



JSC HALYK BANK

Interim condensed consolidated
financial information (unaudited)
for the three months ended 31 March 2022

	Page
STATEMENT OF MANAGEMENT’S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE THREE MONTHS ENDED 31 MARCH 2022 (UNAUDITED)	1
REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION	2
INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE THREE MONTHS ENDED 31 MARCH 2022 (UNAUDITED):	
Interim condensed consolidated statement of financial position (unaudited)	3
Interim condensed consolidated statement of profit or loss (unaudited)	4
Interim condensed consolidated statement of other comprehensive income (unaudited)	5
Interim condensed consolidated statement of changes in equity (unaudited)	6-7
Interim condensed consolidated statement of cash flows (unaudited)	8-9
Selected explanatory notes to the interim condensed consolidated financial information (unaudited)	10-61

**Statement of Management’s Responsibilities
for the Preparation and Approval
of the Interim Condensed Consolidated Financial Information
for the Three Months ended 31 March 2022 (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 31 March 2022, and the related interim condensed consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flows for the three 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 three months ended 31 March 2022 was authorized for issue by the Management Board on 16 May 2022.

On behalf of the Management Board:



Umut B. Shayakhmetova
Chairperson of the Board

16 May 2022
Almaty, Kazakhstan



Pavel A. Cheussov
Chief Accountant

16 May 2022
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 31 March 2022 and the related interim condensed consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flows for the three 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

16 May 2022
Almaty, Republic of Kazakhstan

**Interim Condensed Consolidated Statement of Financial Position
as at 31 March 2022 (unaudited)
(millions of Kazakhstani Tenge)**

	Notes	31 March 2022 (unaudited)	31 December 2021
ASSETS			
Cash and cash equivalents	5	1,684,143	1,438,521
Obligatory reserves		199,908	194,931
Financial assets at fair value through profit or loss	6	304,752	283,333
Amounts due from credit institutions	7	569,724	602,125
Financial assets at fair value through other comprehensive income	8	1,796,848	1,871,677
Debt securities at amortized cost, net of allowance for expected credit losses	9	1,320,531	1,288,178
Loans to customers	10, 30	6,282,330	5,872,228
Investment property		27,318	28,007
Commercial property		97,698	92,412
Assets classified as held for sale		30,536	45,412
Current income tax assets		2,317	1,942
Deferred income tax assets		334	250
Property and equipment and intangible assets		187,291	183,849
Insurance assets	11	81,310	54,111
Other assets		133,712	134,394
TOTAL ASSETS		12,718,752	12,091,370
LIABILITIES AND EQUITY			
LIABILITIES			
Amounts due to customers	12, 30	9,294,423	8,473,407
Amounts due to credit institutions	13	882,107	1,071,642
Financial liabilities at fair value through profit or loss	6	6,178	2,276
Debt securities issued	14	408,318	499,812
Current income tax liability		14,124	11,539
Deferred tax liability		55,339	50,469
Provisions	17	14,780	13,193
Insurance liabilities	11	278,626	240,281
Other liabilities		167,340	155,147
Total liabilities		11,121,235	10,517,766
EQUITY			
Share capital	16	209,027	209,027
Share premium reserve		8,539	9,067
Treasury shares		(259,221)	(259,322)
Retained earnings and other reserves		1,639,164	1,614,824
Total equity attributable to owners of the Group		1,597,509	1,573,596
Non-controlling interest		8	8
Total equity		1,597,517	1,573,604
TOTAL LIABILITIES AND EQUITY		12,718,752	12,091,370

On behalf of the Management Board:


Urnut B. Shayakhmetova
Chairperson of the Board

16 May 2022
Almaty, Kazakhstan


Pavel A. Cheussov
Chief Accountant

16 May 2022
Almaty, Kazakhstan

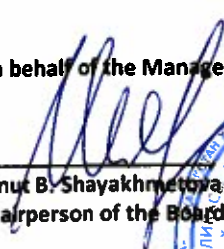
The notes on pages 30 to 61 form an integral part of this interim condensed consolidated financial information.

Interim Condensed Consolidated Statement of Profit or Loss
for the Three Months ended 31 March 2022 (unaudited)

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

	Notes	Three months ended 31 March 2022 (unaudited)	Three months ended 31 March 2021 (unaudited)
Interest income calculated using effective interest method	18, 30	247,419	188,375
Other interest income	18	6,357	5,262
Interest expense	18, 30	(109,388)	(81,070)
NET INTEREST INCOME BEFORE CREDIT LOSS EXPENSE		144,388	112,567
Credit loss expense	5, 7, 9, 10, 30	(25,355)	(6,247)
NET INTEREST INCOME		119,033	106,320
Fee and commission income	19	33,522	31,993
Fee and commission expense	19	(20,342)	(15,868)
Fees and commissions, net		13,180	16,125
Net gain from financial assets and liabilities at fair value through profit or loss	20	19,838	10,682
Net realised (loss)/gain from financial assets at fair value through other comprehensive income		(102)	74
Net gain on foreign exchange operations	21	26,647	1,758
Insurance underwriting income	22	30,247	30,578
Share in profit of associate	30	1,985	1,474
Income on non-banking activities	24	4,728	3,583
Other income/(expense)		6,842	(835)
OTHER NON-INTEREST INCOME		90,185	47,314
Operating expenses	23	(45,606)	(37,173)
Loss from impairment of non-financial assets		(60)	(439)
Other credit loss expense	17	(1,489)	(1,117)
Insurance claims incurred, net of reinsurance	22	(29,845)	(24,490)
NON-INTEREST EXPENSES		(77,000)	(63,219)
INCOME BEFORE INCOME TAX EXPENSE		145,398	106,540
Income tax expense	15	(21,161)	(9,712)
NET PROFIT		124,237	96,828
Attributable to:			
Common shareholders		124,237	96,828
Non-controlling interest		-	-
		124,237	96,828
EARNINGS PER SHARE	25		
(in Kazakhstani Tenge)			
Basic and diluted earnings per share		11.40	8.28

On behalf of the Management Board:


Umur B. Shayakhmetova
Chairperson of the Board

16 May 2022
Almaty, Kazakhstan


Pavel A. Choussov
Chief Accountant

16 May 2022
Almaty, Kazakhstan

The notes on pages 10 to 62 form an integral part of this interim condensed consolidated financial information.

**Interim Condensed Consolidated Statement of Other Comprehensive Income
for the Three Months ended 31 March 2022 (unaudited)
(millions of Kazakhstani Tenge)**

	Three months ended 31 March 2022 (unaudited)	Three months ended 31 March 2021 (unaudited)
Net profit	124,237	96,828
Other comprehensive income:		
<i>Items that will not to be subsequently reclassified to profit or loss:</i>		
Loss on revaluation of property (net of tax – KZT Nil)	-	(129)
Gain/(loss) on revaluation of equity financial assets at fair value through other comprehensive income	1,348	(1,750)
<i>Items that may be subsequently reclassified to profit or loss:</i>		
Exchange differences on translation of foreign operation (net of tax – KZT Nil)	5,252	(1,064)
Share of other comprehensive loss of associate	(1,656)	(115)
Loss on revaluation of debt financial assets at fair value through other comprehensive income, including impairment during the period (net of tax – KZT Nil)	(105,027)	(5,258)
Reclassification adjustment relating to financial assets at fair value through other comprehensive income disposed of in the period (net of tax – KZT Nil)	102	(74)
Other comprehensive loss for the period	(99,981)	(8,390)
Total comprehensive income for the period	24,256	88,438
Attributable to:		
Common shareholders	24,256	88,438
Non-controlling interest	-	-
Total comprehensive income for the period	24,256	88,438

On behalf of the Management Board:


Umut B. Shayakhmetova
Chairperson of the Board

16 May 2022
Almaty, Kazakhstan




Pavel A. Chelisso
Chief Accountant

16 May 2022
Almaty, Kazakhstan



The notes on pages 50 to 61 form an integral part of this interim condensed consolidated financial information.

**Interim Condensed Consolidated Statement of Changes in Equity
for the Three months ended 31 March 2022 (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 2021	209,027	9,067	(259,322)	5,582	25,115	27,521	1,556,606	1,573,596	8	1,573,604
Net income	-	-	-	-	-	-	124,237	124,237	-	124,237
Other comprehensive income/(loss)	-	-	-	5,252	(105,233)	-	-	(99,981)	-	(99,981)
Total comprehensive income/ (loss)	-	-	-	5,252	(105,233)	-	124,237	24,256	-	24,256
Treasury shares purchased (Note 16)	-	(528)	(1,335)	-	-	-	-	(1,863)	-	(1,863)
Treasury shares sold (Note 16)	-	-	1,436	-	-	-	-	1,436	-	1,436
Recovery of reserves for bonuses to the insured	-	-	-	-	-	-	84	84	-	84
Release of property and equipment revaluation reserve on depreciation and disposal of previously revalued assets	-	-	-	-	-	(107)	107	-	-	-
31 March 2022 (unaudited)	209,027	8,539	(259,221)	10,834	(80,118)	27,414	1,681,034	1,597,509	8	1,597,517

**Interim Condensed Consolidated Statement of Changes in Equity
for the Three Months ended 31 March 2022 (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 2020	209,027	5,741	(111,027)	4,516	53,198	27,802	1,304,004	1,493,261	7	1,493,268
Net income	-	-	-	-	-	-	96,828	96,828	-	96,828
Other comprehensive loss	-	-	-	(1,064)	(7,197)	(129)	-	(8,390)	-	(8,390)
Total comprehensive (loss)/income	-	-	-	(1,064)	(7,197)	(129)	96,828	88,438	-	88,438
Treasury shares purchased	-	-	(832)	-	-	-	-	(832)	-	(832)
Treasury shares sold	-	497	2,163	-	-	-	-	2,660	-	2,660
Release of property and equipment revaluation reserve on depreciation and disposal of previously revalued assets	-	-	-	-	-	(114)	114	-	-	-
31 March 2021 (unaudited)	209,027	6,238	(109,696)	3,452	46,001	27,559	1,400,946	1,583,527	7	1,583,534

*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:

Umut B. Shayakhmedzova
Chairperson of the Board

16 May 2022
Almaty, Kazakhstan

Pavel A. Preussow
Chief Accountant

16 May 2022
Almaty, Kazakhstan

The notes on pages 10 to 61 form an integral part of this interim condensed consolidated financial information.


**Interim Condensed Consolidated Statement of Cash Flows
for the Three Months ended 31 March 2022 (unaudited)
(millions of Kazakhstani Tenge)**

	Three months ended 31 March 2022 (unaudited)	Three months ended 31 March 2021 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Interest received from financial assets at fair value through profit or loss	4,449	3,994
Interest received from cash equivalents and amounts due from credit institutions	3,453	3,882
Interest received on financial assets at fair value through other comprehensive income	25,093	10,662
Interest received on debt securities at amortized cost, net of allowance for expected credit losses	15,191	14,840
Interest received from loans to customers	194,907	134,884
Interest paid on due to customers	(82,216)	(65,150)
Interest paid on due to credit institutions	(12,249)	(1,645)
Interest paid on debt securities issued	(13,150)	(21,410)
Fee and commission received	34,092	34,185
Fee and commission paid	(20,271)	(15,970)
Underwriting income earned, net of reinsurance	30,247	30,578
Ceded insurance share paid	(18,730)	(12,432)
(Payments)/ receipts from derivative operations	(11,729)	5,436
Other income received	11,570	7,797
Operating expenses paid	(34,152)	(27,664)
Insurance claims paid	(8,829)	(10,818)
Cash flows from operating activities before changes in net operating assets	117,676	91,169
Changes in operating assets and liabilities:		
(Increase)/ decrease in operating assets:		
Obligatory reserves	(4,977)	675
Financial assets at fair value through profit or loss	13,624	(3,126)
Amounts due from credit institutions	44,613	(3,730)
Loans to customers	(368,256)	(35,608)
Assets held-for-sale	3,007	2,402
Insurance assets	(14,049)	(7,121)
Other assets	13,986	(8,378)
Increase/(decrease) in operating liabilities:		
Amounts due to customers	582,764	136,338
Amounts due to credit institutions	(194,087)	1,751
Financial liabilities at fair value through profit or loss	3,961	(495)
Insurance liabilities	23,158	27,576
Other liabilities	6,435	12,496
Net cash inflow from operating activities before income tax	227,855	213,949
Income tax paid	(14,165)	(5,920)
Net cash inflow from operating activities	213,690	208,029
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase and prepayment for property and equipment and intangible assets	(9,444)	(4,245)
Proceeds on sale of property and equipment	172	20
Proceeds on sale of investment property	690	210
Proceeds on sale of commercial property	6,900	4,962
Proceeds on sale of financial assets at fair value through other comprehensive income	263,506	55,447
Purchase of financial assets at fair value through other comprehensive income	(209,991)	(334,515)
Purchase of debt securities at amortized cost, net of allowance for expected credit losses	(22,522)	(13,045)
Proceeds on sale and maturity of debt securities at amortized cost, net of allowance for expected credit losses	374	5,614
Capital expenditures on commercial property	(997)	(311)
Net cash inflow/(outflow) from investing activities	28,688	(285,863)

**Interim Condensed Consolidated Statement of Cash Flows
for the Three Months ended 31 March 2022 (unaudited) (continued)**
(millions of Kazakhstani Tenge)

	Notes	Three months ended 31 March 2022 (unaudited)	Three months ended 31 March 2021 (unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds on sale of treasury shares		1,436	2,660
Purchase of treasury shares		(1,863)	(832)
Redemption and repayment of debt securities issued	14	(93,632)	(305,470)
Repayment of the lease liabilities		(710)	(520)
Net cash outflow from financing activities		(94,769)	(304,162)
Effect of changes in foreign exchange rate fluctuations on cash and cash equivalents		98,013	14,413
Net change in cash and cash equivalents		245,622	(367,583)
CASH AND CASH EQUIVALENTS, beginning of the period	5	1,438,521	1,757,477
CASH AND CASH EQUIVALENTS, end of the period	5	1,684,143	1,389,894

On behalf of the Management Board:


Umut B. Shayakhmetova
Chairperson of the Board

16 May 2022
Almaty, Kazakhstan


Pavel A. Cheussov
Chief Accountant

16 May 2022
Almaty, Kazakhstan

The notes on pages 40 to 61 form an integral part of this interim condensed consolidated financial information.

**Selected Explanatory Notes to the Interim Condensed
Consolidated Financial Information for the Three Months
ended 31 March 2022 (unaudited)
(millions of Kazakhstani Tenge)**

1. Principal activities

JSC Halyk Bank (the “Bank”) and its subsidiaries (collectively, the “Group”) provide corporate and retail banking services principally in Kazakhstan, Russia, Kyrgyzstan, Tajikistan, 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 3 February 2020. 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 31 March 2022, the Bank operated through its head office in Almaty and its 24 regional branches, 120 sub-regional offices and 444 cash settlement units (31 December 2021 – 24, 120 and 445, respectively) located throughout Kazakhstan. The address of the Bank’s registered office is 40 Al-Farabi Avenue, Almaty, A26M3K5, Republic of Kazakhstan.

As at 31 March 2022, the number of the Group’s full-time equivalent employees was 16,738 (31 December 2021 – 17,038).

The interim condensed consolidated financial information of the Group for the three months ended 31 March 2022 was authorized for issue by the Management Board on 16 May 2022.

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.

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 three months ended 31 March 2022, the average price of Brent crude oil was approximately 108.10 USD/bbl. (60.97 USD/bbl. during the three months ended 31 March 2021 year). During the first quarter of 2022, Kazakhstan's GDP increased by 4.4% in annual terms. Economic recovery continued amid rising world prices in commodity markets and easing quarantine restrictions. Meanwhile, inflation in March 2022 was 12.0% on an annualized basis.

At the start of January 2022, Kazakhstan witnessed mass protests, which turned into unrest. On 5 January 2022, the President introduced a state of emergency across the country, which was in place until 19 January 2022. During the mass protests internet access was restricted across Kazakhstan, bank operations and transactions were suspended, stock and commodity exchanges were closed, and flights were cancelled, resulting in businesses being unable to function effectively. The situation in Kazakhstan stabilised and was under the control of the authorities by 15 January 2022. The government continues to focus on addressing the political and socio-economic situation.

As at the date of issuance of the consolidated financial information, damages to the Bank's property from the actions of marauders amounted to KZT 730 million. Some of the Group's corporate clients also received damages. For the majority of the Group's customers, the Group does not expect related damages to adversely affect the ability of such customers to meet their obligations to the Group in a timely manner and in full.

In February 2022, tenge depreciated significantly against major foreign currencies amid the external geopolitical situation. To reduce the negative impact of external factors on the Kazakhstani economy, the National Bank of the Republic of Kazakhstan ("NBRK") raised the base rate from 10.25% to 13.5% per annum with a corridor of +/- 1.0 p.p., and interventions on the currency market were performed to support tenge exchange rate against foreign currencies. However, there is uncertainty related to the future developments of this geopolitical situation and its impact on the economy of the Republic of Kazakhstan and countries where the Group operates.

In March 2022, The Monetary Policy Committee of the National Bank of the Republic of Kazakhstan has decided to set the base rate unchanged at 13.50% per annum with an interest rate corridor of +/- 1.00 p.p. The decision to keep the rate unchanged is driven by the fact that the current level already reflects the reaction of the National Bank to increased geopolitical risks and the risk of acceleration of inflationary processes. The Group has no exposure to Ukraine and limited exposure to Russian Federation mostly via its subsidiary – JSC CB Moskommertsbank, which represents 0.8% of the Group’s total assets as at 31 March 2022 and 0.3% of the Group’s net income for the period ended 31 March 2022. JSC CB Moskommertsbank has an exposure mainly in the retail and SME segment.

The impact of anti-Russian sanctions has an insignificant and limited impact on the Group's currency risk, the credit risks on Russian securities and Russian banks are immaterial in relation to the Group's assets. The volatility of the Russian ruble exchange rate did not have a significant impact on the Group's currency risk, as fluctuations were temporary, after the reporting date the ruble appreciated against the US dollar and tenge. The risk on securities of Russian issuers is represented mainly by bonds of the Eurasian Development Bank (S&P rating agency: BBB- , not included in the sanctions lists), claims on Russian banks are represented by insignificant amounts of balances on nostro accounts.

Due to significant changes in the operating environment caused by the realized geopolitical risks, an extraordinary stress-testing of the Bank's financial stability was carried out. The results of stress testing show some decrease in certain financial indicators (growth in provisions 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 regulatory requirements and standards is not expected.

As a result of significant changes in the operating environment, the financial condition of the Bank's large borrowers is not expected to deteriorate significantly. While Kazakhstan has strong trade links with Russia, as well as Russian territory is one of the main transit territory for Kazakh export and import, the Bank has seen limited impact of changed external environment of the operating business of the borrowers. The Bank’s clients to larger extent were able to make necessary changes to their supply and logistics chains and continue the implementation and completion of previously launched investment projects.

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 may have a significant impact on the Group’s operations.

Ownership

As at 31 March 2022 and 31 December 2021, the Group’s shares were represented by common shares only.

As at 31 March 2022 and 31 December 2021, the Group was owned by the following shareholders, which own individually more than 5% of the issued shares of the Group:

31 March 2022 (unaudited)

	Total shares (Common shares)	Stake in total shares in circulation
JSC HG Almex	7,583,538,228	69.6%
GDR holders	3,106,341,920	28.5%
Other	206,104,328	1.9%
Total shares in circulation (on consolidated basis)	10,895,984,476	100%

31 December 2021

	Total shares (Common shares)	Stake in total shares in circulation
JSC HG Almex	7,583,538,228	69.6%
GDR holders	3,119,831,600	28.6%
Other	192,635,022	1.8%
Total shares in circulation (on consolidated basis)	10,896,004,850	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 2021 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 2021 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 2021 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 three months ended 31 March 2022 in comparison with the structure as at 31 December 2021.

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 2021.

The following amended standards and interpretations became effective for the Group from 1 January 2022, but did not have any significant impact on the Group’s interim condensed consolidated financial information for the three months ended 31 March 2022:

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

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

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 2021 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 2021, 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. When conducting stress testing, the Group used, among other things, a stress scenario, including changes in such macro indicators as: increased inflation, weakening of the national currency, changes in oil prices, an increase in the base rate, etc. The results of the stress test were taken into account when calculating the ECL at the end of the first quarter of 2022 with a weighting degree of 20%, the effect of the stress scenario in the ECL dynamics for the first quarter of 2022 amounted to KZT 2,958 million.

4b. Reclassifications

Certain reclassifications have been made to the interim condensed consolidated statement of profit or loss for the three months ended 31 March 2021 to conform to the presentation for the three months ended 31 March 2022, as current period presentation provides better view of the financial performance of the Group.

Reclassification of operating expenses in amount of KZT 2,630 million includes:

- The reclassification of agency fee expenses related to customer acquisition by insurance subsidiaries in amount of KZT 907 million. Since these expenses are directly related to insurance business, the Group's management has decided to reclassify them from operating expenses to insurance expenses.
- The reclassification of bonuses to customers on card transactions, which in turn should be recognized under IFRS 15 as a “decrease in revenue”, i.e. in this case, a decrease in fee and commission income

	<u>As previously reported</u>	<u>Reclassification amount</u>	<u>As reclassified</u>
	<u>31 March 2021</u>	<u>31 March 2021</u>	<u>31 March 2021</u>
insurance claims incurred, net of reinsurance	(23,583)	(907)	(24,490)
Fee and commission income	33,716	(1,723)	31,993
Operating expenses	(39,803)	2,630	(37,173)

The reclassification of interest expenses to other expenses is related to the recognition of a loss from the early redemption of Eurobonds that occurred in 2021. The Group's management believes that the difference between the carrying amount and the consideration paid should be recognized within other non-interest income in the Interim Condensed Consolidated Statement of Profit or Loss.

	<u>As previously reported</u>	<u>Reclassification amount</u>	<u>As reclassified</u>
	<u>31 March 2021</u>	<u>31 March 2021</u>	<u>31 March 2021</u>
Interest expense	(86,119)	5,049	(81,070)
Other income/(expense)	4,214	(5,049)	(835)

5. Cash and cash equivalents

Cash and cash equivalents comprise:

	31 March 2022 (unaudited)	31 December 2021
Cash on hand	396,882	245,615
Correspondent accounts with Organization for Economic Co-operation and Development countries (the "OECD") based banks	171,119	156,830
Short-term deposits with OECD based banks	122,258	-
Overnight deposits with OECD based banks	116,577	86,360
Correspondent accounts with NBRK	-	108,649
Short-term deposits with NBRK	722,848	525,076
Short-term deposits with Kazakhstan banks (incl. loans under reverse repurchase agreements)	1,732	217,387
Correspondent accounts with non-OECD based banks	46,768	47,543
Short-term deposits with non-OECD based banks	90,354	41,779
Overnight deposits with non-OECD based banks	15,605	9,282
Total cash and cash equivalents	1,684,143	1,438,521

As at 31 March 2022 and 31 December 2021, cash and cash equivalents allowance for expected credit losses comprised KZT 45 million and KZT 42 million, respectively.

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

	31 March 2022 (unaudited)	31 March 2021 (unaudited)
	Stage 1	Stage 1
At the beginning of the period	(42)	(46)
Changes in risk parameters	27	1
Foreign exchange differences and other movements	(30)	5
At the end of the period	(45)	(40)

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

	31 March 2022 (unaudited)		31 December 2021	
	KZT	Foreign currencies	KZT	Foreign currencies
Short-term deposits with OECD based banks	-	0.3%-0.4%	-	-
Overnight deposits with OECD based banks	-	0.3%	-	0.1%
Short-term deposits with NBRK	-	0.3%-0.5%	8.8%	0.3%
Short-term deposits with Kazakhstan banks	14.0%-19.0%	-	8.8%-10.8%	0.3%
Short-term deposits with non-OECD based banks	-	0.9%-17.5%	-	5.0%-14.0%
Overnight deposits with non-OECD based banks	-	11.0%-20.0%	-	5.5%-10.5%

The fair value of assets pledged and carrying amounts of loans under reverse repurchase agreements included into short-term deposits with Kazakhstan banks as at 31 March 2022 and 31 December 2021 are as follows:

	31 March 2022 (unaudited)		31 December 2021	
	Carrying amount of loans	Fair value of collateral	Carrying amount of loans	Fair value of collateral
Treasury bills of the Republic of Uzbekistan	1,021	1,025	-	-
Treasury bills of the Ministry of Finance of Kazakhstan	440	433	169,204	168,195
Treasury bills of the Kyrgyz Republic	172	175	-	-
Bonds of Kazakhstan corporations	99	100	18,053	18,058
Notes of NBRK	-	-	10,774	10,774
Eurobonds of the Russian Federation	-	-	10,697	10,234
	1,732	1,733	208,728	207,261

As at 31 March 2022 and 31 December 2021, maturities of loans under reverse repurchase agreements are less than one month.

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

Financial assets at fair value through profit or loss comprise:

	31 March 2022 (unaudited)	31 December 2021
Financial assets held for trading:		
Corporate bonds	146,465	142,817
Derivative financial instruments	40,150	5,633
Treasury bills of the Ministry of Finance of Kazakhstan	36,955	41,576
Bonds of JSC Development Bank of Kazakhstan	25,332	24,311
Bonds of foreign organizations	16,153	19,253
Bonds of Kazakhstan banks	13,529	22,855
Equity securities of Kazakhstan corporations	10,023	11,080
Equity securities of foreign organizations	9,962	10,476
Eurobonds of foreign states	6,183	5,332
Total financial assets and liabilities at fair value through profit or loss	304,752	283,333

Financial liabilities at fair value through profit or loss comprise:

	31 March 2022 (unaudited)	31 December 2021
Financial liabilities held for trading:		
Derivative financial instruments	6,178	2,276

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Three Months ended 31 March 2022 (unaudited) (continued)
(millions of Kazakhstani Tenge)



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:

	31 March 2022 (unaudited)	31 December 2021
Corporate bonds	11.4%	10.2%
Treasury bills of the Ministry of Finance of Kazakhstan	6.4%	6.2%
Bonds of JSC Development Bank of Kazakhstan	11.3%	10.2%
Bonds of foreign organizations	6.2%	5.7%
Bonds of Kazakhstan banks	12.1%	10.5%
Eurobonds of foreign states	4.8%	3.9%

Derivative financial instruments comprise:

	31 March 2022 (unaudited)			31 December 2021		
	Notional amount	Fair value		Notional amount	Fair value	
Asset		Liability	Asset		Liability	
Foreign currency contracts						
Swaps	245,119	35,375	2,639	267,388	5,069	1,660
Spots	67,062	3,114	3,539	26,511	552	578
Forwards	25,545	1,661	-	12,155	12	38
		40,150	6,178		5,633	2,276

As at 31 March 2022 and 31 December 2021, the Group used quoted market prices from independent information sources for all of its financial assets at fair value through profit or loss, except for derivative financial instruments, which are valued using valuation models based on observable market data.

7. Amounts due from credit institutions

Amounts due from credit institutions comprise:

	31 March 2022 (unaudited)	31 December 2021
Term deposits and restricted accounts	511,801	550,272
Deposit pledged as collateral	34,228	31,029
Loans to credit institutions	23,897	21,022
	569,926	602,323
Less - Allowance for expected credit losses	(202)	(198)
Total amounts due from credit institutions	569,724	602,125

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

	31 March 2022 (unaudited)		31 December 2021	
	Interest rate, %	Maturity, year	Interest rate, %	Maturity, year
Term deposits and restricted accounts	0.3%-12.0%	2022-2023	0.3%-18.0%	2022-2023
Deposit pledged as collateral	0.4%-2.5%	2046	0.1%-2.5%	2046
Loans to credit institutions	2.3%-13.0%	2023	2.0%-13.0%	2023

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

	31 March 2022 (unaudited)	31 March 2021 (unaudited)
	Stage 1	Stage 1
At the beginning of the period	(198)	(261)
Changes in risk parameters	(13)	94
Foreign exchange differences and other movements	9	(3)
At the end of the period	(202)	(170)

8. Financial assets at fair value through other comprehensive income

Debt securities comprise:

	31 March 2022 (unaudited)	31 December 2021
Treasury bills of the Ministry of Finance of Kazakhstan	1,056,206	1,087,639
Bonds of JSC Development Bank of Kazakhstan	210,633	216,932
Corporate bonds	196,535	199,402
Bonds of foreign organisations	173,165	184,344
Eurobonds of foreign states	122,596	127,123
Bonds of Kazakhstan banks	12,804	13,818
Local municipal bonds	10,687	11,573
Notes of NBRK	4,961	21,685
	1,787,587	1,862,516

Equity securities comprise:

	31 March 2022 (unaudited)	31 December 2021
Equity securities of Kazakhstan corporations	9,261	9,161
	9,261	9,161
Total financial assets at fair value through other comprehensive income	1,796,848	1,871,677

As at 31 March 2022 and 31 December 2021, the allowance for expected credit losses on financial assets at fair value through other comprehensive income comprised KZT 3,134 million and KZT 2,677 million, respectively (Note 9).

As at 31 March 2022 and 31 December 2021, financial assets at fair value through other comprehensive income included Treasury bills of the Ministry of Finance of Kazakhstan at fair value of KZT 651,079 million and KZT 886,912 million, respectively, which were pledged under repurchase agreements with other banks (see Note 13). All repurchase agreements as at 31 March 2022 and 31 December 2021 mature before 29 April 2022 and 28 January 2022, 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.

	31 March 2022 (unaudited)		31 December 2021	
	Interest rate, %	Maturity, year	Interest rate, %	Maturity, year
Treasury bills of the Ministry of Finance of Kazakhstan	4.9%	2022-2045	4.6%	2022-2045
Bonds of JSC Development Bank of Kazakhstan	4.2%	2022-2032	5.1%	2022-2032
Corporate bonds	10.7%	2022-2047	10.1%	2022-2047
Bonds of foreign organisations	3.9%	2022-2027	3.4%	2022-2027
Eurobonds of foreign states	1.0%	2022-2025	1.0%	2022-2025
Bonds of Kazakhstan banks	11.7%	2022-2026	10.9%	2022-2026
Local municipal bonds	10.8%	2026	10.8%	2026
Notes of NBRK	9.6%	2022	9.2%	2022

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

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

	31 March 2022 (unaudited)	31 December 2021
Treasury bills of the Ministry of Finance of Kazakhstan	1,056,308	1,045,031
Corporate bonds	191,253	178,538
Bonds of foreign organizations	60,416	56,793
Notes of National Bank of Uzbekistan	4,425	-
Treasury bills of the Kyrgyz Republic	3,872	3,849
Notes of National Bank of Georgia	2,589	2,436
Bonds of Kazakhstan banks	1,668	1,531
Total debt securities at amortized cost, net of allowances for expected credit losses	1,320,531	1,288,178

As at 31 March 2022, the portfolio of debt securities measured at amortized cost less allowance for expected credit losses contains securities of Russian issuers in the amount of KZT 1,356 million. The issuers of these securities show no signs of deterioration in their financial condition, coupon payments are made on time, and these issuers are not subject to any sanctions.

As at 31 March 2022 and 31 December 2021, the allowance for expected credit losses on debt securities at amortized cost comprised KZT 532 million and KZT 545 million, respectively.

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Three Months ended 31 March 2022 (unaudited) (continued)
(millions of Kazakhstani Tenge)



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.

	31 March 2022 (unaudited)		31 December 2021	
	Interest rate, %	Maturity, year	Interest rate, %	Maturity, year
Treasury bills of the Ministry of Finance of Kazakhstan	9.3%	2022-2027	9.2%	2022-2027
Corporate bonds	3.3%	2024	3.2%	2024
Bonds of foreign organizations	1.5%	2023-2025	4.1%	2023-2025
Notes of National Bank of Uzbekistan	20.9%	2022	-	-
Treasury bills of the Kyrgyz Republic	9.8%	2022-2024	8.0%	2022-2024
Notes of National Bank of Georgia	9.6%	2024-2028	8.8%	2024-2028
Bonds of Kazakhstan banks	4.1%	2023	4.1%	2023

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:

	31 March 2022 (unaudited)				31 March 2021 (unaudited)		
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 3	Total
At the beginning of the period	(1,628)	-	(1,594)	(3,222)	(1,262)	(1,022)	(2,284)
Transfer to Stage 2	437	(437)	-	-	-	-	-
Changes in risk parameters*	(306)	(21)	(59)	(386)	85	(60)	25
New originations or purchases of financial assets*	(2)	-	-	(2)	(165)	-	(165)
Derecognition of financial assets*	2	-	-	2	-	-	-
Foreign exchange differences and other movements	(58)	-	-	(58)	2	(1)	1
At the end of the period	(1,555)	(458)	(1,653)	(3,666)	(1,340)	(1,083)	(2,423)

* 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".

10. Loans to customers

Loans to customers comprise:

	31 March 2022 (unaudited)	31 December 2021
Originated loans to customers	6,666,919	6,236,850
Overdrafts	16,020	13,410
	6,682,939	6,250,260
Stage 1	5,863,187	5,469,752
Stage 2	288,798	245,157
Stage 3	495,465	502,058
Purchased or originated credit-impaired assets ("POCI")	35,489	33,293
Total	6,682,939	6,250,260
Less – Allowance for expected credit losses	(400,609)	(378,032)
Loans to customers	6,282,330	5,872,228

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 three months ended 31 March 2022, average interest rate on loans was 12.8% (for the three months ended 31 March 2021 –12.6%).

As at 31 March 2022, the Group's loan concentration to the ten largest borrowers was KZT 1,242,885 million, which comprised 19% of the Group's total gross loan portfolio (as at 31 December 2021 – KZT 1,192,775 million, 19%) and 78% of the Group's total equity (as at 31 December 2021 – 76%).

As at 31 March 2022, the allowance for expected credit losses created against these loans was KZT 16,324 million (as at 31 December 2021 – KZT 5,026 million).

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Three Months ended 31 March 2022 (unaudited) (continued)
(millions of Kazakhstani Tenge)



As at 31 March 2022 and 31 December 2021, loans are granted to the following sectors:

	31 March 2022 (unaudited)	%	31 December 2021	%
Retail loans:				
- consumer loans	1,680,804	25%	1,625,469	26%
- mortgage loans	291,446	5%	286,712	5%
	1,972,250		1,912,181	
Services	757,827	11%	747,595	12%
Wholesale trade	542,716	8%	437,116	7%
Retail trade	379,268	6%	343,291	5%
Oil and gas	329,790	5%	332,966	5%
Chemical industry	323,673	5%	297,820	5%
Financial services	318,585	5%	248,777	4%
Real estate	318,441	5%	306,401	5%
Energy	303,162	4%	301,949	5%
Construction	239,210	4%	220,524	4%
Transportation	216,940	3%	155,590	2%
Agriculture	212,622	3%	200,405	3%
Food industry	190,411	3%	176,100	3%
Mining	125,436	2%	118,584	2%
Machinery	114,778	2%	113,060	2%
Metallurgy	93,080	1%	95,767	2%
Communication	79,280	1%	76,359	1%
Hotel industry	53,767	1%	58,591	1%
Light industry	38,792	0%	37,896	0%
Other	72,911	1%	69,288	1%
	6,682,939	100%	6,250,260	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 first quarter of 2022 and 2021.

As at 31 March 2022, accrued interest on loans comprised KZT 167,948 million (31 December 2021 – KZT 173,466 million).

During the three months ended 31 March 2022 and 2021, the Group received financial and non-financial assets by taking possession of collateral it held as security. As at 31 March 2022 and 31 December 2021, such assets of KZT 957 million and KZT 14,524 million, respectively, are included in assets classified as held for sale.

As at 31 March 2022 and 31 December 2021, loans to customers included loans of KZT 303,502 million and KZT 329,185 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 Three Months ended 31 March 2022 (unaudited) (continued)
(millions of Kazakhstani Tenge)

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

	31 March 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	14,288	(8,376)	(5,912)	-	-
Transfer to Stage 2	(94,214)	97,136	(2,922)	-	-
Transfer to Stage 3	(44,423)	(7,529)	51,952	-	-
New originations or purchases of financial assets	1,347,926	-	-	-	1,347,926
Assets derecognised or repaid	(545,798)	(25,884)	(25,343)	-	(597,025)
Write-offs	-	-	(10,940)	-	(10,940)
Changes in the gross value of financial assets*	(284,344)	(11,706)	(13,428)	2,196	(307,282)
At the end of the period	5,863,187	288,798	495,465	35,489	6,682,939

	31 March 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	4,075	(2,855)	(1,220)	-	-
Transfer to Stage 2	(69,805)	70,400	(595)	-	-
Transfer to Stage 3	(21,063)	-	21,063	-	-
New originations or purchases of financial assets	858,316	-	-	-	858,316
Assets derecognised or repaid	(337,790)	(21,194)	(20,230)	-	(379,214)
Changes in the gross value of financial assets*	(55,100)	(13,507)	(3,576)	1,428	(70,755)
At the end of the period	3,213,238	230,058	229,715	28,402	3,701,413

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Three Months ended 31 March 2022 (unaudited) (continued)
(millions of Kazakhstani Tenge)

	31 March 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	3,773	(2,190)	(1,583)	-	-
Transfer to Stage 2	(10,948)	12,612	(1,664)	-	-
Transfer to Stage 3	(16,963)	(5,395)	22,358	-	-
New originations or purchases of financial assets	275,861	-	-	-	275,861
Assets derecognised or repaid	(89,514)	(309)	(4,373)	-	(94,196)
Write-offs	-	-	(5,198)	-	(5,198)
Changes in the gross value of financial assets*	(119,432)	5,392	(2,358)	-	(116,398)
At the end of the period	1,801,455	21,743	149,052	-	1,972,250

	31 March 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	6,440	(3,331)	(3,109)	-	-
Transfer to Stage 2	(13,461)	14,124	(663)	-	-
Transfer to Stage 3	(6,397)	(2,134)	8,531	-	-
New originations or purchases of financial assets	213,749	-	-	-	213,749
Assets derecognised or repaid	(118,494)	(4,381)	(740)	-	(123,615)
Write-offs	-	-	(5,742)	-	(5,742)
Changes in the gross value of financial assets*	(109,812)	(3,591)	(7,494)	768	(120,129)
At the end of the period	848,494	36,997	116,698	7,087	1,009,276

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Three Months ended 31 March 2022 (unaudited) (continued)
(millions of Kazakhstani Tenge)

	31 March 2021 (unaudited)				
	Stage 1	Stage 2	Stage 3	POCI	Total
At the beginning of the period	4,015,322	216,589	533,519	58,886	4,824,316
Transfer to Stage 1	13,370	(9,392)	(3,978)	-	-
Transfer to Stage 2	(117,976)	119,413	(1,437)	-	-
Transfer to Stage 3	(72,101)	(27,498)	99,599	-	-
New originations or purchases of financial assets	1,659,673	-	-	-	1,659,673
Assets derecognised or repaid	(986,279)	(12,534)	(43,269)	(909)	(1,042,991)
Write-offs	-	-	(5,075)	-	(5,075)
Changes in the gross value of financial assets*	(470,928)	(57,937)	(41,047)	(1,230)	(571,142)
At the end of the period	4,041,081	228,641	538,312	56,747	4,864,781

	31 March 2021 (unaudited)				
	Stage 1	Stage 2	Stage 3	POCI	Total
Corporate Business					
At the beginning of the period	2,199,629	176,581	258,682	49,598	2,684,490
Transfer to Stage 1	2,422	(2,422)	-	-	-
Transfer to Stage 2	(49,381)	49,381	-	-	-
Transfer to Stage 3	(18,174)	(9,599)	27,773	-	-
New originations or purchases of financial assets	521,099	-	-	-	521,099
Assets derecognised or repaid	(354,022)	(4,988)	(13,621)	(909)	(373,540)
Changes in the gross value of financial assets*	(120,682)	(20,631)	(13,659)	151	(154,821)
At the end of the period	2,180,891	188,322	259,175	48,840	2,677,228

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Three Months ended 31 March 2022 (unaudited) (continued)
(millions of Kazakhstani Tenge)

	31 March 2021 (unaudited)				
Retail Business	Stage 1	Stage 2	Stage 3	POCI	Total
At the beginning of the period	1,161,588	14,660	159,301	-	1,335,549
Transfer to Stage 1	7,570	(4,812)	(2,758)	-	-
Transfer to Stage 2	(59,335)	60,427	(1,092)	-	-
Transfer to Stage 3	(38,741)	(15,078)	53,819	-	-
New originations or purchases of financial assets	930,509	-	-	-	930,509
Assets derecognised or repaid	(522,013)	(5,388)	(25,652)	-	(553,053)
Write-offs	-	-	(5,075)	-	(5,075)
Changes in the gross value of financial assets*	(268,803)	(37,439)	(25,367)	-	(331,609)
At the end of the period	1,210,775	12,370	153,176	-	1,376,321

	31 March 2021 (unaudited)				
SME Business	Stage 1	Stage 2	Stage 3	POCI	Total
At the beginning of the period	654,105	25,348	115,536	9,288	804,277
Transfer to Stage 1	3,378	(2,158)	(1,220)	-	-
Transfer to Stage 2	(9,260)	9,605	(345)	-	-
Transfer to Stage 3	(15,186)	(2,821)	18,007	-	-
New originations or purchases of financial assets	208,065	-	-	-	208,065
Assets derecognised or repaid	(110,244)	(2,158)	(3,996)	-	(116,398)
Write-offs	-	-	-	-	-
Changes in the gross value of financial assets*	(81,443)	133	(2,021)	(1,381)	(84,712)
At the end of the period	649,415	27,949	125,961	7,907	811,232

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Three Months ended 31 March 2022 (unaudited) (continued)
(millions of Kazakhstani Tenge)



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

	31 March 2022 (unaudited)				
	Stage 1	Stage 2	Stage 3	POCI	Total
At the beginning of the period	(69,846)	(48,369)	(240,242)	(19,575)	(378,032)
Transfer to Stage 1	(2,184)	786	1,398	-	-
Transfer to Stage 2	11,144	(11,693)	549	-	-
Transfer to Stage 3	16,628	1,383	(18,011)	-	-
Changes in risk parameters*	(5,151)	(5,414)	(1,319)	218	(11,666)
New originations or purchases of financial assets*	(39,746)	-	-	-	(39,746)
Derecognition of financial assets*/**	4,659	8,072	14,883	-	27,614
Recoveries of allowances on previously written-off assets	-	-	(2,117)	(854)	(2,971)
Write-offs	-	-	10,940	-	10,940
Foreign exchange differences and other movements	(520)	(655)	(3,452)	(2,121)	(6,748)
At the end of the period	(85,016)	(55,890)	(237,371)	(22,332)	(400,609)

	31 March 2022 (unaudited)				
	Stage 1	Stage 2	Stage 3	POCI	Total
Corporate Business					
At the beginning of the period	(5,786)	(42,199)	(127,195)	(16,698)	(191,878)
Transfer to Stage 1	(45)	-	45	-	-
Transfer to Stage 2	10,365	(10,382)	17	-	-
Transfer to Stage 3	14,708	-	(14,708)	-	-
Changes in risk parameters*	(31)	(2,553)	5,589	265	3,270
New originations or purchases of financial assets*	(28,170)	-	-	-	(28,170)
Derecognition of financial assets*/**	1,285	7,773	13,569	-	22,627
Recoveries of allowances on previously written-off assets	-	-	(1,234)	(854)	(2,088)
Foreign exchange differences and other movements	(335)	(593)	(1,886)	(2,085)	(4,899)
At the end of the period	(8,009)	(47,954)	(125,803)	(19,372)	(201,138)

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Three Months ended 31 March 2022 (unaudited) (continued)
(millions of Kazakhstani Tenge)

	31 March 2022 (unaudited)				
Retail Business	Stage 1	Stage 2	Stage 3	POCI	Total
At the beginning of the period	(54,991)	(4,332)	(61,020)	-	(120,343)
Transfer to Stage 1	(1,238)	424	814	-	-
Transfer to Stage 2	556	(904)	348	-	-
Transfer to Stage 3	1,259	1,153	(2,412)	-	-
Changes in risk parameters*	(4,468)	(1,611)	(6,147)	-	(12,226)
New originations or purchases of financial assets*	(8,816)	-	-	-	(8,816)
Derecognition of financial assets*/**	2,544	43	311	-	2,898
Recoveries of allowances on previously written-off assets	-	-	(324)	-	(324)
Write-offs	-	-	5,198	-	5,198
Foreign exchange differences and other movements	(69)	(72)	(720)	-	(861)
At the end of the period	(65,223)	(5,299)	(63,952)	-	(134,474)

	31 March 2022 (unaudited)				
SME Business	Stage 1	Stage 2	Stage 3	POCI	Total
At the beginning of the period	(9,069)	(1,838)	(52,027)	(2,877)	(65,811)
Transfer to Stage 1	(901)	362	539	-	-
Transfer to Stage 2	223	(407)	184	-	-
Transfer to Stage 3	661	230	(891)	-	-
Changes in risk parameters*	(652)	(1,250)	(761)	(47)	(2,710)
New originations or purchases of financial assets*	(2,760)	-	-	-	(2,760)
Derecognition of financial assets*/**	830	256	1,003	-	2,089
Recoveries of allowances on previously written-off assets	-	-	(559)	-	(559)
Write-offs	-	-	5,742	-	5,742
Foreign exchange differences and other movements	(116)	10	(846)	(36)	(988)
At the end of the period	(11,784)	(2,637)	(47,616)	(2,960)	(64,997)

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Three Months ended 31 March 2022 (unaudited) (continued)
(millions of Kazakhstani Tenge)

31 March 2021 (unaudited)

	Stage 1	Stage 2	Stage 3	POCI	Total
At the beginning of the period	(55,831)	(37,479)	(266,657)	(18,074)	(378,041)
Transfer to Stage 1	(1,923)	492	1,431	-	-
Transfer to Stage 2	517	(1,178)	661	-	-
Transfer to Stage 3	1,303	617	(1,920)	-	-
Changes in risk parameters*	18,787	(8,433)	(8,857)	733	2,230
New originations or purchases of financial assets*	(24,465)	-	-	-	(24,465)
Derecognition of financial assets*/**	3,722	755	12,283	392	17,152
Recoveries of allowances on previously written-off assets	-	-	(1,301)	(337)	(1,638)
Write-offs	-	-	5,075	-	5,075
Foreign exchange differences and other movements	(167)	(121)	(3,904)	(451)	(4,643)
At the end of the period	(58,057)	(45,347)	(263,189)	(17,737)	(384,330)

31 March 2021 (unaudited)

	Stage 1	Stage 2	Stage 3	POCI	Total
Corporate Business					
At the beginning of the period	(8,629)	(33,208)	(152,404)	(17,071)	(211,312)
Transfer to Stage 2	59	(59)	-	-	-
Transfer to Stage 3	34	613	(647)	-	-
Changes in risk parameters*	15,324	(5,225)	(1,173)	1,246	10,172
New originations or purchases of financial assets*	(13,703)	-	-	-	(13,703)
Derecognition of financial assets*/**	300	429	9,617	-	10,346
Recoveries of allowances on previously written-off assets	-	-	-	(337)	(337)
Foreign exchange differences and other movements	(618)	(246)	(3,763)	(451)	(5,078)
At the end of the period	(7,233)	(37,696)	(148,370)	(16,613)	(209,912)

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Three Months ended 31 March 2022 (unaudited) (continued)
(millions of Kazakhstani Tenge)

Retail Business	31 March 2021 (unaudited)				
	Stage 1	Stage 2	Stage 3	POCI	Total
At the beginning of the period	(39,972)	(2,909)	(68,954)	-	(111,835)
Transfer to Stage 1	(1,695)	421	1,274	-	-
Transfer to Stage 2	374	(980)	606	-	-
Transfer to Stage 3	977	-	(977)	-	-
Changes in risk parameters*	3,485	(2,904)	(2,988)	-	(2,407)
New originations or purchases of financial assets*	(8,097)	-	-	-	(8,097)
Derecognition of financial assets*/**	2,490	288	2,326	-	5,104
Recoveries of allowances on previously written-off assets	-	-	(1,301)	-	(1,301)
Write-offs	-	-	5,075	-	5,075
Foreign exchange differences and other movements	492	161	(9)	-	644
At the end of the period	(41,946)	(5,923)	(64,948)	-	(112,817)

SME Business	31 March 2021 (unaudited)				
	Stage 1	Stage 2	Stage 3	POCI	Total
At the beginning of the period	(7,230)	(1,362)	(45,299)	(1,003)	(54,894)
Transfer to Stage 1	(228)	71	157	-	-
Transfer to Stage 2	84	(139)	55	-	-
Transfer to Stage 3	292	4	(296)	-	-
Changes in risk parameters*	(22)	(304)	(4,696)	(513)	(5,535)
New originations or purchases of financial assets*	(2,665)	-	-	-	(2,665)
Derecognition of financial assets*/**	932	38	340	392	1,702
Recoveries of allowances on previously written-off assets	-	-	-	-	-
Write-offs	-	-	-	-	-
Foreign exchange differences and other movements	(41)	(36)	(132)	-	(209)
At the end of the period	(8,878)	(1,728)	(49,871)	(1,124)	(61,601)

* 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 allowances for expected credit losses on fully repaid loans to customers.

During the three months ended 31 March 2022 and 2021, the Group has written off loans of KZT 10,940 million and KZT 5,075 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 three months ended 31 March 2022, credit loss expense on loans to customers comprised KZT 23,798 million (31 March 2021 – KZT 5,083 million). The increase in expected credit loss expense in the first quarter of 2022 is due to an increase in the retail portfolio and the impact of the macro parameters used.

11. Insurance contract assets and liabilities

Insurance contract assets comprised the following:

	31 March 2022 (unaudited)	31 December 2021
Reinsurers' share of unearned premium reserve	32,384	13,653
Reinsurers' share of reserves for claims	11,415	18,934
Premiums receivable	43,799	32,587
	37,511	21,524
Total insurance contract assets	81,310	54,111

Insurance contract liabilities comprised the following:

	31 March 2022 (unaudited)	31 December 2021
Reserves for insurance claims	186,352	180,373
Gross unearned insurance premium reserve	66,572	44,253
	252,924	224,626
Payables to reinsurers and agents	25,702	15,655
Total insurance contract liabilities	278,626	240,281

12. Amounts due to customers

Amounts due to customers include the following:

	31 March 2022 (unaudited)	31 December 2021
Recorded at amortised cost:		
Term deposits:		
Individuals	3,747,362	3,674,572
Legal entities	2,401,701	2,046,999
	6,149,063	5,721,571
Current accounts:		
Legal entities	2,397,004	2,011,305
Individuals	748,356	740,531
	3,145,360	2,751,836
	9,294,423	8,473,407

As at 31 March 2022, the Group's ten largest groups of related customers accounted for approximately 20% of the total amounts due to customers (31 December 2021 – 20%), where each group of related customers represents customers related to each other within that group.

As at 31 March 2022, amounts due to customers included amounts held as collateral of KZT 212,722 million (31 December 2021 – KZT 119,885 million).

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

An analysis of customer accounts by sector is as follows:

	31 March 2022 (unaudited)	%	31 December 2021	%
Individuals and entrepreneurs	4,495,718	48%	4,415,103	52%
Other consumer services	946,237	10%	767,535	9%
Financial sector	728,293	8%	711,392	8%
Oil and gas	696,805	8%	471,553	6%
Wholesale trade	490,491	5%	336,007	4%
Construction	285,558	3%	259,836	3%
Healthcare and social services	282,448	3%	246,109	3%
Transportation	281,545	3%	258,282	3%
Metallurgy	205,205	2%	187,437	2%
Communication	158,123	2%	116,694	1%
Education	106,307	1%	80,260	1%
Insurance and pension funds activity	90,837	1%	77,109	1%
Energy	77,167	1%	43,678	1%
Government and state-controlled companies	74,914	1%	110,568	1%
Other	374,775	4%	391,844	5%
	9,294,423	100%	8,473,407	100%

13. Amounts due to credit institutions

Amounts due to credit institutions comprise:

	31 March 2022 (unaudited)	31 December 2021
Recorded at amortised cost:		
Loans and deposits from Kazakhstan banks (incl. loans under repurchase agreements)	663,986	889,941
Loans from JSC Entrepreneurship Development Fund DAMU	83,871	83,878
Loans from JSC Development Bank of Kazakhstan	47,695	47,451
Correspondent accounts	32,348	25,856
Loans from other financial institutions	31,419	1,507
Loans and deposits from OECD based banks	15,000	-
Loans and deposits from non-OECD based banks	7,722	22,943
Loans from JSC "National Managing Holding "Baiterek"	66	66
	882,107	1,071,642

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

	31 March 2022 (unaudited)		31 December 2021	
	Interest rate, %	Maturity, year	Interest rate, %	Maturity, Year
Loans and deposits from Kazakhstan banks (incl. loans under repurchase agreements)	10.8%-19.0%	2022-2027	8.8%-11.5%	2022
Loans from JSC Entrepreneurship Development Fund DAMU	1.0%-9.0%	2022-2035	1.0%-9.0%	2022-2035
Loans from JSC Development Bank of Kazakhstan	1.0%-2.0%	2029-2037	1.0%-2.0%	2029-2037
Loans and deposits from non-OECD based banks	3.5%-12.0%	2022	2.5%-10.5%	2022
Loans from other financial institutions	2.0%-10.0%	2023-2026	4.0%-10.0%	2023-2026
Loans from JSC "National Managing Holding "Baiterek"	3.0%	2022	3.0%	2022
Loans and deposits from OECD based banks	12.0%	2022	-	-

The fair value of assets pledged (Note 8) and the carrying value of loans included in loans and deposits from Kazakhstan banks under repurchase agreements as at 31 March 2022 and 31 December 2021, are as follows:

	31 March 2022 (unaudited)		31 December 2021	
	Fair value of collateral	Carrying amount of loans	Fair value of collateral	Carrying amount of loans
Treasury bills of the Ministry of Finance of Kazakhstan	651,079	658,494	886,912	882,990
	651,079	658,494	886,912	882,990

Details of transferred financial assets that are not derecognised in their entirety as at 31 March 2022 and 31 December 2021, are disclosed below.

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

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.

	Financial assets at fair value through other comprehensive income (Note 8)
As at 31 March 2022 (unaudited):	
Carrying amount of transferred assets	651,079
Carrying amount of associated liabilities	658,494
As at 31 December 2021:	
Carrying amount of transferred assets	886,912
Carrying amount of associated liabilities	882,990

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

14. Debt securities issued

Debt securities issued comprise:

	31 March 2022 (unaudited)	31 December 2021
Recorded at amortised cost:		
Subordinated debt securities issued:		
KZT denominated bonds, fixed rate	90,095	86,952
Total subordinated debt securities outstanding	90,095	86,952
Unsubordinated debt securities issued:		
KZT denominated bonds	231,673	333,310
USD denominated bonds	86,550	79,550
Total unsubordinated debt securities outstanding	318,223	412,860
Total debt securities outstanding	408,318	499,812

On 19 January 2022, the Group redeemed local unsubordinated bonds denominated in KZT with a coupon rate of 8.75% and maturity in 2022 in amount of KZT 93,632 million. The repayment was made from the Group's own funds.

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

	31 December 2022		31 December 2021	
	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:				
KZT denominated bonds	7.5%	2022-2025	7.5%-8.8%	2022-2025
USD denominated bonds	3.0%	2022	3.0%-7.3%	2021-2022

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.

	1 January 2022	Financing cash flows	Non-cash changes		31 March 2022 (unaudited)
			Foreign exchange movement	Changes in amortised cost	
Debt securities issued	499,812	(93,632)	6,399	(4,261)	408,318

	1 January 2021	Financing cash flows	Non-cash changes		31 March 2021 (unaudited)
			Foreign exchange movement	Changes in amortised cost	
Debt securities issued	778,192	(305,470)	3,714	(3,333)	473,103

15. Taxation

The income tax expense comprises:

	Three months ended 31 March 2022 (unaudited)	Three months ended 31 March 2021 (unaudited)
Current income tax expense	16,375	9,907
Deferred income tax expense/(benefit)	4,786	(195)
Total income tax expense	21,161	9,712

The Group's effective income tax rate for the three months ended 31 March 2022 was 14.5% (for the three months ended 31 March 2021: 9.1%). The change in the effective income tax rates for the three months ended 31 March 2022 and 2021 is mainly caused by change in tax-exempt interest income and other related income on state and other qualifying securities amounts as compared to the prior year.

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.

16. Equity

The number of shares authorised, issued and fully paid as at 31 March 2022 and 31 December 2021, were as follows:

	Share capital authorised	Share capital authorised and not issued	Fully paid and issued share capital	Share capital repurchased	Outstanding shares
31 March 2022 (unaudited):					
Common	25,000,000,000	(11,552,455,218)	13,447,544,782	(2,551,560,306)	10,895,984,476
31 December 2021:					
Common	25,000,000,000	(11,552,455,218)	13,447,544,782	(2,551,539,932)	10,896,004,850

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 2020	11,684,340,715	98,000
Purchase common shares	(845,775,545)	(153,973)
Purchases of treasury shares	(24,003,844)	(3,541)
Sale of treasury shares	81,443,524	9,219
31 December 2021	10,896,004,850	(50,295)
Purchases of treasury shares	(11,643,799)	(1,335)
Sale of treasury shares	11,623,425	1,436
31 March 2022 (unaudited)	10,895,984,476	(50,194)

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 31 March 2022 and 31 December 2021, share capital comprised KZT 209,027 million.

As at 31 March 2022, the Group held 2,551,560,306 shares of the Group's common shares as treasury shares at KZT 259,221 million (31 December 2021 – 2,551,539,932 shares at KZT 259,322 million).

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

Share premium reserve

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

17. Commitments and contingencies, provisions

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

	31 March 2022 (unaudited)	31 December 2021
Guarantees issued	557,633	626,319
Commercial letters of credit	92,262	65,267
Commitments to extend credit	59,623	58,101
Financial commitments and contingencies	709,518	749,687
Less: cash collateral against letters of credit	(67,248)	(35,469)
Less: provisions	(14,780)	(13,193)
Financial commitments and contingencies, net	627,490	701,025

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 31 March 2022, uncovered guarantees issued for the ten largest groups of customers/groups of customers accounted for 56% of the Group's total financial guarantees (31 December 2021 – 60%) and represented 20% of the Group's total equity (31 December 2021 – 24%).

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 31 March 2022, the ten largest unsecured letters of credit accounted for 27% of the Group's total commercial letters of credit (31 December 2021 – 44%) and represented 2% of the Group's total equity (31 December 2021 – 2%).

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

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

Selected Explanatory Notes to the Interim Condensed
Consolidated Financial Information for the Three Months
ended 31 March 2022 (unaudited) (continued)
(millions of Kazakhstani Tenge)



The movements in provisions were as follows:

	31 March 2022 (unaudited)			
	Stage 1	Stage 2	Stage 3	Total
At the beginning of the period	(306)	(6,433)	(6,454)	(13,193)
Transfer to Stage 2	2	(6)	4	-
Transfer to Stage 3	2,249	-	(2,249)	-
(Additional provisions recognized)/recoveries	(2,263)	27	747	(1,489)
Foreign exchange differences	32	(72)	(58)	(98)
At the end of the period	(286)	(6,484)	(8,010)	(14,780)

	31 March 2021 (unaudited)			
	Stage 1	Stage 2	Stage 3	Total
At the beginning of the period	(640)	(1,343)	(7,304)	(9,287)
(Additional provisions recognized)/recoveries	(20)	(1,403)	306	(1,117)
Foreign exchange differences	(1)	16	273	288
At the end of the period	(661)	(2,730)	(6,725)	(10,115)

Capital commitments

As at 31 March 2022, the Group had capital expenditures commitments in respect of construction in progress for KZT 4,800 million (31 December 2021 – KZT 5,998 million).

Operating lease commitments

There were no material operating lease commitments under irrevocable operating leases outstanding as at 31 March 2022 and 31 December 2021.

18. Net interest income

	Three months ended 31 March 2022 (unaudited)	Three months ended 31 March 2021 (unaudited)
Interest income:		
Loans to customers	192,637	136,508
- <i>Corporate business</i>	87,055	59,705
- <i>Retail business</i>	77,404	57,165
- <i>SME business</i>	28,178	19,638
Debt securities at amortised cost, net of allowance for expected credit losses	25,396	24,787
Financial assets at fair value through other comprehensive income	23,795	20,463
Amounts due from credit institutions and cash and cash equivalents	3,781	4,381
Other financial assets	1,810	2,236
Interest income calculated using effective interest method	247,419	188,375
Financial assets at fair value through profit or loss	6,357	5,262
Other interest income	6,357	5,262
Total interest income	253,776	193,637
Interest expense:		
Amounts due to customers	(82,864)	(65,536)
- <i>Individuals</i>	(45,173)	(37,886)
- <i>Legal entities</i>	(37,691)	(27,650)
Debt securities issued	(8,888)	(13,028)
Amounts due to credit institutions	(17,276)	(1,948)
Other interest and similar expense	(151)	(322)
Other financial liabilities	(209)	(236)
Total interest expense	(109,388)	(81,070)
Net interest income before credit loss expense	144,388	112,567

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

The total interest income calculated using the EIR method for financial assets measured at amortised cost is KZT 250,624 million for the three months ended 31 March 2022 (for the three months ended 31 March 2021: KZT 167,912 million).

19. Fees and commissions

Fee and commission income is derived from the following sources:

	Three months ended 31 March 2022 (unaudited)	Three months ended 31 March 2021 (unaudited)
Plastic card operations	20,645	18,186
Bank transfers – settlements	4,572	4,962
Letters of credit and guarantees issued	3,101	2,478
Cash operations	2,289	2,245
Servicing customers' pension payments	1,544	2,202
Maintenance of customer accounts	1,034	905
Bank transfers – salary projects	916	1,145
Other	2,583	1,593
Loyalty program	(3,162)	(1,723)
Total fee and commission income	33,522	31,993

Fee and commission expense comprises the following:

	Three months ended 31 March 2022 (unaudited)	Three months ended 31 March 2021 (unaudited)
Payment cards	(16,696)	(13,143)
Deposit insurance	(1,418)	(1,536)
Bank transfers	(615)	(471)
Cash operations	(560)	(138)
Commission paid to collectors	(36)	(30)
Other	(1,017)	(550)
Total fee and commission expense	(20,342)	(15,868)

20. 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 31 March 2022 (unaudited)	Three months ended 31 March 2021 (unaudited)
Net gain on operations with financial assets and liabilities classified as held for trading:		
Unrealized net gain on derivative operations	31,567	5,246
Realized net (loss)/gain on derivative operations	(511)	2,724
Net (loss)/gain on trading operations	(11,218)	2,712
Total net gain on operations with financial assets and liabilities classified as held for trading	19,838	10,682

21. Net gain on foreign exchange operations

Net gain on foreign exchange operations comprises:

	Three months ended 31 March 2022 (unaudited)	Three months ended 31 March 2021 (unaudited)
Translation differences, net	(11,646)	(5,461)
Dealing, net	38,293	7,219
Total net gain on foreign exchange operations	26,647	1,758

22. Insurance underwriting income

Insurance underwriting income/(expense) comprises:

	Three months ended 31 March 2022 (unaudited)	Three months ended 31 March 2021 (unaudited)
Insurance premiums written, gross	66,208	63,771
Ceded reinsurance share	(32,409)	(26,278)
Change in unearned insurance premiums, net	(3,552)	(6,915)
Total insurance underwriting income	30,247	30,578
Insurance reserves expenses	(13,509)	(10,519)
Insurance payments	(8,430)	(6,574)
Commissions to agents	(7,906)	(7,397)
Total insurance claims incurred, net of reinsurance	(29,845)	(24,490)
Net insurance income	402	6,088

23. Operating expenses

Operating expenses comprises:

	Three months ended 31 March 2022 (unaudited)	Three months ended 31 March 2021 (unaudited)
Salaries and other employee benefits	25,681	22,651
Depreciation and amortization expenses	3,999	3,673
Charity	3,874	14
Taxes other than income tax	2,054	1,962
Communication	1,754	1,203
Information services	1,668	1,767
Security	1,486	1,239
Utilities expenses	1,216	1,131
Rent	677	735
Advertisement	662	349
Repairs and maintenance	489	845
Stationery and office supplies	466	393
Professional services	342	380
Other	1,238	831
Total operating expenses	45,606	37,173

In response to the economic implications of January events, the Government has prepared initiatives designed to address the current crisis. A special charitable fund “For the People of Kazakhstan”, which is funded from private and public sources, is established to support citizens of Kazakhstan in the field of healthcare, education and provide other social support. The Group has contributed KZT 3 billion to the fund, which are part of charity expenses.

24. Income on non-banking activities

	Three months ended 31 March 2022 (unaudited)	Three months ended 31 March 2021 (unaudited)
Net gain on sale of commercial property	4,329	2,776
Net gain on sale of investment property	317	6
Net loss on sale of assets classified as held for sale	(555)	-
Other income on non-banking activities	637	801
Income on non-banking activities	4,728	3,583

25. 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 31 March 2022 (unaudited)	Three months ended 31 March 2021 (unaudited)
Basic and diluted earnings per share		
Net profit for the period attributable to equity holders of the parent	124,237	96,828
Earnings for the period attributable to common shareholders	124,237	96,828
Weighted average number of common shares for the purposes of basic and diluted earnings per share	10,895,942,252	11,690,219,232
Basic and diluted earnings per share (in Tenge)	11.40	8.28

As required by KASE rules for listed companies, the book value of one share per each class of shares as at 31 March 2022 and 31 December 2021, is disclosed as follows:

Class of shares	Outstanding shares	Equity (as calculated per KASE rules)	31 March 2022 (unaudited)
			Book value of one share, in KZT
Common	10,895,984,476	1,584,144	145.39
		1,584,144	
			31 December 2021
Class of shares	Outstanding shares	Equity (as calculated per KASE rules)	Book value of one share, in KZT
Common	10,896,004,850	1,560,057	143.18
		1,560,057	

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.

26. Financial risk management

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

The Group's significant policies and procedures related to financial risk management has not changed in the first quarter of 2022 and are disclosed in the annual consolidated financial statements for the year ended 31 December 2021.

Liquidity Risk

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 which are included in the column "Less than 1 month" as they are available to meet the Group's short-term liquidity needs.

	31 March 2022 (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	1,611,889	72,254	-	-	-	1,684,143
Obligatory reserves	101,921	14,294	52,160	22,989	8,544	199,908
Financial assets at fair value through profit or loss	269,864	344	1,958	5,549	27,037	304,752
Amounts due from credit institutions	76,091	6,576	472,449	14,607	1	569,724
Financial assets at fair value through other comprehensive income	20,672	54,582	214,460	1,236,199	270,935	1,796,848
Debt securities at amortised cost, net of allowance for expected credit losses	4	6,920	354,427	708,334	250,846	1,320,531
Loans to customers	231,723	586,639	3,432,420	1,867,274	164,274	6,282,330
Other financial assets	19,315	3,887	3,702	40,084	155	67,143
	2,331,479	745,496	4,531,576	3,895,036	721,792	12,225,379
FINANCIAL LIABILITIES:						
Amounts due to customers	4,738,635	664,561	2,425,103	1,068,875	397,249	9,294,423
Amounts due to credit institutions	714,922	175	31,878	21,413	113,719	882,107
Debt securities issued	86,547	2,750	5,560	312,589	872	408,318
Financial liabilities at fair value through profit or loss	5,220	-	267	293	398	6,178
Other financial liabilities	103,388	1,538	2,778	8,164	-	115,868
	5,648,712	669,024	2,465,586	1,411,334	512,238	10,706,894
Net position	(3,317,233)	76,472	2,065,990	2,483,702	209,554	1,518,485
Accumulated gap	(3,317,233)	(3,240,761)	(1,174,771)	1,308,931	1,518,485	

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Three Months ended 31 March 2022 (unaudited) (continued)
(millions of Kazakhstani Tenge)



	31 December 2021					
	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	1,425,776	12,745	-	-	-	1,438,521
Obligatory reserves	124,301	15,340	47,272	7,671	347	194,931
Financial assets at fair value through profit or loss	278,518	8	-	194	4,613	283,333
Amounts due from credit institutions	77,851	74,735	448,040	1,497	2	602,125
Financial assets at fair value through other comprehensive income	52,836	48,811	219,577	1,254,770	295,683	1,871,677
Debt securities at amortised cost, net of allowance for expected credit losses	11,992	1,559	329,197	694,656	250,774	1,288,178
Loans to customers	180,410	401,881	3,333,341	1,790,844	165,752	5,872,228
Other financial assets	15,146	6,281	4,044	42,006	3,756	71,233
	2,166,830	561,360	4,381,471	3,791,638	720,927	11,622,226
FINANCIAL LIABILITIES:						
Amounts due to customers	4,040,155	946,963	2,363,147	721,714	401,428	8,473,407
Amounts due to credit institutions	889,465	49,375	903	18,350	113,549	1,071,642
Financial liabilities at fair value through profit or loss	1,566	-	107	142	461	2,276
Debt securities issued	101,473	3,785	82,265	300,797	11,492	499,812
Other financial liabilities	90,772	688	16,752	1,184	-	109,396
	5,123,431	1,000,811	2,463,174	1,042,187	526,930	10,156,533
Net position	(2,956,601)	(439,451)	1,918,297	2,749,451	193,997	1,465,693
Accumulated gap	(2,956,601)	(3,396,052)	(1,473,781)	1,271,696	1,465,693	

The change in liquidity gaps during the reporting period is associated with a change in the volume and/or structure of liquid assets, a change in the maturity structure of the Group's assets and liabilities, including due to a change in the maturity of assets (reduction/increase in the maturity of the portfolio of securities, loans to customers) and liabilities (reduction/increase in funds of amounts due to customers, amounts due to credit institutions, for debt securities issued).

As at 31 March 2022 and 31 December 2021 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.

Currency Risk

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

	31 March 2022 (unaudited)						
	USD	EURO	RUR	Other	Total foreign currencies	KZT	Total
FINANCIAL ASSETS:							
Cash and cash equivalents	1,378,636	77,416	30,916	57,493	1,544,461	139,682	1,684,143
Obligatory reserves	73,437	12,051	490	5,179	91,157	108,751	199,908
Financial assets at fair value through profit or loss	26,019	2,590	35,137	1,266	65,012	239,740	304,752
Amounts due from credit institutions	516,384	5,319	1	24,569	546,273	23,451	569,724
Financial assets at fair value through other comprehensive income	1,030,724	123,509	11,930	-	1,166,163	630,685	1,796,848
Debt securities at amortised cost, net of allowance for expected credit losses	249,761	-	3,576	10,886	264,223	1,056,308	1,320,531
Loans to customers	1,028,875	56,120	93,330	86,687	1,265,012	5,017,318	6,282,330
Other financial assets	3,246	351	3,110	2,336	9,043	58,100	67,143
	4,307,082	277,356	178,490	188,416	4,951,344	7,274,035	12,225,379
FINANCIAL LIABILITIES							
Amounts due to customers	4,154,904	236,078	75,048	113,793	4,579,823	4,714,600	9,294,423
Amounts due to credit institutions	28,880	5,126	2,082	1,929	38,017	844,090	882,107
Financial liabilities at fair value through profit or loss	2,783	132	959	704	4,578	1,600	6,178
Debt securities issued	86,567	-	-	872	87,439	320,879	408,318
Other financial liabilities	2,597	383	7,500	2,818	13,298	102,570	115,868
	4,275,731	241,719	85,589	120,116	4,723,155	5,983,739	10,706,894
Net position – on-balance	31,351	35,637	92,901	68,300	228,189	1,290,296	1,518,485
Net position – off-balance	28,417	(33,151)	(47,023)	888	(50,869)	57,730	
Net position	59,768	2,486	45,878	69,188	177,320	1,348,026	

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Three Months ended 31 March 2022 (unaudited) (continued)
(millions of Kazakhstani Tenge)



31 December 2021

	USD	EURO	RUR	Other	Total foreign currencies	KZT	Total
FINANCIAL ASSETS:							
Cash and cash equivalents	870,407	37,178	28,701	64,431	1,000,717	437,804	1,438,521
Obligatory reserves	66,380	36,295	783	1,940	105,398	89,533	194,931
Financial assets at fair value through profit or loss	21,247	187	38,021	1,928	61,383	221,950	283,333
Amounts due from credit institutions	546,790	5,299	2	20,696	572,787	29,338	602,125
Financial assets at fair value through other comprehensive income	1,032,406	123,598	14,176	-	1,170,180	701,497	1,871,677
Debt securities at amortised cost, net of allowance for expected credit losses	233,320	-	3,540	6,285	243,145	1,045,033	1,288,178
Loans to customers	999,420	53,050	100,574	82,813	1,235,857	4,636,371	5,872,228
Other financial assets	799	217	3,635	1,943	6,594	64,639	71,233
	3,770,769	255,824	189,432	180,036	4,396,061	7,226,165	11,622,226
FINANCIAL LIABILITIES							
Amounts due to customers	3,770,642	162,153	55,674	107,543	4,096,012	4,377,395	8,473,407
Amounts due to credit institutions	24,206	6,027	303	2,300	32,836	1,038,806	1,071,642
Financial liabilities at fair value through profit or loss	187	197	710	131	1,225	1,051	2,276
Debt securities issued	79,550	-	-	836	80,386	419,426	499,812
Other financial liabilities	1,362	99	3,894	2,215	7,570	101,826	109,396
	3,875,947	168,476	60,581	113,025	4,218,029	5,938,504	10,156,533
Net position – on-balance	(105,178)	87,348	128,851	67,011	178,032	1,287,661	1,465,693
Net position – off-balance	150,410	(89,261)	(76,048)	1,377	(13,522)	11,697	
Net position	45,232	(1,913)	52,803	68,388	164,510	1,299,358	

27. 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 the 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.

The below table summarises the regulatory capital composition and capital adequacy ratios of the Group for the periods ended 31 March 2022 and 31 December 2021. Individual entities within the Group and the Group complied with all of the externally imposed capital requirements to which they are subject.

	31 March 2022 (unaudited)	31 December 2021
Composition of regulatory capital		
CET 1		
Common shares, net of treasury shares	(50,194)	(50,295)
Share premium	8,539	9,067
Retained earnings of prior years	1,502,166	1,039,042
Net income for the current year	124,237	462,378
Accumulated disclosed reserves*	54,632	55,186
Non-controlling interest	8	8
Property and financial assets at fair value through other comprehensive income revaluation reserves	(57,621)	48,177
Less: goodwill and intangible assets	(16,459)	(16,632)
Less: cumulative translation reserve	(10,834)	(5,582)
Common Equity Tier 1 (CET 1) Capital	1,554,474	1,541,349
Additional tier 1		
Tier 2		
Subordinated debt	54,057	52,171
Total qualifying for Tier 2 capital	54,057	52,171
Total regulatory capital	1,608,531	1,593,520
Risk weighted assets	8,301,035	8,007,464
CET 1 capital adequacy ratio	18.73%	19.25%
Tier 1 capital adequacy ratio	18.73%	19.25%
Total capital adequacy ratio	19.38%	19.90%

28. 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 three months ended 31 March 2022 in comparison with the year ended 31 December 2021.

There were no transactions between business segments during the three months ended 31 March 2022 and 2021.

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Three Months ended 31 March 2022 (unaudited) (continued)
(millions of Kazakhstani Tenge)



Segment information for the main reportable business segments of the Group as at 31 March 2022 and 2021 and for the three months then ended is set out below:

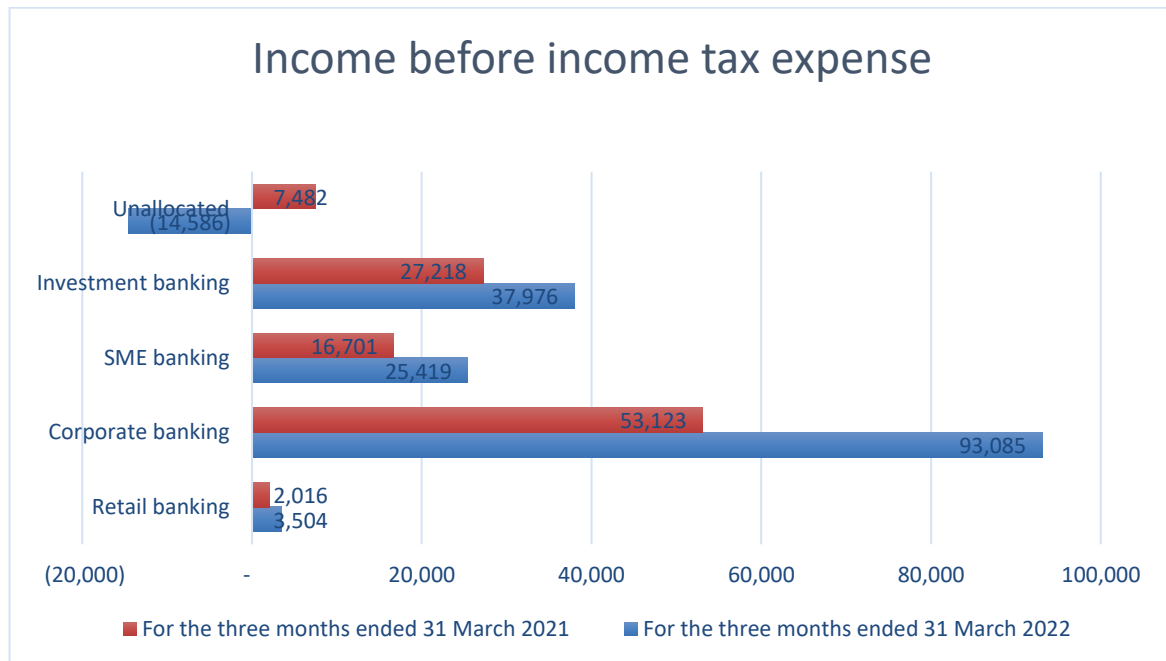
	Retail Banking	Corporate banking	SME banking	Investment banking	Unallocated	Total
As at 31 March 2022 and for the three months then ended (unaudited)						
External revenues	104,816	150,125	43,234	48,608	30,802	377,585
Total revenues	104,816	150,125	43,234	48,608	30,802	377,585
Total revenues comprise:						
- Interest income	77,404	92,769	29,920	53,411	272	253,776
- Fee and commission income, including:	22,915	4,043	5,795	29	740	33,522
<i>Plastic cards operations</i>	20,204	18	365	-	58	20,645
<i>Bank transfers - settlements</i>	2,432	850	1,275	-	15	4,572
<i>Letters of credit and guarantees issued</i>	9	2,375	708	-	9	3,101
<i>Cash operations</i>	331	378	1,566	-	14	2,289
<i>Servicing customers' pension payments</i>	1,544	-	-	-	-	1,544
<i>Maintenance of customer accounts</i>	93	125	787	29	-	1,034
<i>Bank transfers - salary projects</i>	916	-	-	-	-	916
<i>Other</i>	538	307	1,094	-	644	2,583
<i>Loyalty program</i>	(3,152)	(10)	-	-	-	(3,162)
- Net gain/(loss) from financial assets at fair value through profit or loss	-	27,040	-	(4,832)	(2,370)	19,838
- Net gain/(loss) on foreign exchange operations	4,497	26,273	7,519	-	(11,642)	26,647
- Share in profit of associate	-	-	-	-	1,985	1,985
- Insurance underwriting income, income on non-banking activities and other income	-	-	-	-	41,817	41,817
Total revenues	104,816	150,125	43,234	48,608	30,802	377,585
- Interest expense	(45,174)	(46,943)	(7,983)	(8,930)	(358)	(109,388)
- Credit loss expense	(13,974)	(5,516)	(4,376)	(430)	(1,059)	(25,355)
- Fee and commission expense	(18,649)	(1,189)	(179)	(187)	(138)	(20,342)
- Net realised loss from financial assets at fair value through other comprehensive income	-	-	-	(102)	-	(102)
- Operating expenses	(23,504)	(2,853)	(4,329)	(983)	(13,937)	(45,606)
- Loss from impairment of non-financial assets	-	-	-	-	(60)	(60)
- (Other credit loss expense)/recoveries of other credit loss expense	(11)	(539)	(948)	-	9	(1,489)
- Insurance claims incurred, net of reinsurance	-	-	-	-	(29,845)	(29,845)
Total expenses	(101,312)	(57,040)	(17,815)	(10,632)	(45,388)	(232,187)
Segment result	3,504	93,085	25,419	37,976	(14,586)	145,398
Income before income tax expense						145,398
Income tax expense					(21,161)	(21,161)
Net profit						124,237
Total segment assets	1,848,808	5,662,818	963,990	3,304,545	938,591	12,718,752
Total segment liabilities	4,535,185	4,245,148	1,568,207	422,650	350,045	11,121,235
Other segment items:						
Capital expenditures					(9,444)	(9,444)
Depreciation and amortization					(3,999)	(3,999)
Investments in associate					34,102	34,102

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Three Months ended 31 March 2022 (unaudited) (continued)
(millions of Kazakhstani Tenge)

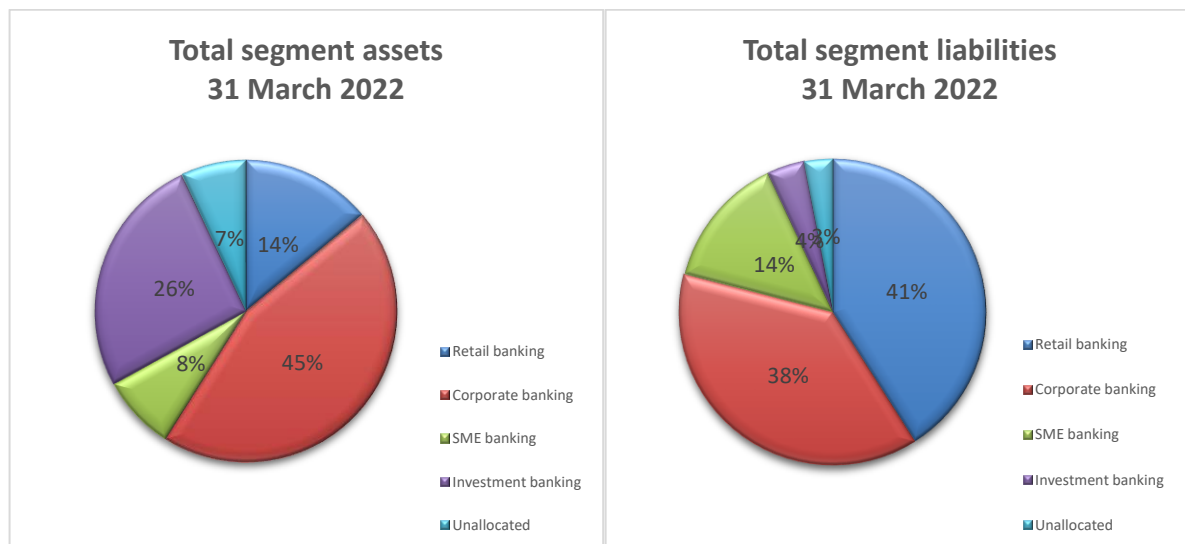


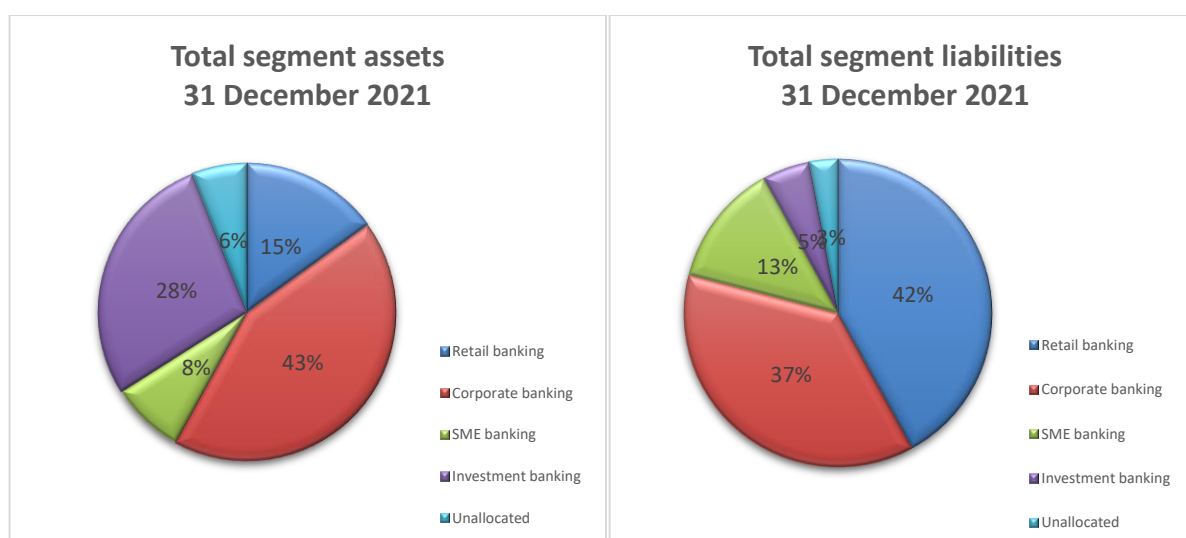
	Retail Banking	Corporate banking	SME banking	Investment banking	Unallocated	Total
As at 31 March 2021 and for the three months then ended (unaudited)						
External revenues	82,288	79,276	29,698	40,777	40,905	272,944
Total revenues	82,288	79,276	29,698	40,777	40,905	272,944
Total revenues comprise:						
- Interest income	57,166	64,955	21,867	45,856	3,793	193,637
- Fee and commission income, including:	22,651	3,334	5,242	-	766	31,993
<i>Plastic cards operations</i>	17,728	24	394	-	40	18,186
<i>Bank transfers - settlements</i>	2,686	599	1,660	-	17	4,962
<i>Letters of credit and guarantees issued</i>	3	1,895	572	-	8	2,478
<i>Cash operations</i>	209	358	1,670	-	8	2,245
<i>Servicing customers' pension payments</i>	2,202	-	-	-	-	2,202
<i>Bank transfers – salary projects</i>	1,145	-	-	-	-	1,145
<i>Maintenance of customer accounts</i>	116	48	741	-	-	905
<i>Other</i>	285	410	205	-	693	1,593
<i>Loyalty program</i>	(1,723)	-	-	-	-	(1,723)
- Net gain/(loss) from financial assets at fair value through profit or loss	-	9,250	-	(104)	1,536	10,682
- Net realised gain from financial assets at fair value through other comprehensive income	-	-	-	74	-	74
- Net gain/(loss) on foreign exchange operations	2,471	1,737	2,589	-	(5,039)	1,758
- Share in profit of associate	-	-	-	-	1,474	1,474
- Insurance underwriting income, income on non-banking activities and other (expense)/ income	-	-	-	(5,049)	38,375	33,326
Total revenues	82,288	79,276	29,698	40,777	40,905	272,944
- Interest expense	(37,886)	(24,545)	(5,419)	(13,011)	(209)	(81,070)
- (Credit loss expense)/recovery of credit loss expense	(6,184)	3,629	(3,393)	(124)	(175)	(6,247)
- Fee and commission expense	(14,587)	(917)	(171)	(65)	(128)	(15,868)
- Operating expenses	(22,005)	(2,791)	(4,116)	(277)	(7,984)	(37,173)
- Loss from impairment of non-financial assets	-	-	-	-	(439)	(439)
- Recoveries of other credit loss expense/(other credit loss expense)	390	(1,529)	102	(82)	2	(1,117)
- Insurance claims incurred, net of reinsurance	-	-	-	-	(24,490)	(24,490)
Total expenses	(80,272)	(26,153)	(12,997)	(13,559)	(33,423)	(166,404)
Segment result	2,016	53,123	16,701	27,218	7,482	106,540
Income before income tax expense						106,540
Income tax expense					(9,712)	(9,712)
Net profit						96,828
Total segment assets	1,260,658	4,590,513	745,791	2,978,352	814,316	10,389,630
Total segment liabilities	3,744,955	2,901,219	1,134,589	473,081	552,252	8,806,096
Other segment items:						
Capital expenditures					(4,245)	(4,245)
Depreciation and amortization					(3,673)	(3,673)
Investments in associate					28,956	28,956

Income before income tax expense by segments were as follows:



Share of segment assets and liabilities as at 31 March 2022 and 31 December 2021 presented as follows:





Geographical information

Information for the main geographical areas of the Group is set out below as at 31 March 2022 and 31 December 2021 and for the three months ended 31 March 2022 and 2021.

	Kazakhstan	OECD	Non-OECD	Total
31 March 2022 (unaudited)				
Total assets	11,295,978	710,062	712,712	12,718,752
31 December 2021				
Total assets	10,930,303	514,600	646,467	12,091,370
Three months ended				
31 March 2022 (unaudited)				
External revenues	355,473	8,151	13,961	377,585
Capital expenditures	(9,444)	-	-	(9,444)
Three months ended				
31 March 2021 (unaudited)				
External revenues	266,350	2,183	4,412	272,944
Capital expenditures	(4,245)	-	-	(4,245)

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.

29. 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 following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

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 profit/(loss) could be material.

The tables below summarizes the Group's financial assets and liabilities held at fair value by valuation methodology at 31 March 2022 and 31 December 2021, before any allowances for expected credit losses.

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Three Months ended 31 March 2022 (unaudited) (continued)
(millions of Kazakhstani Tenge)



Financial Assets/Liabilities	31 March 2022 (unaudited)		Fair value		Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	31 December 2021		Fair value hierarchy				
Non-derivative financial assets at fair value through profit or loss (Note 6)	74,355	111,333	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)	190,237	166,357	Level 2	Quoted prices in a market that is not active.		Not applicable	Not applicable
Non-derivative financial assets at fair value through profit or loss (Note 7)	10	10	Level 3	Valuation model based on internal rating model.		Percentage discount	The greater discount - the smaller fair value
Derivative financial assets at fair value through profit or loss, excluding options (Note 6)	40,150	5,633	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	304,752	283,333					
Derivative financial liabilities at fair value through profit or loss, excluding options (Note 6)	6,178	2,276	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	6,178	2,276					
Non-derivative financial assets at fair value through other comprehensive income (Note 8)	1,284,863	1,271,299	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 organisations (Note 8)	511,235	599,628	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)	750	750	Level 3	Valuation model based on internal rating model.		Percentage discount	The greater discount - the smaller fair value
Financial assets at fair value through other comprehensive income	1,796,848	1,871,677					

During the three months ended 31 March 2022 and 2021, there were no transfers between levels.

	Non-derivative financial assets at fair value through profit or loss (Level 3)	Non-derivative financial assets at fair value through other comprehensive income – unquoted equity securities (Level 3)
31 December 2021	750	10
31 March 2022 (unaudited)	750	10
31 December 2020	-	63
Gain to profit or loss	-	1
31 March 2021 (unaudited)	-	64

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 year-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 Three Months ended 31 March 2022 (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:

	31 March 2022 (unaudited)		31 December 2021	
	Carrying amount	Fair value	Carrying amount	Fair Value
Financial assets				
Amounts due from credit institutions	569,724	539,096	602,125	591,059
Loans to customers	6,282,330	6,011,094	5,872,228	5,694,415
Debt securities at amortised cost, net of allowance for expected credit losses	1,320,531	1,255,453	1,288,178	1,207,816
Financial liabilities				
Amounts due to customers	9,294,423	9,298,365	8,473,407	8,663,179
Amounts due to credit institutions	882,107	882,444	1,071,642	1,075,090
Debt securities issued	408,318	384,802	499,812	492,293

	31 March 2022 (unaudited)			
	Level 1	Level 2	Level 3	Total fair value
Financial assets				
Amounts due from credit institutions	-	539,096	-	539,096
Loans to customers	-	-	6,011,094	6,011,094
Debt securities at amortised cost, net of allowance for expected credit losses	-	1,255,453	-	1,255,453
Financial liabilities				
Amounts due to customers	-	9,298,365	-	9,298,365
Amounts due to credit institutions	-	882,444	-	882,444
Debt securities issued	-	384,802	-	384,802

	31 December 2021			
	Level 1	Level 2	Level 3	Total fair value
Financial assets				
Amounts due from credit institutions	-	591,059	-	591,059
Loans to customers	-	-	5,694,415	5,694,415
Debt securities at amortised cost, net of allowance for expected credit losses	-	1,207,816	-	1,207,816
Financial liabilities				
Amounts due to customers	-	8,663,179	-	8,663,179
Amounts due to credit institutions	-	1,075,090	-	1,075,090
Debt securities issued	-	492,293	-	492,293

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.

30. Related party transactions

Related parties or transactions with related parties are assessed in accordance with IAS 24 "Related Party Disclosures". Related parties may enter into transactions which unrelated parties might not. Terms, conditions and amounts of related party transactions are usually same as those between unrelated parties. Transactions with related parties are settled on an arm's-length basis and recognised in the financial statements according to the same accounting policy as for similar transactions with unrelated parties.

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Three Months ended 31 March 2022 (unaudited) (continued)
(millions of Kazakhstani Tenge)



Considering each possible related party not only their legal status is taken into account but also the substance of the relationship between these parties.

During 2022 and 2021, the Group entered into arm-length transactions with entities where the Group's shareholders were one of the participants. Management believes that any control of these entities is with unrelated parties as per IFRS through the level of holding control or trust management arrangements, which are in compliance with Kazakhstan legislation. As such, these transactions are not disclosed as being with related parties.

Considering each possible related party not only their legal status is taken into account but also the substance of the relationship between these parties. The Group had the following balances outstanding as at 31 March 2022 and 31 December 2021 with related parties:

	31 March 2022 (unaudited)		31 December 2021	
	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	36,315	6,682,939	35,164	6,250,260
- <i>entities with joint control or significant influence over the Group</i>	36,314		35,163	
- <i>other related parties</i>	1		1	
Allowance for expected credit losses	(194)	(400,609)	(179)	(378,032)
- <i>other related parties</i>	(194)		(179)	
Investments in associates	34,102	34,102	33,774	33,774
Amounts due to customers	521,408	9,294,423	415,111	8,473,407
- <i>the parent</i>	397,648		341,847	
- <i>entities with joint control or significant influence over the Group</i>	81,341		31,895	
- <i>key management personnel of the Group or its parent</i>	11,345		12,417	
- <i>other related parties</i>	31,074		28,952	

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Three Months ended 31 March 2022 (unaudited) (continued)
(millions of Kazakhstani Tenge)



The following amounts resulted from transactions with related parties and have been reflected in the interim condensed consolidated statement of profit or loss for the three months ended 31 March 2022 and 2021:

	Three months ended 31 March 2022 (unaudited)		Three months ended 31 March 2021 (unaudited)	
	Related party transactions	Total category as per financial statements caption	Related party transactions	Total category as per financial statements caption
Interest income calculated using effective interest method - entities with joint control or significant influence over the Group	632	247,419	30	188,374
	632		30	
Interest expense	(1,514)	(109,388)	(388)	(86,119)
- the Parent	(879)		(88)	
- entities with joint control or significant influence over the Group	(537)		(158)	
- key management personnel of the Group or its Parent	(25)		(14)	
- other related parties	(72)		(128)	
Share in profit of associate	1,985	1,985	1,474	1,474
Operating expenses	(500)	(45,606)	-	(37,173)
- entities with joint control or significant influence over the entity	(500)		-	
		Three months ended 31 March 2022 (unaudited)		Three months ended 31 March 2021 (unaudited)
		Total category as per financial statements caption		Total category as per financial statements caption
	Related party transactions		Related party transactions	
Key management personnel compensation:	356	25,681	287	22,651
- short-term employee benefits	356		287	

31. Subsequent events

On 1 April 2022, the Group redeemed the bonds listed on AIX with a coupon rate of 3% and maturity in 2022 in the amount of USD 100 million. The repayment was made from the Group's own funds.

On 19 April 2022, the Group redeemed the bonds listed on AIX with a coupon rate of 3% and maturity in 2022 in the amount of USD 83 million. The repayment was made from the Group's own funds.

Taking into account the change in external economic conditions against the backdrop of an escalation of the geopolitical situation, a deterioration in global risk sentiment and increased volatility in global financial markets, which led to significant pressure on the financial market of Kazakhstan, the national currency and the inflation rate, on 22 April 2022, the general meeting of shareholders of the Bank decided not to pay dividends on ordinary shares for 2021.

On 28 April 2022, the Group issued the bonds listed on AIX with a coupon rate of 2.5% in the amount of USD 200 million.

In April 2022, the Bank and JSC SB Sberbank signed an agreements under which a part of the loan portfolios of retail, small and medium (SME) and corporate business was purchased under a cession. In the retail business, the transaction affected car loans issued under the program of concessional lending of the Development Bank of Kazakhstan, part of unsecured loans, loans for urgent needs and mortgage loans. The total amount of accepted retail loans is 328 billion tenge. Through SMEs, the Bank purchased a part of a high-quality commercial portfolio with a total volume of 107 billion tenge, and a share of loans issued under the state programs of the Damu Fund in the amount of 4.9 billion tenge. Corporate loans were purchased for total amount of 99 billion tenge.

On 16 May 2022, the Board of Directors of the Bank has approved the legal merger of Bank's subsidiaries LLP Halyk Activ 1 and LLC Halyk Project with Bank's subsidiary LLP Halyk Activ.