866)
Changes in the gross value of financial assets*	(63,148)	9,705	16,221	-	(37,222)
<b>At the end of the period</b>	<b>2,253,634</b>	<b>21,686</b>	<b>161,018</b>	-	<b>2,436,338</b>
SME Business	Stage 1	Stage 2	Stage 3	POCI	Total
<b>At the beginning of the period</b>	<b>876,469</b>	<b>36,310</b>	<b>125,915</b>	<b>6,319</b>	<b>1,045,013</b>
Transfer to Stage 1	2,361	(1,146)	(1,215)	-	-
Transfer to Stage 2	(19,809)	21,315	(1,506)	-	-
Transfer to Stage 3	(15,416)	(14,668)	30,084	-	-
New originations or purchases of financial assets*	392,615	-	-	-	392,615
Assets derecognised or repaid**/**	(138,185)	(6,137)	(11,895)	-	(156,217)
Write-offs	-	-	(7,927)	(351)	(8,278)
Changes in the gross value of financial assets*	(114,415)	1,696	5,193	308	(107,218)
<b>At the end of the period</b>	<b>983,620</b>	<b>37,370</b>	<b>138,649</b>	<b>6,276</b>	<b>1,165,915</b>

\* Changes in the gross value of financial assets includes changes in gross carrying amount associated with partial repayment of debt, accrual of interest income and foreign exchange differences  
\*\*/\*\*The derecognition or redemption of financial assets includes the gross carrying amount of loans classified as assets held for sale.

# JSC Halyk Bank



## Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Six Months ended 30 June 2023 (unaudited) (continued) (millions of Kazakhstani Tenge)

The movements in accumulated allowances for expected credit losses of loans to customers were as follows:

	Three months ended 30 June 2023 (unaudited)					Six months ended 30 June 2023 (unaudited)				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
<b>At the beginning of the period</b>	<b>(107,142)</b>	<b>(18,508)</b>	<b>(301,521)</b>	<b>(11,417)</b>	<b>(438,588)</b>	<b>(113,665)</b>	<b>(17,767)</b>	<b>(269,840)</b>	<b>(21,116)</b>	<b>(422,388)</b>
Transfer to Stage 1	(5,029)	2,114	2,915	-	-	(13,503)	3,320	10,183	-	-
Transfer to Stage 2	917	(1,634)	717	-	-	3,006	(4,298)	1,292	-	-
Transfer to Stage 3	2,143	6,228	(8,371)	-	-	7,884	8,690	(16,574)	-	-
Changes in risk parameters*	10,439	(3,025)	(32,811)	1,082	(24,315)	17,518	(5,124)	(74,271)	14,579	(47,298)
New originations or purchases of financial assets*	(25,772)	-	-	-	(25,772)	(41,738)	-	-	-	(41,738)
Derecognition of financial assets***	9,871	192	18,409	72	28,544	25,415	561	24,686	197	50,859
Recoveries of allowances on previously written-off assets***	879	-	(4,192)	(1,052)	(4,365)	879	-	(3,395)	(5,596)	(8,112)
Write-offs	-	-	6,528	187	6,715	-	-	8,517	204	8,721
Foreign exchange differences and other movements	50	102	1,446	(33)	1,565	560	87	2,522	571	3,740
<b>At the end of the period</b>	<b>(113,644)</b>	<b>(14,531)</b>	<b>(316,880)</b>	<b>(11,161)</b>	<b>(456,216)</b>	<b>(113,644)</b>	<b>(14,531)</b>	<b>(316,880)</b>	<b>(11,161)</b>	<b>(456,216)</b>
<b>Corporate Business</b>	<b>(20,296)</b>	<b>(11,915)</b>	<b>(151,354)</b>	<b>(9,700)</b>	<b>(193,265)</b>	<b>(26,828)</b>	<b>(13,277)</b>	<b>(138,666)</b>	<b>(19,280)</b>	<b>(198,051)</b>
At the beginning of the period	(161)	1	160	-	-	(5,818)	1	5,817	-	-
Transfer to Stage 1	4	(5)	1	-	-	39	(66)	27	-	-
Transfer to Stage 2	297	3,603	(3,900)	-	-	2,131	3,658	(5,789)	-	-
Transfer to Stage 3	1,875	(1,683)	(9,657)	207	(9,258)	5,132	(561)	(31,489)	13,529	(13,389)
Changes in risk parameters*	(4,940)	-	-	-	(4,940)	(8,654)	-	-	-	(8,654)
New originations or purchases of financial assets*	2,559	21	8,774	5	11,359	12,856	287	12,276	129	25,548
Derecognition of financial assets***	935	-	(1,566)	(630)	(1,261)	935	-	(712)	(5,092)	(4,869)
Recoveries of allowances on previously written-off assets***	-	-	-	187	187	-	-	-	204	204
Write-offs	-	-	-	-	-	-	-	-	-	-
Foreign exchange differences and other movements	(30)	16	1,541	(19)	1,508	450	(4)	2,535	560	3,541
<b>At the end of the period</b>	<b>(19,757)</b>	<b>(9,962)</b>	<b>(156,001)</b>	<b>(9,950)</b>	<b>(195,670)</b>	<b>(19,757)</b>	<b>(9,962)</b>	<b>(156,001)</b>	<b>(9,950)</b>	<b>(195,670)</b>

# JSC Halyk Bank



## Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Six Months ended 30 June 2023 (unaudited) (continued) (millions of Kazakhstani Tenge)

Retail Business	Three months ended 30 June 2023 (unaudited)					Six months ended 30 June 2023 (unaudited)				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
<b>At the beginning of the period</b>	<b>(74,750)</b>	<b>(4,175)</b>	<b>(105,730)</b>	<b>(103)</b>	<b>(184,758)</b>	<b>(74,364)</b>	<b>(3,108)</b>	<b>(93,919)</b>	<b>(125)</b>	<b>(171,516)</b>
Transfer to Stage 1	(3,898)	1433	2,465	-	-	(6,182)	2,141	4,041	-	-
Transfer to Stage 2	785	(1,377)	592	-	-	1,901	(3,019)	1,118	-	-
Transfer to Stage 3	1,577	2,082	(3,659)	-	-	4,402	4,025	(8,427)	-	-
Changes in risk parameters*	6,571	(1,357)	(17,316)	43	(12,059)	9,933	(3,478)	(28,849)	67	(22,327)
New originations or purchases of financial assets**	(16,918)	-	-	-	(16,918)	(25,921)	-	-	-	(25,921)
Derecognition of financial assets**/*	6,026	75	4,148	-	10,249	9,584	121	5,960	1	15,666
Recoveries of allowances on previously written-off assets***	-	-	(1,950)	(45)	(1,995)	-	-	(2,092)	(62)	(2,154)
Write-offs	-	-	4,031	-	4,031	-	-	4,731	-	4,731
Foreign exchange differences and other movements	1	1	37	(14)	25	41	-	55	-	96
<b>At the end of the period</b>	<b>(80,606)</b>	<b>(3,318)</b>	<b>(117,382)</b>	<b>(119)</b>	<b>(201,425)</b>	<b>(80,606)</b>	<b>(3,318)</b>	<b>(117,382)</b>	<b>(119)</b>	<b>(201,425)</b>



Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Six Months ended 30 June 2023 (unaudited) (continued)  
 (millions of Kazakhstani Tenge)

SME Business	Three months ended 30 June 2023 (unaudited)					Six months ended 30 June 2023 (unaudited)				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
<b>At the beginning of the period</b>	<b>(12,096)</b>	<b>(2,418)</b>	<b>(44,437)</b>	<b>(1,614)</b>	<b>(60,565)</b>	<b>(12,473)</b>	<b>(1,382)</b>	<b>(37,255)</b>	<b>(1,711)</b>	<b>(52,821)</b>
Transfer to Stage 1	(970)	680	290	-	-	(1,503)	1,178	325	-	-
Transfer to Stage 2	128	(252)	124	-	-	1,066	(1,213)	147	-	-
Transfer to Stage 3	269	543	(812)	-	-	1,351	1,007	(2,358)	-	-
Changes in risk parameters*	1,993	15	(5,838)	832	(2,998)	2,453	(1,085)	(13,933)	983	(11,582)
New originations or purchases of financial assets*	(3,914)	-	-	-	(3,914)	(7,163)	-	-	-	(7,163)
Derecognition of financial assets**	1,286	96	5,487	67	6,936	2,975	153	6,450	67	9,645
Recoveries of allowances on previously written-off assets***	(56)	-	(676)	(377)	(1,109)	(56)	-	(591)	(442)	(1,089)
Write-offs	-	-	2,497	-	2,497	-	-	3,786	-	3,786
Foreign exchange differences and other movements	79	85	(132)	-	32	69	91	(68)	11	103
<b>SME Business</b>	<b>(13,281)</b>	<b>(1,251)</b>	<b>(43,497)</b>	<b>(1,092)</b>	<b>(59,121)</b>	<b>(13,281)</b>	<b>(1,251)</b>	<b>(43,497)</b>	<b>(1,092)</b>	<b>(59,121)</b>

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Six Months ended 30 June 2023 (unaudited) (continued)  
 (millions of Kazakhstani Tenge)

	Three months ended 30 June 2022 (unaudited)					Six months ended 30 June 2022 (unaudited)				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
<b>At the beginning of the period</b>	<b>(85,016)</b>	<b>(55,890)</b>	<b>(237,371)</b>	<b>(22,332)</b>	<b>(400,609)</b>	<b>(69,846)</b>	<b>(48,369)</b>	<b>(240,242)</b>	<b>(19,575)</b>	<b>(378,032)</b>
Transfer to Stage 1	(3,390)	1,527	1,863	-	-	(5,574)	2,313	3,261	-	-
Transfer to Stage 2	1,321	(1,741)	420	-	-	12,465	(13,434)	969	-	-
Transfer to Stage 3	10,254	10,614	(20,868)	-	-	26,882	11,997	(38,879)	-	-
Changes in risk parameters*	684	(1,817)	(5,060)	370	(5,823)	(4,467)	(7,231)	(6,379)	588	(17,489)
New originations or purchases of financial assets*	(35,894)	-	-	-	(35,894)	(75,640)	-	-	-	(75,640)
Derecognition of financial assets**	6,615	2,238	4,520	527	13,900	11,274	10,310	19,403	527	41,514
Recoveries of allowances on previously written-off assets***	-	-	(3,228)	(934)	(4,162)	-	-	(5,345)	(1,788)	(7,133)
Write-offs	-	-	8,853	351	9,204	-	-	19,793	351	20,144
Foreign exchange differences and other movements	(826)	(867)	(10,559)	(391)	(12,643)	(1,346)	(1,522)	(14,011)	(2,512)	(19,391)
<b>At the beginning of the period</b>	<b>(106,252)</b>	<b>(45,936)</b>	<b>(261,430)</b>	<b>(22,409)</b>	<b>(436,027)</b>	<b>(106,252)</b>	<b>(45,936)</b>	<b>(261,430)</b>	<b>(22,409)</b>	<b>(436,027)</b>
<b>Corporate business</b>										
<b>At the beginning of the period</b>	<b>(8,009)</b>	<b>(47,954)</b>	<b>(125,803)</b>	<b>(19,372)</b>	<b>(201,138)</b>	<b>(5,786)</b>	<b>(42,199)</b>	<b>(127,195)</b>	<b>(16,698)</b>	<b>(191,878)</b>
Transfer to Stage 1	(528)	528	-	-	-	(573)	528	45	-	-
Transfer to Stage 2	197	(197)	-	-	-	10,562	(10,579)	17	-	-
Transfer to Stage 3	6,051	8,180	(14,231)	-	-	20,759	8,180	(28,939)	-	-
Changes in risk parameters*	(2,147)	1,093	9,626	266	8,838	(2,178)	(1,460)	15,215	531	12,108
New originations or purchases of financial assets*	(10,791)	-	-	-	(10,791)	(38,961)	-	-	-	(38,961)
Derecognition of financial assets**	2,103	2,072	2,963	458	7,596	3,388	9,845	16,532	458	30,223
Recoveries of allowances on previously written-off assets***	-	-	(2,673)	(934)	(3,607)	-	-	(3,907)	(1,788)	(5,695)
Foreign exchange differences and other movements	(625)	(414)	(3,366)	(209)	(4,614)	(960)	(1,007)	(5,252)	(2,294)	(9,513)
<b>At the end of the period</b>	<b>(13,749)</b>	<b>(36,692)</b>	<b>(133,484)</b>	<b>(19,791)</b>	<b>(203,716)</b>	<b>(13,749)</b>	<b>(36,692)</b>	<b>(133,484)</b>	<b>(19,791)</b>	<b>(203,716)</b>

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Six Months ended 30 June 2023 (unaudited) (continued)  
(millions of Kazakhstani Tenge)

Retail Business	Three months ended 30 June 2022 (unaudited)				Six months ended 30 June 2022 (unaudited)					
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
<b>At the beginning of the period</b>	<b>(65,223)</b>	<b>(5,299)</b>	<b>(63,952)</b>	<b>-</b>	<b>(134,474)</b>	<b>(54,991)</b>	<b>(4,332)</b>	<b>(61,020)</b>	<b>-</b>	<b>(120,343)</b>
Transfer to Stage 1	(2,082)	774	1,308	-	-	(3,320)	1,198	2,122	-	-
Transfer to Stage 2	671	(891)	220	-	-	1,227	(1,795)	568	-	-
Transfer to Stage 3	1,808	1,587	(3,395)	-	-	3,067	2,740	(5,807)	-	-
Changes in risk parameters*	1,508	(1,003)	(13,683)	-	(13,178)	(2,960)	(2,614)	(19,830)	-	(25,404)
New originations or purchases of financial assets*	(19,182)	-	-	-	(19,182)	(27,998)	-	-	-	(27,998)
Derecognition of financial assets**	3,421	81	1,071	-	4,573	5,965	124	1,382	-	7,471
Recoveries of allowances on previously written-off assets***	-	-	(373)	-	(373)	-	-	(697)	-	(697)
Write-offs	-	-	6,668	-	6,668	-	-	11,866	-	11,866
Foreign exchange differences and other movements	3	(191)	(2,390)	-	(2,578)	(66)	(263)	(3,110)	-	(3,439)
<b>At the end of the period</b>	<b>(79,076)</b>	<b>(4,942)</b>	<b>(74,526)</b>	<b>-</b>	<b>(158,544)</b>	<b>(79,076)</b>	<b>(4,942)</b>	<b>(74,526)</b>	<b>-</b>	<b>(158,544)</b>

SME Business	Three months ended 30 June 2022 (unaudited)				Six months ended 30 June 2022 (unaudited)					
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
<b>At the beginning of the period</b>	<b>(11,784)</b>	<b>(2,637)</b>	<b>(47,616)</b>	<b>(2,960)</b>	<b>(64,997)</b>	<b>(9,069)</b>	<b>(1,838)</b>	<b>(52,027)</b>	<b>(2,877)</b>	<b>(65,811)</b>
Transfer to Stage 1	(780)	225	555	-	-	(1,681)	587	1,094	-	-
Transfer to Stage 2	453	(653)	200	-	-	676	(1,060)	384	-	-
Transfer to Stage 3	2,395	847	(3,242)	-	-	3,056	1,077	(4,133)	-	-
Changes in risk parameters*	1,323	(1,907)	(1,003)	104	(1,483)	671	(3,157)	(1,764)	-	(4,193)
New originations or purchases of financial assets*	(5,921)	-	-	-	(5,921)	(8,681)	-	-	-	(8,681)
Derecognition of financial assets**	1,091	85	486	69	1,731	1,921	341	1,489	69	3,820
Recoveries of allowances on previously written-off assets***	-	-	(182)	-	(182)	-	-	(741)	-	(741)
Write-offs	-	-	2,185	351	2,536	-	-	7,927	351	8,278
Foreign exchange differences and other movements	(204)	(262)	(4,803)	(182)	(5,451)	(320)	(252)	(5,649)	(218)	(6,439)
<b>At the end of the period</b>	<b>(13,427)</b>	<b>(4,302)</b>	<b>(53,420)</b>	<b>(2,618)</b>	<b>(73,767)</b>	<b>(13,427)</b>	<b>(4,302)</b>	<b>(53,420)</b>	<b>(2,618)</b>	<b>(73,767)</b>

\* FS line "Credit loss expense" in the interim condensed consolidated statement of profit or loss is comprised from "Changes in risk parameters", "New originations or purchases of financial assets" and "Derecognition of financial assets".

\*\* Derivation of financial assets includes changes in the amount of provisions for fully repaid loans to customers.

\*\*\* FS line "Recoveries of allowances on previously written-off assets" includes sums of income received from the repayment of previously written off assets, as well as adjustments to the gross carrying amount of loans resulting from the purchase of JSC Kazkommertsbank, and from the accrual of interest income on impaired loans.

**Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Six Months ended 30 June 2023 (unaudited) (continued)**  
*(millions of Kazakhstani Tenge)*

During the six months ended 30 June 2023 and 2022, the Group has written off loans of KZT 8,721 million and KZT 20,144 million, respectively, which allow the writing off loans without being considered forgiveness of the loan for tax purpose and are therefore not subject to corporate income tax.

**Allowance for expected credit losses and provisions**

For the six months ended 30 June 2023, credit loss expense on loans to customers comprised KZT 38,177 million (30 June 2022 – KZT 51,615 million).

**11. Amounts due to customers**

Amounts due to customers include the following:

	30 June 2023 (unaudited)	31 December 2022
<b>Recorded at amortised cost:</b>		
<b>Term deposits:</b>		
Individuals	4,320,692	4,351,846
Legal entities	2,936,368	2,898,924
	<b>7,257,060</b>	<b>7,250,770</b>
<b>Current accounts:</b>		
Legal entities	1,935,928	2,369,360
Individuals	981,809	891,918
	<b>2,917,737</b>	<b>3,261,278</b>
<b>Total amounts due to customers</b>	<b>10,174,797</b>	<b>10,512,048</b>

As at 30 June 2023, the Group's ten largest groups of related customers accounted for approximately 14% of the total amounts due to customers (31 December 2022 – 17%), where each group of related customers represents customers related to each other within that group.

As at 30 June 2023, amounts due to customers included amounts held as collateral of KZT 140,571 million (31 December 2022 – KZT 177,501 million).

Management believes that in the event of withdrawal of funds, the Group would be given sufficient notice so as to realise its liquid assets to enable repayment.

**Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Six Months ended 30 June 2023 (unaudited) (continued)**  
*(millions of Kazakhstani Tenge)*

An analysis of customer accounts by sectors is as follows:

	30 June 2023 (unaudited)	%	31 December 2022	%
Individuals and entrepreneurs	5,302,501	52%	5,243,764	50%
Other consumer services	668,679	7%	777,500	7%
Wholesale trade	608,569	6%	679,740	6%
Oil and gas	575,177	6%	808,762	8%
Transportation	470,389	5%	417,556	4%
Construction	464,922	5%	299,500	3%
Financial sector	382,128	4%	658,374	6%
Metallurgy	322,185	3%	210,530	2%
Healthcare and social services	277,349	3%	235,717	2%
Education	168,035	2%	111,330	1%
Government and state-controlled companies	151,922	1%	191,126	2%
Communication	108,901	1%	262,722	3%
Energy	107,254	1%	73,334	1%
Insurance and pension funds activity	89,972	1%	106,733	1%
Other	476,814	5%	435,360	4%
	<b>10,174,797</b>	<b>100%</b>	<b>10,512,048</b>	<b>100%</b>

## 12. Amounts due to credit institutions

Amounts due to credit institutions comprise:

	30 June 2023 (unaudited)	31 December 2022
<b>Recorded at amortised cost:</b>		
Loans and deposits from Kazakhstan banks (incl. loans under repurchase agreements)	616,284	529,743
Loans from JSC Development Bank of Kazakhstan	80,074	80,071
Loans from JSC Entrepreneurship Development Fund DAMU	79,934	83,356
Correspondent accounts	62,163	74,496
Loans from JSC Agrarian Credit Corporation	56,727	9,730
Loans and deposits from non-OECD based banks	37,658	64,631
Loans from JSC Industrial Development Fund	22,524	22,632
Loans from other financial institutions	3,049	-
Loans and deposits from OECD based banks (including loans under repurchase agreement)	-	14,006
<b>Total amounts due to credit institutions</b>	<b>958,413</b>	<b>878,665</b>

As of 30 June 2023, loans from Agrarian Credit Corporation JSC under the annual Ken Dala program included short-term loans in the amount of KZT 55,095 million at a rate of 1.5% per annum with a maturity in 2023-2024. Loans are to be used for subsequent lending to subjects of the agro-industrial complex for spring field and harvesting work at an interest rate of up to 5% per annum for the final borrower.

**Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Six Months ended 30 June 2023 (unaudited) (continued)**  
*(millions of Kazakhstani Tenge)*

As of 30 June 2023, loans from JSC Agrarian Credit Corporation under the Agroexport program include long-term loans in the amount of KZT 1,632 million at a rate of 4.0% per annum with a maturity in 2018-2026, loans must be used for subsequent lending to domestic export-oriented agricultural producers at a rate of 8% per annum for the final borrower, with a loan term of up to 10 years. According to the terms of the Program, loans are provided for the acquisition of fixed assets, including the modernization of facilities, construction and installation works and reconstruction, replenishment of working capital as part of the implementation of an investment project.

The management of the Group believes that there are no other similar financial instruments and due to their specific nature, the loans from JSC Agrarian Credit Corporation represent separate segments in agro-industrial complex entities lending. As a result, the loans from JSC Agrarian Credit Corporation were received in an orderly transaction and as such have been recorded at fair value at the recognition date.

Interest rates and maturities of amounts due to credit institutions are as follows:

	30 June 2023 (unaudited)		31 December 2022	
	Interest rate, %	Maturity, year	Interest rate, %	Maturity, Year
Loans and deposits from Kazakhstan banks (incl. loans under repurchase agreements)	2.5%-17.8%	2023-2026	11.5%-17.8%	2023-2026
Loans from JSC Entrepreneurship Development Fund DAMU	1.0%-10.0%	2023-2035	1.0%-10.0%	2023-2035
Loans from JSC Development Bank of Kazakhstan	1.0%-2.0%	2029-2037	1.0%-2.0%	2029-2037
Loans from other financial institutions	0.7%-15.3%	2023	-	-
Loans and deposits from non-OECD based banks	1.0%-17.0%	2023-2028	1.0%-14.5%	2023-2027
Loans from JSC Industrial Development Bank	1.0%	2052	1.0%	2052
Loans from JSC Agrarian Credit Corporation	1.5%-5.0%	2024-2026	1.5%-10.0%	2023-2026
Loans and deposits from OECD based banks	-	-	14.5%	2023

The fair value of assets pledged and the carrying value of loans included in loans and deposits from Kazakhstan banks under repurchase agreements as at 30 June 2023 and 31 December 2022, are as follows:

	30 June 2023 (unaudited)		31 December 2022	
	Fair value of collateral	Carrying amount of loans	Fair value of collateral	Carrying amount of loans
Debt securities at amortized cost, net of allowance for expected credit losses (Note 9)	589,831	588,585	505,588	502,620
Financial assets at fair value through profit or loss (Note 6)	16,976	16,988	18,943	19,129
Financial assets at fair value through other comprehensive income (Note 8)	4,440	4,483	6,609	6,668
	<b>611,247</b>	<b>610,056</b>	<b>531,140</b>	<b>528,417</b>

Details of transferred financial assets that are not derecognised in their entirety as at 30 June 2023 and 31 December 2022, are disclosed below.

Loans under repurchase agreements are used by the Group to provide current cash flows in KZT within the Group's operating activities. The Group regularly uses this type of instrument to attract short-term liquidity and plans to continue raising funds through loans under repurchase agreements when necessary.



**Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Six Months ended 30 June 2023 (unaudited) (continued)**  
*(millions of Kazakhstani Tenge)*

The Group has determined that it retains substantially all the risks and rewards of these securities, which include credit risk and market risk, and therefore it has not derecognised them. In addition, it recognises a financial liability for cash received as collateral.

	Debt securities at amortized cost, net of allowance for expected credit losses (Note 9)	Financial assets at fair value through profit or loss (Note 6)	Financial assets at fair value through other comprehensive income (Note 8)
<b>As at 30 June 2023 (unaudited):</b>			
Fair value of transferred assets	589,831	16,976	4,440
Carrying amount of associated liabilities	588,585	16,988	4,483
<b>As at 31 December 2022:</b>			
Fair value of transferred assets	505,588	18,943	6,609
Carrying amount of associated liabilities	502,620	19,129	6,668

In accordance with the contractual terms of the loans from certain OECD based banks, the Group is required to maintain certain financial ratios, particularly with regard to capital adequacy. Certain of the Group's outstanding financing agreements include covenants restricting the Group's ability to create security interests over its assets. Should the Group default under these covenants, this could result in cross-accelerations and cross-defaults under the terms of the Group's other financing arrangements.

The management of the Group believes that as at 30 June 2023 and 31 December 2022 the Group was in compliance with covenants.

### 13. Debt securities issued

Debt securities issued consisted of the following:

	30 June 2023 (unaudited)	31 December 2022
<b>Recorded at amortised cost:</b>		
<b>Subordinated debt securities issued:</b>		
KZT denominated bonds, fixed rate	96,986	90,341
<b>Total subordinated debt securities outstanding</b>	<b>96,986</b>	<b>90,341</b>
<b>Unsubordinated debt securities issued:</b>		
KZT denominated bonds	233,451	232,597
USD denominated bonds	230,777	139,879
<b>Total unsubordinated debt securities outstanding</b>	<b>464,228</b>	<b>372,476</b>
<b>Total debt securities outstanding</b>	<b>561,214</b>	<b>462,817</b>

On 6 February 2023 the Group repurchased bonds listed on AIX in the amount of USD 100 million with a coupon rate of 2.5%, issued on 1 June 2022.

On 17 May 2023 the Group issued bonds listed on AIX in the amount USD 200 million with a coupon rate of 3.5%.

On 29 May 2023 the Group issued bonds listed on AIX in the amount USD 299.6 million with a coupon rate of 3.5%.

**Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Six Months ended 30 June 2023 (unaudited) (continued)**  
*(millions of Kazakhstani Tenge)*

The coupon rates and maturities of these debt securities issued are as follows:

	30 June 2023 (unaudited)		31 December 2022	
	Coupon rate, %	Maturity, year	Coupon rate, %	Maturity, year
<b>Subordinated debt securities issued:</b>				
KZT denominated bonds, fixed rate	9.5%	2025	9.5%	2025
<b>Unsubordinated debt securities issued:</b>				
KZT denominated bonds	7.5%	2024-2025	7.5%	2024-2025
USD denominated bonds	3.5%-4.0%	2025	2.5%-4.0%	2025

Subordinated securities are unsecured obligations of the Group and are subordinated in right of payments to all present and future senior indebtedness and certain other obligations of the Group. Coupon payments on debt securities issued are payable on a semi-annual and an annual basis.

**Reconciliation of liabilities arising from financing activities**

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Cash changes			Non-cash changes		30 June 2023 (unaudited)
	1 January 2023	Issuance of debt securities	Redemption and repayment of debt securities	Foreign exchange movement	Changes in amortised cost	
Debt securities issued	462,817	261,400	(173,659)	2,835	7,821	561,214

	Cash changes			Non-cash changes		30 June 2022 (unaudited)
	1 January 2022	Issuance of debt securities	Redemption and repayment of debt securities	Foreign exchange movement	Changes in amortised cost	
Debt securities issued	499,812	130,882	(177,600)	16,468	(701)	468,861

**14. Taxation**

The income tax expense comprises:

	Three months ended 30 June 2023 (unaudited)	Three months ended 30 June 2022 (unaudited)	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)
Current income tax expense	29,673	27,988	62,071	44,363
Deferred income tax expense	(1,752)	(10,385)	(1,241)	(5,599)
<b>Total income tax expense</b>	<b>27,921</b>	<b>17,603</b>	<b>60,830</b>	<b>38,764</b>

The income tax rate for Kazakhstan legal entities was 20% for the six months ended 30 June 2023 and 2022. Income from government securities and certain other securities is not subject to income tax.

**Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Six Months ended 30 June 2023 (unaudited) (continued)**  
*(millions of Kazakhstani Tenge)*

The income tax rate in the Kyrgyz Republic, Georgia and the Republic of Uzbekistan is 10%, 20% and 20%, respectively.

The Group's effective income tax rate for the six months ended 30 June 2023 is 14.1% (for six months ended 30 June 2022 – 12.0%).

The Group has offset deferred tax assets and liabilities on the interim condensed consolidated statement of financial position where a right of offset existed.

Management believes that the Group is in compliance with the tax laws affecting its operations; however, the risk remains that relevant authorities could take differing positions with regard to interpretive issues.

## 15. Equity

The number of shares authorised, issued and fully paid as at 30 June 2023 and 31 December 2022, were as follows:

	Share capital authorised	Share capital authorised and not issued	Fully paid and issued share capital	Share capital repurchased	Outstanding shares
<b>30 June 2023 (unaudited):</b>					
Common	25,000,000,000	(11,552,455,218)	13,447,544,782	(2,549,100,522)	10,898,444,260
<b>31 December 2022:</b>					
Common	25,000,000,000	(11,552,455,218)	13,447,544,782	(2,563,676,403)	10,883,868,379

All shares are KZT denominated. Movements of shares outstanding are as follows:

	Number of shares Common	Nominal (placement) amount (millions of KZT) Common
<b>31 December 2021</b>	<b>10,896,004,850</b>	<b>(50,295)</b>
Purchases of treasury shares	(52,653,439)	(6,044)
Sale of treasury shares	40,516,968	4,831
<b>31 December 2022</b>	<b>10,883,868,379</b>	<b>(51,508)</b>
Purchases of treasury shares	(5,482,037)	(729)
Sale of treasury shares	20,057,918	2,383
<b>30 June 2023 (unaudited)</b>	<b>10,898,444,260</b>	<b>(49,854)</b>

Repurchased securities are held as treasury shares as a reduction of shareholders' equity and, in accordance with the laws of the Republic of Kazakhstan, cannot be cancelled. At the same time, the repurchased treasury shares of the Bank are not included in the calculation of basic and diluted earnings per share ("EPS") and dividend per share. In the event that the Bank sells the repurchased shares, the standard procedure established by the legislation of the Republic of Kazakhstan for declared but not placed shares will be applied.

**Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Six Months ended 30 June 2023 (unaudited) (continued)**  
*(millions of Kazakhstani Tenge)*

**Common shares**

As at 30 June 2023 and 31 December 2022, share capital comprised KZT 209,027 million.  
As at 30 June 2023, the Group held 2,549,100,522 shares of the Group's common shares as treasury shares at KZT 258,881 million (31 December 2022 – 2,563,676,403 shares at KZT 260,535 million).

Each common share outstanding is entitled to one vote and dividends. Treasury shares are not entitled to any vote or dividends.

On May 25, 2023, at the annual general meeting of shareholders of the Bank, a decision was made to pay dividends on ordinary shares in the amount of 25.38 tenge per ordinary share. The approved start date for the payment of dividends on ordinary shares is 6 June 2023.

*Share premium reserve*

Share premium reserve represents an excess of contributions received over the nominal value of shares issued.

**16. Commitments and contingencies, provisions**

The Group's financial commitments and contingencies comprised the following:

	30 June 2023 (unaudited)	31 December 2022
Guarantees issued	749,743	603,028
Commercial letters of credit	126,205	94,192
Commitments to extend credit	73,062	69,122
Financial commitments and contingencies	949,010	766,342
Less: cash collateral against letters of credit	(59,238)	(63,730)
Less: provisions	(11,846)	(13,773)
<b>Financial commitments and contingencies, net</b>	<b>877,926</b>	<b>688,839</b>

Guarantees issued represent bank guarantees issued by the Group by order of its clients, and which are in effect as at the reporting date. As at 30 June 2023, uncovered guarantees issued for the ten largest groups of customers/groups of customers accounted for 50% of the Group's total financial guarantees (31 December 2022 – 45%) and represented 18% of the Group's total equity (31 December 2022 – 14%).

Commercial letters of credit represent letters of credit issued by the Group by order of its clients, and under which, as at the reporting date, the payment has not yet been made. As at 30 June 2023, the ten largest unsecured letters of credit accounted for 51% of the Group's total commercial letters of credit (31 December 2022 – 31%) and represented 3% of the Group's total equity (31 December 2022 – 1%).

The Group requires collateral to support credit-related financial instruments, when it is deemed necessary. The Group typically requires collateral support unless it is determined to be not necessary through a review of the credit risk of the borrower or an analysis of other deposit accounts held by the Group. Collateral held varies, but August include deposits held with banks, government securities and other assets.

**Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Six Months ended 30 June 2023 (unaudited) (continued)**  
*(millions of Kazakhstani Tenge)*

Provision represents other credit loss expenses against letters of credit and guarantees issued.

The movements in provisions were as follows:

				Three months ended 30 June 2023 (unaudited)
	Stage 1	Stage 2	Stage 3	Total
At the beginning of the period	(171)	(6,353)	(5,708)	(12,232)
Transfer to Stage 3	364	-	(364)	-
(Additional provisions recognized)/recoveries of provisions	(1,402)	553	1,154	305
Foreign exchange differences	170	80	(169)	81
<b>At the end of the period</b>	<b>(1,039)</b>	<b>(5,720)</b>	<b>(5,087)</b>	<b>(11,846)</b>

				Six months ended 30 June 2023 (unaudited)
	Stage 1	Stage 2	Stage 3	Total
At the beginning of the period	(9)	(6,714)	(7,050)	(13,773)
Transfer to Stage 1	(5,172)	-	5,172	-
Transfer to Stage 2	1	(1)	-	-
Transfer to Stage 3	1,665	-	(1,665)	-
Recoveries of provisions/(additional provisions recognized)	2,476	793	(1,712)	1,557
Foreign exchange differences	-	202	168	370
<b>At the end of the period</b>	<b>(1,039)</b>	<b>(5,720)</b>	<b>(5,087)</b>	<b>(11,846)</b>

				Three months ended 30 June 2022 (unaudited)
	Stage 1	Stage 2	Stage 3	Total
At the beginning of the period	(286)	(6,484)	(8,010)	(14,780)
Transfer to Stage 3	3,412	25	(3,437)	-
(Additional provisions recognized)/recoveries of provisions	(4,398)	(39)	5,024	587
Foreign exchange differences	(266)	(1,159)	(1,205)	(2,630)
<b>At the end of the period</b>	<b>(1,538)</b>	<b>(7,657)</b>	<b>(7,628)</b>	<b>(16,823)</b>

				Six months ended 30 June 2022 (unaudited)
	Stage 1	Stage 2	Stage 3	Total
At the beginning of the period	(306)	(6,433)	(6,454)	(13,193)
Transfer to Stage 2	2	(6)	4	-
Transfer to Stage 3	5,661	25	(5,686)	-
(Additional provisions recognized)/recoveries of provisions	(6,661)	(12)	5,771	(902)
Foreign exchange differences	(234)	(1,231)	(1,263)	(2,728)
<b>At the end of the period</b>	<b>(1,538)</b>	<b>(7,657)</b>	<b>(7,628)</b>	<b>(16,823)</b>

**Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Six Months ended 30 June 2023 (unaudited) (continued)**  
*(millions of Kazakhstani Tenge)*

### Capital commitments

As at 30 June 2023, the Group had capital expenditures commitments in respect of construction in progress for KZT 51,034 million, of which KZT 46,952 million relates to the construction of the Bank's administrative building in Astana city (31 December 2022 – KZT 1,595 million).

### Operating lease commitments

There were no material operating lease commitments under irrevocable operating leases outstanding as at 30 June 2023 and 31 December 2022.

## 17. Net interest income

	Three months ended 30 June 2023 (unaudited)	Three months ended 30 June 2022 (unaudited)	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)
<b>Interest income:</b>				
Loans to customers	319,543	236,593	624,004	429,230
- <i>Corporate business</i>	144,191	104,926	284,074	191,981
- <i>Retail business</i>	123,338	97,375	239,192	174,779
- <i>SME business</i>	52,014	34,292	100,738	62,470
Debt securities at amortized cost, net of allowance for expected credit losses	19,480	25,394	39,235	50,790
Financial assets at fair value through other comprehensive income	36,411	22,444	68,234	46,239
Amounts due from credit institutions and cash and cash equivalents	13,170	5,219	27,110	9,000
Other financial assets	1,567	1,640	3,855	3,514
<b>Interest income calculated using effective interest method</b>	<b>390,171</b>	<b>291,290</b>	<b>762,438</b>	<b>538,773</b>
Financial assets at fair value through profit or loss	10,022	6,445	18,024	12,802
<b>Other interest income</b>	<b>10,022</b>	<b>6,445</b>	<b>18,024</b>	<b>12,802</b>
<b>Total interest income</b>	<b>400,193</b>	<b>297,735</b>	<b>780,462</b>	<b>551,575</b>
<b>Interest expense:</b>				
Amounts due to customers	(184,981)	(111,671)	(353,369)	(194,726)
- <i>Individuals</i>	(80,314)	(51,886)	(161,585)	(97,250)
- <i>Legal entities</i>	(104,667)	(59,785)	(191,784)	(97,476)
Amounts due to credit institutions	(10,981)	(23,107)	(21,870)	(40,383)
Debt securities issued	(9,257)	(8,512)	(18,003)	(17,400)
Other financial liabilities	(147)	(202)	(297)	(412)
Other interest expense	(12)	(2)	(16)	(152)
<b>Total interest expense</b>	<b>(205,378)</b>	<b>(143,494)</b>	<b>(393,555)</b>	<b>(253,073)</b>
<b>Net interest income</b>	<b>194,815</b>	<b>154,241</b>	<b>386,907</b>	<b>298,502</b>



**Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Six Months ended 30 June 2023 (unaudited) (continued)**  
*(millions of Kazakhstani Tenge)*

Other interest and similar expense includes loss on initial recognition of long-term financial accounts receivable.

For the six months ended 30 June 2023, the total interest income calculated using the EIR method for financial assets measured at amortised cost comprised KZT 694,204 million (for the six months ended 30 June 2022: KZT 492,534 million).

## 18. Fees and commissions

Fee and commission income is derived from the following sources:

	Three months ended 30 June 2023 (unaudited)	Three months ended 30 June 2022 (unaudited)	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)
Transaction income of individuals	34,575	32,638	67,310	58,190
Transaction income of legal entities	10,526	9,320	20,105	15,977
Letters of credit and guarantees issued	4,906	3,382	8,883	6,483
Other	2,797	2,740	5,081	4,115
Loyalty program	(1,520)	(2,302)	(2,690)	(5,465)
<b>Total fee and commission income</b>	<b>51,284</b>	<b>45,778</b>	<b>98,689</b>	<b>79,300</b>

Fee and commission expense comprises the following:

	Three months ended 30 June 2023 (unaudited)	Three months ended 30 June 2022 (unaudited)	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)
Transaction expense of individuals	(17,394)	(19,370)	(36,008)	(36,086)
Deposit insurance	(4,587)	(1,506)	(6,232)	(2,924)
Transaction expense of legal entities	(1,458)	(1,736)	(2,541)	(2,881)
Other	(1,045)	(897)	(2,189)	(1,927)
<b>Total fee and commission expense</b>	<b>(24,484)</b>	<b>(23,509)</b>	<b>(46,970)</b>	<b>(43,818)</b>

Transactional income of physical legal entities includes commission income from bank transfers on current accounts and wages, commission income from servicing customer accounts and operations with plastic cards of customers, as well as income from cash transactions and payment of pensions to customers.

Transaction expenses of individuals and legal entities include commission expenses on plastic cards of clients, on bank transfers and cash transactions.

The management of the Group has made a decision to change the disclosure of fee and commission income and expenses and believes that this presentation provides a clearer picture of the Group's financial results for this line item of the consolidated financial statements. Accordingly, the Group has revised its presentation for the six months ended 30 June 2022 to align with the presentation for the six months ended 30 June 2023.

**Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Six Months ended 30 June 2023 (unaudited) (continued)**  
*(millions of Kazakhstani Tenge)*

## 19. Net gain/(loss) from financial assets and liabilities at fair value through profit or loss

Net gain/(loss) on financial assets and liabilities at fair value through profit or loss comprises:

	Three months ended 30 June 2023 (unaudited)	Three months ended 30 June 2022 (unaudited)	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)
<b>Net gain/(loss) on operations with financial assets and liabilities classified as held for trading:</b>				
Net unrealized gain/(loss) on derivative operations	9,953	(29,111)	14,871	2,456
Net realized gain on derivative operations	5,372	19,064	6,923	18,553
Net gain/(loss) on trading operations	3,457	(10,074)	807	(21,292)
<b>Total net gain/(loss) on operations with financial assets and liabilities classified as held for trading</b>	<b>18,782</b>	<b>(20,121)</b>	<b>22,601</b>	<b>(283)</b>

## 20. Net gain on foreign exchange operations

Net foreign exchange gain comprises:

	Three months ended 30 June 2023 (unaudited)	Three months ended 30 June 2022 (unaudited)	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)
Dealing, net	24,729	49,723	50,668	88,016
Translation differences, net	(13,456)	33,031	(19,258)	21,385
<b>Total net foreign exchange gain</b>	<b>11,273</b>	<b>82,754</b>	<b>31,410</b>	<b>109,401</b>

**Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Six Months ended 30 June 2023 (unaudited) (continued)**  
*(millions of Kazakhstani Tenge)*

## 21. Operating expenses

Operating expenses comprised:

	Three months ended 30 June 2023 (unaudited)	Three months ended 30 June 2022 (unaudited)	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)
Salaries and other employee benefits	32,112	28,523	60,646	52,245
Depreciation and amortization expenses	4,391	4,189	8,740	8,127
Taxes other than income tax	2,409	2,664	4,457	4,716
Charity	2,381	949	2,624	4,823
Information services	1,838	1,838	3,532	3,506
Communication	1,481	2,083	2,861	3,784
Security	1,381	1,569	2,778	3,046
Advertisement	1,290	849	1,938	1,418
Repairs and maintenance	1,217	912	1,880	1,399
Utilities expenses	982	1,098	2,370	2,235
Rent	762	718	1,560	1,356
Stationery and office supplies	714	556	1,437	1,022
Professional services	265	256	479	593
Other	1,934	1,258	4,281	2,494
<b>Total operating expenses</b>	<b>53,157</b>	<b>47,462</b>	<b>99,583</b>	<b>90,764</b>

## 22. Income on non-banking activities

	Three months ended 30 June 2023 (unaudited)	Three months ended 30 June 2022 (unaudited)	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)
Net gain on sale of investment property	4,846	2,909	9,280	7,238
Net gain on sale of assets classified as held for sale	341	1,002	412	447
Other income on non-banking activities	1,541	1,292	1,682	1,929
Net gain on sale of commercial property	37	5,684	73	6,001
<b>Income on non-banking activities</b>	<b>6,765</b>	<b>10,887</b>	<b>11,447</b>	<b>15,615</b>

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Six Months ended 30 June 2023 (unaudited) (continued)  
(millions of Kazakhstani Tenge)

**23. Earnings per share**

Basic and diluted earnings per share are calculated by dividing the net profit for the period attributable to equity holders of the Bank by the weighted average number of participating shares outstanding during the period.

The following table presents basic and diluted earnings per share:

	Three months ended 30 June 2023 (unaudited)	Three months ended 30 June 2022 (unaudited)	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)
<b>Basic and diluted earnings per share</b>				
Net profit for the period attributable to equity holders of the parent	176,958	161,360	365,159	285,836
Earnings attributable to common shareholders	176,958	161,360	365,159	285,836
Weighted average number of common shares for the purposes of basic earnings per share	10,889,452,467	10,894,051,340	10,886,684,305	10,895,002,314
<b>Basic and diluted earnings per share (in Tenge)</b>	<b>16.25</b>	<b>14.81</b>	<b>33.54</b>	<b>26.24</b>

As required by KASE rules for listed companies, the book value of one share per each class of shares as at 30 June 2023 and 31 December 2022 is disclosed as follows:

Class of shares	30 June 2023 (unaudited)		
	Outstanding shares	Equity (as calculated per KASE rules)	Book value of one share, in KZT
Common	10,898,444,260	2,003,456	183.83
		<b>2,003,456</b>	
Class of shares	31 December 2022		
	Outstanding shares	Equity (as calculated per KASE rules)	Book value of one share, in KZT
Common	10,883,868,379	1,907,774	175.28
		<b>1,907,774</b>	

Equity attributable to common shares is calculated as the difference between the total equity and total net book value of intangible assets.

The management of the Group believes that it fully complies with the requirement of KASE as at the reporting date.

**Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Six Months ended 30 June 2023 (unaudited) (continued)**  
*(millions of Kazakhstani Tenge)*

---

## **24. Financial risk management**

Risk management is fundamental to the Group's banking business and is an essential element of the Group's operations. The main risks inherent to the Group's operations are those related to credit risk, liquidity risk and market/currency risk.

The Group's significant policies and procedures related to financial risk management has not changed in the first half of 2023 and are disclosed in the annual consolidated financial statements for the year ended 31 December 2022.

### **Liquidity Risk**

Liquidity risk is the risk associated with the Group's inability to secure sufficient cash to meet its obligations on time. The Group's liquidity risk arises as a result of a discrepancy (mismatch) between the terms of claims on active operations and the maturities of liabilities.

As part of the risk management system, liquidity risk is measured and controlled through the following tools:

- monitoring compliance with regulatory (prudential) liquidity ratios;
- setting and regular monitoring of internal limits and triggers for liquidity risk: risk appetite level, VLARP indicator, limit on GAP gaps, liability concentration limits, indicators of early warning about liquidity risk;
- analysis of contractual maturities (GAP-analysis) and cash flow forecasting, including: planned transactions, projected rollover of attracted customer funds (taking into account the calculation of the stable part of funding);
- analysis of the concentration of funding sources (by largest depositors, by currency, by maturity of funding, by source of funding);
- indicators of early warning about liquidity risk, allowing to monitor and control liquidity risk;
- analysis of the volume of assets that can be used as collateral to raise liquidity;
- Developing and regularly testing a contingency financing plan outlining a process for addressing liquidity shortages in emergency situations. The Contingency Funding Plan has been developed to define a set of procedures and activities to facilitate timely response to liquidity stress situations, including those identified as a result of stress testing;
- stress testing of the impact of changes in various macroeconomic and other factors and parameters on liquidity.

**Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Six Months ended 30 June 2023 (unaudited) (continued)**  
*(millions of Kazakhstani Tenge)*

In order to manage liquidity risk, the Group analyses the financial assets and liabilities, and obligatory reserves taking into account payment schedules for loans issued to customers. The following tables provide an analysis of financial assets and liabilities grouped on the basis of the remaining period from the reporting date to the earliest of the contractual maturity date or available maturity date, except for financial assets at fair value through profit or loss in the form of securities (excluding derivative financial instruments) which are included in the column “Less than 1 month” as they are available to meet the Group’s short-term liquidity needs.

	30 June 2023 (unaudited)					
	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
<b>FINANCIAL ASSETS:</b>						
Cash and cash equivalents	1,277,098	-	-	-	-	1,277,098
Obligatory reserves	130,033	9,799	63,195	28,068	10,783	241,878
Financial assets at fair value through profit or loss	396,069	17	-	17,551	-	413,637
Amounts due from credit institutions	59,743	5,432	18,606	32,671	214	116,666
Financial assets at fair value through other comprehensive income	86,751	126,969	513,565	1,325,004	390,791	2,443,080
Debt securities at amortised cost, net of allowance for expected credit losses	323,251	7,877	874	696,060	-	1,028,062
Loans to customers	395,155	693,698	4,425,850	2,558,213	100,770	8,173,686
Other financial assets	28,739	3,257	13,235	19,536	5,426	70,193
	<b>2,696,839</b>	<b>847,049</b>	<b>5,035,325</b>	<b>4,677,103</b>	<b>507,984</b>	<b>13,764,300</b>
<b>FINANCIAL LIABILITIES:</b>						
Amounts due to customers	5,218,031	512,673	3,170,181	862,360	411,552	10,174,797
Amounts due to credit institutions	715,969	100	59,295	16,330	166,719	958,413
Financial liabilities at fair value through profit or loss	7,489	-	-	529	-	8,018
Debt securities issued	17	3,785	8,307	549,105	-	561,214
Other financial liabilities	142,057	3,500	1,082	206	446	147,291
	<b>6,083,563</b>	<b>520,058</b>	<b>3,238,865</b>	<b>1,428,530</b>	<b>578,717</b>	<b>11,849,733</b>
<b>Net position</b>	<b>(3,386,724)</b>	<b>326,991</b>	<b>1,796,460</b>	<b>3,248,573</b>	<b>(70,733)</b>	<b>1,914,567</b>
<b>Accumulated gap</b>	<b>(3,386,724)</b>	<b>(3,059,733)</b>	<b>(1,263,273)</b>	<b>1,985,300</b>	<b>1,914,567</b>	



**Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Six Months ended 30 June 2023 (unaudited) (continued)**  
*(millions of Kazakhstani Tenge)*

	<b>31 December 2022</b>					
	<b>Less than 1 month</b>	<b>1 to 3 months</b>	<b>3 months to 1 year</b>	<b>1 to 5 years</b>	<b>Over 5 years</b>	<b>Total</b>
<b>FINANCIAL ASSETS:</b>						
Cash and cash equivalents	2,028,820	11	-	-	-	2,028,831
Obligatory reserves	144,759	14,670	71,901	16,814	11,400	259,544
Financial assets at fair value through profit or loss	331,736	-	-	10,432	-	342,168
Amounts due from credit institutions	79,867	6,894	20,744	28,028	122	135,655
Financial assets at fair value through other comprehensive income	57,289	150,169	395,275	1,278,991	227,545	2,109,269
Debt securities at amortised cost, net of allowance for expected credit losses	14,113	17,305	283,541	703,146	984	1,019,089
Loans to customers	325,594	671,791	4,472,139	2,286,554	101,824	7,857,902
Other financial assets	29,082	2,258	23,650	14,754	6,030	75,774
	<b>3,011,260</b>	<b>863,098</b>	<b>5,267,250</b>	<b>4,338,719</b>	<b>347,905</b>	<b>13,828,232</b>
<b>FINANCIAL LIABILITIES:</b>						
Amounts due to customers	5,365,384	722,973	3,612,836	411,430	399,425	10,512,048
Amounts due to credit institutions	679,972	9,577	3,174	19,112	166,830	878,665
Financial liabilities at fair value through profit or loss	9,955	-	-	673	-	10,628
Debt securities issued	-	3,785	3,209	455,823	-	462,817
Other financial liabilities	132,549	1,273	1,569	547	503	136,441
	<b>6,187,860</b>	<b>737,608</b>	<b>3,620,788</b>	<b>887,585</b>	<b>566,758</b>	<b>12,000,599</b>
<b>Net position</b>	<b>(3,176,600)</b>	<b>125,490</b>	<b>1,646,462</b>	<b>3,451,134</b>	<b>(218,853)</b>	<b>1,827,633</b>
<b>Accumulated gap</b>	<b>(3,176,600)</b>	<b>(3,051,110)</b>	<b>(1,404,648)</b>	<b>2,046,486</b>	<b>1,827,633</b>	

As at 30 June 2023 and 31 December 2022 the Group complies with main liquidity ratios and regulatory liquidity requirements.

The analysis of liabilities by maturity does not reflect the historical stability of customer current account balances, which have traditionally been repaid over a longer period than indicated in the tables above. In this regard, Management believes that although a substantial portion of current accounts and customer deposits are on demand and mature in less than one month, diversification of these deposits by number and type of depositors, and the past experience of the Group, indicate that these deposits provide a long-term and stable source of funding for the Group. Therefore, an essential part of the Group's current accounts is considered to be stable resources for the purposes of liquidity analysis and management. Additionally, the accumulated gap can be sufficiently covered by refinancing with the repurchase agreements and sale of liquid government and other high-quality rated securities or attracting long-term debt funding on capital markets when necessary.

## JSC Halyk Bank



### Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Six Months ended 30 June 2023 (unaudited) (continued) (millions of Kazakhstani Tenge)

#### Currency Risk

The Group's exposure to foreign currency exchange rate risk is as follows:

	30 June 2023 (unaudited)					Total
	USD	EURO	RUR	Other	Total foreign currencies	
<b>FINANCIAL ASSETS:</b>						
Cash and cash equivalents	641,617	66,010	24,937	144,979	877,543	1,277,098
Obligatory reserves	57,633	8,638		78,314	144,585	241,878
Financial assets at fair value through profit or loss	74,154	1,675	62	285	76,176	413,637
Amounts due from credit institutions	70,813		16,382	16,888	104,083	116,666
Financial assets at fair value through other comprehensive income	1,506,099	165,204	8,851		1,680,154	2,443,080
Debt securities at amortised cost, net of allowance for expected credit losses	193,741			16,395	210,136	1,028,062
Loans to customers	1,095,551	101,246	17,145	129,039	1,342,981	8,173,686
Other financial assets	2,630	364	5,120	3,765	11,879	70,193
	<b>3,642,238</b>	<b>343,137</b>	<b>72,497</b>	<b>389,665</b>	<b>4,447,537</b>	<b>13,764,300</b>
<b>FINANCIAL LIABILITIES</b>						
Amounts due to customers	3,511,520	236,386	62,904	158,752	3,969,562	10,174,797
Amounts due to credit institutions	51,027	3,919	22,223	2,556	79,725	958,413
Financial liabilities at fair value through profit or loss	333	258	529	1,896	3,016	8,018
Debt securities issued	230,777				230,777	561,214
Other financial liabilities	1,825	778	675	9,041	12,319	147,291
	<b>3,795,482</b>	<b>241,341</b>	<b>86,331</b>	<b>172,245</b>	<b>4,295,399</b>	<b>11,849,733</b>
<b>Net position – on-balance</b>	<b>(153,244)</b>	<b>101,796</b>	<b>(13,834)</b>	<b>217,420</b>	<b>152,138</b>	<b>1,914,567</b>
<b>Net position – off-balance</b>	<b>276,591</b>	<b>(94,502)</b>	<b>18,813</b>	<b>(149,888)</b>	<b>51,014</b>	<b>(42,534)</b>
<b>Net position</b>	<b>123,347</b>	<b>7,294</b>	<b>4,979</b>	<b>67,532</b>	<b>203,152</b>	<b>1,719,895</b>

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Six Months ended 30 June 2023 (unaudited) (continued)  
(millions of Kazakhstani Tenge)

	31 December 2022					
	USD	EURO	RUR	Other	Total foreign currencies	Total
<b>FINANCIAL ASSETS:</b>						
Cash and cash equivalents	1,212,787	44,706	25,727	243,665	1,526,885	2,028,831
Obligatory reserves	19,865	10,333	-	154,546	184,744	259,544
Financial assets at fair value through profit or loss	69,214	-	71	902	70,187	342,168
Amounts due from credit institutions	76,533	8,896	20,666	22,789	128,884	135,655
Financial assets at fair value through other comprehensive income	1,294,923	135,359	10,742	-	1,441,024	2,109,269
Debt securities at amortised cost, net of allowance for expected credit losses	201,171	-	-	34,419	235,590	1,019,089
Loans to customers	1,091,803	83,335	50,354	113,423	1,338,915	7,857,902
Other financial assets	3,035	322	6,397	2,334	12,088	75,774
	<b>3,969,331</b>	<b>282,951</b>	<b>113,957</b>	<b>572,078</b>	<b>4,938,317</b>	<b>13,828,232</b>
<b>FINANCIAL LIABILITIES</b>						
Amounts due to customers	4,078,425	264,226	43,983	166,189	4,552,823	10,512,048
Amounts due to credit institutions	49,176	16,425	52,718	2,139	120,458	878,665
Financial liabilities at fair value through profit or loss	-	240	673	983	1,896	10,628
Debt securities issued	139,879	-	-	-	139,879	462,817
Other financial liabilities	2,118	778	91	2,914	5,901	136,441
	<b>4,269,598</b>	<b>281,669</b>	<b>97,465</b>	<b>172,225</b>	<b>4,820,957</b>	<b>12,000,599</b>
<b>Net position – on-balance</b>	<b>(300,267)</b>	<b>1,282</b>	<b>16,492</b>	<b>399,853</b>	<b>117,360</b>	<b>1,827,633</b>
<b>Net position – off-balance</b>	<b>368,850</b>	<b>(2,181)</b>	<b>(19,378)</b>	<b>(315,886)</b>	<b>31,405</b>	<b>(41,816)</b>
<b>Net position</b>	<b>68,583</b>	<b>(899)</b>	<b>(2,886)</b>	<b>83,967</b>	<b>148,765</b>	<b>1,668,457</b>

**Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Six Months ended 30 June 2023 (unaudited) (continued)**  
*(millions of Kazakhstani Tenge)*

---

## 25. Capital risk management

The Group's capital management objectives, which are a broader concept than the "equity" on the face of the consolidated statement of financial position, are as follows:

- To comply with the capital requirements set by NBRK;
- To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

The required level of capital is determined during the annual budgeting process, taking into account the above objectives, and is approved by the Management Board and the Board of Directors. As of the current date the capital adequacy of the Group is calculated according to prudential norms set for banks by the Kazakhstan regulatory authority, applying Basel Committee principles and methods.

Currently, regulatory capital is represented by:

- Tier 1 capital, which is required to maintain the normal operating activity of the Group and absorb losses as they arise. It consists of Common Equity Tier 1 capital ("CET 1 capital") and Additional Tier 1 capital, which includes common shares issued by the Group, share premium, retained earnings, other accrued comprehensive income and disclosed reserves and regulatory adjustments (deductions);
- Tier 2 capital, which is required to absorb losses in case of the Group's liquidation. This part of capital consists of instruments issued by the Group and deductions.

Risk-weighted assets are split into five different groups, based on the risk level of the investment and its possible impairment, and weighted according to the nature of and reflecting an estimate of credit, market and other risks associated with each asset and counterparty, taking into account any eligible collateral or guarantees. A similar treatment is adopted for off-balance sheet exposure, with some adjustments made to reflect the more contingent nature of the potential losses.

From 1 January 2017, the regulatory requirements of the NBRK, taking into account the recommendations of Basel III, set the minimum values for the adequacy ratios of core capital, Tier 1 capital and equity capital in the amount of 9.5%, 10.5% and 12.0%.

**Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Six Months ended 30 June 2023 (unaudited) (continued)**  
*(millions of Kazakhstani Tenge)*

The below table summarises the regulatory capital composition and capital adequacy ratios of the Group for the periods ended 30 June 2023 and 31 December 2022. Individual entities within the Group and the Group complied with all of the externally imposed capital requirements to which they are subject.

	30 June 2023 (unaudited)	31 December 2022
<b>Composition of regulatory capital</b>		
<b>CET 1 Capital</b>		
Common shares, net of treasury shares	(49,854)	(51,508)
Share premium	8,367	7,966
Retained earnings of prior years	1,659,489	1,372,054
Net income for the current year	365,159	563,010
Accumulated disclosed reserves	54,330	54,157
Non-controlling interest	9	9
Property and financial assets at fair value through other comprehensive income revaluation reserves	(29,748)	(36,729)
Less: goodwill and intangible assets	(16,909)	(17,398)
Less: cumulative translation reserve	(8,154)	(11,742)
<b>Common Equity Tier 1 (CET 1) Capital</b>	<b>1,982,689</b>	<b>1,879,819</b>
<b>Additional tier 1</b>		
<b>Tier 2</b>		
Subordinated debt	38,795	36,136
<b>Total qualifying for Tier 2 capital</b>	<b>38,795</b>	<b>36,136</b>
<b>Total regulatory capital</b>	<b>2,021,484</b>	<b>1,915,955</b>
Risk weighted assets	11,072,872	10,271,114
<b>CET 1 capital adequacy ratio</b>	<b>17.91%</b>	<b>18.30%</b>
<b>Tier 1 capital adequacy ratio</b>	<b>17.91%</b>	<b>18.30%</b>
<b>Total capital adequacy ratio</b>	<b>18.26%</b>	<b>18.65%</b>

## 26. Segment analysis

The Group is managed and reported on the basis of four main operating segments – corporate banking, SME banking, retail banking and investment banking. These segments are strategic business units that offer different products and services and are managed separately.

No significant changes in the Group segments occurred during the six months ended 30 June 2023 in comparison with the year ended 31 December 2022.

There were no transactions between business segments during the six months ended 30 June 2023 and 2022.

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Six Months ended 30 June 2023 (unaudited) (continued)  
(millions of Kazakhstani Tenge)

Segment information for the main reportable business segments of the Group as at 30 June 2023 and 2022 and for the six months then ended is set out below:

As at 30 June 2023 and for the six months then ended (unaudited)	Retail Banking	Corporate banking	SME banking	Investment banking	Unallocated	Total
External revenues	314,029	368,823	138,045	124,495	164,026	1,109,418
<b>Total revenues</b>	<b>314,029</b>	<b>368,823</b>	<b>138,045</b>	<b>124,495</b>	<b>164,026</b>	<b>1,109,418</b>
<b>Total revenues comprise:</b>						
- Interest income	239,192	311,185	103,863	125,562	660	780,462
- Fee and commission income, including: Transaction income of individuals	66,175	13,203	17,562	-	1,749	98,689
Transaction income of legal entities	67,310	-	-	-	-	67,310
Letters of credit and guarantees issued	-	4,651	15,454	-	-	20,105
Other	-	6,851	2,032	-	-	8,883
Loyalty program	1,437	1,819	76	-	1,749	5,081
- Net gain/(loss) from financial assets and liabilities at fair value through profit or loss	(2,572)	(118)	-	-	-	(2,690)
- Net gain/(loss) on foreign exchange operations	-	23,668	-	(1,067)	-	22,601
- Share in profit of associate	8,662	20,767	16,620	-	(14,639)	31,410
- Insurance underwriting income, income on non-banking activities and other income	-	-	-	-	7,155	7,155
- Insurance claims incurred, net of reinsurance	-	-	-	-	169,101	169,101
<b>Total revenues</b>	<b>314,029</b>	<b>368,823</b>	<b>138,045</b>	<b>124,495</b>	<b>164,026</b>	<b>1,109,418</b>
- Interest expense	(156,654)	(151,140)	(62,800)	(17,902)	(5,059)	(393,555)
- (Credit loss expense)/recovery of credit loss expense	(40,110)	10,566	(8,990)	(165)	6,040	(32,659)
- Fee and commission expense	(42,811)	(2,683)	(866)	(609)	(1)	(46,970)
- Net realised loss from financial assets at fair value through other comprehensive income	-	-	-	(1,427)	-	(1,427)
- Operating expenses	(54,452)	(7,293)	(11,104)	(785)	(25,949)	(99,583)
- Recovery of credit loss expense/(Other credit loss expense)	-	1,823	(237)	-	(29)	1,557
- Loss from impairment of non-financial assets	-	-	-	-	5	5
- Insurance claims incurred, net of reinsurance	-	-	-	-	(110,797)	(110,797)
<b>Total expenses</b>	<b>(294,027)</b>	<b>(148,727)</b>	<b>(83,997)</b>	<b>(20,888)</b>	<b>(135,790)</b>	<b>(683,429)</b>
<b>Segment result</b>	<b>20,002</b>	<b>220,096</b>	<b>54,048</b>	<b>103,607</b>	<b>28,236</b>	<b>425,989</b>
Income before income tax expense						425,989
Income tax expense						(60,830)
<b>Net profit</b>						<b>365,159</b>
Total segment assets	2,557,589	5,738,614	1,285,873	3,820,666	838,721	14,241,463
Total segment liabilities	5,196,737	3,753,398	2,215,671	580,628	477,749	12,224,183
<b>Other segment items:</b>						
Capital expenditures						(12,210)
Depreciation and amortization						(8,740)
Investments in associate						44,179

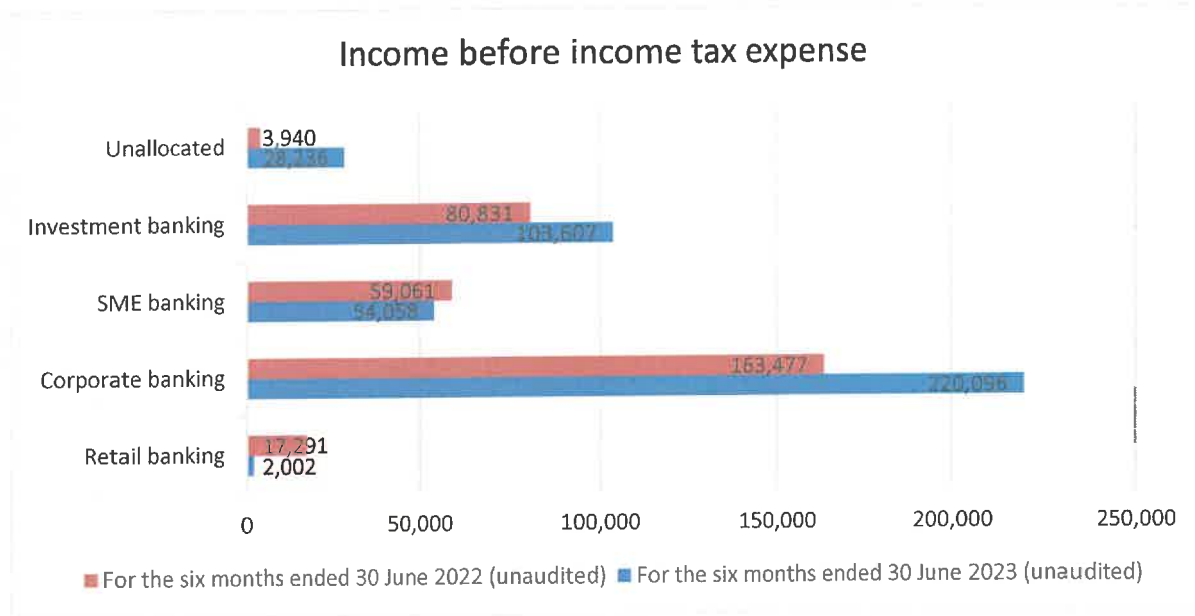


**Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Six Months ended 30 June 2023 (unaudited) (continued)**  
*(millions of Kazakhstani Tenge)*

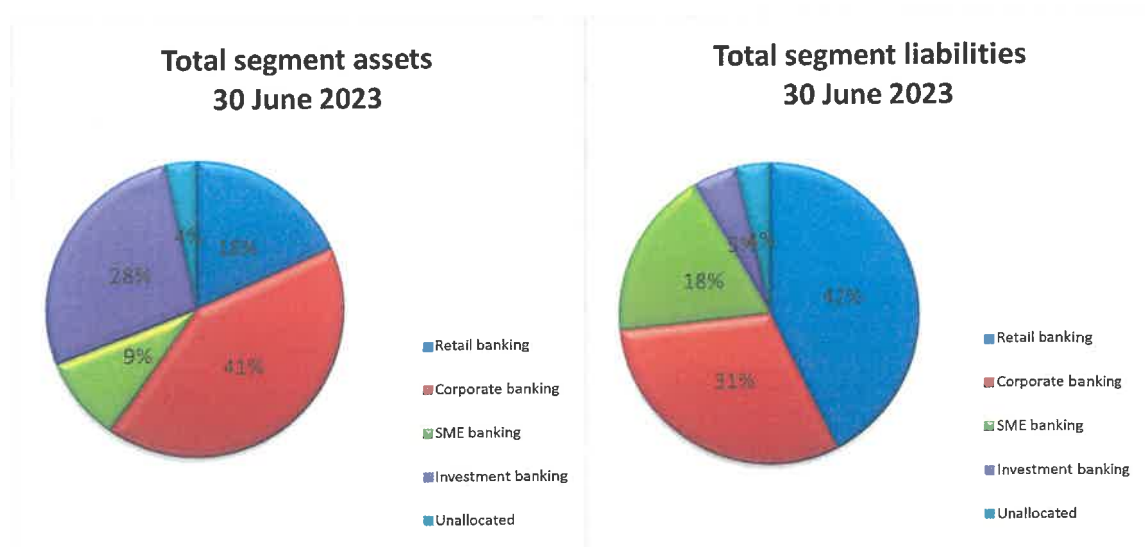
	Retail Banking	Corporate banking	SME banking	Investment banking	Unallocated	Total
<b>As at 31 December 2022 and for the six months ended 30 June 2022 (unaudited)</b>						
External revenues	238,262	283,414	101,458	108,931	116,453	848,518
<b>Total revenues</b>	<b>238,262</b>	<b>283,414</b>	<b>101,458</b>	<b>108,931</b>	<b>116,453</b>	<b>848,518</b>
<b>Total revenues comprise:</b>						
- Interest income	174,779	201,718	65,690	108,836	552	551,575
- Fee and commission income, including: <i>Transaction income of legal entities</i>	54,025	9,359	14,225	95	1,596	79,300
<i>Transaction income of Individuals</i>	-	3,855	11,851	95	176	15,977
<i>Loyalty program</i>	58,190	-	-	-	-	58,190
<i>Letters of credit and guarantees issued</i>	(5,446)	(19)	-	-	-	(5,465)
<i>Other</i>	22	4,853	1,589	-	19	6,483
- Net gain on foreign exchange operations	1,259	670	785	-	1,401	4,115
- Share in profit of associate	9,458	72,337	21,543	-	6,063	109,401
- Insurance underwriting income, income on non-banking activities and other income	-	-	-	-	4,411	4,411
- Insurance claims incurred, net of reinsurance	-	-	-	-	103,831	103,831
<b>Total revenues</b>	<b>238,262</b>	<b>283,414</b>	<b>101,458</b>	<b>108,931</b>	<b>116,453</b>	<b>848,518</b>
- Interest expense	(97,030)	(114,494)	(23,297)	(17,365)	(887)	(253,073)
- Credit loss expense	(35,797)	(9,473)	(8,241)	(128)	(3,274)	(56,913)
- Fee and commission expense	(39,710)	(2,927)	(471)	(435)	(275)	(43,818)
- Net gain from financial assets and liabilities at fair value through profit or loss	-	13,612	-	(8,424)	(5,471)	(283)
- Net realised loss from financial assets at fair value through other comprehensive income	-	-	-	(1,106)	-	(1,106)
- Operating expenses	(48,378)	(6,452)	(9,746)	(642)	(25,546)	(90,764)
- Loss from impairment of non-financial assets	(56)	(203)	(642)	-	(1)	(902)
- Other credit loss expense	-	-	-	-	(60)	(60)
- Insurance claims incurred, net of reinsurance	-	-	-	-	(76,999)	(76,999)
<b>Total expenses</b>	<b>(220,971)</b>	<b>(119,937)</b>	<b>(42,397)</b>	<b>(28,100)</b>	<b>(112,513)</b>	<b>(523,918)</b>
<b>Segment result</b>	<b>17,291</b>	<b>163,477</b>	<b>59,061</b>	<b>80,831</b>	<b>3,940</b>	<b>324,600</b>
Income before income tax expense						<b>324,600</b>
Income tax expense						<b>(38,764)</b>
<b>Net profit</b>						<b>285,836</b>
<b>Total segment assets</b>						
Total segment assets	2,398,307	6,457,851	1,257,508	3,400,333	773,296	14,287,295
Total segment liabilities	5,206,935	4,243,248	2,124,081	467,950	322,935	12,365,149
<b>Other segment items:</b>						
Capital expenditures					(16,025)	(16,025)
Depreciation and amortization					(8,127)	(8,127)
Investments in associates					36,574	36,574

**Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Six Months ended 30 June 2023 (unaudited) (continued)**  
*(millions of Kazakhstani Tenge)*

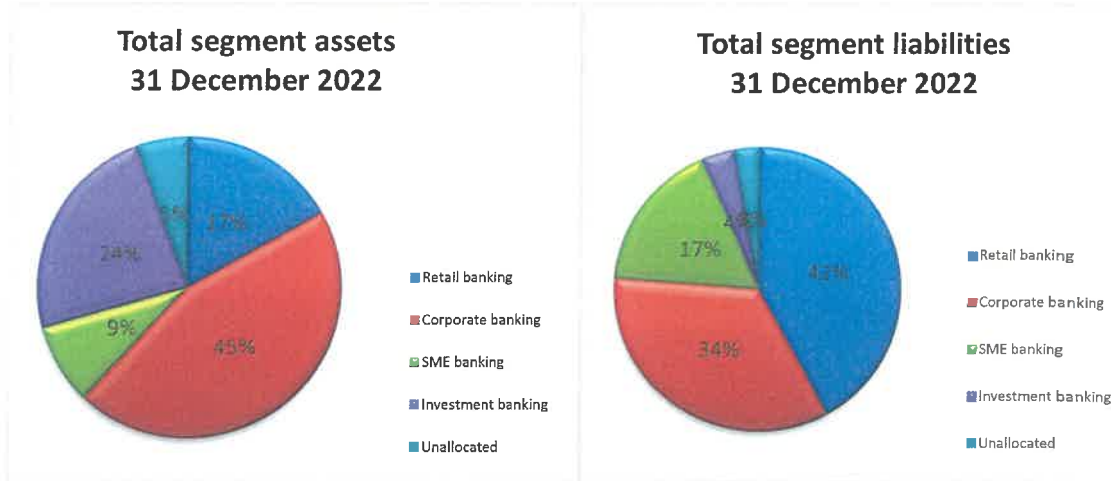
Income before income tax expense by segments were as follows:



Share of segment assets and liabilities as at 30 June 2023 (unaudited) and 31 December 2022 presented as follows:



**Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Six Months ended 30 June 2023 (unaudited) (continued)**  
*(millions of Kazakhstani Tenge)*



**Geographical information**

Information for the main geographical areas of the Group is set out below as at 30 June 2023 and 31 December 2022 and for the six months ended 30 June 2023 and 2022.

	Kazakhstan	OECD	Non-OECD	Total
<b>30 June 2023 (unaudited)</b>				
Total assets	12,477,048	1,123,062	641,353	14,241,463
<b>31 December 2022</b>				
Total assets	12,488,788	1,187,650	610,857	14,287,295
<b>Six months ended</b>				
<b>30 June 2023 (unaudited)</b>				
External revenues	1,049,252	28,272	31,894	1,109,418
Capital expenditures	(12,120)	-	-	(12,120)
<b>Six months ended</b>				
<b>30 June 2022 (unaudited)</b>				
External revenues	810,057	9,323	29,138	848,518
Capital expenditures	(16,025)	-	-	(16,025)

External revenues, assets and credit related commitments have generally been allocated based on domicile of the counterparty. Cash on hand, property and equipment and capital expenditure have been allocated based on the country in which they are physically held.

## 27. Fair values of financial instruments

IFRS defines fair value as the 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.

**Fair value of the Group's financial assets and financial liabilities measured at fair value on a recurring basis.**

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The table below provides information on how the fair value of these financial assets and financial liabilities is determined by levels of the hierarchy (in particular, the valuation technique and inputs used).

Financial assets and financial liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurements. Management assessment of the significance of a particular input to the fair value measurements requires judgment, and may affect the valuation of the assets and liabilities being measured and their placement within the fair value hierarchy.

The Group considers that the accounting estimate related to valuation of financial instruments where quoted markets prices are not available is a key source of estimation uncertainty because: (i) it is highly susceptible to change from period to period because it requires management to make assumptions about interest rates, volatility, exchange rates, the credit rating of the counterparty, valuation adjustments and specific feature of the transactions and (ii) the impact that recognizing a change in the valuations would have on the assets reported on its interim condensed consolidated statement of financial position as well as its statement of profit or loss could be material.

## JSC Halyk Bank



### Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Six Months ended 30 June 2023 (unaudited) (continued) (millions of Kazakhstani Tenge)

	Fair value		Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	30 June 2023 (unaudited)	31 December 2022			
<b>Financial Assets/Liabilities</b>					
Non-derivative financial assets at fair value through profit or loss (Note 6)	178,191	160,373	Quoted prices in an active market.	Not applicable	Not applicable
Non-derivative financial assets at fair value through profit or loss (Note 6)	212,257	170,049	Quoted prices in a market that is not active.	Not applicable	Not applicable
Non-derivative financial assets at fair value through profit or loss (Note 6)	10	10	Valuation model based on internal rating model. Discounted cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period).	Not applicable	Not applicable
Derivative financial assets at fair value through profit or loss, excluding options (Note 6)	23,179	11,736		Not applicable	Not applicable
<b>Total financial assets at fair value through profit or loss</b>	<b>413,637</b>	<b>342,168</b>			
Derivative financial liabilities at fair value through profit or loss, excluding options (Note 6)	8,018	10,628	Discounted cash flows. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period).	Not applicable	Not applicable
<b>Total financial liabilities at fair value through profit or loss</b>	<b>8,018</b>	<b>10,628</b>			
Non-derivative financial assets at fair value through other comprehensive income (Note 8)	1,959,501	1,735,734	Quoted prices in an active market.	Not applicable	Not applicable
Non-derivative financial assets at fair value through other comprehensive income in bonds of foreign organizations (Note 8)	483,526	373,482	Quoted prices in a market that is not active.	Not applicable	Not applicable
Non-derivative financial assets at fair value through other comprehensive income – unquoted equity securities (Note 8)	53	53	Unquoted equity financial instruments.	Percentage discount	The greater discount - the smaller fair value
<b>Financial assets at fair value through other comprehensive income</b>	<b>2,443,080</b>	<b>2,109,269</b>			

**Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Six Months ended 30 June 2023 (unaudited) (continued)**  
*(millions of Kazakhstani Tenge)*

The tables below summarizes the Group's financial assets and liabilities held at fair value by valuation methodology at 30 June 2023 and 31 December 2022, before any allowances for expected credit losses.

During the six months ended 30 June 2023 and 2022, there were no transfers between levels.

	Derivative financial assets at fair value through profit or loss (Level 3)	Financial assets at fair value through other comprehensive income (Level 3)
<b>31 December 2021</b>	750	10
Redemptions*	(697)	-
<b>31 December 2022</b>	53	10
Redemptions	-	-
<b>30 June 2023 (unaudited)</b>	53	10

\*As of 31 December 2022, redemptions include redemptions of bonds of Kazakhstani corporations.

**Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required).**

The following methods and assumptions are used by the Group to estimate the fair value of financial instruments not carried at fair value.

*Amounts due from and to credit institutions*

For assets and liabilities maturing within one month, the carrying amount approximates fair value due to the relatively short-term maturity of these financial instruments. For the assets and liabilities maturing in over one month, the fair value was estimated as the present value of estimated future cash flows discounted at the appropriate period-end market rates.

*Loans to customers*

The estimate was made by discounting the scheduled future cash flows of the individual loans through the estimated maturity using prevailing market rates at the respective period-end.

*Amounts due to customers*

Interest rates charged to customers closely approximate market interest rates and accordingly, the carrying amounts approximate fair values.

*Debt securities issued*

Market values have been used to determine the fair value of debt securities traded on an active market. For other debt securities, the fair value was estimated as the present value of estimated future cash flows discounted at the period-end market rates.



**Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Six Months ended 30 June 2023 (unaudited) (continued)**  
*(millions of Kazakhstani Tenge)*

The following table sets out the carrying amount and fair values of financial assets and liabilities not carried at their fair values:

	30 June 2023 (unaudited)		31 December 2022	
	Carrying amount	Fair value	Carrying amount	Fair Value
<b>Financial assets</b>				
Amounts due from credit institutions	116,666	117,856	135,655	145,621
Loans to customers	8,173,686	7,718,289	7,857,902	7,410,430
Debt securities at amortised cost, net of allowance for expected credit losses	1,028,062	970,536	1,019,089	945,828
<b>Financial liabilities</b>				
Amounts due to customers	10,174,797	10,079,241	10,512,048	10,500,612
Amounts due to credit institutions	958,413	955,654	878,665	881,765
Debt securities issued	561,214	540,821	462,817	436,540
	30 June 2023 (unaudited)			
	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Amounts due from credit institutions	-	117,856	-	117,856
Loans to customers	-	-	7,718,289	7,718,289
Debt securities at amortised cost, net of allowance for expected credit losses	-	776,653	193,883	970,536
<b>Financial liabilities</b>				
Amounts due to customers	-	10,079,241	-	10,079,241
Amounts due to credit institutions	-	955,654	-	955,654
Debt securities issued	-	540,821	-	540,821
	31 December 2022			
	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Amounts due from credit institutions	-	145,621	-	145,621
Loans to customers	-	-	7,410,430	7,410,430
Debt securities at amortised cost, net of allowance for expected credit losses	-	746,236	199,592	945,828
<b>Financial liabilities</b>				
Amounts due to customers	-	10,500,612	-	10,500,612
Amounts due to credit institutions	-	881,765	-	881,765
Debt securities issued	-	436,540	-	436,540

The carrying amounts of cash equivalents, obligatory reserves, other financial assets and other financial liabilities approximates fair value due to the short-term nature of such financial instruments.

**Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Six Months ended 30 June 2023 (unaudited) (continued)**  
*(millions of Kazakhstani Tenge)*

**28. Related party transactions**

Related parties or transactions with related parties are assessed in accordance with IAS 24 “Related Party Disclosures”. Related parties August enter into transactions which unrelated parties might not. Terms, conditions and amounts of related party transactions are usually same as those between unrelated parties.

When considering each possible related party, the substance of the relationship between the parties is taken into account, and not just their legal form.

During 2023 and 2022, the Group entered into arm-length transactions with entities where the Group’s shareholders were one of the participants. Management believes that any control of these entities is with unrelated parties as per IFRS through the level of holding control or trust management arrangements, which are in compliance with Kazakhstan legislation. As such, these transactions are not disclosed as being with related parties.

Considering each possible related party not only their legal status is taken into account but also the substance of the relationship between these parties. The Group had the following balances outstanding as at 30 June 2023 and 31 December 2022 with related parties:

	30 June 2023 (unaudited)		31 December 2022	
	Related party balances	Total category as per financial statements caption	Related party balances	Total category as per financial statements caption
Loans to customers before allowance for expected credit losses	23,860	8,629,902	42,676	8,280,290
- entities with joint control or significant influence over the Group	23,485		42,284	
- key management personnel of the Group or its parent	373		392	
- other related parties	2		-	
Allowance for expected credit losses				
- entities with joint control or significant influence over the Group	(94)	(456,216)	(182)	(422,388)
- key management personnel of the Group or its parent	(90)		(177)	
Other assets	(4)		(5)	
Investments in associates				
	44,179	159,121	42,005	159,985
Amounts due to customers	44,179		42,005	
- the parent	357,248	10,174,797	516,223	10,512,048
- entities with joint control or significant influence over the Group	274,914		434,987	
- key management personnel of the Group or its parent	68,062		60,332	
- other related parties	9,443		10,243	
	4,829		10,661	
Debt securities issued	123,677	561,214	-	462,817
- the parent	121,189		-	
- key management personnel of the Group or its parent	2,262		-	
- other related parties	226		-	



**Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Six Months ended 30 June 2023 (unaudited) (continued)**  
*(millions of Kazakhstani Tenge)*

---

## **29. Subsequent events**

On 3 July 2023, the Group issued bonds listed on AIX in the amount USD 220.8 million with a coupon rate of 3.5%.

On 3 July 2023, the debt securities of the Ministry of Finance of the Republic of Kazakhstan, assessed at amortized cost less reserves for expected credit losses, with a coupon rate of 9.4% and a maturity of 6 years in the amount of KZT 250 billion were fully redeemed.

On 19 July 2023, the Bank acquired 3,000,000 ordinary shares of its subsidiary Kazteleport JSC for the total amount of KZT 3 billion for the purpose of additional capitalization of Kazteleport JSC to finance the construction of a data processing center in Astana.

On 3 August 2023, the Bank acquired 18,750 preferred shares of JSC Halyk Bank Georgia for the total amount of USD 11.5 million in order to support the growth of indicators laid down in the Development Strategy of JSC Halyk Bank Georgia.