

JSC HALYK BANK

Interim condensed consolidated
financial information (unaudited)
for the nine months ended 30 September 2022

JSC Halyk Bank

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**Statement of Management’s Responsibilities
for the Preparation and Approval
of the Interim Condensed Consolidated Financial Information
for the Nine Months ended 30 September 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 30 September 2022, and the related interim condensed consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flows for the nine months then ended, in accordance with International Accounting Standard 34 “*Interim Financial Reporting*” (“IAS 34”).

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

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

Management is also responsible for:

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

The interim condensed consolidated financial information of the Group for the nine months ended 30 September 2022 was authorized for issue by the Management Board on 15 November 2022.

On behalf of the Management Board:




Umut B. Shayakhmetova
Chairperson of the Board

15 November 2022
Almaty, Kazakhstan



Pavel A. Cheussov
Chief Accountant

15 November 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 30 September 2022 and the related interim condensed consolidated statements of profit or loss, other comprehensive income for the three and nine months then ended, changes in equity and cash flows for the nine months then ended, and selected explanatory notes. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

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

Conclusion

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

Deloitte LLP

15 November 2022
Almaty, Republic of Kazakhstan

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**Interim Condensed Consolidated Statement of Financial Position
as at 30 September 2022 (unaudited)
(millions of Kazakhstani Tenge)**

	Notes	30 September 2022 (unaudited)	31 December 2021
ASSETS			
Cash and cash equivalents	5	2,630,314	1,438,521
Obligatory reserves		254,280	194,931
Financial assets at fair value through profit or loss	6	305,405	283,333
Amounts due from credit institutions	7	115,151	602,125
Financial assets at fair value through other comprehensive income	8	1,807,226	1,871,677
Debt securities at amortized cost, net of allowance for expected credit losses	9	1,010,711	1,288,178
Loans to customers	10, 30	7,499,159	5,872,228
Investment property		33,488	28,007
Commercial property		81,335	92,412
Current income tax assets		1,832	1,942
Deferred income tax assets		133	250
Property and equipment and intangible assets		191,793	183,849
Insurance assets	11	73,539	54,111
Other assets		158,049	134,394
		14,162,415	12,045,958
Assets classified as held for sale	2	45,497	45,412
TOTAL ASSETS		14,207,912	12,091,370
LIABILITIES AND EQUITY			
LIABILITIES			
Amounts due to customers	12, 30	10,386,965	8,473,407
Amounts due to credit institutions	13	801,201	1,071,642
Financial liabilities at fair value through profit or loss	6	51,997	2,276
Debt securities issued	14	474,322	499,812
Current income tax liability		27,809	11,539
Deferred tax liability		41,677	50,469
Provisions	17	15,848	13,193
Insurance liabilities	11	312,356	240,281
Other liabilities		180,901	155,147
		12,293,076	10,517,766
Liabilities directly associated with assets classified as held for sale	2	16,575	-
Total liabilities		12,309,651	10,517,766
EQUITY			
Share capital	16	209,027	209,027
Share premium reserve		8,188	9,067
Treasury shares		(260,569)	(259,322)
Retained earnings and other reserves		1,941,606	1,614,824
Total equity attributable to owners of the Group		1,898,252	1,573,596
Non-controlling interest		9	8
Total equity		1,898,261	1,573,604
TOTAL LIABILITIES AND EQUITY		14,207,912	12,091,370

On behalf of the Management Board:


Umut B. Shayakhmetova
Chairperson of the Board

15 November 2022
Almaty, Kazakhstan


Pavel A. Cheussov
Chief Accountant

15 November 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 Profit or Loss
for the Three and Nine Months ended 30 September 2022 (unaudited)**
(millions of Kazakhstani Tenge, except for earnings per share which is in Tenge)

	Notes	Three months ended 30 September 2022 (unaudited)	Three months ended 30 September 2021 (unaudited)	Nine months ended 30 September 2022 (unaudited)	Nine months ended 30 September 2021 (unaudited)
Interest income calculated using effective interest method	18, 30	329,155	224,571	867,864	621,711
Other interest income	18	6,788	5,167	19,590	15,664
Interest expense	18, 30	(153,389)	(90,946)	(406,242)	(255,666)
NET INTEREST INCOME BEFORE CREDIT LOSS EXPENSE		182,554	138,792	481,212	381,709
Credit loss expense	5, 7, 9, 10, 30	(37,832)	(8,727)	(94,709)	(5,473)
NET INTEREST INCOME		144,722	130,065	386,503	376,236
Fee and commission income	19	49,362	34,838	128,662	101,750
Fee and commission expense	19	(27,135)	(18,468)	(70,965)	(51,774)
Fees and commissions, net		22,227	16,370	57,697	49,976
Net gain from financial assets and liabilities at fair value through profit or loss	20	10,022	621	9,739	9,438
Net realised (loss)/gain from financial assets at fair value through other comprehensive income		(9)	1,167	(1,115)	1,369
Net gain on foreign exchange operations	21	20,860	6,882	130,261	22,995
Insurance underwriting income	22	40,104	35,740	109,249	101,159
Share in profit of associate	30	2,848	1,719	7,259	4,842
Income in non-banking activities	24	6,365	9,545	21,980	18,020
Other income/(expense)		1,986	(11,193)	10,087	(9,571)
OTHER NON-INTEREST INCOME		82,176	44,481	287,460	148,252
Operating expenses	23	(50,413)	(44,033)	(146,011)	(121,136)
(Loss)/recovery from impairment of non-financial assets		(79)	212	(139)	(275)
Recovery of other credit loss expense/(other credit loss expense)	17	452	745	(450)	(3,633)
Insurance claims incurred, net of reinsurance	22	(38,044)	(23,283)	(103,854)	(70,725)
OTHER NON-INTEREST EXPENSES		(88,084)	(66,359)	(250,454)	(195,769)
INCOME BEFORE INCOME TAX EXPENSE		161,041	124,557	481,206	378,695
Income tax expense	15	(25,346)	(16,900)	(64,110)	(45,600)
NET PROFIT		135,695	107,657	417,096	333,095
Attributable to:					
Common shareholders		135,694	107,657	417,095	333,095
Non-controlling interest		1	-	1	-
		135,695	107,657	417,096	333,095

EARNINGS PER SHARE

(in Kazakhstani Tenge)

Basic and diluted earnings per share

12.46

9.17

38.29

28.43

On behalf of the Management Board:

Umur B. Shayakmetova
Chairperson of the Board

15 November 2022
Almaty, Kazakhstan

Pavel A. Cheussov
Chief Accountant


15 November 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 Other Comprehensive Income
for the Three and Nine Months ended 30 September 2022 (unaudited)**
(millions of Kazakhstani Tenge)

	Three months ended 30 September 2022 (unaudited)	Three months ended 30 September 2021 (unaudited)	Nine months ended 30 September 2022 (unaudited)	Nine months ended 30 September 2021 (unaudited)
Net profit	135,695	107,657	417,096	333,095
Other comprehensive income:				
<i>Items that will not be subsequently reclassified to profit or loss:</i>				
(Loss)/gain on revaluation of property (net of tax – KZT Nil)	(51)	44	519	209
(Loss)/gain on revaluation of equity financial assets at fair value through other comprehensive income (net of tax – KZT Nil)	(764)	(134)	709	(1,881)
<i>Items that may be subsequently reclassified to profit or loss:</i>				
Exchange differences on translation of foreign operations (net of tax – KZT Nil)	(2,342)	37	20,769	1,529
Share of other comprehensive loss of associate on revaluation of debt financial assets at fair value through other comprehensive income	(101)	(76)	(1,712)	(332)
Share of other comprehensive income of associate on revaluation of property and equipment	14	-	16	-
Gain/(loss) on revaluation of debt financial assets at fair value through other comprehensive income, including impaired during the period (net of tax – KZT Nil)	2,844	(4,718)	(111,813)	(10,424)
Reclassification adjustment relating to financial assets at fair value through other comprehensive income disposed of in the period (net of tax – KZT Nil)	9	(1,167)	1,115	(1,369)
Other comprehensive loss for the period	(391)	(6,014)	(90,397)	(12,268)
Total comprehensive income	135,304	101,643	326,699	320,827
Attributable to:				
Common shareholders	135,303	101,643	326,698	320,827
Non-controlling interest	1	-	1	-
Total comprehensive income	135,304	101,643	326,699	320,827

On behalf of the Management Board:


Umud B. Shayakhmetova
Chairperson of the Board

15 November 2022
Almaty, Kazakhstan


Pavel A. Cheussov
Chief Accountant

15 November 2022
Almaty, Kazakhstan

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

JSC Halyk Bank



Interim Condensed Consolidated Statement of Changes in Equity for the Nine Months ended 30 September 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	-	-	-	-	-	-	417,095	417,095	1	417,096
Other comprehensive income/(loss)	-	-	-	20,769	(111,701)	535	-	(90,397)	-	(90,397)
Total comprehensive income/(loss)	-	-	-	20,769	(111,701)	535	417,095	326,698	1	326,699
Treasury shares purchased (Note 16)	-	(879)	(5,530)	-	-	-	-	(6,409)	-	(6,409)
Treasury shares sold (Note 16)	-	-	4,283	-	-	-	-	4,283	-	4,283
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	-	-	-	-	-	(1,155)	1,155	-	-	-
30 September 2022 (unaudited)	209,027	8,188	(260,569)	26,351	(86,586)	26,901	1,974,940	1,898,252	9	1,898,261

JSC Halyk Bank



Interim Condensed Consolidated Statement of Changes in Equity for the Nine Months ended 30 September 2022 (unaudited) (continued) (millions of Kazakhstani Tenge)

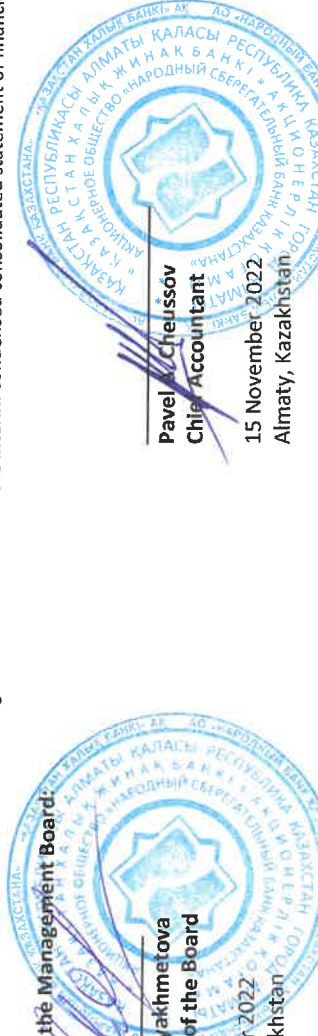
	Share capital Common shares	Share premium reserve	Treasury common shares	Cumulative translation reserve*	Revaluation reserve of financial assets at fair value through other comprehensive income*	Property revaluation reserve*	Retained earnings*	Total equity	Non-controlling interest	Total equity
31 December 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	-	-	-	-	-	-	333,095	333,095	-	333,095
Other comprehensive income/(loss)	-	-	-	1,529	(14,006)	209	-	(12,268)	-	(12,268)
Total comprehensive income/(loss)	-	-	-	1,529	(14,006)	209	333,095	320,827	-	320,827
Treasury shares purchased (Note 16)	-	-	(2,591)	-	-	-	-	(2,591)	-	(2,591)
Treasury shares sold (Note 16)	-	2,890	8,412	-	-	-	-	11,302	-	11,302
Dividends – common shares	-	-	-	-	-	-	(210,783)	(210,783)	-	(210,783)
Release of property and equipment revaluation reserve on depreciation and disposal of previously revalued assets	-	-	-	-	-	(638)	638	-	-	-
30 September 2021 (unaudited)	209,027	8,631	(105,206)	6,045	39,192	27,373	1,426,954	1,612,016	7	1,612,023

* 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. Shayakhmetova
Chairperson of the Board

15 November 2022
Almaty, Kazakhstan



Pavel A. Cheussov
Chief Accountant

15 November 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 Nine Months ended 30 September 2022 (unaudited)**
(millions of Kazakhstani Tenge)

	Nine months ended 30 September 2022 (unaudited)	Nine months ended 30 September 2021 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Interest received from financial assets at fair value through profit or loss	16,888	13,980
Interest received from cash equivalents and amounts due from credit institutions	23,356	12,619
Interest received on financial assets at fair value through other comprehensive income	80,040	48,088
Interest received on debt securities at amortized cost, net of allowance for expected credit losses	99,832	98,892
Interest received from loans to customers	672,536	438,666
Interest paid on due to customers	(320,152)	(208,876)
Interest paid on due to credit institutions	(50,362)	(4,672)
Interest paid on debt securities issued	(23,023)	(31,301)
Fee and commission received	128,935	108,008
Fee and commission paid	(67,815)	(51,597)
Insurance underwriting income received	109,249	101,159
Ceded insurance share paid	(12,296)	(9,721)
Receipts from derivative operations	15,017	6,072
Other income received	32,067	30,334
Operating expenses paid	(132,146)	(113,824)
Insurance claims paid	(49,539)	(43,324)
Cash flows from operating activities before changes in net operating assets	522,587	394,503
Changes in operating assets and liabilities:		
(Increase)/decrease in operating assets:		
Obligatory reserves	(59,349)	(19,759)
Financial assets at fair value through profit or loss	(6,129)	(7,673)
Amounts due from credit institutions	491,504	65,780
Loans to customers	(1,555,005)	(1,025,361)
Assets classified as held for sale	4,620	7,418
Insurance assets	(10,489)	(6,881)
Other assets	7,636	2,307
Increase/(decrease) in operating liabilities:		
Amounts due to customers	1,697,609	934,528
Amounts due to credit institutions	(297,496)	6,635
Financial liabilities at fair value through profit or loss	49,599	1,564
Insurance liabilities	21,547	22,590
Other liabilities	21,673	38,502
Net cash inflow from operating activities before income tax	888,307	414,153
Income tax paid	(56,405)	(33,039)
Net cash inflow from operating activities	831,902	381,114
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase and prepayment for property and equipment and intangible assets	(21,419)	(16,507)
Proceeds on sale of property and equipment	3,992	797
Proceeds on sale of commercial property	15,212	25,596
Proceeds on sale of financial assets at fair value through other comprehensive income	364,701	380,802
Purchase of financial assets at fair value through other comprehensive income	(334,203)	(993,109)
Proceeds on sale of investment property	5,252	4,306
Purchase of debt securities at amortized cost, net of allowance for expected credit losses	(35,585)	(18,882)
Proceeds from repayments of debt securities at amortized cost, net of allowance for expected credit losses	284,393	5,904
Capital expenditures on commercial property	(3,907)	(2,115)
Net cash inflow/(outflow) from investing activities	278,436	(613,208)

**Interim Condensed Consolidated Statement of Cash Flows
 for the Nine Months ended 30 September 2022 (unaudited) (continued)**
(millions of Kazakhstani Tenge)

	Notes	Nine months ended 30 September 2022 (unaudited)	Nine months ended 30 September 2021 (unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds on sale of treasury shares		4,283	11,302
Purchase of treasury shares		(6,409)	(2,591)
Redemption and repayment of debt securities issued	14	(177,600)	(305,470)
Proceeds from issue of debt securities issued	14	130,882	-
Dividends paid – common shares		-	(210,783)
Repayment of the lease liabilities		(1,733)	(1,785)
Net cash outflow from financing activities		(50,577)	(509,327)
Effect of changes in foreign exchange rate fluctuations on cash and cash equivalents		132,032	19,156
Net change in cash and cash equivalents		1,191,793	(722,265)
CASH AND CASH EQUIVALENTS, beginning of the period	5	1,438,521	1,757,477
CASH AND CASH EQUIVALENTS, end of the period	5	2,630,314	1,035,212

On behalf of the Management Board:


 Umut B. Shayakhmetova
 Chairperson of the Board

15 November 2022
 Almaty, Kazakhstan


 Pavel A. Cheussov
 Chief Accountant

15 November 2022
 Almaty, Kazakhstan

The notes on pages 10 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 Nine Months
ended 30 September 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 and Russia, 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 30 September 2022, the Bank operated through its head office in Almaty and its 24 regional branches, 120 sub-regional offices and 431 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 30 September 2022, the number of the Group’s full-time equivalent employees was 16,479 (31 December 2021 – 17,038).

The interim condensed consolidated financial information of the Group for the nine months ended 30 September 2022 was authorized for issue by the Management Board on 15 November 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.

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Nine Months ended 30 September 2022 (unaudited) (continued)
(millions of Kazakhstani Tenge)

Operating environment

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

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

During the nine months ended 30 September 2022, the average price of Brent crude oil was approximately 108.09 USD/bbl. (65.66 USD/bbl. during the nine months ended 30 September 2021 year). For the period from January to August 2022, the economy grew by 3.4%, which is generally in line with the forecasts of the National Bank of the Republic of Kazakhstan ("NBRK") until the end of 2022 at the level of 2.8-3.8%. In September 2022, annual inflation accelerated to 17.7%.

In September 2022, the Monetary Policy Committee of the NBRK decided to set the base rate at 14.0% per annum with an interest corridor of +/- 1.00 p.p. The decision was made taking into account the current balance of inflation risks in the short and medium term, as well as the updated forecasts of the National Bank. Pressure from the external sector remains, which is caused by the growth in the cost of logistics services, high inflation in the countries - trading partners and the depreciation of the tenge against the ruble. At the same time, food prices in the world are falling. Among the domestic drivers of price growth, it is worth highlighting the stimulating fiscal impulse, which holds back the decline in food prices following world markets and exerts upward pressure from demand in the medium term.

On 16 October 2022, the Monetary Policy Committee of the NBRK decided to raise the base rate to 16.0% per annum with an interest corridor of +/- 1.0 p.p. The rate increase is due to a combination of factors pointing to growing inflationary pressures. The excess of inflation over forecasts as of September has become quite significant. The key decision factors were high inflationary expectations, strong demand, fiscal momentum, rising production costs due to reorientation to more sustainable supply chains, continued external inflation pass-through, including as a result of the continued strong Russian ruble exchange rate. Rising inflationary expectations put pressure on prices and consumer behavior.

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Nine Months ended 30 September 2022 (unaudited) (continued)
(millions of Kazakhstani Tenge)

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 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. The Group also has claims on the securities of the issuers of the Republic of Kazakhstan, denominated in Russian rubles, in amounts that are immaterial in relation to the Group's assets. 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. 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 30 September 2022 and 31 December 2021, the Group's shares were represented by common shares only.

As at 30 September 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:

30 September 2022 (unaudited)

	Total shares (Common shares)	Stake in total shares in circulation
JSC HG Almex	7,583,538,228	69.7%
GDR holders	3,087,951,480	28.4%
Other	211,839,188	1.9%
Total shares in circulation (on consolidated basis)	10,883,328,896	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%

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Nine Months ended 30 September 2022 (unaudited) (continued)
(millions of Kazakhstani Tenge)

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 nine months ended 30 September 2022 in comparison with the structure as at 31 December 2021, except for the following:

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.

On 7 June 2022, an agreement of intent was signed between the Bank and CJSC International Bank of Tajikistan (the “IBT”) on the sale of 100% of the shares of CJSC Halyk Bank Tajikistan (the “HBT”).

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Nine Months ended 30 September 2022 (unaudited) (continued)
(millions of Kazakhstani Tenge)

On 2 September 2022, the IBT received permission from the National Bank of Tajikistan to acquire shares of the HBT. It is expected that the sale of the HBT will be completed in the 4th quarter of 2022, so the HBT's assets were presented as "Assets classified as held for sale" and related HBT's liabilities were presented as 'Liabilities directly associated with assets classified as held for sale' as of 30 September 2022. As at 30 September 2022 amount of assets classified as held for sale and liabilities directly associated with assets classified as held for sale comprised KZT 13,069 million and KZT 16,575 million, respectively.

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 nine months ended 30 September 2022:

- Amendments to IAS 16 - *Property, Plant and Equipment — Proceeds before Intended Use*;
- Annual Improvements to IFRS Standards 2018–2020 (May 2020);
- Amendments to IFRS 3 (May 2020) - *Reference to the Conceptual Framework*;
- Amendments to IAS 37 (May 2020) - *Onerous Contracts - Cost of Fulfilling a Contract*.

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 change for the nine months of 2022 amounted to KZT 2,958 million.

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Nine Months ended 30 September 2022 (unaudited) (continued)
(millions of Kazakhstani Tenge)

4b. Reclassifications

Certain reclassifications have been made to the interim condensed consolidated statement of profit or loss for the nine months ended 30 September 2021 to conform to the presentation for the nine months ended 30 September 2022, as current period presentation provides better view of the financial performance of the Group.

Reclassification of operating expenses in amount of KZT 10,721 million includes:

- The reclassification of agency fee expenses related to customer acquisition by insurance subsidiaries in amount of KZT 3,787 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

	As previously reported 30 September 2021	Reclassification amount 30 September 2021	As reclassified 30 September 2021
insurance claims incurred, net of reinsurance	(66,938)	(3,787)	(70,725)
Fee and commission income	108,684	(6,934)	101,750
Operating expenses	(131,857)	10,721	(121,136)

5. Cash and cash equivalents

Cash and cash equivalents comprise:

	30 September 2022 (unaudited)	31 December 2021
Cash on hand	260,452	245,615
Correspondent accounts with Organization for Economic Co-operation and Development countries (the "OECD") based banks	459,657	156,830
Overnight deposits with OECD based banks	262,190	86,360
Correspondent accounts with NBRK	262,194	108,649
Short-term deposits with NBRK	1,123,120	525,076
Correspondent accounts with Kazakhstan banks	44,966	-
Short-term deposits with Kazakhstan banks (incl. loans under reverse repurchase agreements)	24,170	217,387
Correspondent accounts with non-OECD based banks	44,476	47,543
Short-term deposits with non-OECD based banks (incl. loans under reverse repurchase agreements)	11,391	41,779
Overnight deposits with non-OECD based banks	137,698	9,282
Total cash and cash equivalents	2,630,314	1,438,521

As at 30 September 2022 and 31 December 2021, cash and cash equivalents allowance for expected credit losses comprised KZT 50 million and KZT 42 million, respectively.

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Nine Months ended 30 September 2022 (unaudited) (continued)
(millions of Kazakhstani Tenge)

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

	Three months ended 30 September 2022 (unaudited)	Three months ended 30 September 2021 (unaudited)	Nine months ended 30 September 2022 (unaudited)	Nine months ended 30 September 2021 (unaudited)
	Stage 1	Stage 1	Stage 1	Stage 1
At the beginning of the period	(98)	(19)	(42)	(46)
Changes in risk parameters	72	8	6	27
Foreign exchange differences and other movements	(24)	(4)	(14)	4
At the end of the period	(50)	(15)	(50)	(15)

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

	30 September 2022 (unaudited)		31 December 2021	
	KZT	Foreign currencies	KZT	Foreign currencies
Overnight deposits with OECD based banks	-	3.0%	-	0.1%
Short-term deposits with NBRK	13.5%	2.5%-3.3%	8.8%	0.3%
Short-term deposits with Kazakhstan banks (incl. loans under reverse repurchase agreements)	13.7%-20.0%	-	8.8%-10.8%	0.3%
Short-term deposits with non-OECD based banks (incl. loans under reverse repurchase agreements)	-	11.0%-19.0%	-	5.0%-14.0%
Overnight deposits with non-OECD based banks	-	4.5%-13.0%	-	5.5%-10.5%

Fair value of assets pledged and carrying amounts of loans under reverse repurchase agreements included into short-term deposits with Kazakhstan banks as at 30 September 2022 and 31 December 2021 are as follows:

	30 September 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 Ministry of Finance of Kazakhstan	13,616	13,343	169,204	168,195
Bonds of Kazakhstan banks	6,329	6,097	-	-
Bonds of Kazakhstan corporations	4,135	4,035	18,053	18,058
Treasury bills of the Kyrgyz Republic	601	655	-	-
Equity securities of Kazakhstan corporations	90	90	-	-
Notes of NBRK	-	-	10,774	10,774
Eurobonds of the Russian Federation	-	-	10,697	10,234
	24,771	24,220	208,728	207,261

As at 30 September 2022 and 31 December 2021, maturities of loans under reverse repurchase agreements were less than one month.

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Nine Months ended 30 September 2022 (unaudited) (continued)
 (millions of Kazakhstani Tenge)

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

Financial assets at fair value through profit or loss comprise:

	30 September 2022 (unaudited)	31 December 2021
Financial assets held for trading:		
Corporate bonds	161,875	142,817
Treasury bills of the Ministry of Finance of Kazakhstan	38,778	41,576
Bonds of JSC Development Bank of Kazakhstan	36,238	24,311
Derivative financial instruments	15,054	5,633
Bonds of Kazakhstan banks	10,354	22,855
Notes of NBRK	9,938	-
Equity securities of foreign organizations	9,535	10,476
Equity securities of Kazakhstan corporations	8,323	11,080
Bonds of foreign states	8,138	5,332
Bonds of foreign organizations	7,172	19,253
Total financial assets at fair value through profit or loss	305,405	283,333

Financial liabilities at fair value through profit or loss comprise:

	30 September 2022 (unaudited)	31 December 2021
Financial liabilities held for trading:		
Derivative financial instruments	51,997	2,276

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

	30 September 2022 (unaudited)	31 December 2021
Corporate bonds	11.3%	10.2%
Treasury bills of the Ministry of Finance of Kazakhstan	6.8%	6.2%
Bonds of JSC Development Bank of Kazakhstan	12.3%	10.2%
Bonds of Kazakhstan banks	12.2%	10.5%
Notes of NBRK	13.9%	-
Bonds of foreign states	4.8%	3.9%
Bonds of foreign organizations	8.0%	5.7%

Derivative financial instruments comprise:

	30 September 2022 (unaudited)			31 December 2021		
	Notional amount	Fair value		Notional amount	Fair value	
Asset		Liability	Asset		Liability	
Foreign currency contracts						
Swaps	459,788	6,060	9,109	267,388	5,069	1,660
Spots	337,004	8,981	42,888	26,511	552	578
Forwards	2,336	13	-	12,155	12	38
		15,054	51,997		5,633	2,276

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Nine Months ended 30 September 2022 (unaudited) (continued)
(millions of Kazakhstani Tenge)

As at 30 September 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:

	30 September 2022 (unaudited)	31 December 2021
Deposit pledged as collateral	47,744	31,029
Term deposits and restricted accounts	45,358	550,272
Loans to credit institutions	22,142	21,022
	115,244	602,323
Less - Allowance for expected credit losses	(93)	(198)
Total amounts due from credit institutions	115,151	602,125

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

	30 September 2022 (unaudited)		31 December 2021	
	Interest rate, %	Maturity, year	Interest rate, %	Maturity, year
Deposit pledged as collateral	1.8%-3.1%	2022-2046	0.1%-2.5%	2046
Term deposits and restricted accounts	5.0%-18.0%	2022-2023	0.3%-18.0%	2022-2023
Loans to credit institutions	1.8%-4.9%	2022-2027	2.0%-13.0%	2023

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

	Three months ended 30 September 2022 (unaudited)	Three months ended 30 September 2021 (unaudited)	Nine months ended 30 September 2022 (unaudited)	Nine months ended 30 September 2021 (unaudited)
	Stage 1	Stage 1	Stage 1	Stage 1
At the beginning of the period	(118)	(176)	(198)	(261)
Changes in risk parameters	37	86	116	178
Foreign exchange differences and other movements	(12)	(16)	(11)	(23)
At the end of the period	(93)	(106)	(93)	(106)

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Nine Months ended 30 September 2022 (unaudited) (continued)
 (millions of Kazakhstani Tenge)

8. Financial assets at fair value through other comprehensive income

Debt securities comprise:

	30 September 2022 (unaudited)	31 December 2021
Treasury bills of the Ministry of Finance of Kazakhstan	1,107,241	1,087,639
Corporate bonds	224,774	199,402
Bonds of JSC Development Bank of Kazakhstan	153,567	216,932
Bonds of foreign states	148,428	127,123
Bonds of foreign organisations	140,481	184,344
Bonds of Kazakhstan banks	13,474	13,818
Local municipal bonds	10,524	11,573
Notes of NBRK	-	21,685
	1,798,489	1,862,516

Equity securities comprise:

	30 September 2022 (unaudited)	31 December 2021
Equity securities of Kazakhstan corporations	8,737	9,161
	8,737	9,161
Total financial assets at fair value through other comprehensive income	1,807,226	1,871,677

As at 30 September 2022 and 31 December 2021, the allowance for expected credit losses on financial assets at fair value through other comprehensive income comprised KZT 2,934 million and KZT 2,677 million, respectively (Note 9).

As at 30 September 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 388,826 million and KZT 886,912 million, respectively, which were pledged under repurchase agreements with other banks (see Note 13). All repurchase agreements as at 30 September 2022 and 31 December 2021 mature before 07 October 2022 and 28 January 2022, respectively.

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

	30 September 2022 (unaudited)		31 December 2021	
	Interest rate, %	Maturity, year	Interest rate, %	Maturity, year
Treasury bills of the Ministry of Finance of Kazakhstan	4.8%	2022-2045	4.6%	2022-2045
Corporate bonds	10.3%	2022-2047	10.1%	2022-2047
Bonds of JSC Development Bank of Kazakhstan	4.7%	2022-2032	5.1%	2022-2032
Bonds of foreign states	1.1%	2023-2025	1.0%	2022-2025
Bonds of foreign organisations	4.2%	2022-2026	3.4%	2022-2027
Bonds of Kazakhstan banks	11.6%	2022-2026	10.9%	2022-2026
Local municipal bonds	10.8%	2026	10.8%	2026
Notes of NBRK	-	-	9.2%	2022

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Nine Months ended 30 September 2022 (unaudited) (continued)
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9. Debt securities at amortized cost, net of allowances for expected credit losses

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

	30 September 2022 (unaudited)	31 December 2021
Treasury bills of the Ministry of Finance of Kazakhstan	766,365	1,045,031
Corporate bonds	195,526	178,538
Bonds of foreign organizations	10,797	56,793
Treasury bills of Uzbekistan	26,096	-
Treasury bills of the Kyrgyz Republic	3,888	3,849
Notes of National Bank of the Kyrgyz Republic	3,430	-
Treasury bills of National Bank of Georgia	2,869	2,436
Bonds of Kazakhstan banks	1,740	1,531
Total debt securities at amortized cost, net of allowances for expected credit losses	1,010,711	1,288,178

On 3 July 2022, the debt securities at amortized cost, net of allowances for expected credit losses of the Ministry of Finance of the Republic of Kazakhstan with a coupon rate of 9.5% and a maturity of 5 years in the amount of KZT 250 billion were fully redeemed.

As at 30 September 2022 and 31 December 2021, the allowance for expected credit losses on debt securities at amortized cost comprised KZT 642 million and KZT 545 million, respectively.

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

	30 September 2022 (unaudited)		31 December 2021	
	Interest rate, %	Maturity, year	Interest rate, %	Maturity, year
Treasury bills of the Ministry of Finance of Kazakhstan	9.2%	2023-2027	9.2%	2022-2027
Corporate bonds	3.3%	2024	3.2%	2024
Bonds of foreign organizations	2.2%	2023-2025	4.1%	2023-2025
Treasury bills of Uzbekistan	16.7%	2022	-	-
Treasury bills of the Kyrgyz Republic	9.9%	2022-2024	8.0%	2022-2024
Notes of National Bank of the Kyrgyz Republic	13.3%	2022	-	-
Treasury bills of National Bank of Georgia	9.6%	2024-2028	8.8%	2024-2028
Bonds of Kazakhstan banks	4.1%	2023	4.1%	2023

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Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Nine Months ended 30 September 2022 (unaudited) (continued) (millions of Kazakhstani Tenge)

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

	Three months ended 30 September 2022 (unaudited)			Three months ended 30 September 2021 (unaudited)			Nine months ended 30 September 2022 (unaudited)			Nine months ended 30 September 2021 (unaudited)		
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
At the beginning of the period	(1,440)	(214)	(1,713)	(3,367)	(1,708)	(1,628)	(1,143)	(2,851)	(1,262)	(1,594)	(1,022)	(2,284)
Transfer to Stage 1	-	-	-	-	-	(437)	-	-	-	437	-	-
Transfer to Stage 2	-	-	-	-	-	440	-	-	-	(440)	-	-
Changes in risk parameters*	(171)	(14)	(62)	(247)	158	110	(18)	140	148	(173)	(139)	9
New originations or purchases of financial assets*	(90)	-	-	(90)	(85)	(169)	-	(85)	(539)	-	-	(539)
Derecognition of financial assets*	86	-	-	86	12	94	-	12	19	-	-	19
Recoveries of allowances on previously written-off assets	-	-	-	-	-	-	(491)	(491)	-	-	(491)	(491)
Foreign exchange differences and other movements	(1)	43	-	42	14	(26)	7	21	25	(9)	7	32
At the end of the period	(1,616)	(185)	(1,775)	(3,576)	(1,609)	(1,616)	(1,645)	(3,254)	(1,609)	(1,775)	(1,645)	(3,254)

* FS line "(Credit loss expense)/recovery of 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:

	30 September 2022 (unaudited)	31 December 2021
Originated loans to customers	7,924,618	6,236,850
Overdrafts	20,913	13,410
	7,945,531	6,250,260
Stage 1	7,104,096	5,469,752
Stage 2	208,123	245,157
Stage 3	600,738	502,058
Purchased or originated credit-impaired assets ("POCI")	32,574	33,293
Total	7,945,531	6,250,260
Less – Allowance for expected credit losses	(446,372)	(378,032)
Loans to customers	7,499,159	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 nine months ended 30 September 2022, average interest rate on loans was 13.9% (for the nine months ended 30 September 2021 –12.6%).

As at 30 September 2022, the Group's loan concentration to the ten largest borrowers was KZT 1,396,272 million, which comprised 18% of the Group's total gross loan portfolio (as at 31 December 2021 – KZT 1,192,775 million, 19%) and 74% of the Group's total equity (as at 31 December 2021 – 76%).

As at 30 September 2022, the allowance for expected credit losses created against these loans was KZT 22,903 million (as at 31 December 2021 – KZT 5,026 million).

As at 30 September 2022 and 31 December 2021, loans were granted to the following sectors:

	30 September 2022 (unaudited)	%	31 December 2021	%
Retail loans:				
- consumer loans	2,134,011	27%	1,625,469	26%
- mortgage loans	432,967	5%	286,712	5%
	2,566,978		1,912,181	
Services	770,083	10%	747,595	12%
Wholesale trade	601,497	8%	437,116	7%
Retail trade	491,553	6%	343,291	5%
Real estate	367,418	5%	306,401	5%
Oil and gas	356,624	4%	332,966	5%
Chemical industry	331,183	4%	297,820	5%
Financial services	326,102	4%	248,777	4%
Energy	292,675	4%	301,949	5%
Construction	291,934	4%	220,524	4%
Food industry	276,168	3%	176,100	3%
Agriculture	273,847	3%	200,405	3%
Machinery	223,292	3%	113,060	2%
Transportation	203,863	3%	155,590	2%
Metallurgy	167,401	2%	95,767	2%
Mining	137,147	2%	118,584	2%
Communication	71,401	1%	76,359	1%
Light industry	54,705	0%	37,896	0%
Hotel industry	53,999	1%	58,591	1%
Other	87,661	1%	69,288	1%
	7,945,531	100%	6,250,260	100%

Restructured and modified loans to customers

The Group 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 POCL. 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 during the nine months ended 30 September 2022 and 2021.

As at 30 September 2022, accrued interest on loans comprised KZT 185,783 million (31 December 2021 – KZT 173,466 million).

During the nine months ended 30 September 2022 and 2021, the Group received financial and non-financial assets by taking possession of collateral it held as security. As at 30 September 2022 and 31 December 2021, such assets of KZT 2,098 million and KZT 14,524 million, respectively, are included in assets classified as held for sale.

As at 30 September 2022 and 31 December 2021, loans to customers included loans of KZT 294,595 million and KZT 329,185 million, respectively, which terms were renegotiated. Otherwise, these loans would be past due.

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Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Nine Months ended 30 September 2022 (unaudited) (continued) (millions of Kazakhstani Tenge)

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

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

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

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Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Nine Months ended 30 September 2022 (unaudited) (continued) (millions of Kazakhstani Tenge)

	30 September 2022 (unaudited)				
Retail Business	Stage 1	Stage 2	Stage 3	POCI	Total
At the beginning of the period	1,758,678	11,633	141,870	-	1,912,181
Transfer to Stage 1	14,742	(7,852)	(6,890)	-	-
Transfer to Stage 2	(33,552)	36,520	(2,968)	-	-
Transfer to Stage 3	(50,246)	(16,132)	66,378	-	-
New originations or purchases of financial assets	1,256,428	-	-	-	1,256,428
Assets derecognised or repaid	(296,095)	(2,267)	(36,729)	-	(335,091)
Write-offs	-	-	(22,009)	-	(22,009)
Changes in the gross value of financial assets*	(277,301)	3,960	28,810	-	(244,531)
At the end of the period	2,372,654	25,862	168,462	-	2,566,978
SME Business	Stage 1	Stage 2	Stage 3	POCI	Total
At the beginning of the period	876,469	36,310	125,915	6,319	1,045,013
Transfer to Stage 1	12,674	(5,018)	(7,656)	-	-
Transfer to Stage 2	(35,301)	40,187	(4,886)	-	-
Transfer to Stage 3	(38,095)	(22,658)	60,753	-	-
New originations or purchases of financial assets	865,393	-	-	-	865,393
Assets derecognised or repaid	(340,152)	(13,218)	(24,607)	-	(377,977)
Write-offs	-	-	(18,518)	(356)	(18,874)
Changes in the gross value of financial assets*	(261,830)	(3,786)	286	(201)	(265,531)
At the end of the period	1,079,158	31,817	131,287	5,762	1,248,024

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Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Nine Months ended 30 September 2022 (unaudited) (continued) (millions of Kazakhstani Tenge)

	30 September 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	31,692	(16,174)	(15,518)	-	-
Transfer to Stage 2	(136,802)	140,077	(3,275)	-	-
Transfer to Stage 3	(114,122)	(35,753)	149,875	-	-
New originations or purchases of financial assets	3,787,241	-	-	5,689	3,792,930
Assets derecognised or repaid	(1,682,819)	(22,507)	(88,582)	(1,640)	(1,795,548)
Write-offs	-	-	(31,492)	(435)	(31,927)
Changes in the gross value of financial assets*	(863,709)	(42,441)	(28,690)	(4,964)	(939,804)
At the end of the period	5,036,803	239,791	515,837	57,536	5,849,967

	30 September 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	2,464	(2,195)	(269)	-	-
Transfer to Stage 2	(79,204)	79,320	(116)	-	-
Transfer to Stage 3	(51,459)	(16,525)	67,984	-	-
New originations or purchases of financial assets	2,112,235	-	-	5,689	2,117,924
Assets derecognised or repaid	(1,098,430)	(12,308)	(47,503)	(1,640)	(1,159,881)
Write-offs	-	-	(151)	-	(151)
Changes in the gross value of financial assets*	(374,917)	(48,019)	(35,537)	(2,902)	(461,375)
At the end of the period	2,710,318	176,854	243,090	50,745	3,181,007

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Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Nine Months ended 30 September 2022 (unaudited) (continued) (millions of Kazakhstani Tenge)

	30 September 2021 (unaudited)				
	Stage 1	Stage 2	Stage 3	POCI	Total
Retail Business					
At the beginning of the period	1,161,588	14,660	159,301	-	1,335,549
Transfer to Stage 1	15,540	(8,139)	(7,401)	-	-
Transfer to Stage 2	(17,442)	19,211	(1,769)	-	-
Transfer to Stage 3	(26,360)	(8,508)	34,868	-	-
New originations or purchases of financial assets	1,003,173	-	-	-	1,003,173
Assets derecognised or repaid	(283,712)	(2,534)	(23,363)	-	(309,609)
Write-offs	-	-	(14,429)	-	(14,429)
Changes in the gross value of financial assets*	(274,251)	4,402	265	-	(269,584)
At the end of the period	1,578,536	19,092	147,472	-	1,745,100

	30 September 2021 (unaudited)				
	Stage 1	Stage 2	Stage 3	POCI	Total
SME Business					
At the beginning of the period	654,105	25,348	115,536	9,288	804,277
Transfer to Stage 1	13,688	(5,840)	(7,848)	-	-
Transfer to Stage 2	(40,156)	41,546	(1,390)	-	-
Transfer to Stage 3	(36,303)	(10,720)	47,023	-	-
New originations or purchases of financial assets	671,833	-	-	-	671,833
Assets derecognised or repaid	(300,677)	(7,665)	(17,716)	-	(326,058)
Write-offs	-	-	(16,912)	(435)	(17,347)
Changes in the gross value of financial assets*	(214,541)	1,176	6,582	(2,062)	(208,845)
At the end of the period	747,949	43,845	125,275	6,791	923,860

* Changes in the gross value of financial assets includes changes in gross carrying amount associated with partial repayment of debt, accrual of interest income and foreign exchange differences.

** Assets derecognized or repaid includes gross carrying amount associated with loans to customers reclassified to fs line "Assets classified as held for sale".

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Nine Months ended 30 September 2022 (unaudited) (continued)
(millions of Kazakhstanian Tenge)

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

	Three months ended 30 September 2022 (unaudited)				Nine months ended 30 September 2022 (unaudited)					
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
At the beginning of the period	(106,252)	(45,936)	(261,430)	(22,409)	(436,027)	(69,846)	(48,369)	(240,242)	(19,575)	(378,032)
Transfer to Stage 1	(3,052)	658	2,394	-	-	(8,626)	2,971	5,655	-	-
Transfer to Stage 2	1,496	(2,054)	558	-	-	13,961	(15,488)	1,527	-	-
Transfer to Stage 3	19,659	13,360	(33,019)	-	-	46,541	25,357	(71,898)	-	-
Changes in risk parameters*	1,824	(11)	(6,891)	(76)	(5,154)	(2,643)	(7,242)	(13,270)	512	(22,643)
New originations or purchases of financial assets*	(36,389)	-	-	-	(36,389)	(112,029)	-	-	-	(112,029)
Derecognition of financial assets**	7,729	1,468	4,075	14	13,286	19,003	11,778	23,478	541	54,800
Recoveries of allowances on previously written-off assets	-	-	(1,772)	(104)	(1,876)	-	-	(7,117)	(1,892)	(9,009)
Write-offs	-	-	21,154	5	21,159	-	-	40,947	356	41,303
Foreign exchange differences and other movements	1,608	(986)	(1,849)	(144)	(1,371)	262	(2,508)	(15,860)	(2,656)	(20,762)
At the end of the period	(113,377)	(33,501)	(276,780)	(22,714)	(446,372)	(113,377)	(33,501)	(276,780)	(22,714)	(446,372)
Corporate Business	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
At the beginning of the period	(13,749)	(36,692)	(133,484)	(19,791)	(203,716)	(5,786)	(42,199)	(127,195)	(16,698)	(191,878)
Transfer to Stage 1	(603)	41	562	-	-	(1,176)	569	607	-	-
Transfer to Stage 2	152	(152)	-	-	-	10,714	(10,731)	17	-	-
Transfer to Stage 3	12,472	10,413	(22,885)	-	-	33,231	18,593	(51,824)	-	-
Changes in risk parameters*	(4,568)	63	10,151	(195)	5,451	(6,746)	(1,397)	25,366	336	17,559
New originations or purchases of financial assets*	(14,600)	-	-	-	(14,600)	(53,561)	-	-	-	(53,561)
Derecognition of financial assets**	1,929	166	2,920	-	5,015	5,317	10,011	19,452	458	35,238
Recoveries of allowances on previously written-off assets	-	-	(334)	(50)	(384)	-	-	(4,241)	(1,838)	(6,079)
Write-offs	-	-	420	-	420	-	-	420	-	420
Foreign exchange differences and other movements	(271)	(337)	(1,128)	(137)	(1,873)	(1,231)	(1,344)	(6,380)	(2,431)	(11,386)
At the end of the period	(19,238)	(26,498)	(143,778)	(20,173)	(209,687)	(19,238)	(26,498)	(143,778)	(20,173)	(209,687)
At the beginning of the period	(13,749)	(36,692)	(133,484)	(19,791)	(203,716)	(5,786)	(42,199)	(127,195)	(16,698)	(191,878)
Transfer to Stage 1	(603)	41	562	-	-	(1,176)	569	607	-	-
Transfer to Stage 2	152	(152)	-	-	-	10,714	(10,731)	17	-	-
Transfer to Stage 3	12,472	10,413	(22,885)	-	-	33,231	18,593	(51,824)	-	-
Changes in risk parameters*	(4,568)	63	10,151	(195)	5,451	(6,746)	(1,397)	25,366	336	17,559
New originations or purchases of financial assets*	(14,600)	-	-	-	(14,600)	(53,561)	-	-	-	(53,561)
Derecognition of financial assets**	1,929	166	2,920	-	5,015	5,317	10,011	19,452	458	35,238
Recoveries of allowances on previously written-off assets	-	-	(334)	(50)	(384)	-	-	(4,241)	(1,838)	(6,079)
Write-offs	-	-	420	-	420	-	-	420	-	420
Foreign exchange differences and other movements	(271)	(337)	(1,128)	(137)	(1,873)	(1,231)	(1,344)	(6,380)	(2,431)	(11,386)
At the end of the period	(19,238)	(26,498)	(143,778)	(20,173)	(209,687)	(19,238)	(26,498)	(143,778)	(20,173)	(209,687)

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Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Nine Months ended 30 September 2022 (unaudited) (continued) (millions of Kazakhstani Tenge)

Retail Business	Three months ended 30 September 2022 (unaudited)				Nine months ended 30 September 2022 (unaudited)					
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
At the beginning of the period	(79,076)	(4,942)	(74,526)	-	(158,544)	(54,991)	(4,332)	(61,020)	-	(120,343)
Transfer to Stage 1	(2,244)	577	1,667	-	(5,564)	1,775	3,789	-	-	-
Transfer to Stage 2	1,066	(1,550)	484	-	2,293	(3,345)	1,052	-	-	-
Transfer to Stage 3	2,647	1,377	(4,024)	-	5,714	4,117	(9,831)	-	-	-
Changes in risk parameters*	7,089	71	(15,423)	-	(8,263)	(2,543)	(35,253)	-	-	(33,667)
New originations or purchases of financial assets*	(14,328)	-	-	-	(14,328)	(42,326)	-	-	-	(42,326)
Derecognition of financial assets**	4,432	113	1,136	-	5,681	10,397	237	2,518	-	13,152
Recoveries of allowances on previously written-off assets	-	-	(1,438)	-	(1,438)	-	-	(2,135)	-	(2,135)
Write-offs	-	-	10,143	-	10,143	-	-	22,009	-	22,009
Foreign exchange differences and other movements	474	93	(324)	-	243	408	(170)	(3,434)	-	(3,196)
At the end of the period	(79,940)	(4,261)	(82,305)	-	(166,506)	(79,940)	(4,261)	(82,305)	-	(166,506)
SME Business	(13,427)	(4,302)	(53,420)	(2,618)	(73,767)	(9,069)	(1,838)	(52,027)	(2,877)	(65,811)
At the beginning of the period	(13,427)	(4,302)	(53,420)	(2,618)	(73,767)	(9,069)	(1,838)	(52,027)	(2,877)	(65,811)
Transfer to Stage 1	(205)	40	165	-	(1,886)	627	1,259	-	-	-
Transfer to Stage 2	278	(352)	74	-	954	(1,412)	458	-	-	-
Transfer to Stage 3	4,540	1,570	(6,110)	-	7,596	2,647	(10,243)	-	-	-
Changes in risk parameters*	(697)	(145)	(1,619)	119	(2,342)	(3,302)	(3,383)	176	-	(6,535)
New originations or purchases of financial assets*	(7,461)	-	-	-	(7,461)	(16,142)	-	-	-	(16,142)
Derecognition of financial assets**	1,368	1,189	19	14	2,590	3,289	1,508	83	83	6,410
Recoveries of allowances on previously written-off assets	-	-	-	(54)	(54)	-	(741)	-	(54)	(795)
Write-offs	-	-	10,591	5	10,596	-	-	18,518	356	18,874
Foreign exchange differences and other movements	1,405	(742)	(397)	(7)	259	1,085	(994)	(6,046)	(225)	(6,180)
At the end of the period	(14,199)	(2,742)	(50,697)	(2,541)	(70,179)	(14,199)	(2,742)	(50,697)	(2,541)	(70,179)

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Nine Months ended 30 September 2022 (unaudited) (continued)
(millions of Kazakhstani Tenge)

	Three months ended 30 September 2021 (unaudited)					Nine months ended 30 September 2021 (unaudited)				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
At the beginning of the period	(66,474)	(40,322)	(246,183)	(16,994)	(369,973)	(55,831)	(37,479)	(266,657)	(18,074)	(378,041)
Transfer to Stage 1	(2,593)	689	1,904	-	-	(7,641)	1,955	5,686	-	-
Transfer to Stage 2	1,983	(2,383)	400	-	-	2,846	(4,033)	1,187	-	-
Transfer to Stage 3	5,870	1,657	(7,527)	-	-	7,633	4,380	(12,013)	-	-
Changes in risk parameters*	6,839	(3,573)	(1,856)	(6,833)	(5,423)	37,679	(10,022)	(15,796)	(5,699)	6,162
New originations or purchases of financial assets*	(23,575)	-	-	-	(23,575)	(72,598)	-	-	-	(72,598)
Derecognition of financial assets**	5,150	624	9,719	233	15,726	15,370	2,025	39,173	1,389	57,957
Recoveries of allowances on previously written-off assets	-	-	(1,124)	(2,417)	(3,541)	-	-	(15,646)	(3,474)	(19,120)
Write-offs	-	-	10,203	283	10,486	-	-	31,492	435	31,927
Foreign exchange differences and other movements	202	(280)	843	(317)	448	(56)	(414)	(1,047)	(622)	(2,139)
At the end of the period	(72,598)	(43,588)	(233,621)	(26,045)	(375,852)	(72,598)	(43,588)	(233,621)	(26,045)	(375,852)
Corporate Business										
At the beginning of the period	(12,322)	(35,710)	(127,274)	(16,010)	(191,316)	(8,629)	(33,208)	(152,404)	(17,071)	(211,312)
Transfer to Stage 1	(155)	2	153	-	-	(185)	32	153	-	-
Transfer to Stage 2	1,102	(1,102)	-	-	-	1,161	(1,161)	-	-	-
Transfer to Stage 3	5,444	-	(5,444)	-	-	5,515	1,631	(7,146)	-	-
Changes in risk parameters*	2,086	(635)	9,218	(6,940)	3,729	18,251	(4,960)	23,999	(6,205)	31,085
New originations or purchases of financial assets*	(8,167)	-	-	-	(8,167)	(31,183)	-	-	-	(31,183)
Derecognition of financial assets**	189	238	5,692	205	6,324	3,480	952	27,035	969	32,436
Recoveries of allowances on previously written-off assets	-	-	(542)	(1,837)	(2,379)	-	-	(8,868)	(2,174)	(11,042)
Write-offs	-	-	147	-	147	-	-	151	-	151
Foreign exchange differences and other movements	398	436	566	(338)	1,062	165	(57)	(404)	(439)	(735)
At the end of the period	(11,425)	(36,771)	(117,484)	(24,920)	(190,600)	(11,425)	(36,771)	(117,484)	(24,920)	(190,600)

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Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Nine Months ended 30 September 2022 (unaudited) (continued) (millions of Kazakhstani Tenge)

Retail Business	Three months ended 30 September 2021 (unaudited)				Nine months ended 30 September 2021 (unaudited)					
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
At the beginning of the period	(47,746)	(2,476)	(72,832)	-	(123,054)	(39,972)	(2,909)	(68,954)	-	(111,835)
Transfer to Stage 1	(1,467)	522	945	-	-	(4,794)	1,555	3,239	-	-
Transfer to Stage 2	670	(1,029)	359	-	-	1,044	(2,009)	965	-	-
Transfer to Stage 3	297	1,553	(1,850)	-	-	1,472	2,128	(3,600)	-	-
Changes in risk parameters*	4,422	(2,847)	417	-	1,992	12,952	(3,969)	(17,219)	-	(8,236)
New originations or purchases of financial assets*	(12,753)	-	-	-	(12,753)	(32,486)	-	-	-	(32,486)
Derecognition of financial assets**	3,992	181	293	-	4,466	8,998	693	3,976	-	13,667
Recoveries of allowances on previously written-off assets	-	-	(17)	-	(17)	-	-	(1,952)	-	(1,952)
Write-offs	-	-	3,118	-	3,118	-	-	14,429	-	14,429
Foreign exchange differences and other movements	(119)	(441)	125	-	(435)	82	(26)	(326)	-	(270)
At the end of the period	(52,704)	(4,537)	(69,442)	-	(126,683)	(52,704)	(4,537)	(69,442)	-	(126,683)

SME Business	Three months ended 30 September 2021 (unaudited)				Nine months ended 30 September 2021 (unaudited)					
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
At the beginning of the period	(6,406)	(2,136)	(46,077)	(984)	(55,603)	(7,230)	(1,362)	(45,299)	(1,003)	(54,894)
Transfer to Stage 1	(971)	165	806	-	-	(2,662)	368	2,294	-	-
Transfer to Stage 2	211	(252)	41	-	-	641	(863)	222	-	-
Transfer to Stage 3	129	104	(233)	-	-	646	621	(1,267)	-	-
Changes in risk parameters*	331	(91)	(11,491)	107	(11,144)	6,476	(1,093)	(22,576)	506	(16,687)
New originations or purchases of financial assets*	(2,655)	-	-	-	(2,655)	(8,929)	-	-	-	(8,929)
Derecognition of financial assets**	969	205	3,734	28	4,936	2,892	380	8,162	420	11,854
Recoveries of allowances on previously written-off assets	-	-	(565)	(580)	(1,145)	-	-	(4,826)	(1,300)	(6,126)
Write-offs	-	-	6,938	283	7,221	-	-	16,912	435	17,347
Foreign exchange differences and other movements	(77)	(275)	152	21	(179)	(303)	(331)	(317)	(183)	(1,134)
At the end of the period	(8,469)	(2,280)	(46,695)	(1,125)	(58,569)	(8,469)	(2,280)	(46,695)	(1,125)	(58,569)

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

**/* Derecognition of financial assets includes changes in the amount of provisions for fully repaid loans to customers

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Nine Months ended 30 September 2022 (unaudited)
(millions of Kazakhstani Tenge)

During the nine months ended 30 September 2022 and 2021, the Group has written off loans of KZT 41,303 million and KZT 31,927 million, respectively, which allow the writing off loans without being considered forgiveness of the loan for tax purpose and are therefore not subject to corporate income tax.

Allowance for expected credit losses and provisions

For the nine months ended 30 September 2022, credit loss expense on loans to customers comprised KZT 79,872 million (30 September 2021 – KZT 8,479 million, respectively). The increase in expected credit loss expense during the nine months 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:

	30 September 2022 (unaudited)	31 December 2021
Reinsurers' share of unearned premium reserve	25,949	13,653
Reinsurers' share of reserves for claims	13,433	18,934
	39,382	32,587
Premiums receivable	34,157	21,524
Total insurance contract assets	73,539	54,111

Insurance contract liabilities comprised the following:

	30 September 2022 (unaudited)	31 December 2021
Reserves for insurance claims	223,686	180,373
Gross unearned insurance premium reserve	66,652	44,253
	290,338	224,626
Payables to reinsurers and agents	22,018	15,655
Total insurance contract liabilities	312,356	240,281

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Nine Months ended 30 September 2022 (unaudited)
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12. Amounts due to customers

Amounts due to customers include the following:

	30 September 2022 (unaudited)	31 December 2021
Recorded at amortised cost:		
Term deposits:		
Individuals	4,075,160	3,674,572
Legal entities	3,036,054	2,046,999
	7,111,214	5,721,571
Current accounts:		
Legal entities	2,461,001	2,011,305
Individuals	814,750	740,531
	3,275,751	2,751,836
Total amounts due to customers	10,386,965	8,473,407

As at 30 September 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 30 September 2022, amounts due to customers included amounts held as collateral of KZT 187,126 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 sectors is as follows:

	30 September 2022 (unaudited)	%	31 December 2021	%
Individuals and entrepreneurs	4,889,910	47%	4,415,103	52%
Oil and gas	926,387	9%	471,553	6%
Other consumer services	824,723	8%	767,535	9%
Wholesale trade	644,691	6%	336,007	4%
Financial sector	634,736	6%	711,392	8%
Transportation	357,245	3%	258,282	3%
Construction	299,093	3%	259,836	3%
Healthcare and social services	266,660	3%	246,109	3%
Metallurgy	266,506	3%	187,437	2%
Government and state-controlled companies	259,880	2%	110,568	1%
Communication	252,140	2%	116,694	1%
Education	106,003	1%	80,260	1%
Insurance and pension funds activity	84,910	1%	77,109	1%
Energy	55,468	1%	43,678	1%
Other	518,613	5%	391,844	5%
	10,386,965	100%	8,473,407	100%

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13. Amounts due to credit institutions

Amounts due to credit institutions comprise:

	30 September 2022 (unaudited)	31 December 2021
Recorded at amortised cost:		
Loans and deposits from Kazakhstan banks (incl. loans under repurchase agreements)	393,472	889,941
Correspondent accounts	99,916	25,856
Loans from JSC Entrepreneurship Development Fund DAMU	85,294	83,878
Loans from JSC Development Bank of Kazakhstan	80,108	47,451
Loans and deposits from non-OECD based banks	70,454	22,943
Loans from other financial institutions	40,316	1,507
Loans from JSC Industrial Development Fund	22,575	-
Loans and deposits from OECD based banks	9,000	-
Loans from JSC "National Managing Holding "Baiterek"	66	66
	801,201	1,071,642

As at 30 September 2022, loans from JSC Industrial Development Fund ("IDF") included long-term loans of KZT 22,500 million at 1.0% interest rate maturing in 2052 to finance the purchase of domestically produced vehicles by the Group's retail customers. According to the loan agreement between the IDF and the Group, the Group is responsible for providing loans to retail business borrowers at a rate of 4.0% with a maturity of no more than 7 years.

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

	30 September 2022 (unaudited)		31 December 2021	
	Interest rate, %	Maturity, year	Interest rate, %	Maturity, Year
Loans and deposits from Kazakhstan banks (incl. loans under repurchase agreements)	11.5%-17.0%	2022-2026	8.8%-11.5%	2022
Loans from JSC Entrepreneurship Development Fund DAMU	1.0%-9.0%	2023-2035	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 from other financial institutions	1.5%-10.0%	2022-2026	4.0%-10.0%	2023-2026
Loans from JSC Industrial Development Fund	1.0%	2052	-	-
Loans and deposits from non-OECD based banks	1.0%-12.0%	2022-2027	2.5%-10.5%	2022
Loans and deposits from OECD based banks	13.0%	2022	-	-
Loans from JSC "National Managing Holding "Baiterek"	3.0%	2022	3.0%	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 30 September 2022 and 31 December 2021, are as follows:

	30 September 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	388,826	390,566	886,912	882,990
	388,826	390,566	886,912	882,990

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Nine Months ended 30 September 2022 (unaudited)
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Details of transferred financial assets that are not derecognised in their entirety as at 30 September 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 30 September 2022 (unaudited):	
Fair value of transferred assets	388,826
Carrying amount of associated liabilities	390,566
As at 31 December 2021:	
Fair value 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 consisted of the following:

	30 September 2022 (unaudited)	31 December 2021
Recorded at amortised cost:		
Subordinated debt securities issued:		
KZT denominated bonds, fixed rate	96,721	86,952
Total subordinated debt securities outstanding	96,721	86,952
Unsubordinated debt securities issued:		
KZT denominated bonds	231,587	333,310
USD denominated bonds	146,014	79,550
Total unsubordinated debt securities outstanding	377,601	412,860
Total debt securities outstanding	474,322	499,812

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Nine Months ended 30 September 2022 (unaudited)
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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.

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.

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.

On 01 June 2022, the Group issued the bonds listed on AIX with a coupon rate of 2.5% in the amount of USD 100 million.

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

	30 September 2022 (unaudited)		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%	2024-2025	7.5%-8.8%	2022-2025
USD denominated bonds	2.5%-4.0%	2025	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 interim condensed consolidated statement of cash flows as cash flows from financing activities.

	1 January 2022	Financing cash flows	Non-cash changes		30 September 2022 (unaudited)
			Foreign exchange movement	Changes in amortised cost	
Debt securities issued	499,812	(46,718)	17,862	3,366	474,322
	1 January 2021	Financing cash flows	Non-cash changes		30 September 2021 (unaudited)
			Foreign exchange movement	Changes in amortised cost	
Debt securities issued	778,192	(305,470)	6,012	23,275	502,009

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Nine Months ended 30 September 2022 (unaudited)
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15. Taxation

The income tax expense comprises:

	Three months ended 30 September 2022 (unaudited)	Three months ended 30 September 2021 (unaudited)	Nine months ended 30 September 2022 (unaudited)	Nine months ended 30 September 2021 (unaudited)
Current income tax expense	28,519	17,310	72,882	46,184
Deferred income tax benefit	(3,173)	(410)	(8,772)	(584)
Total income tax expense	25,346	16,900	64,110	45,600

The Group's effective income tax rate for the nine months ended 30 September 2022 was 13.3% (for the nine months ended 30 September 2021: 12.0%). The change in the effective income tax rates for the nine months ended 30 September 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 30 September 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
30 September 2022 (unaudited):					
Common	25,000,000,000	(11,552,455,218)	13,447,544,782	(2,564,215,886)	10,883,328,896
31 December 2021:					
Common	25,000,000,000	(11,552,455,218)	13,447,544,782	(2,551,539,932)	10,896,004,850

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Nine Months ended 30 September 2022 (unaudited)
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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	(44,800,012)	(5,530)
Sale of treasury shares	32,124,058	4,283
30 September 2022 (unaudited)	10,883,328,896	(51,542)

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

Common shares

As at 30 September 2022 and 31 December 2021, share capital comprised KZT 209,027 million. As at 30 September 2022, the Group held 2,564,215,886 shares of the Group's common shares as treasury shares at KZT 260,569 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.

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Nine Months ended 30 September 2022 (unaudited)
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17. Commitments and contingencies, provisions

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

	30 September 2022 (unaudited)	31 December 2021
Guarantees issued	697,316	626,319
Commercial letters of credit	99,740	65,267
Commitments to extend credit	71,416	58,101
Financial commitments and contingencies	868,472	749,687
Less: cash collateral against letters of credit	(66,274)	(35,469)
Less: provisions	(15,848)	(13,193)
Financial commitments and contingencies, net	786,350	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 30 September 2022, uncovered guarantees issued for the ten largest groups of customers/groups of customers accounted for 48% of the Group's total financial guarantees (31 December 2021 – 60%) and represented 18% 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 30 September 2022, the ten largest unsecured letters of credit accounted for 30% 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.

The movements in provisions were as follows:

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

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Nine Months ended 30 September 2022 (unaudited)
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	Nine months ended 30 September 2022 (unaudited)			
	Stage 1	Stage 2	Stage 3	Total
At the beginning of the period	(306)	(6,433)	(6,454)	(13,193)
Transfer to Stage 2	3	(7)	4	-
Transfer to Stage 3	6,991	25	(7,016)	-
(Additional provisions recognized)/recoveries of provisions	(7,914)	(10)	7,474	(450)
Foreign exchange differences	907	(1,038)	(2,074)	(2,205)
At the end of the period	(319)	(7,463)	(8,066)	(15,848)

	Three months ended 30 September 2021 (unaudited)			
	Stage 1	Stage 2	Stage 3	Total
At the beginning of the period	(551)	(8)	(13,086)	(13,645)
Transfer to Stage 2	217	(217)	-	-
Transfer to Stage 3	258	15	(273)	-
(Additional provisions recognized)/recoveries of provisions	(408)	(159)	1,312	745
Foreign exchange differences	92	2	(91)	3
At the end of the period	(392)	(367)	(12,138)	(12,897)

	Nine months ended 30 September 2021 (unaudited)			
	Stage 1	Stage 2	Stage 3	Total
At the beginning of the period	(640)	(1,343)	(7,304)	(9,287)
Transfer to Stage 2	247	(247)	-	-
Transfer to Stage 3	8,935	1,419	(10,354)	-
(Additional provisions recognized)/recoveries of provisions	(9,015)	(196)	5,578	(3,633)
Foreign exchange differences	81	-	(58)	23
At the end of the period	(392)	(367)	(12,138)	(12,897)

Capital commitments

As at 30 September 2022, the Group had capital expenditures commitments in respect of construction in progress for KZT 3,774 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 30 September 2022 and 31 December 2021.

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Nine Months ended 30 September 2022 (unaudited)
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18. Net interest income

	Three months ended 30 September 2022 (unaudited)	Three months ended 30 September 2021 (unaudited)	Nine months ended 30 September 2022 (unaudited)	Nine months ended 30 September 2021 (unaudited)
Interest income:				
Loans to customers	268,333	166,989	697,563	454,816
- <i>Corporate business</i>	112,985	66,730	304,966	195,464
- <i>Retail business</i>	113,193	68,796	287,972	188,322
- <i>SME business</i>	42,155	31,463	104,625	71,030
Financial assets at fair value through other comprehensive income	23,920	25,857	70,159	70,021
Debt securities at amortized cost, net of allowance for expected credit losses	20,384	24,871	71,174	74,519
Amounts due from credit institutions and cash and cash equivalents	14,657	3,665	23,657	13,219
Other financial assets	1,861	3,189	5,311	9,136
Interest income calculated using effective interest method	329,155	224,571	867,864	621,711
Financial assets at fair value through profit or loss	6,788	5,167	19,590	15,664
Other interest income	6,788	5,167	19,590	15,664
Total interest income	335,943	229,738	887,454	637,375
Interest expense:				
Amounts due to customers	(133,191)	(77,204)	(327,697)	(213,567)
- <i>Legal entities</i>	(72,294)	(34,101)	(169,770)	(92,069)
- <i>Individuals</i>	(60,897)	(43,103)	(157,927)	(121,498)
Amounts due to credit institutions	(10,969)	(2,529)	(51,352)	(5,842)
Debt securities issued	(8,989)	(10,998)	(26,389)	(34,809)
Other interest expense	(1)	(48)	(153)	(855)
Other financial liabilities	(239)	(167)	(651)	(593)
Total interest expense	(153,389)	(90,946)	(406,242)	(255,666)
Net interest income before credit loss expense	182,554	138,792	481,212	381,709

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

For the three and nine months ended 30 September 2022, the total interest income calculated using the EIR method for financial assets measured at amortised cost comprised KZT 305,235 million and KZT 797,705 million, respectively (for the three and nine months ended 30 September 2021: KZT 198,714 million and KZT 551,690 million).

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19. Fees and commissions

Fee and commission income is derived from the following sources:

	Three months ended 30 September 2022 (unaudited)	Three months ended 30 September 2021 (unaudited)	Nine months ended 30 September 2022 (unaudited)	Nine months ended 30 September 2021 (unaudited)
Plastic card operations	27,873	21,393	75,040	59,386
Bank transfers - settlements	8,245	5,555	20,028	16,039
Letters of credit and guarantees issued	3,777	3,010	10,260	8,261
Cash operations	3,816	2,588	9,406	7,546
Servicing customers' pension payments	1,485	1,602	4,612	5,867
Bank transfers - salary projects	904	956	2,953	3,386
Maintenance of customer accounts	2,830	911	7,302	2,722
Other	2,802	2,183	6,896	5,477
Loyalty program	(2,370)	(3,360)	(7,835)	(6,934)
Total fee and commission income	49,362	34,838	128,662	101,750

Fee and commission expense comprises the following:

	Three months ended 30 September 2022 (unaudited)	Three months ended 30 September 2021 (unaudited)	Nine months ended 30 September 2022 (unaudited)	Nine months ended 30 September 2021 (unaudited)
Payment cards	(23,166)	(16,116)	(59,652)	(43,667)
Deposit insurance	(1,674)	(1,400)	(4,610)	(4,584)
Bank transfers	(1,414)	(567)	(3,109)	(1,547)
Cash operations	(119)	(179)	(905)	(522)
Commission paid to collectors	(27)	(88)	(95)	(177)
Other	(735)	(118)	(2,594)	(1,277)
Total fee and commission expense	(27,135)	(18,468)	(70,965)	(51,774)

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 30 September 2022 (unaudited)	Three months ended 30 September 2021 (unaudited)	Nine months ended 30 September 2022 (unaudited)	Nine months ended 30 September 2021 (unaudited)
Net gain on operations with financial assets and liabilities classified as held for trading:				
Realized net gain on derivative operations	15,525	1,855	34,078	4,500
Net gain/(loss) on trading operations	2,231	(1,280)	(19,061)	1,572
Unrealized net (loss)/gain on derivative operations	(7,734)	46	(5,278)	3,366
Total net gain on operations with financial assets and liabilities classified as held for trading	10,022	621	9,739	9,438

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21. Net gain on foreign exchange operations

Net foreign exchange gain comprises:

	Three months ended 30 September 2022 (unaudited)	Three months ended 30 September 2021 (unaudited)	Nine months ended 30 September 2022 (unaudited)	Nine months ended 30 September 2021 (unaudited)
Dealing, net*	48,282	8,071	136,298	25,308
Translation differences, net	(27,422)	(1,189)	(6,037)	(2,313)
Total net foreign exchange gain	20,860	6,882	130,261	22,995

*The Dealing, net in the third quarter of 2022 refers mainly to increased volatility and increased activity in the foreign exchange markets.

22. Insurance underwriting income/ (insurance claims incurred, net of reinsurance)

Insurance underwriting income/ (insurance claims incurred, net of reinsurance) comprised:

	Three months ended 30 September 2022 (unaudited)	Three months ended 30 September 2021 (unaudited)	Nine months ended 30 September 2022 (unaudited)	Nine months ended 30 September 2021 (unaudited)
Insurance premiums written, gross	65,520	47,992	182,733	175,456
Ceded reinsurance share	(18,496)	(10,739)	(64,428)	(65,516)
Change in unearned insurance premiums, net	(6,920)	(1,513)	(9,056)	(8,781)
Total insurance underwriting income	40,104	35,740	109,249	101,159
Insurance reserves expenses	(18,621)	(7,657)	(50,575)	(25,370)
Commissions to agents	(10,647)	(8,267)	(26,756)	(23,219)
Insurance payments	(8,776)	(7,359)	(26,523)	(22,136)
Total insurance claims incurred, net of reinsurance	(38,044)	(23,283)	(103,854)	(70,725)
Net insurance income	2,060	12,457	5,395	30,434

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Nine Months ended 30 September 2022 (unaudited)
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23. Operating expenses

Operating expenses comprised:

	Three months ended 30 September 2022 (unaudited)	Three months ended 30 September 2021 (unaudited)	Nine months ended 30 September 2022 (unaudited)	Nine months ended 30 September 2021 (unaudited)
Salaries and other employee benefits	28,018	25,593	84,237	70,863
Depreciation and amortization expenses	4,780	3,718	13,032	11,024
Taxes other than income tax	2,681	2,437	7,407	6,628
Information services	1,924	1,624	5,466	4,871
Security	1,628	1,418	4,687	3,875
Communication	1,548	1,399	5,381	3,862
Utilities expenses	1,356	956	3,638	3,123
Charity*	1,191	194	6,014	2,429
Repairs and maintenance	1,078	809	2,486	2,474
Advertisement	939	1,003	2,550	2,193
Rent	813	727	2,242	2,206
Stationery and office supplies	742	400	1,777	1,153
Professional services	704	661	1,350	1,267
Other	3,011	3,094	5,744	5,168
Total operating expenses	50,413	44,033	146,011	121,136

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 30 September 2022 (unaudited)	Three months ended 30 September 2021 (unaudited)	Nine months ended 30 September 2022 (unaudited)	Nine months ended 30 September 2021 (unaudited)
Net gain on sale of commercial property	1,183	7,270	8,421	13,338
Net gain on sale of assets-held-for-sale	656	1,355	1,103	2,754
Net gain on sale of investment property	3,669	9	9,670	226
Other income on non-banking activities	857	911	2,786	1,702
Income on non-banking activities	6,365	9,545	21,980	18,020

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.

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Nine Months ended 30 September 2022 (unaudited)
(millions of Kazakhstani Tenge)

The following table presents basic and diluted earnings per share:

	Three months ended 30 September 2022 (unaudited)	Three months ended 30 September 2021 (unaudited)	Nine months ended 30 September 2022 (unaudited)	Nine months ended 30 September 2021 (unaudited)
Basic and diluted earnings per share				
Net profit for the period attributable to equity holders of the parent	135,694	107,657	417,095	333,095
Earnings attributable to common shareholders	135,694	107,657	417,095	333,095
Weighted average number of common shares for the purposes of basic earnings per share	10,890,558,145	11,741,246,009	10,893,522,369	11,717,753,000
Basic and diluted earnings per share (in Tenge)	12.46	9.17	38.29	28.43

As required by KASE rules for listed companies, the book value of one share per each class of shares as at 30 September 2022 and 31 December 2021 is disclosed as follows:

Class of shares	30 September 2022		
	Outstanding shares	Equity (as calculated per KASE rules)	Book value of one share, in KZT
Common	10,883,328,896	1,883,064	173.02
		1,883,064	
Class of shares	31 December 2021		
	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 third quarter of 2022 and are disclosed in the annual consolidated financial statements for the year ended 31 December 2021.

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Nine Months ended 30 September 2022 (unaudited)
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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.

	30 September 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	2,630,314	-	-	-	-	2,630,314
Obligatory reserves	141,888	13,278	70,570	17,096	11,448	254,280
Financial assets at fair value through profit or loss	304,484	393	-	528	-	305,405
Amounts due from credit institutions	83,894	4,888	25,572	703	94	115,151
Financial assets at fair value through other comprehensive income	27,078	42,663	201,469	1,309,015	227,001	1,807,226
Debt securities at amortised cost, net of allowance for expected credit losses	23,207	6,322	268,861	711,356	965	1,010,711
Loans to customers	282,413	592,776	4,174,245	2,258,746	190,979	7,499,159
Other financial assets	15,496	2,106	15,455	50,898	880	84,835
	3,508,774	662,426	4,756,172	4,348,342	431,367	13,707,081
FINANCIAL LIABILITIES:						
Amounts due to customers	5,398,037	635,824	3,583,388	373,639	396,077	10,386,965
Amounts due to credit institutions	570,401	30,584	10,543	20,773	168,900	801,201
Financial liabilities at fair value through profit or loss	50,092	873	-	1,032	-	51,997
Debt securities issued	10,078	3,144	1,317	457,715	2,068	474,322
Other financial liabilities	119,819	2,968	7,904	2,702	619	134,012
	6,148,427	673,393	3,603,152	855,861	567,664	11,848,497
Net position	(2,639,653)	(10,967)	1,153,020	3,492,481	(136,297)	1,858,584
Accumulated gap	(2,639,653)	(2,650,620)	(1,497,600)	1,994,881	1,858,584	

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Nine Months ended 30 September 2022 (unaudited)
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	31 December 2021					Total
	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	
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 30 September 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.

JSC Halyk Bank



Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Nine Months ended 30 September 2022 (unaudited) (millions of Kazakhstani Tenge)

Currency Risk

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

	USD	EURO	RUR	Other	Total foreign currencies	KZT	Total
30 September 2022 (unaudited)							
FINANCIAL ASSETS:							
Cash and cash equivalents	1,836,610	108,001	154,833	218,355	2,317,799	312,515	2,630,314
Obligatory reserves	37,626	30,588	129	112,331	180,674	73,606	254,280
Financial assets at fair value through profit or loss	46,694	7,192	29,050	822	83,758	221,647	305,405
Amounts due from credit institutions	66,536	8,541	4	20,717	95,798	19,353	115,151
Financial assets at fair value through other comprehensive income	1,036,933	118,117	12,745	-	1,167,795	639,431	1,807,226
Debt securities at amortised cost, net of allowance for expected credit losses	206,323	-	1,841	36,286	244,450	766,261	1,010,711
Loans to customers	1,054,664	50,395	142,193	105,988	1,353,240	6,145,919	7,499,159
Other financial assets	6,321	329	18,249	2,588	27,487	57,348	84,835
	4,291,707	323,163	359,044	497,087	5,471,001	8,236,080	13,707,081
FINANCIAL LIABILITIES							
Amounts due to customers	4,386,714	302,216	125,794	146,633	4,961,357	5,425,608	10,386,965
Amounts due to credit institutions	64,356	8,770	62,345	1,132	136,603	664,598	801,201
Financial liabilities at fair value through profit or loss	7,184	2,569	30,937	3,290	43,980	8,017	51,997
Debt securities issued	146,014	-	-	-	146,014	328,308	474,322
Other financial liabilities	2,750	681	5,090	1,774	10,295	123,717	134,012
	4,607,018	314,236	224,166	152,829	5,298,249	6,550,248	11,848,497
Net position – on-balance	(315,311)	8,927	134,878	344,258	172,752	1,685,832	1,858,584
Net position – off-balance	385,346	(8,173)	(93,433)	(265,507)	18,233	(36,785)	
Net position	70,035	754	41,445	78,751	190,985	1,649,047	

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Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Nine Months ended 30 September 2022 (unaudited) (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	

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Nine Months ended 30 September 2022 (unaudited)
(millions of Kazakhstani Tenge)

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 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.

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Nine Months ended 30 September 2022 (unaudited)
(millions of Kazakhstani Tenge)

The below table summarises the regulatory capital composition and capital adequacy ratios of the Group for the periods ended 30 September 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.

	30 September 2022 (unaudited)	31 December 2021
Composition of regulatory capital		
CET 1		
Common shares, net of treasury shares	(51,542)	(50,295)
Share premium	8,188	9,067
Retained earnings of prior years	1,503,075	1,039,042
Net income for the current year	417,096	462,378
Accumulated disclosed reserves*	54,772	55,186
Non-controlling interest	9	8
Property and financial assets at fair value through other comprehensive income revaluation reserves	(64,304)	48,177
Less: goodwill and intangible assets	(18,282)	(16,632)
Less: cumulative translation reserve	(26,351)	(5,582)
Common Equity Tier 1 (CET 1) Capital	1,822,661	1,541,349
Additional tier 1		
Tier 2		
Subordinated debt	58,032	52,171
Total qualifying for Tier 2 capital	58,032	52,171
Total regulatory capital	1,880,693	1,593,520
Risk weighted assets	10,260,119	8,007,464
CET 1 capital adequacy ratio	17.76%	19.25%
Tier 1 capital adequacy ratio	17.76%	19.25%
Total capital adequacy ratio	18.33%	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 nine months ended 30 September 2022 in comparison with the year ended 31 December 2021.

There were no transactions between business segments during the nine months ended 30 September 2022 and 2021.

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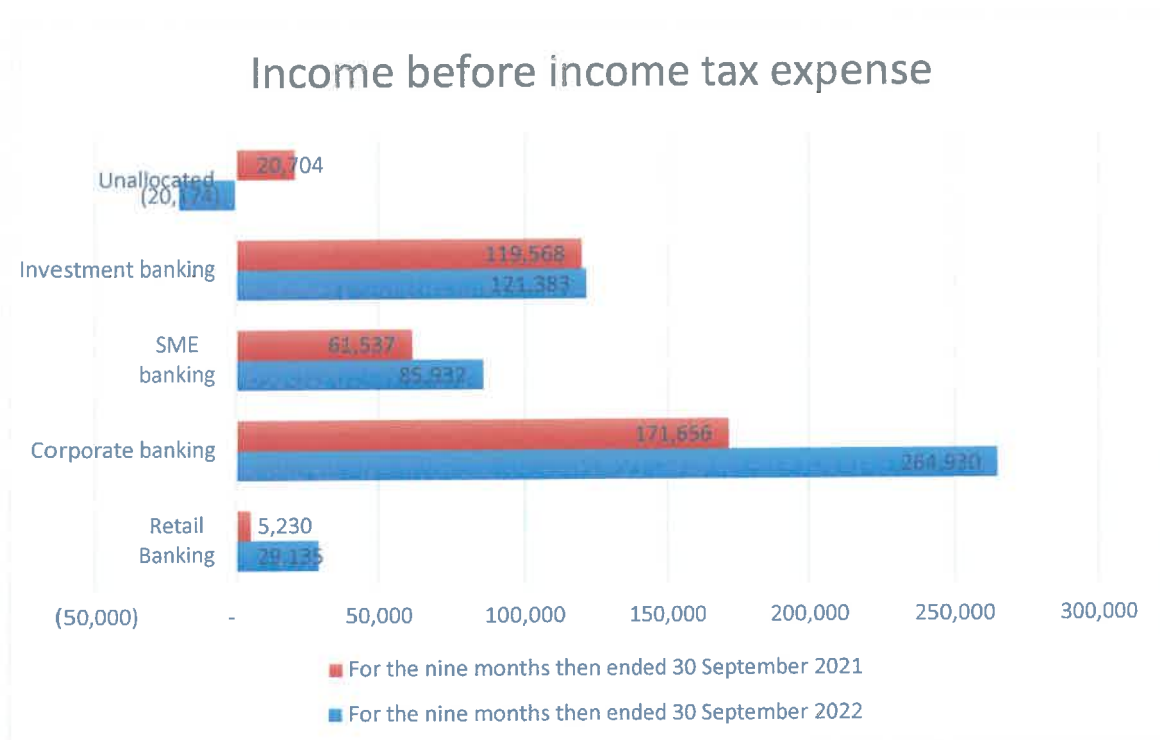


Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Nine Months ended 30 September 2022 (unaudited) (millions of Kazakhstani Tenge)

As at 30 September 2021 and for the nine months then ended (unaudited)	Retail banking	Corporate banking	SME banking	Investment banking	Unallocated	Total
External revenues	267,065	249,031	96,854	157,887	126,111	896,948
Total revenues	267,065	249,031	96,854	157,887	126,111	896,948
Total revenues comprise:						
- Interest income	188,322	220,492	70,993	156,586	1,042	637,375
- Fee and commission income, including: <i>Plastic cards operations</i>	70,945	11,222	17,406	-	2,177	101,750
<i>Bank transfers – settlements</i>	57,895	63	1,274	-	154	59,386
<i>Letters of credit and guarantees issued</i>	8,764	2,047	5,165	-	63	16,039
<i>Cash operations</i>	32	6,172	2,031	-	26	8,261
<i>Servicing customers' pension payments</i>	662	1,171	5,675	-	38	7,546
<i>Bank transfers – salary projects</i>	5,867	-	-	-	-	5,867
<i>Maintenance of customer accounts</i>	3,386	206	2,039	-	-	3,386
<i>Other</i>	477	1,563	1,222	-	-	2,722
<i>Loyalty program</i>	796	-	-	-	1,896	5,477
- Net gain/(loss) from financial assets and liabilities at fair value through profit or loss	(6,934)	-	-	(68)	-	(6,934)
- Net realised gain from financial assets at fair value through other comprehensive income	8,235	-	-	1,369	1,271	9,438
- Net gain/(loss) on foreign exchange operations	-	9,082	8,515	-	(2,400)	1,369
- Share in profit of associate	7,798	-	-	-	4,842	22,995
- Insurance underwriting income and income on non-banking activities	-	-	-	-	119,179	4,842
Total revenues	267,065	249,031	96,854	157,887	126,111	896,948
- Interest expense	(121,499)	(81,664)	(16,564)	(34,913)	(1,026)	(255,666)
- (Credit loss expense)/recovery of credit loss expense	(21,337)	21,782	(5,142)	(519)	(257)	(5,473)
- Fee and commission expense	(47,686)	(2,922)	(535)	(187)	(444)	(51,774)
- Operating expenses	(71,293)	(9,356)	(12,585)	(2,700)	(25,202)	(121,136)
- Loss from impairment of non-financial assets	-	-	-	-	(275)	(275)
- Other credit loss expense	(20)	(3,098)	(491)	-	(24)	(3,633)
- Insurance claims incurred, net of reinsurance and other expense	-	(2,117)	-	-	(78,179)	(80,296)
Total expenses	(261,835)	(77,375)	(35,317)	(38,319)	(105,407)	(518,253)
Segment result	5,230	171,656	61,537	119,568	20,704	378,695
Income before income tax expense						378,695
Income tax expense					(45,600)	(45,600)
Net profit						333,095
Total segment assets	1,652,482	4,720,584	841,091	3,283,876	786,424	11,284,457
Total segment liabilities	4,218,563	3,242,199	1,333,701	510,370	367,601	9,672,434
Other segment items:						
Capital expenditures					(16,507)	(16,507)
Depreciation and amortization					(11,024)	(11,024)
Investments in associates					32,107	32,107

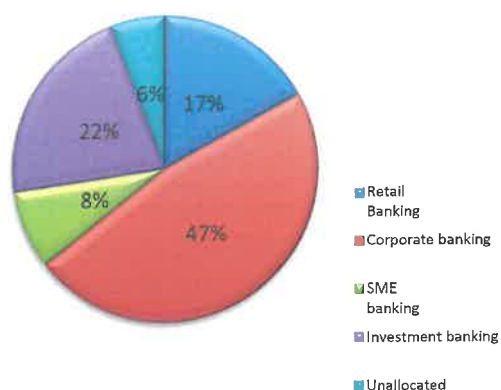
Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Nine Months ended 30 September 2022 (unaudited)
(millions of Kazakhstani Tenge)

Income before income tax expense by segments were as follows:

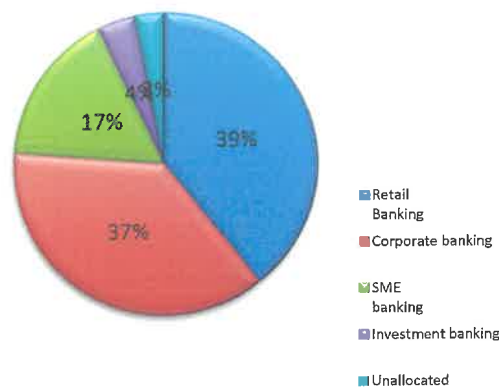


Share of segment assets and liabilities as at 30 September 2022 (unaudited) and 31 December 2021 presented as follows:

**Total segment assets
30 September 2022**

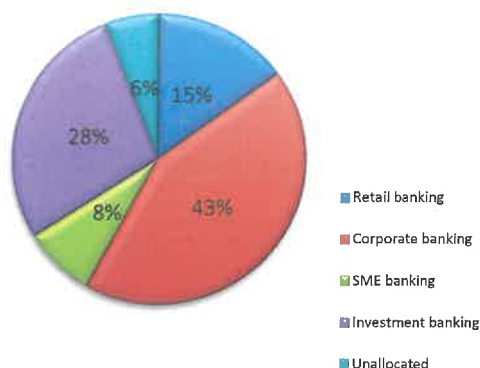


**Total segment liabilities
30 September 2022**

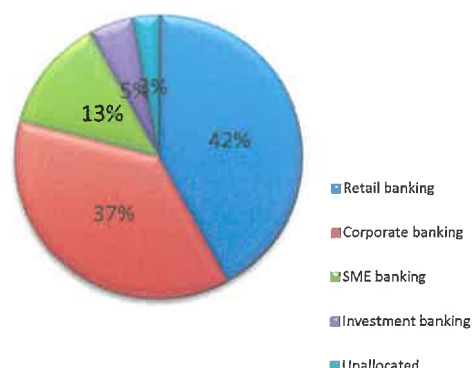


Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Nine Months ended 30 September 2022 (unaudited)
(millions of Kazakhstani Tenge)

**Total segment assets
31 December 2021**



**Total segment liabilities
31 December 2021**



Geographical information

Information for the main geographical areas of the Group is set out below as at 30 September 2022 and 31 December 2021 and for the nine months ended 30 September 2022 and 2021.

	Kazakhstan	OECD	Non-OECD	Total
30 September 2022 (unaudited)				
Total assets	12,450,521	945,382	812,009	14,207,912
31 December 2021				
Total assets	10,930,303	514,600	646,467	12,091,370
Nine months ended				
30 September 2022 (unaudited)				
External revenues	1,236,334	14,698	53,659	1,304,691
Capital expenditures	(21,419)	-	-	(21,419)
Nine months ended				
30 September 2021 (unaudited)				
External revenues	847,598	19,368	29,982	896,948
Capital expenditures	(16,507)	-	-	(16,507)

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.

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Nine Months ended 30 September 2022 (unaudited)
(millions of Kazakhstani Tenge)

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 30 September 2022 and 31 December 2021, before any allowances for expected credit losses.

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Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Nine Months ended 30 September 2022 (unaudited) (millions of Kazakhstani Tenge)

Financial Assets/Liabilities	Fair value		Valuation technique(s) and key input(s)	Significant unobservable inputs to fair value	Relationship of unobservable inputs to fair value
	30 September 2022 (unaudited)	31 December 2021			
Non-derivative financial assets at fair value through profit or loss (Note 6)	118,799	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)	171,542	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 6)	10	10	Level 3 Valuation model based on internal rating model. 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).	Percentage discount	The greater discount - the smaller fair value
Derivative financial assets at fair value through profit or loss, excluding options (Note 6)	15,054	5,633	Level 2	Not applicable	Not applicable
Total financial assets at fair value through profit or loss	305,405	283,333			
Derivative financial liabilities at fair value through profit or loss, excluding options (Note 6)	51,997	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	51,997	2,276			
Non-derivative financial assets at fair value through other comprehensive income (Note 8)	1,410,898	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)	395,578	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	1,807,226	1,871,677			

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Nine Months ended 30 September 2022 (unaudited)
(millions of Kazakhstani Tenge)

During the nine months ended 30 September 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 2020	-	63
30 September 2021 (unaudited)	-	63
31 December 2021	750	10
30 September 2022 (unaudited)	750	10

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

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

Amounts due from and to credit institutions

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

Loans to customers

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

Amounts due to customers

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

Debt securities issued

Market values have been used to determine the fair value of debt securities traded on an active market.

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Nine Months ended 30 September 2022 (unaudited)
(millions of Kazakhstani Tenge)

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

	30 September 2022 (unaudited)		31 December 2021	
	Carrying amount	Fair value	Carrying amount	Fair Value
Financial assets				
Amounts due from credit institutions	115,151	115,782	602,125	591,059
Loans to customers	7,499,159	7,247,793	5,872,228	5,694,415
Debt securities at amortised cost, net of allowance for expected credit losses	1,010,711	921,650	1,288,178	1,207,816
Financial liabilities				
Amounts due to customers	10,386,965	10,356,431	8,473,407	8,663,179
Amounts due to credit institutions	801,201	800,324	1,071,642	1,075,090
Debt securities issued	474,322	459,815	499,812	492,293
			30 September 2022 (unaudited)	
	Level 1	Level 2	Level 3	Total fair value
Financial assets				
Amounts due from credit institutions	-	115,782	-	115,782
Loans to customers	-	-	7,247,793	7,247,793
Debt securities at amortised cost, net of allowance for expected credit losses	-	921,650	-	921,650
Financial liabilities				
Amounts due to customers	-	10,356,431	-	10,356,431
Amounts due to credit institutions	-	800,324	-	800,324
Debt securities issued	-	459,815	-	459,815
				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.

Selected Explanatory Notes to the Interim Condensed
 Consolidated Financial Information for the Nine Months
 ended 30 September 2022 (unaudited)
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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.

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 30 September 2022 and 31 December 2021 with related parties:

	30 September 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	31,013	7,945,531	35,164	6,250,260
- <i>entities with joint control or significant influence over the Group</i>	30,821		35,163	
- <i>other related parties</i>	2		1	
- <i>key management personnel of the Group or its parent</i>	190		-	
Allowance for expected credit losses	(125)	(446,372)	(179)	(378,032)
- <i>entities with joint control or significant influence over the Group</i>	(122)		(179)	
- <i>key management personnel of the Group or its parent</i>	(3)		-	
Investments in associates	39,321	39,321	33,774	33,774
Amounts due to customers	479,699	10,386,965	415,111	8,473,407
- <i>the parent</i>	358,373		341,847	
- <i>entities with joint control or significant influence over the Group</i>	100,819		31,895	
- <i>key management personnel of the Group or its parent</i>	10,420		12,417	
- <i>other related parties</i>	10,087		28,952	

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Nine Months ended 30 September 2022 (unaudited)
(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 nine months ended 30 September 2022 and 2021:

	Nine months ended 30 September 2022 (unaudited)		Nine months ended 30 September 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	1,889	887,454	435	621,711
- entities with joint control or significant influence over the entity	1,874		435	
- key management personnel of the entity or its parent	15		-	
Share in profit of associate	7,259	7,259	4,842	4,842
Interest expense	(6,485)	(406,242)	(2,414)	(255,666)
- the parent	(2,738)		(1,930)	
- entities with joint control or significant influence over the entity	(3,342)		(140)	
- key management personnel of the entity or its parent	(98)		(105)	
- other related parties	(307)		(239)	
Operating expenses	2,500	146,011	2,000	121,136
- entities with joint control or significant influence over the entity	2,500		2,000	
	Nine months ended 30 September 2022 (unaudited)		Nine months ended 30 September 2021 (unaudited)	
	Related party transactions	Total category as per financial statements caption	Related party transactions	Total category as per financial statements caption
Key management personnel compensation:	3,388	84,237	3,026	74,650
- short-term employee benefits	3,388		3,026	

31. Subsequent events

On 21 October 2022, the Bank's Extraordinary General Shareholders' Meeting decided to pay dividends on common shares of KZT 12.71 per one common share. The approved date for payment of dividends on common shares is 27 October 2022.

On 26 October 2022, JSC Kazteleport received a certificate of state registration of a subsidiary in Republic of Uzbekistan - a foreign enterprise LLC TELEPORT DC.