



JSC HALYK BANK

Interim condensed consolidated
financial information (unaudited)
for the nine months ended 30 September 2023

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**Statement of Management’s Responsibilities
for the Preparation and Approval
of the Interim Condensed Consolidated Financial Information
for the Nine Months ended 30 September 2023 (unaudited)**

Management is responsible for the preparation of the interim condensed consolidated financial information that presents fairly the financial position of JSC Halyk Bank (the “Bank”) and its subsidiaries (collectively – the “Group”) as at 30 September 2023, and the related interim condensed consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flows for the nine months then ended, in accordance with International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”).

In preparing the interim condensed consolidated financial information, management is responsible for:

- Properly selecting and applying accounting policies;
- Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Providing additional disclosures when compliance with the specific requirements in IAS 34 are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's consolidated financial position and financial performance; and
- Making an assessment of the Group's ability to continue as a going concern.

Management is also responsible for:

- Designing, implementing and maintaining an effective and sound system of internal controls, throughout the Group;
- Maintaining adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the consolidated financial position of the Group, and which enable them to ensure that the interim condensed consolidated financial information of the Group comply with IAS 34;
- Maintaining accounting records in compliance with the Republic of Kazakhstan legislation;
- Taking such steps as are reasonably available to them to safeguard the assets of the Group; and
- Preventing and detecting fraud and other irregularities.

The interim condensed consolidated financial information of the Group for the nine months ended 30 September 2023 was authorized for issue by the Management Board on 15 November 2023.

On behalf of the Management Board:




Urnut B. Shayakhmetova
Chairperson of the Board
15 November 2023
Almaty, Kazakhstan




Pavel A. Cheussov
Chief Accountant
15 November 2023
Almaty, Kazakhstan

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 September 2023 and the related interim condensed consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flows for the nine 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*.

Deloitte LLP

15 November 2023
Almaty, Republic of Kazakhstan

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

	Notes	30 September 2023 (unaudited)	31 December 2022 (recalculated)*
ASSETS			
Cash and cash equivalents	5	776,980	2,028,831
Obligatory reserves		233,098	259,544
Financial assets at fair value through profit or loss	6	478,371	342,168
Amounts due from credit institutions	7	146,010	135,655
Financial assets at fair value through other comprehensive income	8	2,694,801	2,109,269
Debt securities at amortized cost, net of allowance for expected credit losses	9	721,938	1,019,089
Loans to customers	10, 28	8,590,874	7,857,902
Investment property		39,720	35,541
Commercial property		74,601	76,538
Assets classified as held for sale		32,331	23,923
Current income tax assets		1,291	1,521
Deferred income tax assets		442	273
Property and equipment and intangible assets		225,537	207,788
Insurance contract assets		12,268	7,117
Reinsurance contract assets		24,003	22,151
Other assets	28	197,384	159,985
TOTAL ASSETS		14,249,649	14,287,295
LIABILITIES AND EQUITY			
LIABILITIES			
Amounts due to customers	11, 28	9,915,794	10,512,048
Amounts due to credit institutions	12	885,797	878,665
Financial liabilities at fair value through profit or loss	6	4,721	10,628
Debt securities issued	13, 28	677,452	462,817
Current income tax liability		15,122	12,358
Deferred tax liability		52,390	52,595
Provisions	16	11,848	13,773
Insurance contract liabilities		273,804	230,159
Reinsurance contract liabilities		1,691	2,763
Other liabilities		229,758	189,343
Total liabilities		12,068,377	12,365,149
EQUITY			
Share capital	15	209,027	209,027
Share premium reserve		8,665	7,966
Treasury shares	15	(258,482)	(260,535)
Retained earnings and other reserves		2,222,052	1,965,679
Total equity attributable to owners of the Group		2,181,262	1,922,137
Non-controlling interest		10	9
Total equity		2,181,272	1,922,146
TOTAL LIABILITIES AND EQUITY		14,249,649	14,287,295

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

On behalf of the Management Board:

Umut B. Shayakhmetova
Chairperson of the Board

15 November 2023
Almaty, Kazakhstan

Pavel A. Chessov
Chief Accountant

15 November 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 Three and Nine Months ended 30 September 2023 (unaudited)
(millions of Kazakhstani Tenge, except for earnings per share which is in Tenge)**

	Notes	Three months ended 30 September 2023 (unaudited)	Three months ended 30 September 2022 (unaudited) (recalculated)*	Nine months ended 30 September 2023 (unaudited)	Nine months ended 30 September 2022 (unaudited) (recalculated)*
Interest income calculated using effective interest method	17, 28	413,421	329,156	1,175,859	867,929
Other interest income	17	12,401	6,788	30,425	19,590
Interest expense	17, 28	(207,395)	(153,512)	(600,950)	(406,585)
NET INTEREST INCOME BEFORE CREDIT LOSS EXPENSE		218,427	182,432	605,334	480,934
Credit loss expense	5, 7, 9, 10	(39,739)	(37,730)	(72,398)	(94,643)
NET INTEREST INCOME		178,688	144,702	532,936	386,291
Fee and commission income	18	51,838	49,362	150,527	128,662
Fee and commission expense	18	(24,117)	(27,127)	(71,087)	(70,945)
Fees and commissions, net		27,721	22,235	79,440	57,717
Net gain from financial assets and liabilities at fair value through profit or loss	19	17,981	10,022	40,582	9,739
Net realised loss from financial assets at fair value through other comprehensive income		(947)	(9)	(2,374)	(1,115)
Net gain on foreign exchange operations	20	29,785	22,266	61,195	131,667
Insurance underwriting income		25,779	19,619	165,173	99,734
Share in profit of associate	28	3,634	2,848	10,789	7,259
Income on non-banking activities	22	6,283	6,365	17,730	21,980
Other income		(1,142)	1,986	17,118	10,087
OTHER NON-INTEREST INCOME		81,373	63,097	310,213	279,351
Operating expenses	21, 28	(54,504)	(49,321)	(154,087)	(140,085)
Loss from impairment of non-financial assets		(66)	(79)	(61)	(139)
Recovery of other credit loss expense/(other credit loss expense)	16	48	452	1,605	(450)
Insurance claims incurred		(34,452)	(25,589)	(119,395)	(79,427)
Net income/(expenses) from reinsurance contracts held		6,423	(5,136)	(19,431)	(28,297)
NON-INTEREST EXPENSES		(82,551)	(79,673)	(291,369)	(248,398)
INCOME BEFORE INCOME TAX EXPENSE		205,231	150,361	631,220	474,961
Income tax expense	14	(33,097)	(25,346)	(93,927)	(64,110)
NET PROFIT		172,134	125,015	537,293	410,851
Attributable to:					
Owners of the Bank		172,134	125,015	537,292	410,851
Non-controlling interest		-	-	1	-
		172,134	125,015	537,293	410,851
EARNINGS PER SHARE	23				
(in Kazakhstani Tenge)					
Basic and diluted earnings per share		15.79	11.48	49.33	37.72

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

On behalf of the Management Board:

Ulnur B. Shayakhmetova
Chairperson of the Board

15 November 2023
Almaty, Kazakhstan

Pavel K. Cheussov
Chief Accountant

15 November 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 Three and Nine Months ended 30 September 2023 (unaudited)
(millions of Kazakhstani Tenge)**

	Three months ended 30 September 2023 (unaudited)	Three months ended 30 September 2023 (unaudited) (recalculated)*	Nine months ended 30 September 2023 (unaudited)	Nine months ended 30 September 2022 (unaudited) (recalculated)*
Net profit	172,134	125,015	537,293	410,851
Other comprehensive income:				
<i>Items that will not be subsequently reclassified to profit or loss:</i>				
(Loss)/gain on revaluation of property (net of tax – KZT Nil)	(9)	(49)	(12)	521
Gain/(loss) on revaluation of equity financial assets at fair value through other comprehensive income (net of tax – KZT Nil)	216	(764)	64	709
<i>Items that may be subsequently reclassified to profit or loss:</i>				
Exchange differences on translation of foreign operations (net of tax – KZT Nil)	1,057	(2,342)	(2,532)	20,769
Share of other comprehensive (loss)/income of associate	(240)	(101)	379	(1,712)
Share of other comprehensive income of an associate from revaluation of property	8	14	22	16
(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)	(10,818)	2,146	(4,690)	(112,511)
Reclassification adjustment relating to financial assets at fair value through other comprehensive income disposed of in the period (net of tax – KZT Nil)	947	9	2,374	1,115
Other comprehensive (loss)/income for the period	(8,839)	(1,087)	(4,395)	(91,093)
Total comprehensive income for the period	163,295	123,928	532,898	319,758
Attributable to:				
Owners of the Bank	163,295	123,928	532,898	319,758
Non-controlling interest	-	-	-	-
Total comprehensive income for the period	163,295	123,928	532,898	319,758

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

On behalf of the Management Board:

Umüt B. Shayakhmetova
Chairperson of the Board

15 November 2023
Almaty, Kazakhstan

Pavel A. Cherssov
Chief Accountant

15 November 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 Changes in Equity
for the Nine Months ended 30 September 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
31 December 2022 (recalculated)**	209,027	7,966	(260,535)	11,742	(78,649)	43,308	1,989,278	1,922,137	9	1,922,146
Net income	-	-	-	-	-	-	537,292	537,292	1	537,293
Other comprehensive income	-	-	-	(2,532)	(1,873)	10	-	(4,395)	-	(4,395)
Total comprehensive income	-	-	-	(2,532)	(1,873)	10	537,292	532,897	1	532,898
Treasury shares purchased (Note 15)	-	-	(1,372)	-	-	-	-	(1,372)	-	(1,372)
Treasury shares sold (Note 15)	-	699	3,425	-	-	-	-	4,124	-	4,124
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	-	-	-	-	-	(1,647)	1,647	-	-	-
30 September 2023 (unaudited)	209,027	8,665	(258,482)	9,210	(80,522)	41,671	2,251,693	2,181,262	10	2,181,272

*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

**Interim Condensed Consolidated Statement of Changes in Equity
for the Nine Months ended 30 September 2023 (unaudited) (continued)
(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
31 December 2021	209,027	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 4b)	-	-	-	-	-	-	2,047	2,047	-	2,047
1 January 2022 (recalculated)	209,027	9,067	(259,322)	5,582	25,115	27,521	1,558,653	1,575,643	8	1,575,651
Net income	-	-	-	-	-	-	410,851	410,851	-	410,851
Other comprehensive loss	-	-	-	20,769	(112,400)	537	-	(91,094)	1	(91,093)
Total comprehensive income	-	-	-	20,769	(112,400)	537	410,851	319,757	1	319,758
Treasury shares purchased (Note 15)	-	(879)	(5,530)	-	-	-	-	(6,409)	-	(6,409)
Treasury shares sold (Note 15)	-	-	4,283	-	-	-	-	4,283	-	4,283
Release of property and equipment revaluation reserve on depreciation and disposal of previously revalued assets	-	-	-	-	-	(1,157)	1,157	-	-	-
30 September 2022 (unaudited)	209,027	8,188	(260,569)	26,351	(87,285)	26,901	1,970,352	1,892,965	9	1,892,974

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

On behalf of the Management Board:

Umar B. Shayakhmetova
Chairperson of the Board

15 November 2023
Almaty, Kazakhstan

Pavel A. Choussov
Chief Accountant

15 November 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 Nine Months ended 30 September 2023 (unaudited)
(millions of Kazakhstani Tenge)**

	Nine months ended 30 September 2023 (unaudited)	Nine months ended 30 September 2022 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Interest received from financial assets at fair value through profit or loss	19,403	16,888
Interest received from cash equivalents and amounts due from credit institutions	35,802	23,356
Interest received on financial assets at fair value through other comprehensive income	92,197	80,040
Interest received on debt securities at amortized cost, net of allowance for expected credit losses	76,283	99,832
Interest received from loans to customers	961,242	672,600
Interest paid on due to customers	(516,205)	(320,495)
Interest paid on due to credit institutions	(33,720)	(50,362)
Interest paid on debt securities issued	(15,003)	(23,023)
Fee and commission received	149,546	128,935
Fee and commission paid	(72,914)	(67,795)
Insurance underwriting income received	165,173	99,734
Ceded insurance share paid	(20,173)	(19,367)
Payments from derivative operations	21,890	15,017
Other income received	34,848	32,067
Operating expenses paid	(130,490)	(126,410)
Insurance claims paid	(141,572)	(110,747)
Cash flows from operating activities before changes in net operating assets	626,307	450,270
Changes in operating assets and liabilities:		
(Decrease)/increase in operating assets:		
Obligatory reserves	26,446	(59,349)
Financial assets at fair value through profit or loss	(103,477)	(6,129)
Amounts due from credit institutions	(3,712)	491,504
Loans to customers	(807,483)	(1,554,766)
Assets classified as held for sale	10,030	4,620
Insurance assets	17,236	42,783
Other assets	(16,897)	8,009
Decrease/(increase) in operating liabilities:		
Amounts due to customers	(588,055)	1,720,888
Amounts due to credit institutions	10,701	(297,496)
Financial liabilities at fair value through profit or loss	(5,879)	49,599
Insurance liabilities	41,252	16,701
Other liabilities	38,474	21,673
Net cash (outflow)/inflow from operating activities before income tax	(755,057)	888,307
Income tax paid	(91,210)	(56,405)
Net cash (outflow)/inflow from operating activities	(846,267)	831,902
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase and prepayment for property and equipment and intangible assets	(29,409)	(21,419)
Proceeds on sale of property and equipment	73	3,992
Proceeds on sale of investment property	5,000	15,212
Proceeds on sale of commercial property	2,107	5,252
Proceeds on sale of financial assets at fair value through other comprehensive income	388,023	364,701
Purchase of financial assets at fair value through other comprehensive income	(908,625)	(334,203)
Purchase of debt securities at amortized cost, net of allowance for expected credit losses	(70,333)	(35,585)
Proceeds on sale and maturity of debt securities at amortized cost, net of allowance for expected credit losses	343,961	284,393
Capital expenditures on commercial property	(1,774)	(3,907)
Net cash (outflow)/inflow from investing activities	(270,977)	278,436

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

Notes	Nine months ended 30 September 2023 (unaudited)	Nine months ended 30 September 2022 (unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES:		
	4,123	4,283
Proceeds on sale of treasury shares	(1,372)	(6,409)
Purchase of treasury shares	(173,659)	(177,600)
Redemption and repayment of debt securities issued	13	130,882
Proceeds from issue of debt securities issued	13	-
Dividends paid – ordinary shares	(2,273)	(1,733)
Repayment of the lease liabilities	(90,952)	(50,577)
Net cash outflow from financing activities		
Effect of changes in foreign exchange rate fluctuations on cash and cash equivalents	(43,655)	132,032
Net change in cash and cash equivalents	(1,251,851)	1,191,793
CASH AND CASH EQUIVALENTS, beginning of the period	5	2,028,831
CASH AND CASH EQUIVALENTS, end of the period	5	776,980
	2,630,314	1,438,521

During the nine months ended 30 September 2023, the Group entered into transactions related to the withdrawal of collateral for customer loans in the amount of KZT 22,664 million and the sale of property in installments in the amount of KZT 6,132 million (nine months ended 30 September 2022 – KZT 11,702 million and KZT 14,425 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:

Umut B. Shayakhmetova
Chairperson of the Board

15 November 2023
Almaty, Kazakhstan



Pavel A. Cheursov
Chief Accountant

15 November 2023
Almaty, Kazakhstan



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

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 September 2023, the Bank operated through its head office in Almaty and its 25 regional branches, 119 sub-regional offices and 427 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 September 2023, the number of the Group’s employees was 16,678 (31 December 2022 – 17,038).

The interim condensed consolidated financial information of the Group for the nine months ended 30 September 2023 was authorized for issue by the Management Board on 15 November 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 Nine Months ended 30 September 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 third quarter of 2023, the average price of Brent oil was around \$86.8 per barrel (\$108.09 per barrel during the third quarter of 2022). For the period from January to August 2023, the economy of Kazakhstan increased by 4.7% (3.4% for the period from January to August 2023). In September 2023, the annual inflation accelerated to 11.8% (17.7% in September 2022).

The Monetary Policy Committee of the National Bank of the Republic of Kazakhstan decided to keep the base rate at 16.00% 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. Among the inflation risks, there was a slight weakening of the national currency by 1.4% as of the end of the third quarter of 2023.

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 September 2023 and 31 December 2022, the Group's shares were represented by common shares only.

As at 30 September 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 September 2023 (unaudited)

	Total shares (Common shares)	Stake in total shares in circulation
JSC HG Almex	7,583,538,228	69.6%
GDR holders	3,105,052,260	28.5%
Other	213,714,205	1.9%
Total shares in circulation (on consolidated basis)	10,902,304,693	100%

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Nine Months ended 30 September 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%
Total shares in circulation (on consolidated basis)	10,883,868,379	100%

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 nine months ended 30 September 2023 in comparison with the structure as at 31 December 2022.

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Nine Months ended 30 September 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 nine month ended 30 September 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 Nine Months ended 30 September 2023 (unaudited) (continued)
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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 Nine Months ended 30 September 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. Restatements

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

Statement of financial position	Balance under	Recalculation	Balance under
	IFRS 4		IFRS 17
	31 December 2022	31 December 2022 (unaudited)	31 December 2022 (unaudited)
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 Nine Months ended 30 September 2023 (unaudited) (continued)
(millions of Kazakhstani Tenge)

	Balance under IFRS 4	Recalculation	Balance under IFRS 17
	Nine months ended 30 September 2022	Nine months ended 30 September 2022 (unaudited)	Nine months ended 30 September 2022 (unaudited)
Statement of profit and loss			
Interest income calculated using effective interest method	867,864	65	867,929
Interest expense	(406,242)	(343)	(406,585)
Credit loss expense	(94,709)	66	(94,643)
Fee and commission expense	(70,965)	20	(70,945)
Net gain on foreign exchange operations	130,261	1,406	131,667
Insurance underwriting income	109,249	(9,515)	99,734
Insurance claims incurred	(103,854)	24,427	(79,427)
Net reinsurance result	-	(28,297)	(28,297)
Operating expenses	(146,011)	5,926	(140,085)
Net profit	417,096	(6,245)	410,851

5. Cash and cash equivalents

Cash and cash equivalents comprise:

	30 September 2023 (unaudited)	31 December 2022
Cash on hand	221,938	274,961
Correspondent accounts with Organization for Economic Co-operation and Development countries (the "OECD") based banks	305,936	493,639
Short-term deposits with OECD based banks	2,061	46,266
Overnight deposits with OECD based banks	4,250	92,536
Correspondent accounts with NBRK	94,868	236,507
Short-term deposits with NBRK	-	769,907
Correspondent accounts with Kazakhstan banks	43,843	30,874
Short-term deposits with Kazakhstan banks (incl. loans under reverse repurchase agreements)	35,822	17,152
Correspondent accounts with non-OECD based banks	33,547	40,199
Short-term deposits with non-OECD based banks	14,145	6,652
Overnight deposits with non-OECD based banks	20,570	20,138
Total cash and cash equivalents	776,980	2,028,831

As at 30 September 2023 and 31 December 2022, allowance for expected credit losses on short-term deposits included in cash and cash equivalents comprised KZT 22 million and KZT 21 million, respectively.

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

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

	Three months ended 30 September 2023 (unaudited)	Three months ended 30 September 2022 (unaudited)	Nine months ended 30 September 2023 (unaudited)	Nine months ended 30 September 2022 (unaudited)
	Stage 1	Stage 1	Stage 1	Stage 1
At the beginning of the period	(23)	(98)	(21)	(42)
Changes in risk parameters	(11)	72	(15)	6
Foreign exchange differences and other movements	12	(24)	14	(14)
At the end of the period	(22)	(50)	(22)	(50)

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

	30 September 2023 (unaudited)		31 December 2022	
	KZT	Foreign currencies	KZT	Foreign currencies
Short-term deposits with OECD based banks	16.5%	-	-	0.7%
Overnight deposits with OECD based banks	-	3.9%-5.3%	-	2.5%
Short-term deposits with NBRK	-	-	15.8%	4.0%-4.5%
Short-term deposits with Kazakhstan banks (incl. loans under reverse repurchase agreements)	16.4%-18.5%	4.8%-17.3%	14.8%-22.0%	-
Short-term deposits with non-OECD based banks	-	7.5%-14.0%	-	11.0%-15.0%
Overnight deposits with non-OECD based banks	-	8.3%-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 September 2023 and 31 December 2022 are as follows:

	30 September 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 the Republic of Kazakhstan	22,634	22,647	1,711	1,623
Treasury bills of the Ministry of Finance of the Republic of Uzbekistan	5,378	5,379	-	-
Corporate bonds	1,948	1,947	7,815	7,331
Bonds of international financial institutions	643	636	-	-
Bonds of Kazakhstan banks	161	161	-	-
Notes of NBRK	5	5	6,216	6,367
Bonds of JSC Development Bank of Kazakhstan	-	-	1,317	1,294
Equity securities of Kazakhstan corporations	-	-	93	93
	30,769	30,775	17,152	16,708

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

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

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

Financial assets at fair value through profit or loss comprise:

	30 September 2023 (unaudited)	31 December 2022
Financial assets held for trading:		
Corporate bonds	188,682	171,078
Treasury bills of the Ministry of Finance of the Republic of Kazakhstan	76,317	11,529
Bonds of JSC Development Bank of Kazakhstan	44,348	37,871
NBRK notes	28,797	-
Bonds of Kazakhstan banks	28,448	9,250
Derivative financial instruments	28,250	11,736
Bonds of foreign organizations	20,042	2,460
Equity securities of foreign organizations	17,424	7,808
Bonds of foreign financial organizations	16,887	18,590
Equity securities of Kazakhstan corporations	15,700	44,103
Bonds of foreign states	13,476	27,743
Total financial assets at fair value through profit or loss	478,371	342,168

Financial liabilities at fair value through profit or loss comprise:

	30 September 2023 (unaudited)	31 December 2022
Financial liabilities held for trading:		
Derivative financial instruments	4,721	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 September 2023 (unaudited)	31 December 2022
Corporate bonds	12.6%	11.4%
Treasury bills of the Ministry of Finance of the Republic of Kazakhstan	12.7%	7.6%
Bonds of JSC Development Bank of Kazakhstan	14.7%	12.8%
NBRK notes	15.6%	-
Bonds of Kazakhstan banks	13.1%	12.2%
Bonds of foreign organizations	6.3%	7.1%
Bonds of foreign financial organizations	12.1%	10.7%
Bonds of foreign states	4.7%	4.7%

As of 30 September 2023, financial assets measured at fair value through profit or loss included Treasury bills of the Ministry of Finance of the Republic of Kazakhstan, bonds of JSC Development Bank of Kazakhstan, bonds of JSC National Company KazMunayGas, JSC Industrial Development Fund and JSC Kazakhstan Sustainability Fund with a fair value of KZT 15,763 million (31 December 2022 – KZT 18,943 million), transferred as collateral under repurchase agreements with other banks (Note 12). All repurchase agreements as at 30 September 2023 were settled on 9 October 2023 (31 December 2022 – 25 January 2023).

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Nine Months ended 30 September 2023 (unaudited) (continued)
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Derivative financial instruments comprise:

	30 September 2023 (unaudited)			31 December 2022		
	Notional amount	Fair value		Notional amount	Fair value	
		Asset	Liability		Asset	Liability
Foreign currency contracts						
Swaps	994,870	27,007	3,614	473,979	10,455	9,288
Spots	120,047	975	1,101	34,212	1,281	1,244
Forwards	10,043	268	6	4,627	-	96
		28,250	4,721		11,736	10,628

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

7. Amounts due from credit institutions

Amounts due from credit institutions comprise:

	30 September 2023 (unaudited)	31 December 2022
Term deposits and restricted accounts	49,253	35,121
Deposit pledged as collateral	56,429	53,720
Loans to credit institutions	40,575	47,159
	146,257	136,000
Less - Allowance for expected credit losses	(247)	(345)
Total amounts due from credit institutions	146,010	135,655

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

	30 September 2023 (unaudited)		31 December 2022	
	Interest rate, %	Maturity, year	Interest rate, %	Maturity, year
Term deposits and restricted accounts	8.0%-14.8%	2023	6.0%-18.0%	2023
Deposit pledged as collateral	1.8%-5.4%	2023-2046	1.5%-4.1%	2046
Loans to credit institutions	1.8%-9.9%	2023-2027	1.8%-8.9%	2023-2027

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

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

	Three months ended 30 September 2023 (unaudited)			Nine months ended 30 September 2023 (unaudited)		
	Stage 1	Stage 2	Total	Stage 1	Stage 2	Total
At the beginning of the period	(289)	(14)	(303)	(201)	(144)	(345)
Changes in risk parameters	163	(54)	109	86	76	162
Foreign exchange differences and other movements	(53)	-	(53)	(64)	-	(64)
At the end of the period	(179)	(68)	(247)	(179)	(68)	(247)

	Three months ended 30 September 2022 (unaudited)		Nine months ended 30 September 2022 (unaudited)	
	Stage 1	Total	Stage 1	Total
At the beginning of the period	(118)	(118)	(198)	(198)
Changes in risk parameters	37	37	116	116
Foreign exchange differences and other movements	(12)	(12)	(11)	(11)
At the end of the period	(93)	(93)	(93)	(93)

8. Financial assets at fair value through other comprehensive income

Debt securities comprise:

	30 September 2023 (unaudited)	31 December 2022
Treasury bills of the Ministry of Finance of the Republic of Kazakhstan	1,600,333	1,125,065
Bonds of foreign states	351,315	404,556
Corporate bonds	235,569	236,879
Bonds of foreign organisations	226,821	106,449
Bonds of JSC Development Bank of Kazakhstan	150,662	133,508
Bonds of foreign financial organisations	96,520	69,659
Bonds of Kazakhstan banks	13,543	13,621
Local municipal bonds	10,401	10,578
	2,685,164	2,100,315

Equity securities comprise:

	30 September 2023 (unaudited)	31 December 2022
Equity securities of Kazakhstan corporations	9,637	8,954
	9,637	8,954
Total financial assets at fair value through other comprehensive income	2,694,801	2,109,269

As at 30 September 2023 and 31 December 2022, the allowance for expected credit losses on financial assets at fair value through other comprehensive income comprised KZT 1,482 million and KZT 1,218 million, respectively (Note 9).

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Nine Months ended 30 September 2023 (unaudited) (continued)
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As at 30 September 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 43,883 million and KZT 6,609 million, respectively, which were pledged under repurchase agreements with other banks (Note 12). All repurchase agreements as at 30 September 2023 and 31 December 2022 matured before 9 October 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 September 2023 (unaudited)		31 December 2022	
	Interest rate, %	Maturity, year	Interest rate, %	Maturity, year
Treasury bills of the Ministry of Finance of the Republic of Kazakhstan	5.5%	2023-2045	4.8%	2023-2045
Bonds of foreign states	3.8%	2023-2025	1.6%	2023-2025
Corporate bonds	10.3%	2023-2047	10.3%	2023-2047
Bonds of foreign organizations	3.7%	2023-2027	2.2%	2023-2025
Bonds of JSC Development Bank of Kazakhstan	6.2%	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

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 September 2023 (unaudited)	31 December 2022
Treasury bills of the Ministry of Finance of the Republic of Kazakhstan	510,701	783,595
Corporate bonds	194,574	191,141
Bonds of foreign organizations	6,257	8,221
Notes of National Bank of the Kyrgyz Republic	4,448	2,689
Notes of National Bank of Georgia	3,026	3,002
Treasury bills of the Kyrgyz Republic	2,932	3,494
Treasury bills of the Republic of Uzbekistan	-	25,234
Bonds of Kazakhstan banks	-	1,713
Total debt securities at amortized cost, net of allowances for expected credit losses	721,938	1,019,089

On 3 July 2023, the Bank made a full repayment of debt securities of the Ministry of Finance of the Republic of Kazakhstan, valued at amortized cost less provisions for expected credit losses, with a coupon rate of 9.4% and a maturity of 6 years, in the amount of KZT 250 billion.

As of 30 September 2023 and 31 December 2022, for debt securities measured at amortized cost, the allowance for expected credit losses was KZT 351 million and KZT 350 million, respectively.

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Nine Months ended 30 September 2023 (unaudited) (continued)
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As of 30 September 2023 and 31 December 2022. Included in debt securities measured at amortized cost less provisions for expected credit losses were Treasury bills of the Ministry of Finance of the Republic of Kazakhstan with a fair value of KZT 406,631 million and KZT 505,588 million, respectively, pledged as collateral under repurchase agreements with other banks (Note 12). All repurchase agreements as at 30 September 2023 and 31 December 2022 matured before 2 October 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 September 2023		31 December 2022	
	(unaudited)			
	Interest rate,	Maturity,	Interest rate,	Maturity,
	%	year	%	year
Treasury bills of the Ministry of Finance of the Republic of Kazakhstan	9.1%	2026-2027	9.2%	2023-2027
Corporate bonds	3.3%	2024	3.3%	2024
Bonds of foreign organizations	3.4%	2025	2.5%	2025
Notes of National Bank of the Kyrgyz Republic	12.3%	2023	12.8%	2023
Notes of National Bank of Georgia	9.9%	2024-2028	9.6%	2024-2028
Treasury bills of the Kyrgyz Republic	9.0%	2024-2026	10.0%	2023-2024
Treasury bills of the Republic of Uzbekistan	-	-	16.7%	2023
Bonds of Kazakhstan banks	-	-	4.1%	2023

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Nine Months ended 30 September 2023 (unaudited) (continued)
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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 September 2023 (unaudited)		Three months ended 30 September 2022 (unaudited)				Nine months ended 30 September 2023 (unaudited)			Nine months ended 30 September 2022 (unaudited)			
	Stage 1	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
At the beginning of the period	(1,715)	(1,715)	(1,440)	(214)	(1,713)	(3,367)	(1,398)	(170)	(1,568)	(1,628)	-	(1,594)	(3,222)
Transfer to Stage 1	-	-	-	-	-	-	-	-	-	(437)	437	-	-
Transfer to Stage 2	-	-	-	-	-	-	-	-	-	440	(440)	-	-
Changes in risk parameters*	(7)	(7)	(171)	(14)	(62)	(247)	(154)	-	(154)	110	(173)	(181)	(244)
New originations or purchases of financial assets*	(162)	(162)	(90)	-	-	(90)	(380)	-	(380)	(169)	-	-	(169)
Derecognition of financial assets*	76	76	86	-	-	86	85	-	85	-	-	-	-
Write-offs	-	-	-	-	-	-	-	170	170	94	-	-	94
Foreign exchange differences and other movements	(25)	(25)	(1)	43	-	42	14	-	14	(26)	(9)	-	(35)
At the end of the period	(1,833)	(1,833)	(1,616)	(185)	(1,775)	(3,576)	(1,833)	-	(1,833)	(1,616)	(185)	(1,775)	(3,576)

* 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".

JSC Halyk Bank

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

10. Loans to customers

Loans to customers comprise:

	30 September 2023 (unaudited)	31 December 2022
Originated loans to customers	9,038,017	8,259,709
Overdrafts	24,246	20,581
	9,062,263	8,280,290
Stage 1	8,298,934	7,549,514
Stage 2	54,630	106,694
Stage 3	673,545	586,787
Purchased or originated credit-impaired assets ("POCI")	35,154	37,295
Total	9,062,263	8,280,290
Less – Allowance for expected credit losses	(471,389)	(422,388)
Loans to customers	8,590,874	7,857,902

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 nine months ended 30 September 2023, average interest rate on loans was 16.1% (for the nine months ended 30 September 2022 – 13.9%).

As at 30 September 2023, the Group's loan concentration to the ten largest borrowers was KZT 1,715,128 million, which comprised 20% of the Group's total gross loan portfolio (as at 31 December 2022 – KZT 1,549,351 million, 19%, respectively) and 81% of the Group's total equity (as at 31 December 2022 – 81%).

As at 30 September 2023, the allowance for expected credit losses created against these loans was KZT 18,102 million (as at 31 December 2022 – KZT 23,707 million).

JSC Halyk Bank

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

	30 September 2023 (unaudited)	%	31 December 2022	%
Retail loans:				
- consumer loans	2,573,045	28%	2,148,440	26%
- mortgage loans	388,613	4%	388,416	5%
	2,961,658		2,536,856	
Services	813,348	9%	796,329	10%
Wholesale trade	661,406	7%	649,849	8%
Retail trade	608,563	7%	528,459	6%
Energy	473,619	5%	320,085	4%
Transportation	363,677	4%	330,642	4%
Real estate	345,769	4%	337,180	4%
Chemical industry	339,699	4%	327,215	4%
Oil and gas	339,300	4%	401,939	5%
Financial services	333,472	4%	356,178	4%
Agriculture	297,009	3%	268,233	3%
Construction	274,539	3%	287,046	3%
Food industry	263,058	3%	304,746	4%
Metallurgy	250,591	3%	184,312	2%
Machinery	238,166	3%	221,028	3%
Communication	146,330	1%	92,976	1%
Mining	129,538	1%	145,260	2%
Light industry	62,787	1%	53,278	1%
Hotel industry	53,593	1%	51,216	0%
Other	106,141	1%	87,463	1%
	9,062,263	100%	8,280,290	100%

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 third quarter of 2023 and 2022.

As at 30 September 2023, accrued interest on loans comprised KZT 191,489 million (31 December 2022 – KZT 178,222 million).

During the nine months ended 30 September 2023 and 2022, the Group received financial and non-financial assets by taking possession of collateral it held as security. As at 30 September 2023 and 31 December 2022, such assets of KZT 22,644 million and KZT 4,032 million, respectively, are included in assets classified as held for sale.

As at 30 September 2023 and 31 December 2022, loans to customers included loans of KZT 338,668 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 Nine Months ended 30 September 2023 (unaudited) (continued)
(millions of Kazakhstani Tenge)

The following is a reconciliation of the gross carrying amounts at the beginning and end of period:

	30 September 2023 (unaudited)				
	Stage 1	Stage 2	Stage 3	POCI	Total
At the beginning of the period	7,549,514	106,694	586,787	37,295	8,280,290
Transfer to Stage 1	54,629	(26,150)	(28,479)	-	-
Transfer to Stage 2	(84,505)	90,250	(5,745)	-	-
Transfer to Stage 3	(224,481)	(94,635)	319,116	-	-
New originations or purchases of financial assets	5,538,345	-	-	-	5,538,345
Assets derecognised or repaid**	(2,779,159)	(9,905)	(102,647)	(948)	(2,892,659)
Write-offs	-	-	(35,188)	(204)	(35,392)
Changes in the gross value of financial assets*	(1,755,409)	(11,624)	(60,299)	(989)	(1,828,321)
At the end of the period	8,298,934	54,630	673,545	35,154	9,062,263

	30 September 2023 (unaudited)				
	Stage 1	Stage 2	Stage 3	POCI	Total
Corporate Business					
At the beginning of the period	4,046,565	72,288	302,658	27,969	4,449,480
Transfer to Stage 1	12,811	(1,056)	(11,755)	-	-
Transfer to Stage 2	(13,169)	14,593	(1,424)	-	-
Transfer to Stage 3	(129,716)	(56,765)	186,481	-	-
New originations or purchases of financial assets	2,999,965	-	-	-	2,999,965
Assets derecognised or repaid**	(1,763,471)	(3,849)	(39,312)	(723)	(1,807,355)
Write-offs	-	-	(396)	(204)	(600)
Changes in the gross value of financial assets*	(847,409)	(6,498)	(77,053)	1,308	(929,652)
At the end of the period	4,305,576	18,713	359,199	28,350	4,711,838

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

	30 September 2023 (unaudited)				
Retail Business	Stage 1	Stage 2	Stage 3	POCI	Total
At the beginning of the period	2,354,692	15,253	163,659	3,252	2,536,856
Transfer to Stage 1	26,347	(14,354)	(11,993)	-	-
Transfer to Stage 2	(41,535)	45,162	(3,627)	-	-
Transfer to Stage 3	(61,135)	(26,312)	87,447	-	-
New originations or purchases of financial assets	1,441,072	-	-	-	1,441,072
Assets derecognised or repaid**/**	(489,086)	(1,150)	(39,862)	(53)	(530,151)
Write-offs	-	-	(27,928)	-	(27,928)
Changes in the gross value of financial assets*	(479,486)	2,429	19,860	(994)	(458,191)
At the end of the period	2,750,869	21,028	187,556	2,205	2,961,658

	30 September 2023 (unaudited)				
SME Business	Stage 1	Stage 2	Stage 3	POCI	Total
At the beginning of the period	1,148,257	19,153	120,470	6,074	1,293,954
Transfer to Stage 1	15,471	(10,740)	(4,731)	-	-
Transfer to Stage 2	(29,801)	30,495	(694)	-	-
Transfer to Stage 3	(33,630)	(11,558)	45,188	-	-
New originations or purchases of financial assets	1,097,308	-	-	-	1,097,308
Assets derecognised or repaid**/**	(526,602)	(4,906)	(23,473)	(172)	(555,153)
Write-offs	-	-	(6,864)	-	(6,864)
Changes in the gross value of financial assets*	(428,514)	(7,555)	(3,106)	(1,303)	(440,478)
At the end of the period	1,242,489	14,889	126,790	4,599	1,388,767

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

	30 September 2022 (unaudited)				
	Stage 1	Stage 2	Stage 3	POCI	Total
At the beginning of the period	5,469,752	245,157	502,058	33,293	6,250,260
Transfer to Stage 1	59,601	(41,457)	(18,144)	-	-
Transfer to Stage 2	(106,901)	115,011	(8,110)	-	-
Transfer to Stage 3	(184,918)	(83,404)	268,322	-	-
New originations or purchases of financial assets	4,005,140	-	-	-	4,005,140
Assets derecognised or repaid**/**	(1,734,134)	(47,860)	(100,658)	-	(1,882,652)
Write-offs	-	-	(40,947)	(356)	(41,303)
Changes in the gross value of financial assets*	(404,444)	20,676	(1,783)	(363)	(385,914)
At the end of the period	7,104,096	208,123	600,738	32,574	7,945,531

	30 September 2022 (unaudited)				
	Stage 1	Stage 2	Stage 3	POCI	Total
Corporate Business					
At the beginning of the period	2,834,605	197,214	234,273	26,974	3,293,066
Transfer to Stage 1	32,185	(28,587)	(3,598)	-	-
Transfer to Stage 2	(38,048)	38,304	(256)	-	-
Transfer to Stage 3	(96,577)	(44,614)	141,191	-	-
New originations or purchases of financial assets	1,883,319	-	-	-	1,883,319
Assets derecognised or repaid**/**	(1,097,887)	(32,375)	(39,322)	-	(1,169,584)
Write-offs	-	-	(420)	-	(420)
Changes in the gross value of financial assets*	134,687	20,502	(30,879)	(162)	124,148
At the end of the period	3,652,284	150,444	300,989	26,812	4,130,529

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

	30 September 2022 (unaudited)				
Retail Business	Stage 1	Stage 2	Stage 3	POCI	Total
At the beginning of the period	1,758,678	11,633	141,870	-	1,912,181
Transfer to Stage 1	14,742	(7,852)	(6,890)	-	-
Transfer to Stage 2	(33,552)	36,520	(2,968)	-	-
Transfer to Stage 3	(50,246)	(16,132)	66,378	-	-
New originations or purchases of financial assets	1,256,428	-	-	-	1,256,428
Assets derecognised or repaid*/**	(296,095)	(2,267)	(36,729)	-	(335,091)
Write-offs	-	-	(22,009)	-	(22,009)
Changes in the gross value of financial assets*	(277,301)	3,960	28,810	-	(244,531)
At the end of the period	2,372,654	25,862	168,462	-	2,566,978

	30 September 2022 (unaudited)				
SME Business	Stage 1	Stage 2	Stage 3	POCI	Total
At the beginning of the period	876,469	36,310	125,915	6,319	1,045,013
Transfer to Stage 1	12,674	(5,018)	(7,656)	-	-
Transfer to Stage 2	(35,301)	40,187	(4,886)	-	-
Transfer to Stage 3	(38,095)	(22,658)	60,753	-	-
New originations or purchases of financial assets*	865,393	-	-	-	865,393
Assets derecognised or repaid*/**	(340,152)	(13,218)	(24,607)	-	(377,977)
Write-offs	-	-	(18,518)	(356)	(18,874)
Changes in the gross value of financial assets*	(261,830)	(3,786)	286	(201)	(265,531)
At the end of the period	1,079,158	31,817	131,287	5,762	1,248,024

* 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.

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Nine Months ended 30 September 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 September 2023 (unaudited)					Nine months ended 30 September 2023 (unaudited)				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
At the beginning of the period	(113,644)	(14,531)	(316,880)	(11,161)	(456,216)	(113,665)	(17,767)	(269,840)	(21,116)	(422,388)
Transfer to Stage 1	(3,163)	836	2,327	-	-	(16,666)	4,156	12,510	-	-
Transfer to Stage 2	974	(1,633)	659	-	-	3,980	(5,931)	1,951	-	-
Transfer to Stage 3	2,350	9,060	(11,410)	-	-	10,234	17,750	(27,984)	-	-
Changes in risk parameters*	7,365	(2,249)	(52,244)	651	(46,477)	24,883	(7,373)	(126,515)	15,230	(93,775)
New originations or purchases of financial assets*	(30,106)	-	-	-	(30,106)	(71,844)	-	-	-	(71,844)
Derecognition of financial assets**	10,481	201	31,781	71	42,534	35,896	762	56,467	268	93,393
Recoveries of allowances on previously written-off assets***	(401)	-	(5,813)	(580)	(6,794)	478	-	(9,208)	(6,176)	(14,906)
Write-offs	-	-	26,671	-	26,671	-	-	35,188	204	35,392
Foreign exchange differences and other movements	(500)	(103)	184	(582)	(1,001)	60	(16)	2,706	(11)	2,739
At the end of the period	(126,644)	(8,419)	(324,725)	(11,601)	(471,389)	(126,644)	(8,419)	(324,725)	(11,601)	(471,389)

Corporate Business	Three months ended 30 September 2023 (unaudited)					Nine months ended 30 September 2023 (unaudited)				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
At the beginning of the period	(19,757)	(9,962)	(156,001)	(9,950)	(195,670)	(26,828)	(13,277)	(138,666)	(19,280)	(198,051)
Transfer to Stage 1	-	-	-	-	-	(5,818)	1	5,817	-	-
Transfer to Stage 2	4	(213)	209	-	-	43	(279)	236	-	-
Transfer to Stage 3	80	6,672	(6,752)	-	-	2,211	10,330	(12,541)	-	-
Changes in risk parameters*	(1,243)	30	(8,682)	583	(9,312)	3,889	(531)	(40,171)	14,112	(22,701)
New originations or purchases of financial assets*	(6,220)	-	-	-	(6,220)	(14,874)	-	-	-	(14,874)
Derecognition of financial assets**	2,675	-	3,901	-	6,576	15,531	287	16,177	129	32,124
Recoveries of allowances on previously written-off assets***	(373)	-	(2,931)	(413)	(3,717)	562	-	(3,643)	(5,505)	(8,586)
Write-offs	-	-	396	-	396	-	-	396	204	600
Foreign exchange differences and other movements	(379)	(1)	229	(562)	(713)	71	(5)	2,764	(2)	2,828
At the end of the period	(25,213)	(3,474)	(169,631)	(10,342)	(208,660)	(25,213)	(3,474)	(169,631)	(10,342)	(208,660)

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

Retail Business	Three months ended 30 September 2023 (unaudited)					Nine months ended 30 September 2023 (unaudited)				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
At the beginning of the period	(80,606)	(3,318)	(117,382)	(119)	(201,425)	(74,364)	(3,108)	(93,919)	(125)	(171,516)
Transfer to Stage 1	(2,829)	693	2,136	-	-	(9,011)	2,834	6,177	-	-
Transfer to Stage 2	936	(1,387)	451	-	-	2,837	(4,406)	1,569	-	-
Transfer to Stage 3	2,079	1,912	(3,991)	-	-	6,481	5,937	(12,418)	-	-
Changes in risk parameters*	7,192	(1,581)	(38,185)	34	(32,540)	17,125	(5,059)	(67,034)	101	(54,867)
New originations or purchases of financial assets*	(19,941)	-	-	-	(19,941)	(45,862)	-	-	-	(45,862)
Derecognition of financial assets**/**	6,259	59	24,493	-	30,811	15,843	180	30,453	1	46,477
Recoveries of allowances on previously written-off assets***	-	-	(925)	(54)	(979)	-	-	(3,017)	(116)	(3,133)
Write-offs	-	-	23,197	-	23,197	-	-	27,928	-	27,928
Foreign exchange differences and other movements	(15)	(11)	(59)	-	(85)	26	(11)	(4)	-	11
At the end of the period	(86,925)	(3,633)	(110,265)	(139)	(200,962)	(86,925)	(3,633)	(110,265)	(139)	(200,962)

SME Business	Three months ended 30 September 2023 (unaudited)					Nine months ended 30 September 2023 (unaudited)				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
At the beginning of the period	(13,281)	(1,251)	(43,497)	(1,092)	(59,121)	(12,473)	(1,382)	(37,255)	(1,711)	(52,821)
Transfer to Stage 1	(334)	143	191	-	-	(1,837)	1,321	516	-	-
Transfer to Stage 2	34	(33)	(1)	-	-	1,100	(1,246)	146	-	-
Transfer to Stage 3	191	476	(667)	-	-	1,542	1,483	(3,025)	-	-
Changes in risk parameters*	1,416	(698)	(5,377)	34	(4,625)	3,869	(1,783)	(19,310)	1,017	(16,207)
New originations or purchases of financial assets*	(3,945)	-	-	-	(3,945)	(11,108)	-	-	-	(11,108)
Derecognition of financial assets**/**	1,547	142	3,387	71	5,147	4,522	295	9,837	138	14,792
Recoveries of allowances on previously written-off assets***	(28)	-	(1,957)	(113)	(2,098)	(84)	-	(2,548)	(555)	(3,187)
Write-offs	-	-	3,078	-	3,078	-	-	6,864	-	6,864
Foreign exchange differences and other movements	(106)	(91)	14	(20)	(203)	(37)	-	(54)	(9)	(100)
SME Business	(14,506)	(1,312)	(44,829)	(1,120)	(61,767)	(14,506)	(1,312)	(44,829)	(1,120)	(61,767)

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

	Three months ended 30 September 2022 (unaudited)					Nine months ended 30 September 2022 (unaudited)				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
At the beginning of the period	(106,252)	(45,936)	(261,430)	(22,409)	(436,027)	(69,846)	(48,369)	(240,242)	(19,575)	(378,032)
Transfer to Stage 1	(3,052)	658	2,394	-	-	(8,626)	2,971	5,655	-	-
Transfer to Stage 2	1,496	(2,054)	558	-	-	13,961	(15,488)	1,527	-	-
Transfer to Stage 3	19,659	13,360	(33,019)	-	-	46,541	25,357	(71,898)	-	-
Changes in risk parameters*	1,824	(11)	(6,891)	(76)	(5,154)	(2,643)	(7,242)	(13,270)	512	(22,643)
New originations or purchases of financial assets*	(36,389)	-	-	-	(36,389)	(112,029)	-	-	-	(112,029)
Derecognition of financial assets*/**	7,729	1,468	4,075	14	13,286	19,003	11,778	23,478	541	54,800
Recoveries of allowances on previously written-off assets***	-	-	(1,772)	(104)	(1,876)	-	-	(7,117)	(1,892)	(9,009)
Write-offs	-	-	21,154	5	21,159	-	-	40,947	356	41,303
Foreign exchange differences and other movements	1,608	(986)	(1,849)	(144)	(1,371)	262	(2,508)	(15,860)	(2,656)	(20,762)
At the beginning of the period	(113,377)	(33,501)	(276,780)	(22,714)	(446,372)	(113,377)	(33,501)	(276,780)	(22,714)	(446,372)

Corporate business	Three months ended 30 September 2022 (unaudited)					Nine months ended 30 September 2022 (unaudited)				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
At the beginning of the period	(13,749)	(36,692)	(133,484)	(19,791)	(203,716)	(5,786)	(42,199)	(127,195)	(16,698)	(191,878)
Transfer to Stage 1	(603)	41	562	-	-	(1,176)	569	607	-	-
Transfer to Stage 2	152	(152)	-	-	-	10,714	(10,731)	17	-	-
Transfer to Stage 3	12,472	10,413	(22,885)	-	-	33,231	18,593	(51,824)	-	-
Changes in risk parameters*	(4,568)	63	10,151	(195)	5,451	(6,746)	(1,397)	25,366	336	17,559
New originations or purchases of financial assets*	(14,600)	-	-	-	(14,600)	(53,561)	-	-	-	(53,561)
Derecognition of financial assets*/**	1,929	166	2,920	-	5,015	5,317	10,011	19,452	458	35,238
Recoveries of allowances on previously written-off assets***	-	-	(334)	(50)	(384)	-	-	(4,241)	(1,838)	(6,079)
Write-offs	-	-	420	-	420	-	-	420	-	420
Foreign exchange differences and other movements	(271)	(337)	(1,128)	(137)	(1,873)	(1,231)	(1,344)	(6,380)	(2,431)	(11,386)
At the end of the period	(19,238)	(26,498)	(143,778)	(20,173)	(209,687)	(19,238)	(26,498)	(143,778)	(20,173)	(209,687)

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

Retail Business	Three months ended 30 September 2022 (unaudited)				Nine months ended 30 September 2022 (unaudited)			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
At the beginning of the period	(79,076)	(4,942)	(74,526)	(158,544)	(54,991)	(4,332)	(61,020)	(120,343)
Transfer to Stage 1	(2,244)	577	1,667	-	(5,564)	1,775	3,789	-
Transfer to Stage 2	1,066	(1,550)	484	-	2,293	(3,345)	1,052	-
Transfer to Stage 3	2,647	1,377	(4,024)	-	5,714	4,117	(9,831)	-
Changes in risk parameters*	7,089	71	(15,423)	(8,263)	4,129	(2,543)	(35,253)	(33,667)
New originations or purchases of financial assets*	(14,328)	-	-	(14,328)	(42,326)	-	-	(42,326)
Derecognition of financial assets**	4,432	113	1,136	5,681	10,397	237	2,518	13,152
Recoveries of allowances on previously written-off assets***	-	-	(1,438)	(1,438)	-	-	(2,135)	(2,135)
Write-offs	-	-	10,143	10,143	-	-	22,009	22,009
Foreign exchange differences and other movements	474	93	(324)	243	408	(170)	(3,434)	(3,196)
At the end of the period	(79,940)	(4,261)	(82,305)	(166,506)	(79,940)	(4,261)	(82,305)	(166,506)

SME Business	Three months ended 30 September 2022 (unaudited)					Nine months ended 30 September 2022 (unaudited)				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 1	Stage 2	Stage 3	POCI
At the beginning of the period	(13,427)	(4,302)	(53,420)	(2,618)	(73,767)	(9,069)	(1,838)	(52,027)	(2,877)	(65,811)
Transfer to Stage 1	(205)	40	165	-	-	(1,886)	627	1,259	-	-
Transfer to Stage 2	278	(352)	74	-	-	954	(1,412)	458	-	-
Transfer to Stage 3	4,540	1,570	(6,110)	-	-	7,596	2,647	(10,243)	-	-
Changes in risk parameters*	(697)	(145)	(1,619)	119	(2,342)	(26)	(3,302)	(3,383)	176	(6,535)
New originations or purchases of financial assets*	(7,461)	-	-	-	(7,461)	(16,142)	-	-	-	(16,142)
Derecognition of financial assets**	1,368	1,189	19	14	2,590	3,289	1,530	1,508	83	6,410
Recoveries of allowances on previously written-off assets***	-	-	-	(54)	(54)	-	-	(741)	(54)	(795)
Write-offs	-	-	10,591	5	10,596	-	-	18,518	356	18,874
Foreign exchange differences and other movements	1,405	(742)	(397)	(7)	259	1,085	(994)	(6,046)	(225)	(6,180)
At the end of the period	(14,199)	(2,742)	(50,697)	(2,541)	(70,179)	(14,199)	(2,742)	(50,697)	(2,541)	(70,179)

* 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".

/* Derecognition 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 Nine Months ended 30 September 2023 (unaudited) (continued)
(millions of Kazakhstani Tenge)

During the nine months ended 30 September 2023 and 2022, the Group has written off loans of KZT 35,392 million and KZT 41,303 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 nine months ended 30 September 2023, credit loss expense on loans to customers comprised KZT 72,226 million (30 September 2022 – KZT 79,872 million).

11. Amounts due to customers

Amounts due to customers include the following:

	30 September 2023 (unaudited)	31 December 2022
Recorded at amortised cost:		
Term deposits:		
Individuals	4,421,606	4,351,846
Legal entities	2,968,099	2,898,924
	7,389,705	7,250,770
Current accounts:		
Legal entities	1,617,285	2,369,360
Individuals	908,804	891,918
	2,526,089	3,261,278
Total amounts due to customers	9,915,794	10,512,048

As at 30 September 2023, the Group's ten largest groups of related customers accounted for approximately 11% 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 September 2023, amounts due to customers included amounts held as collateral of KZT 166,091 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 to realise its liquid assets to secure the repayment.

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Nine Months ended 30 September 2023 (unaudited) (continued)
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An analysis of customer accounts by sectors is as follows:

	30 September 2023 (unaudited)	%	31 December 2022	%
Individuals and entrepreneurs	5,330,410	54%	5,243,764	50%
Wholesale trade	688,590	7%	679,740	6%
Other consumer services	651,983	7%	777,500	7%
Oil and gas	483,515	5%	808,762	8%
Construction	467,793	5%	299,500	3%
Financial sector	395,957	4%	658,374	6%
Transportation	337,776	3%	417,556	4%
Healthcare and social services	284,519	3%	235,717	2%
Metallurgy	255,156	2%	210,530	2%
Education	178,426	2%	111,330	1%
Government and state-controlled companies	134,316	1%	191,126	2%
Energy	130,099	1%	73,334	1%
Insurance and pension funds activity	87,027	1%	106,733	1%
Communication	62,607	1%	262,722	3%
Other	427,620	4%	435,360	4%
	9,915,794	100%	10,512,048	100%

12. Amounts due to credit institutions

Amounts due to credit institutions comprise:

	30 September 2023 (unaudited)	31 December 2022
Recorded at amortised cost:		
Loans and deposits from Kazakhstan banks (incl. loans under repurchase agreements)	495,900	529,743
Loans from JSC Development Bank of Kazakhstan	80,128	80,071
Loans from JSC Entrepreneurship Development Fund DAMU	79,467	83,356
Loans and deposits from non-OECD based banks	71,815	64,631
Correspondent accounts	66,144	74,496
Loans from JSC Agrarian Credit Corporation	56,697	9,730
Loans from JSC Industrial Development Fund	22,580	22,632
Loans from other financial institutions	4,734	-
Loans from JSC National Payment Corporation NBRK	8,332	-
Loans and deposits from OECD based (incl. loans under repurchase agreements)	-	14,006
Total amounts due to credit institutions	885,797	878,665

As of 30 September 2023, loans from Agrarian Credit Corporation JSC under the annual Ken Dala program included short-term loans in the amount of KZT 55,953 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 Nine Months ended 30 September 2023 (unaudited) (continued)
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As of 30 September 2023, loans from JSC Agrarian Credit Corporation under the Agroexport program include long-term loans in the amount of KZT 419 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 September 2023 (unaudited)		31 December 2022	
	Interest rate, %	Maturity, year	Interest rate, %	Maturity, year
Loans and deposits from Kazakhstan banks (incl. loans under repurchase agreements)	4,0%-17.5%	2023-2026	11.5%-17.8%	2023-2026
Loans from JSC Development Bank of Kazakhstan	1.0%-2.0%	2029-2037	1.0%-2.0%	2029-2037
Loans from JSC Entrepreneurship Development Fund DAMU	1.0%-10.0%	2023-2035	1.0%-10.0%	2023-2035
Loans and deposits from non-OECD based banks	1.0%-19.0%	2023-2029	1.0%-14.5%	2023-2027
Loans from JSC Agrarian Credit Corporation	1.5%-5.0%	2024-2026	1.5%-10.0%	2023-2026
Loans from JSC Industrial Development Bank	1.0%	2052	1.0%	2052
Loans from other financial institutions	15.0%-15.3%	2023	-	-
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 September 2023 and 31 December 2022, are as follows:

	30 September 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)	406,631	406,305	505,588	502,620
Financial assets at fair value through profit or loss (Note 6)	15,763	16,076	18,943	19,129
Financial assets at fair value through other comprehensive income (Note 8)	43,883	43,921	6,609	6,668
	466,277	466,302	531,140	528,417

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

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. 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 Nine Months ended 30 September 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)
As at 30 September 2023 (unaudited):			
Fair value of transferred assets	406,631	15,763	43,883
Carrying amount of associated liabilities	406,305	16,076	43,921
As at 31 December 2022:			
Fair value of transferred assets	505,588	18,943	6,609
Carrying amount of associated liabilities	502,620	19,129	6,668

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 September 2023 and 31 December 2022 the Group was in compliance with covenants.

13. Debt securities issued

Debt securities issued consisted of the following:

	30 September 2023 (unaudited)	31 December 2022
Recorded at amortised cost:		
Subordinated debt securities issued:		
KZT denominated bonds, fixed rate	100,490	90,341
Total subordinated debt securities outstanding	100,490	90,341
Unsubordinated debt securities issued:		
USD denominated bonds	343,665	139,879
KZT denominated bonds	233,297	232,597
Total unsubordinated debt securities outstanding	576,962	372,476
Total debt securities outstanding	677,452	462,817

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 Nine Months ended 30 September 2023 (unaudited) (continued)
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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%.

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

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

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 September 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	358,753	(173,659)	15,404	14,137	677,452

	Cash changes			Non-cash changes		30 September 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)	17,862	3,366	474,322

14. Taxation

The income tax expense comprises:

	Three months ended 30 September 2023 (unaudited)	Three months ended 30 September 2022 (unaudited)	Nine months ended 30 September 2023 (unaudited)	Nine months ended 30 September 2022 (unaudited)
Current income tax expense	32,132	28,519	94,203	72,882
Deferred income tax expense	965	(3,173)	(276)	(8,772)
Total income tax expense	33,097	25,346	93,927	64,110

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

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

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 nine months ended 30 September 2023 is 14.9% (for nine months ended 30 September 2022 – 13.5%).

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 September 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
30 September 2023 (unaudited):					
Common	25,000,000,000	(11,552,455,218)	13,447,544,782	(2,545,240,089)	10,902,304,693
31 December 2022:					
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
31 December 2021	10,896,004,850	(50,295)
Purchases of treasury shares	(52,653,439)	(6,044)
Sale of treasury shares	40,516,968	4,831
31 December 2022	10,883,868,379	(51,508)
Purchases of treasury shares	(9,720,655)	(1,372)
Sale of treasury shares	28,156,969	3,425
30 September 2023 (unaudited)	10,902,304,693	(49,455)

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Nine Months ended 30 September 2023 (unaudited) (continued)
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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.

Common shares

As at 30 September 2023 and 31 December 2022, share capital comprised KZT 209,027 million. As at 30 September 2023, the Group held 2,545,240,089 shares of the Group's common shares as treasury shares at KZT 258,482 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 25 May 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 was 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 September 2023 (unaudited)	31 December 2022
Guarantees issued	811,541	603,028
Commercial letters of credit	147,449	94,192
Commitments to extend credit	72,635	69,122
Financial commitments and contingencies	1,031,625	766,342
Less: cash collateral against letters of credit	(55,915)	(63,730)
Less: provisions	(11,848)	(13,773)
Financial commitments and contingencies, net	963,862	688,839

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 September 2023, uncovered guarantees issued for the ten largest groups of customers/groups of customers accounted for 47% of the Group's total financial guarantees (31 December 2022 – 45%) and represented 18% of the Group's total equity (31 December 2022 – 14%).

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Nine Months ended 30 September 2023 (unaudited) (continued)
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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 September 2023, the ten largest unsecured letters of credit accounted for 59% of the Group's total commercial letters of credit (31 December 2022 – 31%) and represented 4% of the Group's total equity (31 December 2022 – 1%).

The Group requires the provision of collateral when originating financial instruments related to borrowing. The exception is when it is determined that there is no need for collateral as a result of an assessment of the borrower's credit risk or an analysis of other deposits held by the Group. Collateral varies and may include deposits held in banks, government securities and other assets.

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

The movements in provisions were as follows:

	Three months ended 30 September 2023 (unaudited)			
	Stage 1	Stage 2	Stage 3	Total
At the beginning of the period	(1,039)	(5,720)	(5,087)	(11,846)
Transfer to Stage 1	(3)	3	-	-
Transfer to Stage 3	304	-	(304)	-
(Additional provisions recognized)/recoveries of provisions	(494)	821	(279)	48
Foreign exchange differences	(5)	(10)	(35)	(50)
At the end of the period	(1,237)	(4,906)	(5,705)	(11,848)

	Nine months ended 30 September 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	(5,175)	3	5,172	-
Transfer to Stage 2	1	(1)	-	-
Transfer to Stage 3	1,969	-	(1,969)	-
Recoveries of provisions/(additional provisions recognized)	1,982	1,614	(1,991)	1,605
Foreign exchange differences	(5)	192	133	320
At the end of the period	(1,237)	(4,906)	(5,705)	(11,848)

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Nine Months ended 30 September 2023 (unaudited) (continued)
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	Three months ended 30 September 2022 (unaudited)			
	Stage 1	Stage 2	Stage 3	Total
At the beginning of the period	(1,538)	(7,657)	(7,628)	(16,823)
Transfer to Stage 2	1	(1)	-	-
Transfer to Stage 3	1,330	-	(1,330)	-
(Additional provisions recognized)/recoveries of provisions	(1,253)	2	1,703	452
Foreign exchange differences	1,141	193	(811)	523
At the end of the period	(319)	(7,463)	(8,066)	(15,848)

	Nine months ended 30 September 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	3	(7)	4	-
Transfer to Stage 3	6,991	25	(7,016)	-
(Additional provisions recognized)/recoveries of provisions	(7,914)	(10)	7,474	(450)
Foreign exchange differences	907	(1,038)	(2,074)	(2,205)
At the end of the period	(319)	(7,463)	(8,066)	(15,848)

Capital commitments

As at 30 September 2023, the Group had capital expenditures commitments in respect of construction in progress for KZT 48,789 million, of which KZT 45,096 million relates to the construction of the Bank's administrative building in Astana (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 September 2023 and 31 December 2022.

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

17. Net interest income

	Three months ended 30 September 2023 (unaudited)	Three months ended 30 September 2022 (unaudited)	Nine months ended 30 September 2023 (unaudited)	Nine months ended 30 September 2022 (unaudited)
Interest income:				
Loans to customers	347,924	268,333	971,928	697,563
- <i>Corporate business</i>	154,786	112,985	438,861	304,966
- <i>Retail business</i>	136,157	113,193	375,349	287,972
- <i>SME business</i>	56,981	42,155	157,718	104,625
Financial assets at fair value through other comprehensive income	42,686	23,920	110,920	70,159
Debt securities at amortized cost, net of allowance for expected credit losses	13,525	20,384	52,760	71,174
Amounts due from credit institutions and cash and cash equivalents	7,705	14,657	34,815	23,657
Other financial assets	1,581	1,862	5,436	5,376
Interest income calculated using effective interest method	413,421	329,156	1,175,859	867,929
Financial assets at fair value through profit or loss				
Other interest income	12,401	6,788	30,425	19,590
Total interest income	425,822	335,944	1,206,284	887,519
Interest expense:				
Amounts due to customers	(183,858)	(133,314)	(537,227)	(328,040)
- <i>Individuals</i>	(93,855)	(72,863)	(255,441)	(170,113)
- <i>Legal entities</i>	(90,003)	(60,451)	(281,786)	(157,927)
Amounts due to credit institutions	(12,254)	(10,969)	(34,124)	(51,352)
Debt securities issued	(11,136)	(8,989)	(29,139)	(26,389)
Other interest and similar expenses	-	(1)	(16)	(153)
Other financial liabilities	(147)	(239)	(444)	(651)
Total interest expense	(207,395)	(153,512)	(600,950)	(406,585)
Net interest income	218,427	182,432	605,334	480,934

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

For the nine months ended 30 September 2023, the total interest income calculated using the effective interest rate (“EIR”) method for financial assets measured at amortised cost comprised KZT 1,064,939 million (for the nine months ended 30 September 2022: KZT 817,295 million).

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

18. Fees and commissions

Fee and commission income is derived from the following sources:

	Three months ended 30 September 2023 (unaudited)	Three months ended 30 September 2022 (unaudited)	Nine months ended 30 September 2023 (unaudited)	Nine months ended 30 September 2022 (unaudited)
Transaction income of individuals	35,015	34,470	102,325	92,660
Transaction income of legal entities	12,668	10,702	32,773	26,679
Letters of credit and guarantees issued	5,585	3,777	14,468	10,260
Other	1,373	2,783	6,454	6,898
Loyalty program	(2,803)	(2,370)	(5,493)	(7,835)
Total fee and commission income	51,838	49,362	150,527	128,662

Fee and commission expense comprises the following:

	Three months ended 30 September 2023 (unaudited)	Three months ended 30 September 2022 (unaudited)	Nine months ended 30 September 2023 (unaudited)	Nine months ended 30 September 2022 (unaudited)
Transaction expense of individuals	(17,901)	(22,039)	(53,909)	(58,125)
Deposit insurance	(3,715)	(1,666)	(9,947)	(4,590)
Transaction expense of legal entities	(1,451)	(2,660)	(3,992)	(5,541)
Other	(1,050)	(762)	(3,239)	(2,689)
Total fee and commission expense	(24,117)	(27,127)	(71,087)	(70,945)

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 nine months ended 30 September 2022 to align with the presentation for the nine months ended 30 September 2023.

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

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

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

	Three months ended 30 September 2023 (unaudited)	Three months ended 30 September 2022 (unaudited)	Nine months ended 30 September 2023 (unaudited)	Nine months ended 30 September 2022 (unaudited)
Net gain from financial assets and liabilities at fair value through profit or loss:				
Net gain on derivative operations	13,837	7,791	35,631	28,800
Net gain/(loss) on trading operations	4,144	2,231	4,951	(19,061)
Total net gain from financial assets and liabilities at fair value through profit or loss	17,981	10,022	40,582	9,739

20. Net gain on foreign exchange operations

Net foreign exchange gain comprises:

	Three months ended 30 September 2023 (unaudited)	Three months ended 30 September 2022 (unaudited)	Nine months ended 30 September 2023 (unaudited)	Nine months ended 30 September 2022 (unaudited)
Dealing, net	27,865	48,282	78,533	136,298
Translation differences, net	1,920	(26,016)	(17,338)	(4,631)
Total net foreign exchange gain	29,785	22,266	61,195	131,667

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

21. Operating expenses

Operating expenses comprised:

	Three months ended 30 September 2023 (unaudited)	Three months ended 30 September 2022 (unaudited)	Nine months ended 30 September 2023 (unaudited)	Nine months ended 30 September 2022 (unaudited)
Salaries and other employee benefits	32,479	27,366	93,125	79,611
Depreciation and amortization expenses	5,122	4,715	13,862	12,842
Taxes other than income tax	2,249	2,676	6,706	7,392
Information services	1,849	1,875	5,381	5,381
Communication	1,655	1,507	4,516	5,291
Advertisement	1,458	837	3,396	2,255
Repairs and maintenance	1,434	1,067	3,314	2,466
Security	1,384	1,620	4,162	4,666
Utilities expenses	1,086	1,320	3,456	3,555
Charity	1,007	1,191	3,631	6,014
Stationery and office supplies	820	735	2,257	1,757
Rent	751	809	2,311	2,165
Professional services	431	685	910	1,278
Other	2,779	2,918	7,060	5,412
Total operating expenses	54,504	49,321	154,087	140,085

22. Income on non-banking activities

	Three months ended 30 September 2023 (unaudited)	Three months ended 30 September 2022 (unaudited)	Nine months ended 30 September 2023 (unaudited)	Nine months ended 30 September 2022 (unaudited)
Net gain on sale of commercial property	4,429	1,183	13,709	8,421
Net gain on sale of assets classified as held for sale	623	656	1,035	1,103
Net (loss)/gain on sale of investment property	(94)	3,669	(21)	9,670
Other income on non-banking activities	1,325	857	3,007	2,786
Income on non-banking activities	6,283	6,365	17,730	21,980

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Nine Months ended 30 September 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 September 2023 (unaudited)	Three months ended 30 September 2022 (unaudited)	Nine months ended 30 September 2023 (unaudited)	Nine months ended 30 September 2022 (unaudited)
Basic and diluted earnings per share				
Net profit for the period attributable to equity holders of the parent	172,134	125,015	537,292	410,851
Earnings attributable to common shareholders	172,134	125,015	537,292	410,851
Weighted average number of common shares for the purposes of basic earnings per share	10,903,114,690	10,890,558,145	10,892,184,285	10,893,522,369
Basic and diluted earnings per share (in Tenge)	15.79	11.48	49.33	37.72

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

Class of shares	30 September 2023 (unaudited)		
	Outstanding shares	Equity (as calculated per KASE rules)	Book value of one share, in KZT
Common	10,902,304,693	2,165,983	198,67
		2,165,983	
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
		1,907,774	

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 Nine Months ended 30 September 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 during 9 months ended 30 September 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 Nine Months ended 30 September 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 September 2023 (unaudited)					
	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
FINANCIAL ASSETS:						
Cash and cash equivalents	771,945	5,035	-	-	-	776,980
Obligatory reserves	121,342	16,232	58,991	25,921	10,612	233,098
Financial assets at fair value through profit or loss	455,680	1,053	7	21,631	-	478,371
Amounts due from credit institutions	92,488	33,462	4,272	15,495	293	146,010
Financial assets at fair value through other comprehensive income	117,505	177,641	461,214	1,422,767	515,674	2,694,801
Debt securities at amortised cost, net of allowance for expected credit losses	369	6	208,854	512,709	-	721,938
Loans to customers	304,394	720,476	4,666,547	2,725,484	173,973	8,590,874
Other financial assets	72,303	4,262	17,039	20,244	879	114,727
	1,936,026	958,167	5,416,924	4,744,251	701,431	13,756,799
FINANCIAL LIABILITIES:						
Amounts due to customers	4,796,558	840,164	3,123,233	728,133	427,706	9,915,794
Amounts due to credit institutions	643,969	30,007	29,361	17,343	165,117	885,797
Financial liabilities at fair value through profit or loss	4,119	-	-	602	-	4,721
Debt securities issued	9,048	5,627	2,204	660,573	-	677,452
Other financial liabilities	160,641	4,251	1,802	565	469	167,728
	5,614,335	880,049	3,156,600	1,407,216	593,292	11,651,492
Net position	(3,678,309)	78,118	2,260,324	3,337,035	108,139	2,105,307
Accumulated gap	(3,678,309)	(3,600,191)	(1,339,867)	1,997,168	2,105,307	

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

	31 December 2022					
	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
FINANCIAL ASSETS:						
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
	3,011,260	863,098	5,267,250	4,338,719	347,905	13,828,232
FINANCIAL LIABILITIES:						
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
	6,187,860	737,608	3,620,788	887,585	566,758	12,000,599
Net position	(3,176,600)	125,490	1,646,462	3,451,134	(218,853)	1,827,633
Accumulated gap	(3,176,600)	(3,051,110)	(1,404,648)	2,046,486	1,827,633	

As at 30 September 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.

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

Currency Risk

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

	30 September 2023 (unaudited)						
	USD	EURO	RUR	Other	Total foreign currencies	KZT	Total
FINANCIAL ASSETS:							
Cash and cash equivalents	371,000	79,636	20,870	147,397	618,903	158,077	776,980
Obligatory reserves	11,763	8,711	-	163,082	183,556	49,542	233,098
Financial assets at fair value through profit or loss	79,818	1,618	20	599	82,055	396,316	478,371
Amounts due from credit institutions	85,549	4,038	15,501	10,425	115,513	30,497	146,010
Financial assets at fair value through other comprehensive income	1,530,407	182,398	8,381	-	1,721,186	973,615	2,694,801
Debt securities at amortised cost, net of allowance for expected credit losses	200,831	-	-	10,406	211,237	510,701	721,938
Loans to customers	1,185,398	116,482	16,844	137,603	1,456,327	7,134,547	8,590,874
Other financial assets	50,731	1,200	1,526	3,696	57,153	57,574	114,727
	3,515,497	394,083	63,142	473,208	4,445,930	9,310,869	13,756,799
FINANCIAL LIABILITIES							
Amounts due to customers	3,157,214	206,430	41,093	149,081	3,553,818	6,361,976	9,915,794
Amounts due to credit institutions	63,663	6,676	68,709	7,142	146,190	739,607	885,797
Financial liabilities at fair value through profit or loss	330	-	602	544	1,476	3,245	4,721
Debt securities issued	343,665	-	-	-	343,665	333,787	677,452
Other financial liabilities	2,147	1,202	56	9,521	12,926	154,802	167,728
	3,567,019	214,308	110,460	166,288	4,058,075	7,593,417	11,651,492
Net position – on-balance	(51,522)	179,775	(47,318)	306,920	387,855	1,717,452	2,105,307
Net position – off-balance	143,608	(179,966)	54,286	(235,503)	(217,575)	237,558	
Net position	92,086	(191)	6,968	71,417	170,280	1,955,010	

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

31 December 2022

	USD	EURO	RUR	Other	Total foreign currencies	KZT	Total
FINANCIAL ASSETS:							
Cash and cash equivalents	1,212,787	44,706	25,727	243,665	1,526,885	501,946	2,028,831
Obligatory reserves	19,865	10,333	-	154,546	184,744	74,800	259,544
Financial assets at fair value through profit or loss	69,214	-	71	902	70,187	271,981	342,168
Amounts due from credit institutions	76,533	8,896	20,666	22,789	128,884	6,771	135,655
Financial assets at fair value through other comprehensive income	1,294,923	135,359	10,742	-	1,441,024	668,245	2,109,269
Debt securities at amortised cost, net of allowance for expected credit losses	201,171	-	-	34,419	235,590	783,499	1,019,089
Loans to customers	1,091,803	83,335	50,354	113,423	1,338,915	6,518,987	7,857,902
Other financial assets	3,035	322	6,397	2,334	12,088	63,686	75,774
	3,969,331	282,951	113,957	572,078	4,938,317	8,889,915	13,828,232
FINANCIAL LIABILITIES							
Amounts due to customers	4,078,425	264,226	43,983	166,189	4,552,823	5,959,225	10,512,048
Amounts due to credit institutions	49,176	16,425	52,718	2,139	120,458	758,207	878,665
Financial liabilities at fair value through profit or loss	-	240	673	983	1,896	8,732	10,628
Debt securities issued	139,879	-	-	-	139,879	322,938	462,817
Other financial liabilities	2,118	778	91	2,914	5,901	130,540	136,441
	4,269,598	281,669	97,465	172,225	4,820,957	7,179,642	12,000,599
Net position – on-balance	(300,267)	1,282	16,492	399,853	117,360	1,710,273	1,827,633
Net position – off-balance	368,850	(2,181)	(19,378)	(315,886)	31,405	(41,816)	
Net position	68,583	(899)	(2,886)	83,967	148,765	1,668,457	

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Nine Months ended 30 September 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 Nine Months ended 30 September 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 September 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 September 2023 (unaudited)	31 December 2022
Composition of regulatory capital		
CET 1 Capital		
Common shares, net of treasury shares	(49,455)	(51,508)
Share premium	8,665	7,966
Retained earnings of prior years	1,660,072	1,372,112
Net income for the current year	537,293	563,010
Accumulated disclosed reserves	54,329	54,157
Non-controlling interest	10	9
Property and financial assets at fair value through other comprehensive income revaluation reserves	(40,304)	(36,729)
Less: goodwill and intangible assets	(18,373)	(17,398)
Less: cumulative translation reserve	(9,210)	(11,743)
Common Equity Tier 1 (CET 1) Capital	2,143,027	1,879,876
Additional tier 1		
Tier 2		
Subordinated debt	40,196	36,136
Total qualifying for Tier 2 capital	40,196	36,136
Total regulatory capital	2,183,223	1,916,012
Risk weighted assets	11,775,683	10,271,114
CET 1 capital adequacy ratio	18.20%	18.30%
Tier 1 capital adequacy ratio	18.20%	18.30%
Total capital adequacy ratio	18.54%	18.65%

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 nine months ended 30 September 2023 in comparison with the year ended 31 December 2022.

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

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

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

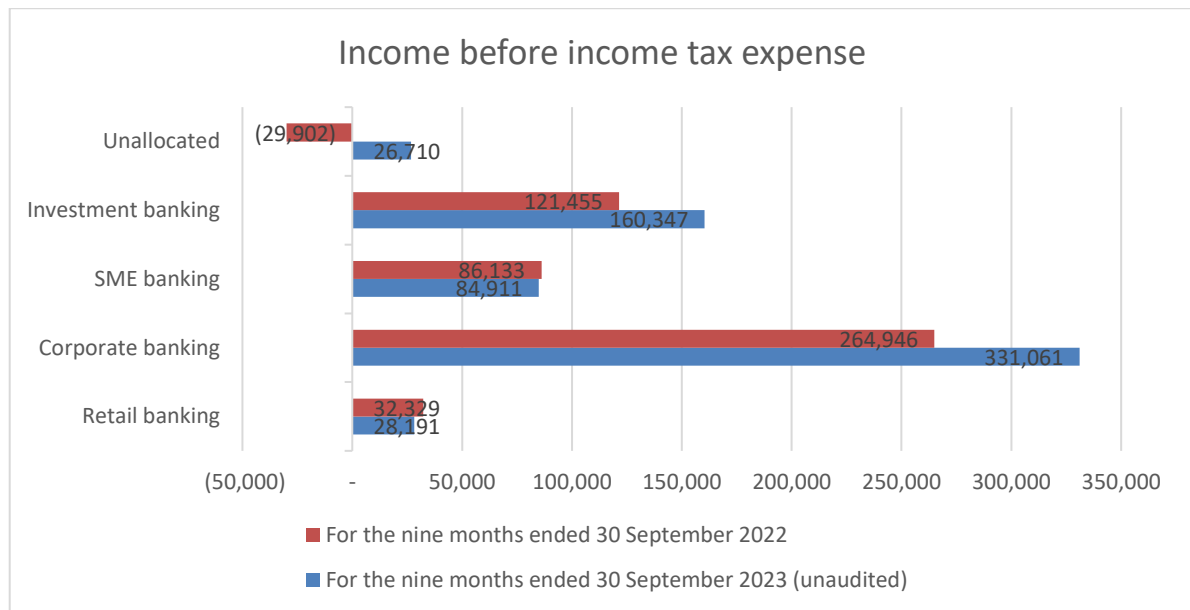
	Retail Banking	Corporate banking	SME banking	Investment banking	Unallocated	Total
As at 30 September 2023 and for the nine months then ended (unaudited)						
External revenues	485,483	573,597	213,585	194,164	202,569	1,669,398
Total revenues	485,483	573,597	213,585	194,164	202,569	1,669,398
Total revenues comprise:						
- Interest income	375,107	475,179	161,220	191,806	2,972	1,206,284
- Fee and commission income, including:	97,780	23,155	26,916	-	2,676	150,527
<i>Transaction income of individuals</i>	102,325	-	-	-	-	102,325
<i>Transaction income of legal entities</i>	-	9,265	23,508	-	-	32,773
<i>Letters of credit and guarantees issued</i>	-	11,169	3,299	-	-	14,468
<i>Other</i>	742	2,927	109	-	2,676	6,454
<i>Loyalty program</i>	(5,287)	(206)	-	-	-	(5,493)
- Net gain/(loss) from financial assets and liabilities at fair value through profit or loss	-	37,995	-	2,345	242	40,582
- Net gain/(loss) on foreign exchange operations	12,596	37,268	25,449	13	(14,131)	61,195
- Share in profit of associate	-	-	-	-	10,789	10,789
- Insurance underwriting income, income on non-banking activities and other income	-	-	-	-	200,021	200,021
Total revenues	485,483	573,597	213,585	194,164	202,569	1,669,398
- Interest expense	(247,551)	(225,557)	(98,631)	(28,988)	(223)	(600,950)
- (Credit loss expense)/recovery of credit loss expense	(60,239)	(3,453)	(11,267)	(532)	3,093	(72,398)
- Fee and commission expense	(64,944)	(4,076)	(1,319)	(748)	-	(71,087)
- Net realised loss from financial assets at fair value through other comprehensive income	-	-	-	(2,374)	-	(2,374)
- Operating expenses	(84,558)	(11,430)	(17,110)	(1,175)	(39,814)	(154,087)
- Recovery of credit loss expense/(Other credit loss expense)	-	1,980	(347)	-	(28)	1,605
- Loss from impairment of non-financial assets	-	-	-	-	(61)	(61)
- Insurance claims incurred, net of reinsurance	-	-	-	-	(138,826)	(138,826)
Total expenses	(457,292)	(242,536)	(128,674)	(33,817)	(175,859)	(1,038,178)
Segment result	28,191	331,061	84,911	160,347	26,710	631,220
Income before income tax expense						631,220
Income tax expense					(93,927)	(93,927)
Net profit						537,293
Total segment assets	2,767,547	5,478,168	1,302,682	3,870,904	830,348	14,249,649
Total segment liabilities	5,229,926	3,543,940	2,180,923	698,611	414,977	12,068,377
Other segment items:						
Capital expenditures					(29,409)	(29,409)
Depreciation and amortization					(13,862)	(13,862)
Investments in associate					47,572	47,572

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

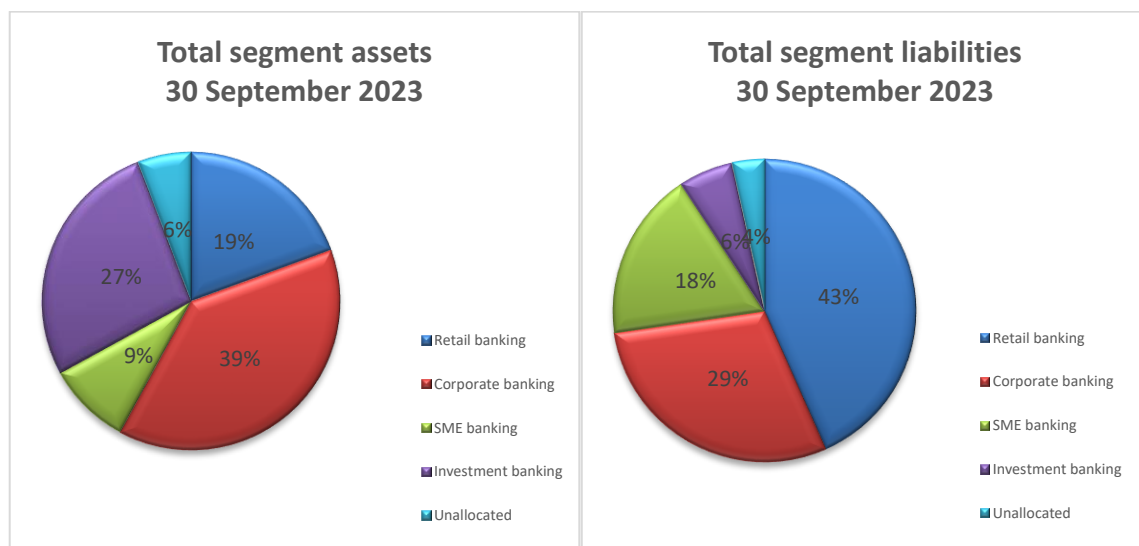
	Retail Banking	Corporate banking	SME banking	Investment banking	Unallocated	Total
As at 30 September 2022 and for the nine months then ended (unaudited)						
External revenues	389,390	470,252	162,757	151,189	123,059	1,296,647
Total revenues	389,390	470,252	162,757	151,189	123,059	1,296,647
Total revenues comprise:						
- Interest income	287,971	329,662	109,684	159,636	566	887,519
- Fee and commission income, including:	87,007	15,465	23,577	5	2,608	128,662
<i>Transaction income of individuals</i>	92,655	-	-	5	-	92,660
<i>Transaction income of legal entities</i>	-	6,785	19,587	-	307	26,679
<i>Letters of credit and guarantees issued</i>	40	7,495	2,686	-	39	10,260
<i>Other</i>	2,117	1,215	1,304	-	2,262	6,898
<i>Loyalty program</i>	(7,805)	(30)	-	-	-	(7,835)
- Net gain/(loss) from financial assets and liabilities	-	22,759	-	(8,452)	(4,568)	9,739
- Net gain/(loss) on foreign exchange operations	14,412	102,366	29,496	-	(14,607)	131,667
- Share in profit of associate	-	-	-	-	7,259	7,259
- Insurance underwriting income, income on non-banking activities and other income	-	-	-	-	131,801	131,801
Total revenues	389,390	470,252	162,757	151,189	123,059	1,296,647
- Interest expense	(158,050)	(177,528)	(43,741)	(26,363)	(903)	(406,585)
- Credit loss expense	(61,880)	(12,549)	(16,255)	(727)	(3,232)	(94,643)
- Fee and commission expense	(63,510)	(5,411)	(971)	(562)	(491)	(70,945)
- Net realised loss from financial assets at fair value through other comprehensive income	-	-	-	(1,115)	-	(1,115)
- Operating expenses	(73,521)	(10,007)	(15,107)	(967)	(40,483)	(140,085)
- Loss from impairment of non-financial assets	(100)	189	(550)	-	11	(450)
- Other credit loss expense	-	-	-	-	(139)	(139)
- Insurance claims incurred, net of reinsurance	-	-	-	-	(107,724)	(107,724)
Total expenses	(357,061)	(205,306)	(76,624)	(29,734)	(152,961)	(821,686)
Segment result	32,329	264,946	86,133	121,455	(29,902)	474,961
Income before income tax expense						474,961
Income tax expense					(64,110)	(64,110)
Net profit						410,851
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
Other segment items:						
Capital expenditures					(21,419)	(21,419)
Depreciation and amortization					(12,842)	(12,842)
Investments in associates					39,321	39,321

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

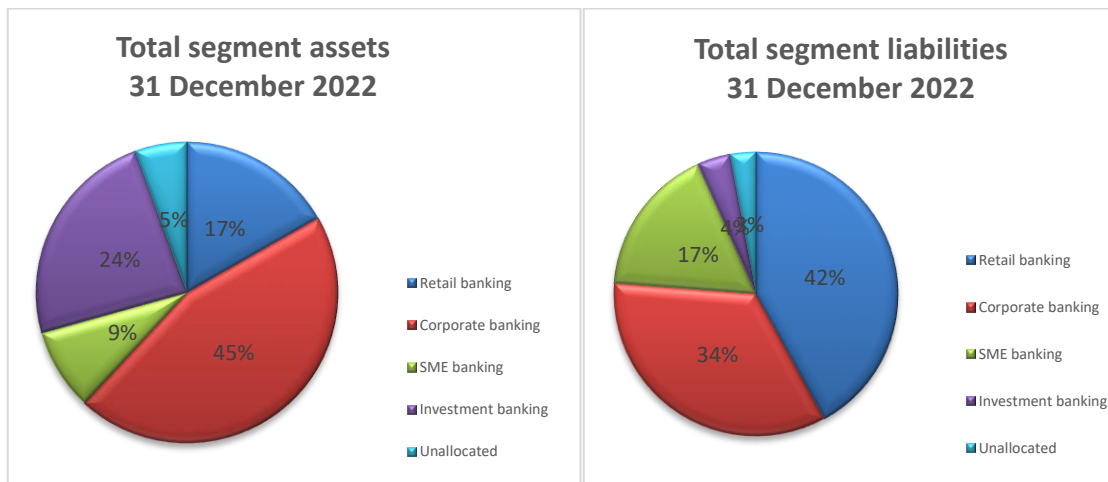
Income before income tax expense by segments were as follows:



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



Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Nine Months ended 30 September 2023 (unaudited) (continued)
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Geographical information

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

	Kazakhstan	OECD	Non-OECD	Total
30 September 2023 (unaudited)				
Total assets	12,664,044	956,521	629,084	14,249,649
31 December 2022				
Total assets	12,488,788	1,187,650	610,857	14,287,295
Nine months ended				
30 September 2023 (unaudited)				
External revenues	1,580,212	39,735	49,451	1,669,398
Capital expenditures	(21,290)	-	(8,119)	(29,409)
Nine months ended 30 September 2022 (unaudited)				
External revenues	1,228,290	14,698	53,659	1,296,647
Capital expenditures	(21,419)	-	-	(21,419)

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.

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

Financial Assets/Liabilities	Fair value		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	30 September 2023 (unaudited)	31 December 2022				
Non-derivative financial assets at fair value through profit or loss (Note 6)	204,959	160,373	Level 1	Quoted prices in an active market.	Not applicable	Not applicable
Non-derivative financial assets at fair value through profit or loss (Note 6)	245,152	170,049	Level 2	Quoted prices in a market that is not active.	Not applicable	Not applicable
Derivative financial assets at fair value through profit or loss (Note 6)	10	10	Level 3	Valuation model based on internal rating model.	Not applicable	Not applicable
Derivative financial assets at fair value through profit or loss, excluding options (Note 6)	28,250	11,736	Level 2	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
Total financial assets at fair value through profit or loss	478,371	342,168				
Derivative financial liabilities at fair value through profit or loss, excluding options (Note 6)	4,721	10,628	Level 2	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
Total financial liabilities at fair value through profit or loss	4,721	10,628				
Non-derivative financial assets at fair value through other comprehensive income (Note 8)	2,147,015	1,735,734	Level 1	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)	547,733	373,482	Level 2	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	Level 3	Unquoted equity financial instruments.	Percentage discount	The greater discount - the smaller fair value
Financial assets at fair value through other comprehensive income	2,694,801	2,109,269				

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Nine Months ended 30 September 2023 (unaudited) (continued)
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The tables below summarize the Group's financial assets and liabilities held at fair value by valuation methodology at 30 September 2023 and 31 December 2022, before any allowances for expected credit losses.

During the nine months ended 30 September 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)
31 December 2021	750	10
Redemptions*	(697)	-
31 December 2022	53	10
Redemptions	-	-
30 September 2023 (unaudited)	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 Nine Months ended 30 September 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 September 2023 (unaudited)		31 December 2022		
	Carrying amount	Fair value	Carrying amount	Fair Value	
Financial assets					
Amounts due from credit institutions	146,010	152,454	135,655	145,621	
Loans to customers	8,590,874	8,223,503	7,857,902	7,410,430	
Debt securities at amortised cost, net of allowance for expected credit losses	721,938	667,818	1,019,089	945,828	
Financial liabilities					
Amounts due to customers	9,915,794	9,857,464	10,512,048	10,500,612	
Amounts due to credit institutions	885,797	898,436	878,665	881,765	
Debt securities issued	677,452	659,758	462,817	436,540	
			30 September 2023 (unaudited)		
		Level 2	Level 3	Total	
Financial assets					
Amounts due from credit institutions		152,454	-	152,454	
Loans to customers		-	8,223,503	8,223,503	
Debt securities at amortised cost, net of allowance for expected credit losses		466,987	200,831	667,818	
Financial liabilities					
Amounts due to customers		9,857,464	-	9,857,464	
Amounts due to credit institutions		898,436	-	898,436	
Debt securities issued		659,758	-	659,758	
				31 December 2022	
		Level 2	Level 3	Total	
Financial assets					
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	
Financial liabilities					
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 Nine Months ended 30 September 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.

The Group had the following balances outstanding as at 30 September 2023 and 31 December 2022 with related parties:

	30 September 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	20,236	9,062,263	42,676	8,280,290
- entities with joint control or significant influence over the Group	19,893		42,284	
- key management personnel of the Group or its parent	341		392	
- other related parties	2		-	
Allowance for expected credit losses	(96)	(471,389)	(182)	(422,388)
- entities with joint control or significant influence over the Group	(92)		(177)	
- key management personnel of the Group or its parent	(4)		(5)	
Other assets	47,572	197,384	42,005	159,985
Investments in associates	47,572		42,005	
Amounts due to customers	226,363	9,915,794	516,223	10,512,048
- the parent	165,616		434,987	
- entities with joint control or significant influence over the Group	45,870		60,332	
- key management personnel of the Group or its parent	10,592		10,243	
- other related parties	4,285		10,661	
Debt securities issued	236,106	677,452	-	462,817
- the parent	233,464		-	
- key management personnel of the Group or its parent	2,402		-	
- other related parties	240		-	

