

ForteBank Joint Stock Company

Interim condensed consolidated financial statements

*30 September 2021
with report on review of interim financial information*

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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

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«Эрнст энд Янг» ЖШС
Әл-Фараби д-лы, 77/7
«Есентай Тауэр» ғимараты
Алматы қ., 050060
Қазақстан Республикасы
Тел.: +7 727 258 59 60
Факс: +7 727 258 59 61
www.ey.com

ТОО «Эрнст энд Янг»
пр. Аль-Фараби, д. 77/7
здание «Есентай Тауэр»
г. Алматы, 050060
Республика Казахстан
Тел.: +7 727 258 59 60
Факс: +7 727 258 59 61
www.ey.com

Ernst & Young LLP
Al-Farabi ave., 77/7
Esentai Tower
Almaty, 050060
Republic of Kazakhstan
Tel.: +7 727 258 59 60
Fax: +7 727 258 59 61
www.ey.com

Report on Review of Interim Financial Information

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

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of ForteBank JSC and its subsidiaries, which comprise the interim condensed consolidated statement of comprehensive income for the three-month and nine-month periods ended 30 September 2021, the interim condensed consolidated statement of financial position as at 30 September 2021, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the nine-month period then ended, and selected explanatory notes (interim financial information).

Management of ForteBank Joint Stock Company is responsible for the preparation and presentation of this interim financial information in accordance with IAS 34, *Interim Financial Reporting*. Our responsibility is to express a conclusion on this interim 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 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 financial information of ForteBank Joint Stock Company and its subsidiaries is not prepared, in all material respects, in accordance with IAS 34, *Interim Financial Reporting*.

Ernst & Young LLP



Olga Khegay
Auditor

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

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

26 November 2021



Rustamzhan Sattarov
General Director
Ernst & Young LLP

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the territory of the Republic of Kazakhstan:
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INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the nine-month period ended 30 September 2021

(millions of Tenge)

	Note	For the three months ended 30 September		For the nine months ended 30 September	
		2021 (unaudited)	2020* (unaudited)	2021 (unaudited)	2020* (unaudited)
Interest revenue calculated using effective interest rate	4	47,581	47,102	138,934	136,302
Other interest revenue	4	304	288	824	795
Interest expenses	4	(25,253)	(23,034)	(70,456)	(67,008)
Net interest income		22,632	24,356	69,302	70,089
Fee and commission income	5	10,047	9,245	29,151	25,174
Fee and commission expenses	5	(3,334)	(3,689)	(11,742)	(10,228)
Net loss on transactions with financial instruments at fair value through profit or loss		(962)	(88)	(1,345)	(336)
Net (loss)/income on derecognition of investment securities at fair value through other comprehensive income		(42)	(2)	(180)	21
Net gain from foreign currencies	6	3,820	2,803	8,468	9,151
Net gain from derecognition of financial liabilities as a result of modification	18	—	—	—	17,956
Net gain/(loss) upon derecognition of financial assets measured at amortized cost	18	1,192	(13)	3,102	(302)
Other income	10	1,972	1,042	3,066	2,789
Non-interest income		12,693	9,298	30,520	44,225
Credit loss expenses	7	(1,293)	(7,473)	(9,415)	(25,797)
General and administrative expenses	8	(14,614)	(10,967)	(36,842)	(33,160)
Other expenses	10	(1,167)	(859)	(3,669)	(6,175)
Non-interest expense		(17,074)	(19,299)	(49,926)	(65,132)
Profit before corporate income tax expenses		18,251	14,355	49,896	49,182
Corporate income tax expenses	9	(700)	(505)	(719)	(4,285)
Profit for the period		17,551	13,850	49,177	44,897
Attributable to:					
- Shareholders of the Bank		17,551	13,850	49,177	44,897
- Non-controlling interests		—	—	—	—
		17,551	13,850	49,177	44,897
Other comprehensive income					
<i>Other comprehensive income/ (loss) to be reclassified to profit or loss in the subsequent periods</i>					
Net change in fair value of debt instruments at fair value through other comprehensive income		218	2,287	610	395
Income tax relating to components of other comprehensive income		(13)	23	21	116
Changes in allowance for expected credit losses of debt instruments at fair value through other comprehensive income		(640)	181	(625)	310
Amount reclassified to profit or loss as a result of derecognition of debt instruments measured at fair value through other comprehensive income		42	2	180	(21)
Other comprehensive (loss)/ income for the period, net of tax		(393)	2,493	186	800
Total comprehensive income for the reporting period		17,158	16,343	49,363	45,697
Attributable to:					
- Shareholders of the Bank		17,158	16,343	49,363	45,697
- Non-controlling interests		—	—	—	—
		17,158	16,343	49,363	45,697
Basic and diluted earnings per common share (in Tenge)	22	0.20	0.16	0.55	0.50

* Certain amounts given in this column are not consistent with the interim condensed consolidated financial statements for the nine-month period ended 30 September 2020 as they reflect the adjustments made disclosed in Note 2.

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

Nurumbet Sholpan
Acting Chairman of the Management Board

26 November 2021

Levin Stanislav
Chief Accountant – Director

The accompanying selected notes on pages 6 to 59 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**30 September 2021***(millions of Tenge)*

	<i>Note</i>	<i>30 September 2021 (unaudited)</i>	<i>31 December 2020</i>
Assets			
Cash and cash equivalents	11	507,304	311,632
Amounts due from financial organizations	12	67,564	73,707
Trading securities	13	2,198	7,377
Loans to customers	14	756,976	749,742
Investment securities	15	851,286	780,095
Property, plant and equipment		63,420	65,814
Intangible assets		12,083	11,162
Other assets	16	79,009	89,735
Total assets		2,339,840	2,089,264
Liabilities			
Current accounts and deposits of customers	17	1,599,348	1,387,167
Amounts due to banks and other financial organizations	18	122,495	130,470
Amounts payable under repurchase agreements		55,047	21,670
Debt securities issued	19	254,881	240,202
Deferred tax liabilities	9	11,849	11,171
Subordinated debt	20	20,789	20,503
Other liabilities	16	15,698	14,750
Total liabilities		2,080,107	1,825,933
Equity			
Share capital	21	332,815	332,815
Additional paid-in capital		21,109	21,109
Treasury shares	21	(5,260)	(5,260)
Fair value reserve		9,393	9,207
Accumulated losses		(98,324)	(94,540)
Total equity attributable to shareholders of the Bank		259,733	263,331
Non-controlling interests		–	–
Total equity		259,733	263,331
Total equity and liabilities		2,339,840	2,089,264

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**For the nine-month period ended 30 September 2021***(millions of Tenge)*

	Note	For the nine months ended 30 September	
		2021 (unaudited)	2020 (unaudited)
Cash flows from operating activities			
Interest income received	4	131,942	111,057
Interest expenses paid	4	(53,545)	(52,668)
Fee and commission income received		30,243	25,047
Fee and commission expenses paid		(11,742)	(10,228)
Net realized loss from financial instruments at fair value through profit or loss		(1,325)	(308)
Net realised gains from foreign currencies		8,673	9,701
Other operating income/(expenses) received/paid		1,058	(779)
General and administrative expenses paid		(33,869)	(21,603)
Decrease/(increase) in operating assets			
Amounts due from financial institutions		6,641	(38,902)
Trading securities		4,910	3
Loans to customers		(23,828)	3,178
Other assets		16,382	12,290
Increase/(decrease) in operating liabilities			
Current accounts and deposits of customers		203,901	109,574
Amounts due to banks and other financial organizations		1,379	54,185
Amounts payable under repurchase agreements		33,158	(116,631)
Other liabilities		1,392	(4,001)
Net cash from operating activities before corporate income tax		315,370	79,915
Corporate income tax paid		(20)	(568)
Net cash flow from operating activities		315,350	79,347
Cash flows from investing activities			
Acquisition of investment securities at amortized cost		(50,316)	(4,763)
Proceeds from redemption of investment securities measured at amortized cost		51,768	–
Purchase of investment securities at fair value through other comprehensive income		(461,539)	(371,495)
Proceeds from sale of investment securities at fair value through other comprehensive income		11,990	881
Proceeds from redemption of investment securities at fair value through other comprehensive income		381,271	332,279
Acquisition of property, plant and equipment and intangible assets		(3,897)	(5,023)
Proceeds from sale of property, plant and equipment and intangible assets		2	8
Net cash used in investing activities		(70,721)	(48,113)
Cash flows from financing activities			
Repurchase of own shares	21	–	(822)
Repayment of subordinated debt		–	(2,201)
Dividends paid to shareholders of the Bank	21	(52,961)	(21,110)
Repayment of lease liabilities		(662)	(473)
Proceeds from placement of debt securities issued		–	1,309
Repurchase of debt securities issued		(1,078)	(1,260)
Redemption of debt securities issued		–	(3,903)
Net cash used in financing activities		(54,701)	(28,460)
Net change in cash and cash equivalents		189,928	2,774
Effect of exchange rates changes on cash and cash equivalents		5,745	38,630
Effect of ECL on cash and cash equivalents		(1)	(5)
Cash and cash equivalents reclassified as part of assets of disposal group held for sale		–	(38,029)
Cash and cash equivalents, beginning		311,632	347,242
Cash and cash equivalents, ending		507,304	350,612
Non-cash transactions			
Withdrawal of collateral on loans to customers	14	3,797	6,435

The accompanying selected notes on pages 6 to 59 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**For the nine-month period ended 30 September 2021***(millions of Tenge)*

	<i>Equity attributable to shareholders of the Bank</i>					<i>Total</i>	<i>Non-controlling interests</i>	<i>Total equity</i>
	<i>Share capital</i>	<i>Additional paid-in capital</i>	<i>Treasury shares</i>	<i>Fair value reserve</i>	<i>Accumulated losses</i>			
At 1 January 2021	332,815	21,109	(5,260)	9,207	(94,540)	263,331	–	263,331
Profit for the period (unaudited)	–	–	–	–	49,177	49,177	–	49,177
Other comprehensive income for the period (unaudited)	–	–	–	186	–	186	–	186
Total comprehensive income for the period (unaudited)	–	–	–	186	49,177	49,363	–	49,363
Dividends declared (<i>Note 21</i>) (unaudited)	–	–	–	–	(52,961)	(52,961)	–	(52,961)
At 30 September 2021 (unaudited)	332,815	21,109	(5,260)	9,393	(98,324)	259,733	–	259,733

The accompanying selected notes on pages 6 to 59 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

	<i>Equity attributable to shareholders of the Bank</i>					<i>Total</i>	<i>Non-controlling interests</i>	<i>Total equity</i>
	<i>Share capital</i>	<i>Additional paid-in capital</i>	<i>Treasury shares</i>	<i>Fair value reserve</i>	<i>Accumulated losses</i>			
At 1 January 2020	332,815	21,109	(4,438)	5,858	(126,392)	228,952	–	228,952
Profit for the period (unaudited)	–	–	–	–	44,897	44,897	–	44,897
Other comprehensive loss for the period (unaudited)	–	–	–	800	–	800	–	800
Total comprehensive income for the reporting period (unaudited)	–	–	–	800	44,897	45,697	–	45,697
Repurchase of treasury shares (<i>Note 21</i>) (unaudited)	–	–	(822)	–	–	(822)	–	(822)
Dividends declared (<i>Note 21</i>) (unaudited)	–	–	–	–	(21,110)	(21,110)	–	(21,110)
At 30 September 2020 (unaudited)	332,815	21,109	(5,260)	6,658	(102,605)	252,717	–	252,717

(millions of Tenge)

1 General

Corporate activities

These interim condensed consolidated financial statements include financial statements of ForteBank Joint Stock Company (hereinafter, the “Bank”) and its subsidiaries (hereinafter, the “Group”).

The Bank was formed in 1999 under the laws of the Republic of Kazakhstan. On 10 February 2015, the Bank was reregistered to ForteBank JSC (formerly, Alliance Bank JSC).

Legal address of the Bank’s head office: 010017, Republic of Kazakhstan, Nur-Sultan, Dostyk Str. 8/1. The Bank’s activities are regulated by the Agency for Regulation and Development of the Financial Market of the Republic of Kazakhstan (hereinafter, the “AFM”). The Bank operates under license No. 1.2.29/197/36 for conducting banking and other activities and operations on securities market stipulated by the banking legislation, issued by the AFM on 3 February 2020, which replaces previous licenses.

The Group’s primary business is related to commercial banking activities, granting of loans and guarantees, accepting deposits, exchanging foreign currencies, dealing with securities, transferring cash payments, as well as providing other banking services. Some debt securities issued by the Bank are listed on the London Stock Exchange, the Luxembourg Stock Exchange and the Kazakhstan Stock Exchange (hereinafter – the “KASE”) and Astana International Exchange.

The Bank is a participant of the Kazakhstan Deposit Insurance Fund (hereinafter, the “KDIF”). The primary objective of the KDIF is to protect interests of depositors in the event of forced liquidation of the participant bank. As at 30 September 2021 and 31 December 2020, depositors can receive limited insurance coverage for deposits, depending on the currency and type of the deposit: in Tenge – up to 10 million Tenge, in foreign currencies – up to 5 million Tenge, savings deposits in Tenge – up to 15 million Tenge.

As at 30 September 2021 and 31 December 2020, the Group includes the following subsidiaries:

<i>Name</i>	<i>Country of incorporation</i>	<i>Principal activity</i>	<i>Ownership, %</i>	
			<i>30 September 2021 (unaudited)</i>	<i>31 December 2020</i>
ForteLeasing JSC	Republic of Kazakhstan	Leasing operations	100.0	100.0
OUSA Alliance LLP	Republic of Kazakhstan	Management of doubtful and bad assets	100.0	100.0
OUSA-F LLP	Republic of Kazakhstan	Management of doubtful and bad assets	100.0	100.0
ONE Technologies LLP	Republic of Kazakhstan	Software development	100.0	100.0
ForteFinance JSC	Republic of Kazakhstan	Brokerage and dealer activities, investment portfolio management activities	100.0	100.0

Shareholders

As at 30 September 2021, Mr. B.Zh. Utemuratov is beneficial owner of 90.78% of the outstanding common shares of the Bank and is an ultimate controlling shareholder of the Group (31 December 2020: 90.60%). The rest of the shares are held by other shareholders, none of which owns more than 5% of the shares.

2 Basis of preparation

General

The interim condensed consolidated financial statements for the nine months ended 30 September 2021 have been prepared in accordance with International Accounting Standard (IAS) 34 *Interim Financial Reporting*.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual consolidated financial statements as at 31 December 2020. The interim condensed consolidated financial statements are presented in millions of Kazakhstani Tenge (“Tenge” or “KZT”), unless otherwise is stated.

(millions of Tenge)

2 Basis of preparation (continued)

Functional and presentation currency of consolidated financial statements

The functional currency of the Bank and its subsidiaries is Tenge as, being the national currency of the Republic of Kazakhstan, it reflects the economic substance of the majority of the Group's transactions and circumstances relevant to them affecting its activities.

The Kazakhstani Tenge is also the presentation currency for the purposes of these interim condensed consolidated financial statements.

Financial information of the interim condensed consolidated financial statements is rounded to the nearest million.

Effect of COVID-19 pandemic

Due to the rapid spread of the COVID-19 pandemic in 2020, many governments, including the Government of the Republic of Kazakhstan, have taken various measures to combat the outbreak, including enforcement of travel restrictions, quarantines, closing businesses and other institutions, and closing certain regions. Some of the above measures were also taken during the nine-month period ended 30 September 2021 and continue to impact the global supply chain, demand for goods and services, and overall business activity. It is expected that the pandemic itself, as well as the associated public health and social measures, could have an impact on the activities of organizations in various sectors of the economy. The Group continues to assess the impact of the pandemic and changes in economic conditions on its operations, financial position and financial performance.

Changes in accounting policy

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

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

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

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest;
- Changes required by IBOR reform are permitted to be made to hedge designations and hedge documentation without the hedging relationship being discontinued;
- Entities are granted a temporary relief from complying with the requirement for separately identifiable components when an instrument with a risk-free rate is designated at the entity's discretion as a risk component in a hedging relationship.

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

Reclassifications

The following changes were made to the interim condensed consolidated statement of comprehensive income for the three-month period ended 30 September 2020 to bring them in line with the presentation format for the three-month period ended 30 September 2021:

	<i>Note</i>	<i>As per previous financial statements</i>	<i>Amount of reclassification</i>	<i>Adjusted amount</i>
Net loss upon derecognition of financial assets measured at amortized cost	[1]	–	(13)	(13)
Other income	[1]	1,303	(261)	1,042
Other expenses	[1]	(1,133)	274	(859)

*(millions of Tenge)***2 Basis of preparation (continued)****Reclassifications (continued)**

The following changes were made to the interim condensed consolidated statement of comprehensive income for the nine-month period ended 30 September 2020 to bring them in line with the presentation format for the nine-month period ended 30 September 2021:

	<i>Note</i>	<i>As per previous financial statements</i>	<i>Amount of reclassification</i>	<i>Adjusted amount</i>
Net loss upon derecognition of financial assets measured at amortized cost	[1]	–	(302)	(302)
Other income	[1]	3,572	(783)	2,789
Other expenses	[1]	(7,260)	1,085	(6,175)

[1] Net income from derecognition of mortgage loans has been separated into a separate line item in the interim condensed consolidated statement of comprehensive income.

This reclassification did not affect the interim condensed consolidated statement of financial position.

3 Significant accounting judgements and estimates**Estimation uncertainty**

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual outcomes could differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised in the period in which the estimates are revised and in any future periods affected.

COVID-19

The rapid spread of the COVID-19 pandemic, as well as related public health and social measures, had an impact on the activities of organizations in various sectors of the economy. The following changes in the economic environment continue to have an impact on the Group's operations:

- Decline in industrial production and activities in many sectors of the economy as a result of state restrictions associated with the COVID-19 pandemic;
- Implementation of measures of state support for the population and business related to the COVID-19 pandemic;
- Offering customers changes in certain loan terms, including for government support programs;
- Expanding the range of products offered to customers through remote service channels; and
- Change in macroeconomic indicators used in models for estimating expected credit losses (ECL) allowances.

To the extent that information was available as at 30 September 2021, the Group has reflected revised estimates of expected future cash flows in assessing ECL (*Note 14*).

Fair value of financial instruments

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

Collateral assessment

The Group management performs monitoring of collateral on a regular basis. The management of the Group uses experienced judgements or an independent assessment in order to adjust the cost of collateral considering the current market situation.

(millions of Tenge)

3 Significant accounting judgments and estimates (continued)

Estimation uncertainty (continued)

Expected credit losses from financial assets

The measurement of impairment losses both under IFRS 9 across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining the ECL and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances for ECL. In addition, large-scale business disruptions can lead to liquidity problems for some organizations and consumers. The deterioration in the credit quality of loan portfolios and trade receivables (among other things) resulting from the COVID-19 pandemic could have a significant impact on the Group's ECL measurement. The Group's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies.

Elements of the ECL models that are considered accounting judgements and estimates include:

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

Forward-looking information and multiple economic scenarios

For the purpose of ECL allowance calculation as at 30 September 2021, the Group took into account the following:

- GDP growth;
- Volume of production of oil and gas condensate
- Unemployment rates;
- Volume of retail trade;
- Base rates of the NBRK;
- Rate of inflation;
- Real salary index;
- Foreign exchange rates;
- Oil price.

The Group obtains the forward-looking information from third party sources (external rating agencies, governmental bodies e.g. National Bank of the Republic of Kazakhstan (hereinafter. "NBRK"), and international financial organizations). Experts of the Group's Strategic Risks Function determine the weights attributable to the multiple scenarios. The table below shows the values of the main forecast economic variables / assumptions that are used for the baseline forecast scenario of key macroeconomic factors for the purpose of estimating ECL at 30 September 2021. This scenario is used as a baseline scenario with a probability of 80%. In addition, the calculations also involve pessimistic and optimistic scenarios with a 10% probability each.

<i>Key drivers</i>	<i>2021</i>
Brent oil price (Brent ICE), US Dollars	80.00
GDP index, % to the previous year	103.10
Volume of oil and gas condensate extraction, million tons	86.00
Rate of inflation, %	8.70
USD/KZT rate	425.67

(millions of Tenge)

3 Significant accounting judgments and estimates (continued)

Estimation uncertainty (continued)

Forward-looking information and multiple economic scenarios (continued)

The amount of ECL allowance on loans to customers recognized in the interim condensed consolidated statement of financial position as at 30 September 2021 was 55,967 million Tenge (31 December 2020: 88,978 million Tenge). More details are provided in *Note 14*.

Determining the lease term of contracts with renewal options

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

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

Leases – estimating the incremental borrowing rate

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

Taxation

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

The management believes that the Group’s tax position as at 30 September 2021 and 31 December 2020 was in compliance with tax laws of the Republic of Kazakhstan regulating its activities. However, the risk remains that relevant authorities could take differing positions with regard to interpretive tax issues.

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

The management believes that deferred income tax assets as at 30 September 2021 are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences, unused tax losses and credits can be utilised, and deferred income tax assets are reduced to the extent that taxable profit will be available against which the deductible temporary differences can be utilised.

*(millions of Tenge)***4 Net interest income**

Net interest income comprises:

	<i>For the three months ended 30 September</i>		<i>For the nine months ended 30 September</i>	
	<i>2021 (unaudited)</i>	<i>2020 (unaudited)</i>	<i>2021 (unaudited)</i>	<i>2020 (unaudited)</i>
Interest revenue calculated using effective interest rate				
Loans to customers	28,706	32,105	85,752	94,588
Debt investment securities at FVOCI	11,257	9,941	32,546	26,651
Investment securities measured at amortized cost	4,532	4,220	14,678	12,609
Amounts due from financial institutions	2,423	492	4,041	1,670
Receivables under reverse repurchase agreements	663	344	1,917	784
	47,581	47,102	138,934	136,302
Other interest revenue				
Trading securities	1	72	3	214
Finance lease receivables	303	216	821	581
	47,885	47,390	139,758	137,097
Interest expenses				
Current accounts and deposits of customers	(14,610)	(13,027)	(40,222)	(37,999)
Debt securities issued	(7,494)	(7,108)	(22,026)	(20,903)
Amounts due to banks and other financial organizations	(1,864)	(2,209)	(5,336)	(5,238)
Subordinated debt	(404)	(499)	(1,212)	(1,545)
Amounts payable under repurchase agreements	(881)	(191)	(1,660)	(1,323)
	(25,253)	(23,034)	(70,456)	(67,008)
Net interest income	22,632	24,356	69,302	70,089

Interest income calculated using the effective interest rate for the nine months ended 30 September 2021 includes income of 6,313 million Tenge representing the unwinding of discount on loans to customers (for the nine months ended 30 September 2020: 5,166 million Tenge).

Interest income received is as follows:

	<i>For the nine months ended 30 September</i>	
	<i>2021 (unaudited)</i>	<i>2020 (unaudited)</i>
Interest income received		
Loans to customers	79,949	73,745
Debt investment securities at FVOCI	34,126	22,937
Investment securities measured at amortized cost	10,950	10,818
Amounts due from financial institutions	4,041	1,922
Receivables under reverse repurchase agreements	1,917	784
Finance lease receivables	804	580
Trading securities	155	271
	131,942	111,057

Interest expense paid comprise:

	<i>For the nine months ended 30 September</i>	
	<i>2021 (unaudited)</i>	<i>2020 (unaudited)</i>
Interest expenses paid		
Current accounts and deposits of customers	(40,969)	(39,000)
Debt securities issued	(6,629)	(6,694)
Amounts due to banks and other financial organizations	(3,580)	(4,352)
Subordinated debt	(926)	(1,189)
Amounts payable under repurchase agreements	(1,441)	(1,433)
	(53,545)	(52,668)

(millions of Tenge)

5 Fee and commission income and expenses

Fee and commission income is as follows:

	<i>For the three months ended 30 September</i>		<i>For the nine months ended 30 September</i>	
	<i>2021 (unaudited)</i>	<i>2020 (unaudited)</i>	<i>2021 (unaudited)</i>	<i>2020 (unaudited)</i>
Card operations	5,960	4,971	17,386	13,449
Settlement transactions	1,926	2,334	5,667	6,190
Cash transactions	1,162	1,135	3,189	3,032
Commissions on guarantees and letters of credits	588	398	1,716	1,359
Foreign currency transactions and transactions with securities	90	103	238	326
Other	321	304	955	818
	10,047	9,245	29,151	25,174

Fee and commission expense is as follows:

	<i>For the three months ended 30 September</i>		<i>For the nine months ended 30 September</i>	
	<i>2021 (unaudited)</i>	<i>2020 (unaudited)</i>	<i>2021 (unaudited)</i>	<i>2020 (unaudited)</i>
Maintenance of card accounts	(2,907)	(2,765)	(10,361)	(8,632)
Maintenance of nostro accounts	(122)	(102)	(342)	(281)
Settlement transactions	(68)	(90)	(248)	(221)
Customer accounts services by financial agents	(53)	(31)	(137)	(95)
Foreign currency transactions and transactions with securities	(23)	(29)	(76)	(62)
Other	(161)	(672)	(578)	(937)
	(3,334)	(3,689)	(11,742)	(10,228)

Revenue from contracts with customers recognized in the interim condensed consolidated statement of comprehensive income for the nine months ended 30 September 2021 and 2020 primarily represents fee and commission income of 29,151 million Tenge and 25,174 million Tenge, respectively. For the three months ended 30 September 2021 and 2020, revenue from contracts with customers amounted to 10,047 million Tenge and 9,245 million Tenge, respectively.

At 30 September 2021 and 31 December 2020, the Bank recognized contract assets related to contracts with customers within other assets in the amount of 1,462 million Tenge and 2,590 million Tenge in the interim condensed consolidated statement of financial position, respectively.

The Group usually collects fees and commissions in advance of completion of the underlying transaction or shortly thereafter (for contracts where performance obligation is satisfied point in time, such as settlement transactions).

The Group applies the practical expedient in paragraph 121 of IFRS 15 and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

6 Net gain from foreign currencies

Net gains from foreign currencies comprise:

	<i>For the three months ended 30 September</i>		<i>For the nine months ended 30 September</i>	
	<i>2021 (unaudited)</i>	<i>2020 (unaudited)</i>	<i>2021 (unaudited)</i>	<i>2020 (unaudited)</i>
Foreign exchange revaluation, net	727	(2)	(205)	(549)
Dealing transactions, net	3,093	2,805	8,673	9,700
	3,820	2,803	8,468	9,151

(millions of Tenge)

7 Credit loss expenses

Credit loss expenses comprised the following:

	<i>For the three months ended 30 September</i>		<i>For the nine months ended 30 September</i>	
	<i>2021 (unaudited)</i>	<i>2020 (unaudited)</i>	<i>2021 (unaudited)</i>	<i>2020 (unaudited)</i>
Cash and cash equivalents	–	–	–	(5)
Amounts due from financial institutions	(39)	26	(16)	(70)
Loans to customers <i>(Note 14)</i>	(2,007)	(7,477)	(10,746)	(25,396)
Investment securities measured at amortized cost	184	143	457	(67)
Investment securities measured at FVOCI	623	(181)	608	(310)
Other financial assets	(26)	30	(108)	184
Financial guarantees, letters of credit and undrawn loan commitments	(28)	(14)	390	(133)
	(1,293)	(7,473)	(9,415)	(25,797)

8 General and administrative expenses

General and administrative expenses comprise:

	<i>For the three months ended 30 September</i>		<i>For the nine months ended 30 September</i>	
	<i>2021 (unaudited)</i>	<i>2020 (unaudited)</i>	<i>2021 (unaudited)</i>	<i>2020 (unaudited)</i>
Salary and related taxes	(8,796)	(5,917)	(21,130)	(18,166)
Depreciation and amortization	(2,052)	(1,935)	(6,077)	(5,498)
Repair and maintenance	(1,057)	(786)	(2,449)	(1,899)
Taxes other than corporate income tax	(675)	(700)	(2,000)	(1,873)
Advertising and marketing	(631)	(103)	(1,312)	(776)
Maintenance of buildings	(411)	(314)	(1,158)	(1,088)
Security	(234)	(222)	(630)	(685)
Telecommunication and information services	(217)	(195)	(479)	(546)
Encashment	(127)	(97)	(304)	(281)
Transportation	(113)	(100)	(315)	(298)
Other professional services	(95)	(76)	(221)	(151)
Rent	(92)	(92)	(270)	(306)
Business trips	(42)	–	(84)	(89)
Charity and sponsorship	(23)	–	(107)	–
Other	(49)	(430)	(306)	(1,504)
	(14,614)	(10,967)	(36,842)	(33,160)

General and administrative expenses comprise the following:

	<i>For the three months ended 30 September</i>		<i>For the nine months ended 30 September</i>	
	<i>2021 (unaudited)</i>	<i>2020 (unaudited)</i>	<i>2021 (unaudited)</i>	<i>2020 (unaudited)</i>
Sales and marketing	(7,773)	(5,330)	(17,557)	(14,509)
Development of technologies and new products	(2,862)	(1,382)	(6,935)	(3,355)
Other	(3,979)	(4,255)	(12,350)	(15,296)
	(14,614)	(10,967)	(36,842)	(33,160)

(millions of Tenge)

9 Corporate income tax expenses

Corporate income tax expenses comprise the following:

	<i>For the three months ended 30 September</i>		<i>For the nine months ended 30 September</i>	
	<i>2021 (unaudited)</i>	<i>2020 (unaudited)</i>	<i>2021 (unaudited)</i>	<i>2020 (unaudited)</i>
Current corporate income tax expenses	–	–	(20)	(668)
Deferred corporate income tax charge – origination and reversal of temporary differences	(700)	(505)	(699)	(3,617)
	(700)	(505)	(719)	(4,285)

As at 30 September 2021, deferred corporate income tax liabilities comprised 11,849 million Tenge (as at 31 December 2020: 11,171 million Tenge).

10 Other income and expenses

Other income and expense comprise:

	<i>For the three months ended 30 September</i>		<i>For the nine months ended 30 September</i>	
	<i>2021 (unaudited)</i>	<i>2020 (unaudited)</i>	<i>2021 (unaudited)</i>	<i>2020 (unaudited)</i>
Other income				
Income from operating lease	284	643	974	1,418
Net income from sale of inventories	1,344	–	933	–
Other	344	399	1,159	1,371
	1,972	1,042	3,066	2,789
Other expenses				
Other expenses from non-banking activities	(206)	(163)	(666)	(795)
Net loss from sale of inventories	–	–	–	(1,454)
Net loss from modification of loans to customers not resulting in derecognition	(8)	3	(225)	(1,732)
Other	(953)	(699)	(2,778)	(2,194)
	(1,167)	(859)	(3,669)	(6,175)

11 Cash and cash equivalents

Cash and cash equivalents comprise:

	<i>30 September 2021 (unaudited)</i>	<i>31 December 2020</i>
Cash on hand	60,873	65,827
Cash on current accounts with the NBRK rated at BBB-	69,649	37,855
Cash on current accounts with other banks:		
- Rated from AA- to AA+	–	74
- Rated from A- to A+	38,914	44,449
- Rated from BBB- to BBB+	3,792	3,810
- Rated from BB- to BB+	1,282	1,963
- Rated below B+	973	97
- Not rated	89	19
Time deposits with the NBRK with contractual maturity of 90 days or less rated BBB-	292,111	114,992
Accounts receivable under reverse repurchase agreements with contractual maturity of 90 days and less	39,622	42,547
Cash and cash equivalents before allowance for ECL	507,305	311,633
Allowance for ECL	(1)	(1)
Cash and cash equivalents	507,304	311,632

(millions of Tenge)

11 Cash and cash equivalents (continued)

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

As at 30 September 2021 and 31 December 2020, all balances of cash equivalents are allocated to Stage 1 for the purposes of measuring the ECL.

As at 30 September 2021, the Group entered into reverse repurchase agreements at the Kazakhstan Stock Exchange. The subject of these agreements are bonds of the Ministry of Finance of the Republic of Kazakhstan, Kazakhstan Sustainability Fund JSC (hereinafter, the "KSF"), Eurasian Development Bank and NBRK notes, the fair value of which as at 30 September 2021 is 14,893 million Tenge, 19,783 million Tenge, 5,363 million Tenge and 125 million Tenge, respectively (31 December 2020: bonds of the Ministry of Finance of the Republic of Kazakhstan with a fair value of 42,545 million Tenge).

Minimum reserve requirements

In accordance with regulations issued by the NBRK, minimum reserve requirements are calculated as a percent of specified second-tier banks liabilities. Banks are required to comply with these requirements by maintaining average reserve assets (local currency cash and NBRK balances) equal or in excess of the average minimum requirements. As at 30 September 2021, minimum reserve requirements of the Group amount to 31,873 million Tenge (31 December 2020: 31,863 million Tenge).

Concentration of cash and cash equivalents

As at 30 September 2021 and 31 December 2020, the Group has accounts with one bank which balances exceed 10% of total cash and cash equivalents. The total balance on the accounts with the above counterparty as at 30 September 2021 amounts to 361,760 million Tenge (31 December 2020: 152,847 million Tenge).

12 Amounts due from financial organizations

Amounts due from financial organizations comprise:

	<i>30 September 2021 (unaudited)</i>	<i>31 December 2020</i>
Current accounts with the NBRK rated at BBB- restricted in use	25,527	34,984
Deposits with other banks:		
- Not rated	613	610
Contingent deposits and deposits pledged as a collateral:		
- Rated at AAA	25,533	25,245
- Rated from AA- to AA+	5,410	21
- Rated from A- to A+	762	5,326
- Rated from BBB- to BBB+	106	105
- Not rated	10,423	8,203
Amounts due from financial organizations before allowance for ECL	68,374	74,494
Allowance for ECL	(810)	(787)
Amounts due from financial organizations	67,564	73,707

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

Amounts on current accounts with the NBRK restricted in use include funds received by the Bank as part of participation in the state program of lending businesses. These funds also include amounts allocated by the KSF in favor of the Bank to support small and medium businesses as part of the implementation of measures introduced by the government due to the consequences of the COVID-19 pandemic. The carrying amount of these funds as at 30 September 2021 was 20,264 million Tenge (as at 31 December 2020: 27,789 million Tenge) the accrual and payment of interest are not provided until the moment these funds are utilized by the Bank (*Note 18*).

As at 30 September 2021 contingent deposits and deposits pledged as collateral include contingent deposits restricted for use on transactions with providers of payment operation services in the amount of 7,256 million Tenge (as at 31 December 2020: 7,172 million Tenge).

In accordance with the loan agreements between the Bank and European Bank of Reconstruction and Development (hereinafter, the "EBRD"), the Bank placed escrow deposits with EBRD totalling 66 million US Dollars for a period until 2023. As at 30 September 2021, the carrying amount of the escrow deposits was 25,533 million Tenge (31 December 2020: 25,245 million Tenge) (*Note 18*).

*(millions of Tenge)***12 Amounts due from financial organizations (continued)****Concentration of amounts due from financial organizations**

As at 30 September 2021, the Group has amounts due from three financial organizations (31 December 2020: two) whose balances exceed 10% of total due from financial organizations. As at 30 September 2021, the total amount of funds due from these financial organizations is 59,573 million Tenge (31 December 2020: 60,229 million Tenge).

13 Trading securities

Trading securities comprise:

	<i>30 September 2021 (unaudited)</i>	<i>31 December 2020</i>
Corporate bonds		
- Rated from BB- to BB+	–	423
Total corporate bonds	–	423
Bonds of banks		
- Rated from BB- to BB+	–	5,514
Total bonds of banks	–	5,514
Equity instruments	2,198	1,440
Trading securities	2,198	7,377

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

14 Loans to customers

Loans to customers comprise:

	<i>30 September 2021 (unaudited)</i>				
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
Individually significant loans	244,843	22,814	18,271	–	285,928
Total individually significant loans	244,843	22,814	18,271	–	285,928
Individually insignificant loans					
Corporate loans	135,498	1,086	27,322	553	164,459
Mortgage loans	17,963	155	9,654	10,100	37,872
Consumer loans	188,612	3,018	14,154	–	205,784
Car loans	4,424	–	389	–	4,813
Credit cards	4,235	104	1,314	–	5,653
Other loans secured by collateral	57,533	1,786	31,148	17,967	108,434
Total individually insignificant loans	408,265	6,149	83,981	28,620	527,015
Loans to customers before allowance for ECL	653,108	28,963	102,252	28,620	812,943
Allowance for ECL	(12,594)	(2,272)	(39,526)	(1,575)	(55,967)
Loans to customers	640,514	26,691	62,726	27,045	756,976

*(millions of Tenge)***14 Loans to customers (continued)**

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

Quality of individually significant loans

Information on the quality of individually significant loans as at 30 September 2021 is given in the table below:

	<i>30 September 2021</i> <i>(unaudited)</i>			
	<i>Loans before allowance for ECL</i>	<i>Allowance for ECL</i>	<i>Loans less allowance for ECL</i>	<i>Allowance for ECL to gross loans before allowance for ECL, (%)</i>
Individually significant loans				
Stage 1 loans				
- Not overdue	244,843	(4,481)	240,362	1.83
Stage 2 and Stage 3 loans				
- Not overdue	34,961	(933)	34,028	2.67
- Overdue less than 90 days	1,237	(527)	710	42.60
- Overdue for 90 days to 360 days	521	–	521	0.00
- Overdue for more than 360 days	4,366	(3,250)	1,116	74.44
Total Stage 2 and Stage 3 loans	41,085	(4,710)	36,375	11.46
Total individually significant loans	285,928	(9,191)	276,737	3.21

*(millions of Tenge)***14 Loans to customers (continued)****Quality of individually significant loans (continued)**

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

<i>Individually significant loans</i>	<i>31 December 2020</i>			
	<i>Loans before allowance for ECL</i>	<i>Allowance for ECL</i>	<i>Loans less allowance for ECL</i>	<i>Allowance for ECL to gross loans before allowance for ECL, (%)</i>
Stage 1 loans				
- Not overdue	183,974	(3,387)	180,587	1.84
Stage 2 and Stage 3 loans				
- Not overdue	33,423	(1,078)	32,345	3.23
- Overdue for less than 90 days	14,495	–	14,495	0.00
- Overdue for 90 days to 360 days	1,068	(1,068)	–	100.00
- Overdue for more than 360 days	16,667	(12,281)	4,386	73.68
Total Stage 2 and Stage 3 loans	65,653	(14,427)	51,226	21.97
Total individually significant loans	249,627	(17,814)	231,813	7.14

Analysis of movements in allowance for ECL

An analysis of movements in the allowance for ECL on individually significant loans for the three months ended 30 September 2021 is as follows:

<i>Individually significant loans</i>	<i>For the three months ended 30 September 2021 (unaudited)</i>				
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
ECL as at 1 July 2021	(4,910)	(1)	(13,056)	–	(17,967)
New assets originated or purchased	(1,578)	–	–	–	(1,578)
Assets derecognised or repaid (excluding write-offs)	1,210	–	263	–	1,473
Transfers to Stage 1	(2)	–	2	–	–
Transfers to Stage 2	–	(35)	35	–	–
Transfers to Stage 3	55	–	(55)	–	–
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	786	(2)	283	–	1,067
Transfer between loan materiality categories	(42)	–	(146)	–	(188)
Unwinding of discount	–	–	(67)	–	(67)
Recovery of losses	–	–	–	–	–
Write-off	–	–	8,069	–	8,069
Effect from changes in exchange rates	–	–	–	–	–
30 September 2021	(4,481)	(38)	(4,672)	–	(9,191)

*(millions of Tenge)***14 Loans to customers (continued)****Quality of individually significant loans (continued)***Analysis of movements in allowance for ECL (continued)*

An analysis of movements in the ECL on individually significant corporate loans during the nine months ended 30 September 2021 is as follows:

<i>Individually significant loans</i>	<i>For the nine months ended 30 September 2021</i>				
	<i>(unaudited)</i>				
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
ECL as at 1 January 2021	(3,336)	(12)	(14,466)	–	(17,814)
New assets originated or purchased	(4,967)	–	–	–	(4,967)
Assets derecognised or repaid (excluding write-offs)	1,923	–	911	–	2,834
Transfers to Stage 1	(52)	–	52	–	–
Transfers to Stage 2	–	(35)	35	–	–
Transfers to Stage 3	80	5	(85)	–	–
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	1,975	4	(879)	–	1,100
Transfer between loan materiality categories	(104)	–	(371)	–	(475)
Unwinding of discount	–	–	(637)	–	(637)
Recovery of losses	–	–	(404)	–	(404)
Write-off	–	–	11,404	–	11,404
Effect from changes in exchange rates	–	–	(232)	–	(232)
30 September 2021	(4,481)	(38)	(4,672)	–	(9,191)

An analysis of movements in the allowance for ECL on individually significant loans for the three months ended 30 September 2020 is as follows:

<i>Individually significant loans</i>	<i>For the three months ended 30 September 2020</i>				
	<i>(unaudited)</i>				
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
ECL as at 1 July 2020	(1,801)	(70)	(25,528)	–	(27,399)
New assets originated or purchased	(463)	(7)	–	–	(470)
Assets derecognised or repaid (excluding write-offs)	87	–	510	–	597
Transfers to Stage 2	3	(3)	–	–	–
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	(9)	(12)	(571)	–	(592)
Transfer between loan materiality categories	–	–	(422)	–	(422)
Unwinding of discount	–	–	(691)	–	(691)
Recovery of losses	–	–	(510)	–	(510)
Write-off	–	–	2,949	–	2,949
Effect from changes in exchange rates	–	–	(611)	–	(611)
As at 30 September 2020	(2,183)	(92)	(24,874)	–	(27,149)

*(millions of Tenge)***14 Loans to customers (continued)****Quality of individually significant loans (continued)***Analysis of movements in allowance for ECL (continued)*

An analysis of movements in the ECL on individually significant loans during the nine months ended 30 September 2020 is as follows:

<i>Individually significant loans</i>	<i>For the nine months ended 30 September 2020</i>				
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
ECL as at 1 January 2020	(1,250)	(35)	(26,141)	–	(27,426)
New assets originated or purchased	(1,537)	(29)	–	–	(1,566)
Assets derecognised or repaid (excluding write-offs)	348	44	695	–	1,087
Transfers to Stage 1	(6)	6	–	–	–
Transfers to Stage 2	34	(34)	–	–	–
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	4	(14)	(160)	–	(170)
Transfer between loan materiality categories	–	–	(422)	–	(422)
Unwinding of discount	–	–	(2,114)	–	(2,114)
Recovery of losses	–	–	(671)	–	(671)
Write-off	–	–	5,160	–	5,160
Effect from changes in exchange rates	224	(30)	(1,221)	–	(1,027)
As at 30 September 2020	(2,183)	(92)	(24,874)	–	(27,149)

*(millions of Tenge)***14 Loans to customers (continued)****Quality of individually insignificant loans (continued)***Analysis of movements in allowance for ECL (continued)*

Information on the quality of individually insignificant loans as at 30 September 2021 is given in the table below:

<i>Individually insignificant corporate loans</i>	<i>30 September 2021 (unaudited)</i>			
	<i>Loans before allowance for ECL</i>	<i>Allowance for ECL</i>	<i>Loans less allowance for ECL</i>	<i>Allowance for ECL to gross loans before allowance for ECL, (%)</i>
Undue	139,835	(374)	139,461	0.27
Overdue for less than 30 days	2,688	(53)	2,635	1.97
Overdue for 30 to 89 days	2,162	(25)	2,137	1.16
Overdue for 90 to 179 days	565	(18)	547	3.19
Overdue for 180 to 360 days	3,318	(402)	2,916	12.12
Overdue more than 360 days	15,338	(5,230)	10,108	34.10
POCI	553	(117)	436	21.16
Total individually insignificant corporate loans	164,459	(6,219)	158,240	3.78
Mortgage loans				
Undue	17,492	(57)	17,435	0.33
Overdue for less than 30 days	707	(2)	705	0.28
Overdue for 30 to 89 days	300	(8)	292	2.67
Overdue for 90 to 179 days	88	(3)	85	3.41
Overdue for 180 to 360 days	182	(7)	175	3.85
Overdue more than 360 days	9,003	(5,896)	3,107	65.49
POCI	10,100	(682)	9,418	6.75
Total mortgage loans	37,872	(6,655)	31,217	17.57
Consumer loans				
Undue	182,393	(6,181)	176,212	3.39
Overdue for less than 30 days	6,281	(1,383)	4,898	22.02
Overdue for 30 to 89 days	3,171	(2,104)	1,067	66.35
Overdue for 90 to 179 days	3,033	(2,414)	619	79.59
Overdue for 180 to 360 days	5,377	(4,392)	985	81.68
Overdue more than 360 days	5,529	(4,433)	1,096	80.18
Total consumer loans	205,784	(20,907)	184,877	10.16

*(millions of Tenge)***14 Loans to customers (continued)****Quality of individually insignificant loans (continued)***Analysis of movements in allowance for ECL (continued)*

	<i>30 September 2021 (unaudited)</i>			
	<i>Loans before allowance for ECL</i>	<i>Allowance for ECL</i>	<i>Loans less allowance for ECL</i>	<i>Allowance for ECL to gross loans before allowance for ECL, (%)</i>
Car loans				
Undue	4,380	–	4,380	0.00
Overdue for less than 30 days	30	–	30	0.00
Overdue for 30 to 89 days	4	–	4	0.00
Overdue for 90 to 179 days	10	–	10	0.00
Overdue for 180 to 360 days	1	–	1	0.00
Overdue more than 360 days	388	(46)	342	11.86
Total car loans	4,813	(46)	4,767	0.96
Credit cards				
Undue	3,706	(461)	3,245	12.44
Overdue for less than 30 days	513	(199)	314	38.79
Overdue for 30 to 89 days	104	(104)	–	100.00
Overdue for 90 to 179 days	124	(107)	17	86.29
Overdue for 180 to 360 days	193	(164)	29	84.97
Overdue more than 360 days	1,013	(799)	214	78.87
Total credit cards	5,653	(1,834)	3,819	32.44
Other loans secured by collateral				
Undue	54,455	(49)	54,406	0.09
Overdue for less than 30 days	4,240	(10)	4,230	0.24
Overdue for 30 to 89 days	2,349	(14)	2,335	0.60
Overdue for 90 to 179 days	1,316	(24)	1,292	1.82
Overdue for 180 to 360 days	2,968	(153)	2,815	5.15
Overdue more than 360 days	25,139	(10,089)	15,050	40.13
POCI	17,967	(776)	17,191	4.32
Total other loans secured by collateral	108,434	(11,115)	97,319	10.25
Total individually insignificant loans	527,015	(46,776)	480,239	8.88

*(millions of Tenge)***14 Loans to customers (continued)****Quality of individually insignificant loans (continued)***Analysis of movements in allowance for ECL (continued)*

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

	31 December 2020			
	<i>Loans before allowance for ECL</i>	<i>Allowance for ECL</i>	<i>Loans less allowance for ECL</i>	<i>Allowance for ECL to gross loans before allowance for ECL, (%)</i>
Individually insignificant corporate loans				
Undue	134,407	(859)	133,548	0.64
Overdue for less than 30 days	1,715	(6)	1,709	0.35
Overdue for 30 to 89 days	3,763	(392)	3,371	10.42
Overdue for 90 to 179 days	2,322	(311)	2,011	13.39
Overdue for 180 to 360 days	1,479	(69)	1,410	4.67
Overdue more than 360 days	18,528	(7,767)	10,761	41.92
POCI	1,365	(543)	822	39.78
Total individually insignificant corporate loans	163,579	(9,947)	153,632	6.08
Mortgage loans				
Undue	27,177	(108)	27,069	0.40
Overdue for less than 30 days	1,249	(6)	1,243	0.48
Overdue for 30 to 89 days	518	(16)	502	3.09
Overdue for 90 to 179 days	238	(68)	170	28.57
Overdue for 180 to 360 days	452	(61)	391	13.50
Overdue more than 360 days	15,000	(10,514)	4,486	70.09
POCI	10,729	523	11,252	(4.87)
Total mortgage loans	55,363	(10,250)	45,113	18.51
Consumer loans				
Undue	169,848	(6,142)	163,706	3.62
Overdue for less than 30 days	7,117	(2,256)	4,861	31.70
Overdue for 30 to 89 days	4,213	(2,886)	1,327	68.50
Overdue for 90 to 179 days	5,900	(4,826)	1,074	81.80
Overdue for 180 to 360 days	7,838	(6,366)	1,472	81.22
Overdue more than 360 days	6,690	(5,368)	1,322	80.24
POCI	1	–	1	0.00
Total consumer loans	201,607	(27,844)	173,763	13.81
Car loans				
Undue	4,634	(1)	4,633	0.02
Overdue for less than 30 days	25	–	25	0.00
Overdue for 30 to 89 days	8	–	8	0.00
Overdue for 180 to 360 days	3	(1)	2	33.33
Overdue more than 360 days	477	(130)	347	27.25
Total car loans	5,147	(132)	5,015	2.56

*(millions of Tenge)***14 Loans to customers (continued)****Quality of individually insignificant loans (continued)***Analysis of movements in allowance for ECL (continued)*

	<i>31 December 2020</i>			
	<i>Loans before allowance for ECL</i>	<i>Allowance for ECL</i>	<i>Loans less allowance for ECL</i>	<i>Allowance for ECL to gross loans before allowance for ECL, (%)</i>
Credit cards				
Undue	3,934	(424)	3,510	10.78
Overdue for less than 30 days	245	(94)	151	38.37
Overdue for 30 to 89 days	163	(121)	42	74.23
Overdue for 90 to 179 days	206	(143)	63	69.42
Overdue for 180 to 360 days	340	(234)	106	68.82
Overdue more than 360 days	591	(358)	233	60.58
Total credit cards	5,479	(1,374)	4,105	25.08
Other loans secured by collateral				
Undue	84,268	(270)	83,998	0.32
Overdue for less than 30 days	7,387	(143)	7,244	1.94
Overdue for 30 to 89 days	3,099	(162)	2,937	5.23
Overdue for 90 to 179 days	1,839	(71)	1,768	3.86
Overdue for 180 to 360 days	3,364	(107)	3,257	3.18
Overdue more than 360 days	33,832	(15,920)	17,913	47.05
POCI	18,436	749	19,184	(4.06)
Total other loans secured by collateral	152,225	(15,924)	136,301	10.46
Total individually insignificant loans	583,400	(65,471)	517,929	11.22

*(millions of Tenge)***14 Loans to customers (continued)****Quality of individually insignificant loans (continued)***Analysis of movements in allowance for ECL (continued)*

An analysis of movements in the allowance for ECL on individually insignificant corporate loans for the three months ended 30 September 2021 is as follows:

<i>Individually insignificant corporate loans</i>	<i>For the three months ended 30 September 2021</i>				
	<i>(unaudited)</i>				
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
ECL as at 1 July 2021	(381)	(23)	(9,780)	118	(10,066)
New assets originated or purchased	(317)	–	–	–	(317)
Assets derecognised or repaid (excluding write-offs)	285	1	876	170	1,332
Transfers to Stage 1	(31)	–	31	–	–
Transfers to Stage 2	1	(1)	–	–	–
Transfers to Stage 3	–	1	(1)	–	–
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	83	21	(389)	(366)	(651)
Transfer between loan materiality categories	42	–	146	–	188
Unwinding of discount	–	–	(224)	–	(224)
Recovery of losses	–	–	(17)	(71)	(88)
Write-off	–	–	3,575	82	3,657
Adjustment of gross amount of POCI	–	–	–	(50)	(50)
30 September 2021	(318)	(1)	(5,783)	(117)	(6,219)

An analysis of movements in the allowance for ECL on individually insignificant corporate loans for the nine months ended 30 September 2021 is as follows:

<i>Individually insignificant corporate loans</i>	<i>For the nine months ended 30 September 2021</i>				
	<i>(unaudited)</i>				
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
ECL as at 1 January 2021	(602)	(140)	(8,662)	(543)	(9,947)
New assets originated or purchased	(1,355)	–	–	–	(1,355)
Assets derecognised or repaid (excluding write-offs)	992	24	3,400	781	5,197
Transfers to Stage 1	(50)	–	50	–	–
Transfers to Stage 2	17	(17)	–	–	–
Transfers to Stage 3	6	190	(196)	–	–
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	570	(58)	(2,646)	4	(2,130)
Transfer between loan materiality categories	104	–	371	–	475
Unwinding of discount	–	–	(894)	–	(894)
Recovery of losses	–	–	(2,563)	(624)	(3,187)
Write-off	–	–	5,446	315	5,761
Effect from changes in exchange rates	–	–	(89)	–	(89)
Adjustment of gross amount of POCI	–	–	–	(50)	(50)
30 September 2021	(318)	(1)	(5,783)	(117)	(6,219)

*(millions of Tenge)***14 Loans to customers (continued)****Quality of individually insignificant loans (continued)***Analysis of movements in allowance for ECL (continued)*

An analysis of movements in the allowance for ECL on individually insignificant corporate loans for the three months ended 30 September 2020 is as follows:

<i>Individually insignificant corporate loans</i>	<i>For the three months ended 30 September 2020</i>				
	<i>(unaudited)</i>				
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
ECL as at 1 July 2020	(552)	(12)	(8,259)	16	(8,807)
New assets originated or purchased	(70)	–	–	–	(70)
Assets derecognised or repaid (excluding write-offs)	104	18	402	–	524
Transfers to Stage 1	(4)	1	3	–	–
Transfers to Stage 2	12	(217)	205	–	–
Transfers to Stage 3	10	21	(31)	–	–
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	201	171	(376)	17	(21)
Transfer between loan materiality categories commitments	–	–	422	–	422
Unwinding of discount	–	–	(283)	–	(283)
Recovery of losses	–	–	(383)	–	(383)
Write-off	–	–	706	1	707
Effect from changes in exchange rates	(37)	–	(682)	–	(719)
Assets of disposal group held for sale	–	–	2	–	2
As at 30 September 2020	(336)	(18)	(8,274)	–	(8,628)

An analysis of movements in the allowance for ECL on individually insignificant corporate loans for the nine months ended 30 September 2020 is as follows:

<i>Individually insignificant corporate loans</i>	<i>For the nine months ended 30 September 2020</i>				
	<i>(unaudited)</i>				
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
ECL as at 1 January 2020	(294)	(203)	(9,103)	16	(9,584)
New assets originated or purchased	(344)	(1)	–	–	(345)
Assets derecognised or repaid (excluding write-offs)	447	34	4,916	–	5,397
Transfers to Stage 1	(57)	54	3	–	–
Transfers to Stage 2	17	(222)	205	–	–
Transfers to Stage 3	10	234	(244)	–	–
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	(78)	110	(1,446)	(17)	(1,431)
Transfer between loan materiality categories commitments	–	–	422	–	422
Unwinding of discount	–	–	(872)	–	(872)
Recovery of losses	–	–	(4,514)	–	(4,514)
Write-off	–	–	3,822	1	3,823
Effect from changes in exchange rates	(37)	(24)	(1,465)	–	(1,526)
Assets of disposal group held for sale	–	–	2	–	2
As at 30 September 2020	(336)	(18)	(8,274)	–	(8,628)

*(millions of Tenge)***14 Loans to customers (continued)****Quality of individually insignificant loans (continued)***Analysis of movements in allowance for ECL (continued)*

An analysis of movements in the allowance for ECL on mortgage loans for the three months ended 30 September 2021 is as follows:

<i>Mortgage loans</i>	<i>For the three months ended 30 September 2021</i>				
	<i>(unaudited)</i>				
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
ECL as at 1 July 2021	(40)	(1)	(10,206)	869	(9,378)
New assets originated or purchased	(18)	–	–	–	(18)
Assets derecognised or repaid (excluding write-offs)	40	2	849	537	1,428
Transfers to Stage 1	–	–	–	–	–
Transfers to Stage 2	–	(4)	4	–	–
Transfers to Stage 3	–	1	(1)	–	–
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	–	(5)	(670)	422	(253)
Unwinding of discount	–	–	(368)	–	(368)
Recovery of losses	–	–	(849)	(163)	(1,012)
Write-off	–	–	5,293	194	5,487
Adjustment of gross amount of POCI	–	–	–	(2,541)	(2,541)
30 September 2021	(18)	(7)	(5,948)	(682)	(6,655)

An analysis of movements in the allowance for ECL on mortgage loans for the nine months ended 30 September 2021 is as follows:

<i>Mortgage loans</i>	<i>For the nine months ended 30 September 2021</i>				
	<i>(unaudited)</i>				
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
ECL as at 1 January 2021	(27)	(2)	(10,744)	523	(10,250)
New assets originated or purchased	(73)	–	–	–	(73)
Assets derecognised or repaid (excluding write-offs)	49	90	1,384	926	2,449
Transfers to Stage 1	(37)	2	35	–	–
Transfers to Stage 2	1	(5)	4	–	–
Transfers to Stage 3	–	2	(2)	–	–
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	69	(94)	(3,025)	43	(3,007)
Unwinding of discount	–	–	(1,231)	–	(1,231)
Recovery of losses	–	–	(1,319)	(258)	(1,577)
Write-off	–	–	9,000	625	9,625
Effect from changes in exchange rates	–	–	(50)	–	(50)
Adjustment of gross amount of POCI	–	–	–	(2,541)	(2,541)
30 September 2021	(18)	(7)	(5,948)	(682)	(6,655)

*(millions of Tenge)***14 Loans to customers (continued)****Quality of individually insignificant loans (continued)***Analysis of movements in allowance for ECL (continued)*

An analysis of movements in the allowance for ECL on mortgage loans for the three months ended 30 September 2020 is as follows:

<i>Mortgage loans</i>	<i>For the three months ended 30 September 2020</i>				
	<i>(unaudited)</i>				
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
ECL as at 1 July 2020	(92)	(21)	(10,645)	730	(10,028)
New assets originated or purchased	(4)	–	–	–	(4)
Assets derecognised or repaid (excluding write-offs)	–	–	351	–	351
Transfers to Stage 1	(24)	3	21	–	–
Transfers to Stage 2	–	(2)	2	–	–
Transfers to Stage 3	–	9	(9)	–	–
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	33	4	(794)	(278)	(1,035)
Unwinding of discount	–	–	(481)	–	(481)
Recovery of losses	–	–	(332)	–	(332)
Write-off	–	–	805	429	1,234
Effect from changes in foreign exchange rates	–	–	(718)	–	(718)
As at 30 September 2020	(87)	(7)	(11,800)	881	(11,013)

An analysis of movements in the allowance for ECL on mortgage loans for the nine months ended 30 September 2020 is as follows:

<i>Mortgage loans</i>	<i>For the nine months ended 30 September 2020</i>				
	<i>(unaudited)</i>				
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
ECL as at 1 January 2020	(81)	(10)	(9,656)	1,112	(8,635)
New assets originated or purchased	(16)	–	–	–	(16)
Assets derecognised or repaid (excluding write-offs)	44	–	821	–	865
Transfers to Stage 1	(35)	14	21	–	–
Transfers to Stage 2	10	(15)	5	–	–
Transfers to Stage 3	–	16	(16)	–	–
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	(9)	(36)	(4,212)	(660)	(4,917)
Unwinding of discount	–	–	(1,313)	–	(1,313)
Recovery of losses	–	–	(782)	–	(782)
Write-off	–	–	4,287	429	4,716
Effect from changes in foreign exchange rates	–	24	(955)	–	(931)
As at 30 September 2020	(87)	(7)	(11,800)	881	(11,013)

*(millions of Tenge)***14 Loans to customers (continued)****Quality of individually insignificant loans (continued)***Analysis of movements in allowance for ECL (continued)*

An analysis of movements in the allowance for ECL on consumer loans for the three months ended 30 September 2021 is as follows:

<i>Consumer loans</i>	<i>For the three months ended 30 September 2021</i>				
	<i>(unaudited)</i>				
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
ECL as at 1 July 2021	(6,384)	(2,203)	(10,540)	–	(19,127)
New assets originated or purchased	(1,320)	–	–	–	(1,320)
Assets derecognised or repaid (excluding write-offs)	3,478	74	1,240	2	4,794
Transfers to Stage 1	(298)	80	218	–	–
Transfers to Stage 2	1,727	(1,768)	41	–	–
Transfers to Stage 3	834	1,587	(2,421)	–	–
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	(5,121)	126	(140)	(2)	(5,137)
Unwinding of discount	–	–	(818)	–	(818)
Recovery of losses	–	–	(123)	–	(123)
Write-off	–	–	824	–	824
30 September 2021	(7,084)	(2,104)	(11,719)	–	(20,907)

An analysis of movements in the allowance for ECL on consumer loans for the nine months ended 30 September 2021 is as follows:

<i>Consumer loans</i>	<i>For the nine months ended 30 September 2021</i>				
	<i>(unaudited)</i>				
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
ECL as at 1 January 2021	(7,329)	(2,867)	(17,648)	–	(27,844)
New assets originated or purchased	(3,177)	–	–	–	(3,177)
Assets derecognised or repaid (excluding write-offs)	5,999	181	1,632	81	7,893
Transfers to Stage 1	(2,699)	1,450	1,249	–	–
Transfers to Stage 2	2,153	(2,325)	172	–	–
Transfers to Stage 3	1,173	4,662	(5,835)	–	–
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	(3,204)	(3,205)	(3,314)	(81)	(9,804)
Unwinding of discount	–	–	(2,587)	–	(2,587)
Recovery of losses	–	–	(951)	–	(951)
Write-off	–	–	15,563	–	15,563
30 September 2021	(7,084)	(2,104)	(11,719)	–	(20,907)

*(millions of Tenge)***14 Loans to customers (continued)****Quality of individually insignificant loans (continued)***Analysis of movements in allowance for ECL (continued)*

An analysis of movements in the allowance for ECL on consumer loans for the three months ended 30 September 2020 is as follows:

<i>Consumer loans</i>	<i>For the three months ended 30 September 2020</i>				
	<i>(unaudited)</i>				
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
ECL as at 1 July 2020	(10,138)	(1,767)	(8,385)	–	(20,290)
New assets originated or purchased	(778)	–	–	–	(778)
Assets derecognised or repaid (excluding write-offs)	218	60	92	–	370
Transfers to Stage 1	(737)	470	267	–	–
Transfers to Stage 2	647	(710)	63	–	–
Transfers to Stage 3	890	1,097	(1,987)	–	–
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	3,933	(4,532)	(2,908)	–	(3,507)
Unwinding of discount	–	–	(939)	–	(939)
Recovery of losses	–	–	(13)	–	(13)
Write-off	–	–	1,014	–	1,014
Effect from changes in foreign exchange rates	–	1	(5)	–	(4)
As at 30 September 2020	(5,965)	(5,381)	(12,801)	–	(24,147)

An analysis of movements in the allowance for ECL on consumer loans for the nine months ended 30 September 2020 is as follows:

<i>Consumer loans</i>	<i>For the nine months ended 30 September 2020</i>				
	<i>(unaudited)</i>				
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
ECL as at 1 January 2020	(4,006)	(1,603)	(4,307)	–	(9,916)
New assets originated or purchased	(2,028)	–	–	–	(2,028)
Assets derecognised or repaid (excluding write-offs)	536	94	238	–	868
Transfers to Stage 1	(2,384)	1,859	525	–	–
Transfers to Stage 2	892	(1,015)	123	–	–
Transfers to Stage 3	1,152	3,174	(4,326)	–	–
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	(127)	(7,890)	(5,592)	–	(13,609)
Unwinding of discount	–	–	(2,006)	–	(2,006)
Recovery of losses	–	–	(36)	–	(36)
Write-off	–	–	2,588	–	2,588
Effect from changes in foreign exchange rates	–	–	(8)	–	(8)
As at 30 September 2020	(5,965)	(5,381)	(12,801)	–	(24,147)

*(millions of Tenge)***14 Loans to customers (continued)****Quality of individually insignificant loans (continued)***Analysis of movements in allowance for ECL (continued)*

An analysis of movements in the allowance for ECL on car loans for the three months ended 30 September 2021 is as follows:

<i>Car loans</i>	<i>For the three months ended 30 September 2021</i>				
	<i>(unaudited)</i>				
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
ECL as at 1 July 2021	–	–	(67)	–	(67)
Assets derecognised or repaid (excluding write-offs)	–	–	42	–	42
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	–	–	(8)	–	(8)
Unwinding of discount	–	–	(2)	–	(2)
Recovery of losses	–	–	(42)	–	(42)
Write-off	–	–	31	–	31
30 September 2021	–	–	(46)	–	(46)

An analysis of movements in the allowance for ECL on car loans for the nine months ended 30 September 2021 is as follows:

<i>Car loans</i>	<i>For the nine months ended 30 September 2021</i>				
	<i>(unaudited)</i>				
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
ECL as at 1 January 2021	(1)	–	(131)	–	(132)
Assets derecognised or repaid (excluding write-offs)	–	–	110	–	110
Transfers to Stage 2	18	(18)	–	–	–
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	(17)	18	(31)	–	(30)
Unwinding of discount	–	–	(10)	–	(10)
Recovery of losses	–	–	(110)	–	(110)
Write-off	–	–	126	–	126
30 September 2021	–	–	(46)	–	(46)

*(millions of Tenge)***14 Loans to customers (continued)****Quality of individually insignificant loans (continued)***Analysis of movements in allowance for ECL (continued)*

An analysis of movements in the allowance for ECL on car loans for the three months ended 30 September 2020 is as follows:

<i>Car loans</i>	<i>For the three months ended 30 September 2020</i>				
	<i>(unaudited)</i>				
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
ECL as at 1 July 2020	(5)	–	(130)	–	(135)
New assets originated or purchased	(1)	–	–	–	(1)
Assets derecognised or repaid (excluding write-offs)	3	–	37	–	40
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	3	–	(25)	–	(22)
Unwinding of discount	–	–	(6)	–	(6)
Recovery of losses	–	–	(41)	–	(41)
Write-off	–	–	8	–	8
Effect from changes in foreign exchange rates	–	–	(6)	–	(6)
As at 30 September 2020	–	–	(163)	–	(163)

An analysis of movements in the allowance for ECL on car loans for the nine months ended 30 September 2020 is as follows:

<i>Car loans</i>	<i>For the nine months ended 30 September 2020</i>				
	<i>(unaudited)</i>				
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
ECL as at 1 January 2020	–	–	(91)	–	(91)
New assets originated or purchased	(6)	–	–	–	(6)
Assets derecognised or repaid (excluding write-offs)	3	–	86	–	89
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	3	–	(125)	–	(122)
Unwinding of discount	–	–	(16)	–	(16)
Recovery of losses	–	–	(90)	–	(90)
Write-off	–	–	73	–	73
Effect from changes in exchange rates	–	–	–	–	–
As at 30 September 2020	–	–	(163)	–	(163)

*(millions of Tenge)***14 Loans to customers (continued)****Quality of individually insignificant loans (continued)***Analysis of movements in allowance for ECL (continued)*

An analysis of movements in the allowance for ECL on credit card loans for the three months ended 30 September 2021 is as follows:

<i>Credit cards</i>	<i>For the three months ended 30 September 2021</i>				
	<i>(unaudited)</i>				
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
ECL as at 1 July 2021	(511)	(148)	(1,026)	–	(1,685)
Assets derecognised or repaid (excluding write-offs)	198		5	–	203
Transfers to Stage 1	(11)	9	2	–	–
Transfers to Stage 2	78	(80)	2	–	–
Transfers to Stage 3	42	57	(99)	–	–
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	(456)	15	4	–	(437)
Unwinding of discount	–	–	(12)	–	(12)
Recovery of losses	–	–	(1)	–	(1)
Write-off	–	–	14	–	14
Effect from changes in exchange rates	–	34	50	–	84
30 September 2021	(660)	(113)	(1,061)	–	(1,834)

An analysis of movements in the allowance for ECL on credit card loans for the nine months ended 30 September 2021 is as follows:

<i>Credit cards</i>	<i>For the nine months ended 30 September 2021</i>				
	<i>(unaudited)</i>				
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
ECL as at 1 January 2021	(523)	(114)	(737)	–	(1,374)
New assets originated or purchased	(192)	–	–	–	(192)
Assets derecognised or repaid (excluding write-offs)	463	9	67	–	539
Transfers to Stage 1	(130)	75	55	–	–
Transfers to Stage 2	82	(84)	2	–	–
Transfers to Stage 3	64	144	(208)	–	–
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	(424)	(177)	(260)	–	(861)
Unwinding of discount	–	–	(66)	–	(66)
Recovery of losses	–	–	(20)	–	(20)
Write-off	–	–	71	–	71
Effect from changes in exchange rates	–	34	35	–	69
As at 30 September 2021	(660)	(113)	(1,061)	–	(1,834)

*(millions of Tenge)***14 Loans to customers (continued)****Quality of individually insignificant loans (continued)***Analysis of movements in allowance for ECL (continued)*

An analysis of movements in the allowance for ECL on credit card loans for the three months ended 30 September 2020 is as follows:

<i>Credit cards</i>	<i>For the three months ended 30 September 2020</i>				
	<i>(unaudited)</i>				
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
ECL as at 1 July 2020	(1,023)	(252)	(814)	–	(2,089)
New assets originated or purchased	(116)	–	–	–	(116)
Assets derecognised or repaid (excluding write-offs)	112	–	6	–	118
Transfers to Stage 1	(158)	105	53	–	–
Transfers to Stage 2	39	(49)	10	–	–
Transfers to Stage 3	25	113	(138)	–	–
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	392	(155)	7	–	244
Unwinding of discount	–	–	(23)	–	(23)
Recovery of losses	–	–	(1)	–	(1)
Write-off	–	–	32	–	32
Effect from changes in exchange rates	(8)	–	–	–	(8)
Assets of disposal group held for sale	44	2	43	–	89
As at 30 September 2020	(693)	(236)	(825)	–	(1,754)

An analysis of movements in the allowance for ECL on credit card loans for the nine months ended 30 September 2020 is as follows:

<i>Credit cards</i>	<i>For the nine months ended 30 September 2020</i>				
	<i>(unaudited)</i>				
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
ECL as at 1 January 2020	(995)	(156)	(521)	–	(1,672)
New assets originated or purchased	(255)	(1)	–	–	(256)
Assets derecognised or repaid (excluding write-offs)	238	12	21	–	271
Transfers to Stage 1	(247)	171	76	–	–
Transfers to Stage 2	93	(107)	14	–	–
Transfers to Stage 3	102	301	(403)	–	–
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	19	(630)	(92)	–	(703)
Unwinding of discount	–	–	(71)	–	(71)
Recovery of losses	–	–	(3)	–	(3)
Write-off	–	–	111	–	111
Effect from changes in exchange rates	308	172	–	–	480
Assets of disposal group held for sale	44	2	43	–	89
As at 30 September 2020	(693)	(236)	(825)	–	(1,754)

*(millions of Tenge)***14 Loans to customers (continued)****Quality of individually insignificant loans (continued)***Analysis of movements in allowance for ECL (continued)*

An analysis of movements in the allowance for ECL on other loans secured by collateral for the three months ended 30 September 2021 is as follows:

<i>Other loans secured by collateral</i>	<i>For the three months ended 30 September 2021</i>				
	<i>(unaudited)</i>				
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
ECL as at 1 July 2021	(168)	(87)	(14,758)	2,421	(12,592)
New assets originated or purchased	(55)	–	–	–	(55)
Assets derecognised or repaid (excluding write-offs)	73	10	230	782	1,095
Transfers to Stage 1	(1)	1	–	–	–
Transfers to Stage 2	7	(7)	–	–	–
Transfers to Stage 3	2	18	(20)	–	–
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	109	56	(3,087)	(745)	(3,667)
Unwinding of discount	–	–	(671)	–	(671)
Recovery of losses	–	–	(230)	(135)	(365)
Write-off	–	–	8,163	1	8,164
Effect from changes in exchange rates	–	–	76	–	76
Adjustment of gross amount of POCI	–	–	–	(3,100)	(3,100)
As at 30 September 2021	(33)	(9)	(10,297)	(776)	(11,115)

An analysis of movements in the allowance for ECL on other loans secured by collateral for the nine months ended 30 September 2021 is as follows:

<i>Other loans secured by collateral</i>	<i>For the nine months ended 30 September 2021</i>				
	<i>(unaudited)</i>				
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
ECL as at 1 January 2021	(123)	(17)	(16,533)	749	(15,924)
New assets originated or purchased	(156)	–	–	–	(156)
Assets derecognised or repaid (excluding write-offs)	179	106	868	1,663	2,816
Transfers to Stage 1	(96)	39	57	–	–
Transfers to Stage 2	12	(82)	70	–	–
Transfers to Stage 3	3	48	(51)	–	–
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	148	(103)	(7,612)	(365)	(7,932)
Unwinding of discount	–	–	(2,212)	–	(2,212)
Recovery of losses	–	–	(868)	(660)	(1,528)
Write-off	–	–	15,944	937	16,881
Effect from changes in exchange rates	–	–	40	–	40
Adjustment of gross amount of POCI	–	–	–	(3,100)	(3,100)
As at 30 September 2021	(33)	(9)	(10,297)	(776)	(11,115)

*(millions of Tenge)***14 Loans to customers (continued)****Quality of individually insignificant loans (continued)***Analysis of movements in allowance for ECL (continued)*

An analysis of movements in the allowance for ECL on other loans secured by collateral for the three months ended 30 September 2020 is as follows:

<i>Other loans secured by collateral</i>	<i>For the three months ended 30 September 2020</i>				
	<i>(unaudited)</i>				
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
ECL as at 1 July 2020	(227)	(20)	(18,401)	1,344	(17,304)
New assets originated or purchased	(26)	–	–	–	(26)
Assets derecognised or repaid (excluding write-offs)	–	–	369	–	369
Transfers to Stage 1	(47)	11	36	–	–
Transfers to Stage 2	8	(38)	30	–	–
Transfers to Stage 3	30	13	(43)	–	–
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	189	(31)	(3,088)	(518)	(3,448)
Unwinding of discount	–	–	(959)	–	(959)
Recovery of losses	–	–	(533)	–	(533)
Write-off	–	–	3,010	597	3,607
Effect from changes in foreign exchange rates	–	–	(808)	–	(808)
Assets of disposal group held for sale	–	–	1	–	1
As at 30 September 2020	(73)	(65)	(20,386)	1,423	(19,101)

An analysis of movements in the allowance for ECL on other loans secured by collateral for the nine months ended 30 September 2020 is as follows:

<i>Other loans secured by collateral</i>	<i>For the nine months ended 30 September 2020</i>				
	<i>(unaudited)</i>				
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
ECL as at 1 January 2020	(132)	(28)	(16,563)	1,761	(14,962)
New assets originated or purchased	(160)	–	–	–	(160)
Assets derecognised or repaid (excluding write-offs)	15	10	1,768	12	1,805
Transfers to Stage 1	(86)	32	54	–	–
Transfers to Stage 2	13	(47)	34	–	–
Transfers to Stage 3	31	23	(54)	–	–
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	246	(55)	(9,693)	(947)	(10,449)
Unwinding of discount	–	–	(2,625)	–	(2,625)
Recovery of losses	–	–	(1,672)	–	(1,672)
Write-off	–	–	9,473	597	10,070
Effect from changes in foreign exchange rates	–	–	(1,109)	–	(1,109)
Assets of disposal group held for sale	–	–	1	–	1
As at 30 September 2020	(73)	(65)	(20,386)	1,423	(19,101)

*(millions of Tenge)***14 Loans to customers (continued)****Quality of individually insignificant loans (continued)***Analysis of movements in allowance for ECL (continued)*

The amounts of undiscounted ECL at initial recognition on purchased credit-impaired loans to customers that were initially recognised for the three and nine-month periods ended 30 September 2021 and 2020 were as follows:

	<i>For the three months ended 30 September</i>	
	<i>2021 (unaudited)</i>	<i>2020 (unaudited)</i>
Mortgage loans	79	146
Other loans secured by collateral	29	174
Total undiscounted ECL at initial recognition of POCI	108	320
	<i>For the nine months ended 30 September</i>	
	<i>2021 (unaudited)</i>	<i>2020 (unaudited)</i>
Mortgage loans	279	627
Other loans secured by collateral	575	504
Total undiscounted ECL at initial recognition of POCI	854	1,131

Modified and renegotiated loans

In 2020 the Group introduced certain changes in its process of estimation of expected credit losses in the context of the ongoing COVID-19 pandemic. In particular, it has revised indicators of significant increase in credit risk and does not automatically consider the credit risk to have significantly increased in the case of a loan modification being part of the government support measures.

Below is information on loans issued to customers who were granted with a delay in repayment of principal and interest during 2020-2021 due to the consequences of the COVID-19 pandemic as at 30 September 2021 and 31 December 2020. As at 30 September 2021, the principal and interest standstill program has been completed. In 2021, the volume of loans to customers for which a standstill on the principal and interest was granted amounted to 10,609 million Tenge before provisions.

	<i>30 September 2021 (unaudited)</i>				
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
Individually significant loans	10,719	19,190	8,004	–	37,913
Individually insignificant corporate loans	20,713	946	8,488	–	30,147
Mortgage loans	3,890	41	399	1,754	6,084
Consumer loans	15,791	678	5,544	–	22,013
Car loans	64	–	–	–	64
Credit cards	64	3	59	–	126
Other loans secured by collateral	19,981	886	4,032	2,778	27,677
Loans to customers before allowance for ECL	71,222	21,744	26,526	4,532	124,024

*(millions of Tenge)***14 Loans to customers (continued)****Modified and renegotiated loans (continued)**

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

As at 30 September 2021, the share of non-past due Phase 3 loans and POCI issued to customers who were granted with a delay in payment due to the COVID-19 pandemic is 49.31% (31 December 2020: 55.31%).

Collateral and other credit enhancements

Individually significant corporate loans are subject to assessment and impairment testing on an individual basis. The creditworthiness of a corporate customer is generally the main indicator of the issued credit quality. However, the Group generally requires corporate borrowers to provide collateral.

Guarantees and suretyship from individuals including shareholders of borrowers represented by small and medium-sized businesses are not taken into account in assessing the impairment.

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

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

The main types of collateral obtained are as follows:

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

As at 30 September 2021, loans net of ECL allowance overdue over 90 days amount to 55,019 million Tenge (as at 31 December 2020: 55,157 million Tenge). As at 30 September 2021, total fair value of collateral securing such loans, limited to the gross value of the respective loans, was equal to 61,441 million Tenge (31 December 2020: 69,011 million Tenge).

Repossessed collateral

For the nine-month period ended 30 September 2021, the Group received a property with the carrying amount of 3,797 million Tenge (nine-month period ended 30 September 2020: 6,435 million Tenge) by obtaining control over collateral for loans issued to customers (*Note 16*). The Group's policy assumes sale of these assets as soon as it is practicable.

Concentration of loans to customers

As at 30 September 2021, the Group had a concentration of loans represented by 145,801 million Tenge due from the ten largest independent borrowers or 17.93% of gross loan portfolio (31 December 2020: 130,709 million Tenge or 15.58% of gross loan portfolio). Allowance for ECL on these loans is 2,312 million Tenge (31 December 2020: 2,431 million Tenge).

*(millions of Tenge)***14 Loans to customers (continued)****Industry and geographical analysis of loans**

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

	<i>30 September 2021 (unaudited)</i>	<i>31 December 2020</i>
Loans to retail customers	362,556	419,821
Metallurgy	63,732	60,180
Wholesale trading	58,549	48,433
Services provided by small and medium businesses	55,981	44,486
Real estate activities	46,819	49,556
Retail services	43,920	35,793
Construction	22,763	20,475
Food industry	24,349	21,514
Financial services	23,818	20,831
Transportation services	19,397	16,543
Post and communication services	11,526	6,100
Textile production	8,662	7,154
Agriculture	9,395	6,752
Production of crude oil and natural gas	3,047	5,924
Metal products manufacturing	2,304	3,026
Chemical industry	2,105	2,326
Industrial manufacturing	1,667	1,924
Machine-building	355	554
Other	51,998	61,635
	<u>812,943</u>	<u>833,027</u>
Allowance for ECL	<u>(55,967)</u>	<u>(83,285)</u>
	<u>756,976</u>	<u>749,742</u>

Net investment in finance leases

As at 30 September 2021 and 31 December 2020 loans to customers include finance lease receivables of 7,356 million Tenge and 5,864 million Tenge, respectively.

	<i>30 September 2021 (unaudited)</i>	<i>31 December 2020</i>
Minimum lease payments receivable	9,252	7,336
Unearned finance income	(1,477)	(1,130)
Net minimum lease payments receivable	<u>7,775</u>	<u>6,206</u>
Less: ECL allowance	(419)	(342)
Net investment in finance leases	<u>7,356</u>	<u>5,864</u>
Current portion of minimum lease payments	1,409	4,010
Current portion of unearned finance income	(305)	(276)
Current portion of net minimum lease payments receivable	<u>1,104</u>	<u>3,734</u>
Non-current portion of minimum lease payments	7,843	3,326
Non-current portion of unearned finance income	(1,172)	(854)
Non-current portion of net minimum lease payments receivable	<u>6,671</u>	<u>2,472</u>
Net minimum lease payments receivable	<u>7,775</u>	<u>6,206</u>

*(millions of Tenge)***14 Loans to customers (continued)****Net investment in finance leases (continued)**

The analysis of finance lease receivables at 30 September 2021 and 31 December 2020, is as follows:

<i>30 September 2021</i>	<i>Up to 1 year</i>	<i>From 1 to 2 years</i>	<i>2 to 3 years</i>	<i>3 to 4 years</i>	<i>4 to 5 years</i>	<i>Total</i>
Minimum lease payments receivable	1,409	4,646	2,269	835	93	9,252
Unearned finance income	(305)	(806)	(297)	(63)	(6)	(1,477)
Net minimum lease payments receivable	1,104	3,840	1,972	772	87	7,775

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

15 Investment securities

Investment securities including those pledged under repurchase agreements comprise:

	<i>30 September 2021 (unaudited)</i>	<i>31 December 2020</i>
Debt investment securities at amortized cost		
Government bonds		
Bonds of the NBRK rated BBB-	–	6,543
Treasury bills of the Ministry of Finance of the Republic of Kazakhstan rated BBB-	17,404	17,128
Bonds of foreign countries rated at B- to B+	868	848
Total government bonds	18,272	24,519
Corporate bonds		
Rated from BBB- to BBB+	168,785	82,935
Rated from BB- to BB+	82,224	160,804
Total corporate bonds	251,009	243,739
Bonds of banks		
Rated from BBB- to BBB+	1,646	–
Rated from BB- to BB+	520	1,639
Rated from B- to B+	5,169	5,208
Total bonds of banks	7,335	6,847
Investment securities measured at amortised cost before ECL allowance	276,616	275,105
Allowance for ECL	(497)	(932)
Investment securities measured at amortized cost	276,119	274,173

*(millions of Tenge)***15 Investment securities (continued)**

	<i>30 September 2021 (unaudited)</i>	<i>31 December 2020</i>
Debt securities at FVOCI		
Government bonds		
Bonds of the NBRK rated BBB-	107,899	91,083
Treasury bills of the Ministry of Finance of the Republic of Kazakhstan rated BBB-	331,533	276,764
Bonds of the Sultanate of Oman rated at B+	–	1,265
Total government bonds	439,432	369,112
Corporate bonds		
Rated from BBB- to BBB+	107,356	81,341
Rated from BB- to BB+	2,012	435
Total corporate bonds	109,368	81,776
Bonds of banks		
Rated from BBB- to BBB+	22,924	12,124
Rated from BB- to BB+	309	38,455
Rated below B+	3,134	4,455
Total bonds of banks	26,367	55,034
Investment securities measured at FVOCI	575,167	505,922

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

As at 30 September 2021, investment securities measured at FVOCI, represented by treasury bonds of the Ministry of Finance of the Republic of Kazakhstan and KSF bonds, with a fair value of 50,161 million Tenge and 2,386 million Tenge, respectively, were pledged as collateral under the repurchase agreements entered into at the KASE.

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

In 2018 and 2019, the Group acquired bonds of NAC Kazatomprom JSC, Sovereign Wealth Fund Samruk-Kazyna JSC and Kazakhstan Temir Zholy JSC classified as investment securities at amortized cost. As at 30 September 2021, the total carrying amount of these bonds was 239,206 million Tenge (31 December 2020: 236,933 million Tenge).

The Group's debt securities issued held by SWF Samruk-Kazyna JSC (*Note 19*), with a total nominal value of 220,000 million Tenge, serve as collateral for liabilities to the Group on the above mentioned bonds.

16 Other assets and other liabilities

Other assets comprise:

	<i>30 September 2021 (unaudited)</i>	<i>31 December 2020</i>
Other accounts receivable from bank activities	10,916	13,558
Other accounts receivable	16,571	14,940
	27,487	28,498
Allowance for ECL	(3,121)	(4,294)
Other financial assets	24,366	24,204
Repossessed collateral	40,133	51,694
Prepayments and deferred expenses	6,560	4,485
Taxes prepaid other than corporate income tax	2,144	2,766
Investment property	2,512	2,908
Inventories held for sale	1,952	1,956
Other inventories	522	1,001
Other	836	765
	54,659	65,575
Impairment allowance	(16)	(44)
Other non-financial assets	54,643	65,531
Total other assets	79,009	89,735

*(millions of Tenge)***16 Other assets and other liabilities (continued)**

During the nine-month period ended 30 September 2021, the total estimated value of the collateral transferred to the Group amounted to 3,797 million Tenge (nine-month period ended 30 September 2020: 6,435 million Tenge). Even though the Group is currently working actively to dispose repossessed collateral held for sale, most of them have not been sold within short period of time. Management still intends to sell the repossessed collateral.

Other liabilities comprise:

	<i>30 September 2021 (unaudited)</i>	<i>31 December 2020</i>
Accrued expenses for employee benefits	4,523	4,469
Payables on non-banking activities	4,427	3,549
Lease liabilities	2,122	2,099
Obligations to pay mandatory contributions to the KDIF	512	445
Capital investment creditors	362	42
ECL allowance for credit related commitments	388	759
Other	1,100	1,383
Other financial liabilities	13,434	12,746
Taxes payable other than corporate income tax	1,839	1,749
Other	425	255
Other non-financial liabilities	2,264	2,004
Total other liabilities	15,698	14,750

17 Current accounts and deposits of customers

Current accounts and deposits of customers comprise:

	<i>30 September 2021 (unaudited)</i>	<i>31 December 2020</i>
Current accounts and demand deposits		
- Retail customers	78,079	84,652
- Corporate customers	462,252	369,583
Time deposits		
- Retail customers	463,353	437,787
- Corporate customers	534,621	419,687
Guarantee deposits		
- Retail customers	17,487	18,148
- Corporate customers	43,556	57,310
	1,599,348	1,387,167
Held as security against letters of credit and guarantees (Note 24)	(4,280)	(483)

Concentration of current accounts and deposits of customers

As at 30 September 2021, total amount of account balances of top 10 clients amounted to 386,748 million Tenge or 24.18% of total current accounts and deposits of customers (31 December 2020: 300,912 million Tenge or 21.69%).

As at 30 September 2021, the Group's outstanding balance of accounts and deposits of individuals and individual entrepreneurs amounted to 230,829 million Tenge (31 December 2020: 232,166 million Tenge) with limited KDIF insurance coverage on behalf of the Government of the Republic of Kazakhstan.

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

*(millions of Tenge)***18 Amounts due to banks and other financial organizations**

Amounts due to banks and other financial organizations comprise:

	<i>30 September</i> <i>2021</i> <i>(unaudited)</i>	<i>31 December</i> <i>2020</i>
Loans from governmental organizations	48,330	45,587
Liabilities due to Kazakhstan Sustainability Fund JSC	51,464	60,400
Loans from other financial organizations	22,669	22,553
Current accounts and deposits of banks	32	1,930
	122,495	130,470

As at 30 September 2021, loans from public institutions included loans from Entrepreneurship Development Fund “Damu” JSC and Kazakhstan Development Bank JSC in the amount of 35,075 million Tenge and 13,169 million Tenge, respectively (31 December 2020: 32,417 million Tenge and 13,015 million Tenge, respectively), as part of the state program to support small and medium-sized businesses by the banking sector. Loans are denominated in Tenge, have nominal interest rates from 1.00% to 9.00% per annum and mature in 2022-2035.

As at 30 September 2021, liabilities due to Kazakhstan Sustainability Fund JSC include funds in the amount of 37,261 million Tenge (31 December 2020: 46,756 million Tenge) received as part of the implementation of measures by the Government of the Republic of Kazakhstan to support small and medium-sized businesses affected by the COVID-19 pandemic. These liabilities include deposits denominated in Tenge in the amount of 16,997 million Tenge, with a nominal rate of 5.00% per annum and maturing in 2021 and funds in the amount of 20,264 million Tenge not providing for the accrual and payment of interest until the moment the said funds are utilized by the Bank (31 December 2020: 18,967 million Tenge and 27,789 million Tenge, respectively) (*Note 12*).

As at 30 September 2021, liabilities due to Kazakhstan Sustainability Fund JSC also include deposits in the amount of 11,549 million Tenge (31 December 2020: 10,666 million Tenge) as part of the governmental program for refinancing of mortgage and housing loans to customers. In 2020, the terms of this program were changed in respect of providing additional aid to mortgage borrowers belonging to the category of socially vulnerable segments of the population, as well as unilateral conversion of foreign currency mortgage loans into Tenge. Deposits are denominated in Tenge, have nominal interest rates from 0.10% to 2.99% per annum and mature in 2038-2050. The fair value of deposits attracted at initial recognition was determined by the Group using market rates ranging from 14.07% to 14.40% per annum (for the nine month period ended 30 September 2020: 13.50% to 13.95% per annum). The fair value of mortgage loans upon derecognition as a result of a significant modification was determined by the Group using market rates ranging from 18.07% to 18.40% per annum (for the nine months ended 30 September 2020: 17.50% to 17.95% per annum). For the nine months ended 30 September 2021, the Group recognized net income from government grants less loss on derecognition of loans to customers in the amount of 3,102 million Tenge in the interim condensed consolidated statement of comprehensive income. For the nine months ended 30 September 2020, net loss from derecognition of loans to customers, net of government grants, amounted to 302 million Tenge.

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

As at 30 September 2021 loans from other financial organizations include loans in the amount of 22,669 million Tenge (31 December 2020: 22,553 million Tenge) received from European Bank for Reconstruction and Development as part of the program for supporting of investments in micro, small and medium businesses in the Republic of Kazakhstan and Women in Business program. The loans are denominated in Tenge, bear interest rate 9.85% per annum and mature in 2023. As at 30 September 2021, a deposit in the amount of 25,533 million Tenge placed by the Bank with the EBRD acts as collateral for these obligations (31 December 2020: 25,245 million Tenge) (*Note 12*).

*(millions of Tenge)***19 Debt securities issued**

Debt securities issued comprise:

	<i>Maturity</i>	<i>Coupon rate</i>	<i>30 September 2021 (unaudited)</i>	<i>31 December 2020</i>
Bonds in US Dollars				
Bonds issued in 2019	2022	3.00%	15,825	16,829
Eurobonds issued in 2010	2022	14%	15,821	15,136
			<u>31,646</u>	<u>31,965</u>
Tenge bonds				
Bonds issued in 2018	2024	4.00%	175,643	159,837
Bonds issued in 2015	2025	10.13%	47,592	48,400
			<u>223,235</u>	<u>208,237</u>
			<u>254,881</u>	<u>240,202</u>

In September 2018, the Bank issued debt securities with a total nominal value of 220,000 million Tenge with a coupon rate of 4% per annum and maturity in 2024. The securities were acquired by Sovereign Wealth Fund Samruk-Kazyna JSC in exchange for 220,000 million Tenge deposit placed with the Bank on similar terms.

20 Subordinated debt

As at 30 September 2021 and 31 December 2020, subordinated debt includes subordinated debt securities issued, represented by Tenge-denominated subordinated bonds maturing in 2022-2031 and a fixed coupon rate of 8% per annum. The coupon is paid every six months.

21 Share capital

The number of authorised, placed and outstanding common shares and share capital as at 30 September 2021 and 31 December 2020 are as follows:

	<i>30 September 2021 (unaudited)</i>	<i>31 December 2020</i>
Common shares		
Number of authorised shares	150,003,000,000	150,003,000,000
Number of issued shares	92,387,104,089	92,387,104,089
Number of repurchased shares	(3,391,835,697)	(3,391,835,697)
Number of outstanding shares	88,995,268,392	88,995,268,392
Total share capital, millions of Tenge	<u>327,555</u>	<u>327,555</u>

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

	<i>Quantity of common shares</i>	<i>Placement value of common shares</i>
At 1 January 2021	88,995,268,392	327,555
Repurchase of own shares (unaudited)	—	—
At 30 September 2021 (unaudited)	<u>88,995,268,392</u>	<u>327,555</u>
At 1 January 2020	89,493,581,272	328,377
Repurchase of own shares (unaudited)	(498,312,880)	(822)
At 30 September 2020 (unaudited)	<u>88,995,268,392</u>	<u>327,555</u>

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

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

(millions of Tenge)

22 Earnings per share

The following reflects the net profit and share information used in the basic and diluted earnings per share computations:

	<i>For the three months ended 30 September</i>	
	<i>2021 (unaudited)</i>	<i>2020 (unaudited)</i>
Net profit attributable to shareholders of the Bank	17,551	13,850
The weighted average number of common shares for the three-month period ended 30 September	88,995,268,392	88,995,268,392
Basic and diluted earnings per share, in Tenge	0.20	0.16
	<i>For the nine months ended 30 September</i>	
	<i>2021 (unaudited)</i>	<i>2020 (unaudited)</i>
Net profit attributable to shareholders of the Bank	49,177	44,897
The weighted average number of common shares for the nine-month period ended 30 September	88,995,268,392	89,157,129,145
Basic and diluted earnings per common share in Tenge	0.55	0.50

As at 30 September 2021 and 31 December 2020, the Bank did not have any financial instruments diluting earnings per share.

23 Capital management

The Bank maintains an actively managed capital base to cover risks inherent in the business. The adequacy of the Bank's capital is monitored using, among other measures, the norms established by the NBRK in supervising the Bank.

As at 30 September 2021 and 31 December 2020, the Bank had complied in full with all its externally imposed capital requirements.

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

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

The NBRK sets and monitors capital requirements for the Bank.

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

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

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

(millions of Tenge)

23 Capital management (continued)

The following table shows the composition of the Bank's capital position calculated in accordance with the NBRK requirements as at 30 September 2021 and 31 December 2020:

	<i>30 September 2021 (unaudited)</i>	<i>31 December 2020</i>
Tier 1 capital	235,683	244,336
Tier 2 capital	13,452	14,839
Total capital	249,135	259,175
Total risk-weighted statutory assets, contingent liabilities, operational and market risk	1,024,838	1,164,668
Ratio k1	23.0%	21.0%
Ratio k1-2	23.0%	21.0%
Ratio k2	24.3%	22.3%

24 Commitments and contingencies

Political and economic environment

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

Due to the rapid development of the coronavirus pandemic (COVID-19), many countries, including the Republic of Kazakhstan, have introduced quarantine measures that have a significant impact on the level and scale of business activity of market participants. The pandemic and measures to minimise its consequences had a significant impact on the activities of companies from various industries. Since March 2020, there has been significant volatility in the capital, currency and commodity markets, including lower oil prices and the depreciation of the Tenge against the US Dollar and Euro. This has resulted in increased uncertainty about further economic growth, which, in turn, may negatively affect the Group's financial position, results of operations and economic prospects.

Credit related commitments

The Group has contingent liabilities to provide credit resources. These credit related contingencies take the form of approved loan and credit card limits and overdraft facilities.

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

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

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

	<i>30 September 2021 (unaudited)</i>	<i>31 December 2020</i>
Undrawn loan commitments	126,003	147,045
Guarantees issued	68,628	47,522
Letters of credit	4,706	764
	199,337	195,331
Less: current accounts and deposits of customers, held as collateral under letters of credit and guarantees (<i>Note 17</i>)	(4,280)	(483)
Less: allowance for ECL	(388)	(734)
	194,669	194,114

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

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

(millions of Tenge)

24 Commitments and contingencies (continued)

Legal proceedings

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

Contingent tax liabilities

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

These circumstances may create tax risks in the Republic of Kazakhstan that are substantially more significant than in other countries. Management believes that it has provided adequately for tax liabilities in these interim condensed consolidated financial statements based on its interpretations of applicable Kazakhstan tax legislation, official pronouncements and court decisions. However, the interpretations of the relevant authorities could differ and the effect on these interim condensed consolidated financial statements, if the authorities were successful in enforcing their interpretations, could be significant.

25 Related party transactions

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

Total remuneration to 13 members of the Management Board and Board of Directors included in general and administrative expenses for the three-month and nine-month periods ended 30 September 2021 and 2020 is as follows:

	<i>For the three months ended 30 September</i>		<i>For the nine months ended 30 September</i>	
	<i>2021 (unaudited)</i>	<i>2020 (unaudited)</i>	<i>2021 (unaudited)</i>	<i>2020 (unaudited)</i>
Members of the Board of Directors and the Management Board of the Group	4,118	106	5,501	2,597
	4,118	106	5,501	2,597

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

Transactions with other related parties

Other related parties in the table below include key management personnel and entities jointly controlled by key management personnel. The outstanding balances and the average effective interest rates as at 30 September 2021 and related profit or loss for the three-month and nine-month periods ended 30 September 2021 from transactions with related parties are as follows:

	<i>30 September 2021 (unaudited)</i>						
	<i>Shareholders</i>		<i>Entities under common control</i>		<i>Other related parties</i>		<i>Total</i>
	<i>Average annual effective interest rate (%)</i>	<i>In millions of Tenge</i>	<i>Average annual effective interest rate (%)</i>	<i>In millions of Tenge</i>	<i>Average annual effective interest rate (%)</i>	<i>In millions of Tenge</i>	<i>In millions of Tenge</i>
Assets							
Loans to customers	–	–	–	–	4,284	5.39	4,284
Other assets	–	–	136	–	4	–	140
Liabilities							
Current accounts and deposits of customers	1.00	33,884	0.67	41,409	1.43	9,251	84,544
Other liabilities	–	–	–	97	–	–	97
Contingent liabilities	–	–	–	–	107	–	107
Guarantees issued	–	–	–	–	72	–	72

*(millions of Tenge)***25 Related party transactions (continued)****Transactions with other related parties (continued)**

	<i>For the three months ended 30 September 2021 (unaudited)</i>				
	<i>Shareholders</i>	<i>Entities under common control</i>		<i>Other related parties</i>	<i>Total</i>
Income/(expenses)					
Interest revenue	–	–	59	–	59
Interest expenses	(87)	(163)	(25)	–	(275)
General and administrative expenses	–	(80)	(9)	–	(89)
Fee and commission income	–	4	–	–	4
Other expenses	–	(161)	–	–	(161)
	<i>For the nine months ended 30 September 2021 (unaudited)</i>				
	<i>Shareholders</i>	<i>Entities under common control</i>		<i>Other related parties</i>	<i>Total</i>
Income/(expenses)					
Interest revenue	–	–	175	–	175
Interest expenses	(255)	(498)	(76)	–	(829)
General and administrative expenses	–	(213)	(20)	–	(233)
Fee and commission income	–	29	6	–	35
Other expenses	–	(463)	–	–	(463)

As at 31 December 2020, the outstanding balances and the average effective interest rates and related profit or loss for the three-month and nine-month periods ended 30 September 2020 from transactions with related parties are as follows:

	<i>31 December 2020</i>						
	<i>Shareholders</i>		<i>Entities under common control</i>		<i>Other related parties</i>		<i>Total</i>
	<i>Average effective</i>		<i>Average effective</i>		<i>Average effective</i>		
	<i>In millions of Tenge</i>	<i>interest rate (%)</i>	<i>In millions of Tenge</i>	<i>interest rate (%)</i>	<i>In millions of Tenge</i>	<i>interest rate (%)</i>	<i>In millions of Tenge</i>
Assets							
Loans to customers	–	–	–	–	4,245	3.00-17.50	4,245
Other assets	–	–	19	–	1	–	20
Liabilities							
Current accounts and deposits of customers	12,159	1.00	12,841	1.53	12,026	0.28	37,026
Other liabilities	–	–	16	–	–	–	16
Contingent liabilities	–	–	–	–	192	–	192

*(millions of Tenge)***25 Related party transactions (continued)****Transactions with other related parties (continued)**

	<i>For the three months ended 30 September 2020</i>			
	<i>(unaudited)</i>			
	<i>Shareholders</i>	<i>Entities under common control</i>	<i>Other related parties</i>	<i>Total</i>
Income/(expenses)				
Interest revenue	–	–	63	63
Interest expenses	(48)	(18)	(236)	(302)
Fee and commission income	1	9	–	10
Fee and commission expense	–	–	(26)	(26)
Other income	–	–	1	1
Other expenses	–	(21)	(1)	(22)

	<i>For the nine months ended 30 September 2020</i>			
	<i>(unaudited)</i>			
	<i>Shareholders</i>	<i>Entities under common control</i>	<i>Other related parties</i>	<i>Total</i>
Income/(expenses)				
Interest revenue	–	–	215	215
Interest expenses	(137)	(54)	(377)	(568)
Fee and commission income	2	28	–	30
Fee and commission expense	–	–	(20)	(20)
Other income	–	–	1	1
Other expenses	–	(87)	(854)	(941)

26 Segment information

The Group has five reporting segments and business lines (“Other” segment is indicated separately with description of transactions, which are not related to activities of business lines). These segments / business lines offer a variety of products and services in the financial/banking area. The following is a brief description of transactions of each segment.

- Corporate business (CB) – includes issuance of loans, attracting deposits, settlement and cash services, transactions on guarantees and other transactions with corporate clients (large entities and individual entrepreneurs);
- Small and medium businesses (SMB) – includes issuance of loans, attracting deposits, settlement and cash services, transactions on guarantees and other transactions with small and medium business clients (legal entities and individual entrepreneurs);
- Retail banking (RB) – includes issuance of loans, attracting deposits, settlement and cash services, exchange transactions and other transactions with retail clients (individuals);
- Investing activities – responsible for financing the Group’s operations (repo operations, raising funds from banks and financial organizations, issuance of bonds, subordinated debt), securities transactions, use of derivative financial instruments and related foreign currency transactions.
- Other – other transactions with debtors/creditors, fixed assets, amounts on transit accounts and other transactions that are not related to segments / business lines (CB, SMB, RB, Investment Activities).

*(millions of Tenge)***26 Segment information (continued)**

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

	<i>30 September 2021</i>					<i>Total</i>
	<i>(unaudited)</i>					
	<i>CB</i>	<i>SMB</i>	<i>RB</i>	<i>Investing activities</i>	<i>Other</i>	
Assets						
Cash and cash equivalents	58,014	46,003	64,575	331,589	7,123	507,304
Amounts due from financial organizations	708	24,448	371	42,037	–	67,564
Trading securities	–	–	–	2,198	–	2,198
Loans to customers	169,253	253,396	298,396	–	35,931	756,976
Investment securities	–	–	–	851,286	–	851,286
Property, plant and equipment	–	–	–	–	63,420	63,420
Intangible assets	–	–	–	–	12,083	12,083
Other assets	49	328	1,552	98	76,982	79,009
Total assets	228,024	324,175	364,894	1,227,208	195,539	2,339,840
Liabilities						
Current accounts and deposits of customers	669,682	364,822	564,844	–	–	1,599,348
Amounts due to banks and other financial organizations	10,562	91,808	5,983	38	14,104	122,495
Amounts payable under repurchase agreements	–	–	–	55,047	–	55,047
Debt securities issued	–	–	15,823	175,643	63,415	254,881
Deferred tax liabilities	–	–	–	–	11,849	11,849
Subordinated debt	–	–	–	–	20,789	20,789
Other liabilities	42	89	2,762	204	12,601	15,698
Total liabilities	680,286	456,719	589,412	230,932	122,758	2,080,107
Equity						
Share capital	–	–	–	–	332,815	332,815
Treasury shares	–	–	–	–	(5,260)	(5,260)
Additional paid-in capital	–	–	–	–	21,109	21,109
Fair value reserve	–	–	–	–	9,393	9,393
Accumulated losses	–	–	–	–	(98,324)	(98,324)
Total equity attributable to shareholders of the Bank	–	–	–	–	259,733	259,733

*(millions of Tenge)***26 Segment information (continued)**

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

*(millions of Tenge)***26 Segment information (continued)**

Information on the main reporting segments for the three-month and nine-month periods ended 30 September 2021 and 2020 is presented as follows:

	<i>For the three months ended 30 September 2021</i>					<i>Total</i>
	<i>CB</i>	<i>SMB</i>	<i>RB</i>	<i>Investing activities</i>	<i>Other</i>	
Interest income	3,805	8,241	15,817	18,664	1,358	47,885
Interest expenses	(6,669)	(3,436)	(6,043)	(6,316)	(2,789)	(25,253)
Net interest income	(2,864)	4,805	9,774	12,348	(1,431)	22,632
Fee and commission income	656	4,912	4,465	7	7	10,047
Fee and commission expenses	(531)	(2,059)	(700)	(53)	9	(3,334)
Net loss on transactions with financial instruments at fair value through profit or loss	–	–	–	(962)	–	(962)
Net loss on derecognition of investment securities at fair value through other comprehensive income	–	–	–	(42)	–	(42)
Net gain from foreign currencies	897	1,486	556	832	49	3,820
Net gain upon derecognition of financial assets measured at amortized cost	–	–	1,675	–	(483)	1,192
Other (expenses)/income	(30)	106	(48)	–	1,944	1,972
Non-interest income/(expenses)	992	4,445	5,948	(218)	1,526	12,693
Credit loss expenses	1,152	(283)	(2,494)	805	(473)	(1,293)
General and administrative expenses	(873)	(3,575)	(7,908)	(289)	(1,969)	(14,614)
Other expenses	–	(170)	(924)	(13)	(60)	(1,167)
Non-interest expense	279	(4,028)	(11,326)	503	(2,502)	(17,074)
(Loss)/profit before corporate income tax expenses	(1,593)	5,222	4,396	12,633	(2,407)	18,251
Corporate income tax expenses	–	(179)	(158)	(363)	–	(700)
(Loss)/profit for the period	(1,593)	5,043	4,238	12,270	(2,407)	17,551

*(millions of Tenge)***26 Segment information (continued)**

*For the nine months ended 30 September 2021
(unaudited)*

	<i>CB</i>	<i>SMB</i>	<i>RB</i>	<i>Investing activities</i>	<i>Other</i>	<i>Total</i>
Interest income	10,544	23,346	49,217	52,818	3,833	139,758
Interest expenses	(18,787)	(9,094)	(17,157)	(18,216)	(7,202)	(70,456)
Net interest income	(8,243)	14,252	32,060	34,602	(3,369)	69,302
Fee and commission income	1,824	15,203	12,100	13	11	29,151
Fee and commission expenses	(968)	(7,364)	(3,240)	(153)	(17)	(11,742)
Net loss on transactions with financial instruments at fair value through profit or loss	-	-	-	(1,345)	-	(1,345)
Net gains from derecognition of investment securities at fair value through other comprehensive income	-	-	-	(180)	-	(180)
Net gain from foreign currencies	2,556	3,724	1,709	217	262	8,468
Net gain upon derecognition of financial assets measured at amortized cost	-	-	2,182	-	920	3,102
Other income	89	240	214	52	2,471	3,066
Non-interest income	3,501	11,803	12,965	(1,396)	3,647	30,520
Credit loss expenses	427	(697)	(8,164)	1,049	(2,030)	(9,415)
General and administrative expenses	(2,020)	(8,677)	(19,924)	(941)	(5,280)	(36,842)
Other expenses	(210)	(206)	(2,379)	(40)	(834)	(3,669)
Non-interest expense	(1,803)	(9,580)	(30,467)	68	(8,144)	(49,926)
(Loss)/profit before corporate income tax expenses	(6,545)	16,475	14,558	33,274	(7,866)	49,896
Corporate income tax expenses	-	(184)	(163)	(372)	-	(719)
(Loss)/profit for the period	(6,545)	16,291	14,395	32,902	(7,866)	49,177

*(millions of Tenge)***26 Segment information (continued)***For the three months ended 30 September 2020
(unaudited)*

	<i>CB</i>	<i>SMB</i>	<i>RB</i>	<i>Investing activities</i>	<i>Other</i>	<i>Total</i>
Interest income	2,671	8,164	20,469	14,648	1,438	47,390
Interest expenses	(5,613)	(3,625)	(7,096)	(5,083)	(1,617)	(23,034)
Net interest (expense)/income	(2,942)	4,539	13,373	9,565	(179)	24,356
Fee and commission income	619	4,376	4,250	–	–	9,245
Fee and commission expenses	–	(2,002)	(1,655)	(29)	(3)	(3,689)
Net loss on transactions with financial instruments at fair value through profit or loss	–	(9)	(15)	(76)	12	(88)
Net loss from derecognition of investment securities at fair value through other comprehensive income	–	–	–	(2)	–	(2)
Net gain from foreign currencies	565	1,638	881	239	(520)	2,803
Net (expenses)/gains from derecognition of financial liabilities as a result of modification	–	2	502	–	(504)	–
Net loss upon derecognition of financial assets measured at amortized cost	–	1	396	–	(410)	(13)
Other income	1	(238)	209	(47)	1,117	1,042
Non-interest income/(expenses)	1,185	3,768	4,568	85	(308)	9,298
Credit loss expenses	(368)	(69)	(4,240)	14	(2,810)	(7,473)
General and administrative expenses	(455)	(2,851)	(6,584)	(158)	(919)	(10,967)
Other expenses	(22)	(251)	(601)	10	5	(859)
Non-interest expense	(845)	(3,171)	(11,425)	(134)	(3,724)	(19,299)
Profit/(loss) before corporate income tax expenses	(2,602)	5,136	6,516	9,516	(4,211)	14,355
Corporate income tax expenses	–	(92)	(152)	18	(279)	(505)
Profit/(loss) for the period	(2,602)	5,044	6,364	9,534	(4,490)	13,850

*(millions of Tenge)***26 Segment information (continued)**

*For the nine months ended 30 September 2020
(unaudited)*

	<i>CB</i>	<i>SMB</i>	<i>RB</i>	<i>Investing activities</i>	<i>Other</i>	<i>Total</i>
Interest income	7,394	21,054	57,702	41,621	9,326	137,097
Interest expenses	(15,271)	(7,888)	(19,777)	(16,069)	(8,003)	(67,008)
Net interest (expense)/income	(7,877)	13,166	37,925	25,552	1,323	70,089
Fee and commission income	1,674	12,397	10,983	42	78	25,174
Fee and commission expenses	(871)	(4,300)	(4,846)	(168)	(43)	(10,228)
Net loss on transactions with financial instruments at fair value through profit or loss	–	(20)	(31)	(235)	(50)	(336)
Net income from derecognition of investment securities at fair value through other comprehensive income	–	–	–	21	–	21
Net gain from foreign currencies	2,416	5,138	3,075	2,164	(3,642)	9,151
Net gains from derecognition of financial liabilities as a result of modification	–	2	502	–	17,452	17,956
Net loss upon derecognition of financial assets measured at amortized cost	–	–	155	–	(457)	(302)
Other income	1	(35)	601	78	2,144	2,789
Non-interest income	3,220	13,182	10,439	1,902	15,482	44,225
Income from decrease in allowance for credit losses / (credit loss expenses)	(466)	(1,013)	(15,485)	(458)	(8,375)	(25,797)
General and administrative expenses	(1,639)	(7,909)	(17,970)	(967)	(4,675)	(33,160)
Other expenses	(51)	(682)	(2,966)	(15)	(2,461)	(6,175)
Non-interest expenses	(2,156)	(9,604)	(36,421)	(1,440)	(15,511)	(65,132)
(Loss)/profit before corporate income tax expenses	(6,813)	16,744	11,943	26,014	1,294	49,182
Corporate income tax expenses	–	(161)	(254)	–	(3,870)	(4,285)
(Loss)/profit for the period	(6,813)	16,583	11,689	26,014	(2,576)	44,897

*(millions of Tenge)***27 Fair value of financial instruments****Accounting classification and fair values**

The table below sets out the carrying amounts and fair values of financial assets and financial liabilities as at 30 September 2021:

	<i>30 September 2021 (unaudited)</i>				
	<i>Assets and liabilities measured at fair value</i>	<i>Assets and liabilities whose fair value is disclosed</i>	<i>Total carrying amount</i>	<i>Fair value</i>	<i>Unrecognised gain/(loss)</i>
Cash and cash equivalents	–	507,304	507,304	507,304	–
Amounts due from financial organizations	–	67,564	67,564	67,564	–
Trading securities	2,198	–	2,198	2,198	–
Loans to customers	–	756,976	756,976	756,027	(949)
Investment securities measured at FVOCI	575,167	–	575,167	575,167	–
Investment securities measured at amortized cost	–	276,119	276,119	269,412	(6,707)
Other financial assets	–	24,366	24,366	24,366	–
	577,365	1,632,329	2,209,694	2,202,038	(7,656)
Current accounts and deposits of customers	–	1,599,348	1,599,348	1,607,572	(8,224)
Amounts due to banks and other financial organizations	–	122,495	122,495	116,578	5,917
Amounts payable under repurchase agreements	–	55,047	55,047	55,047	–
Debt securities issued	–	254,881	254,881	241,027	13,854
Subordinated debt	–	20,789	20,789	16,779	4,010
Other financial liabilities	–	13,434	13,434	13,434	–
	–	2,065,994	2,065,994	2,050,437	15,557
				7,901	

*(millions of Tenge)***27 Fair value of financial instruments (continued)****Accounting classification and fair value (continued)**

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

	<i>31 December 2020</i>				
	<i>Assets and liabilities measured at fair value</i>	<i>Assets and liabilities whose fair value is disclosed</i>	<i>Total carrying amount</i>	<i>Fair value</i>	<i>Unrecognised gain/(loss)</i>
Cash and cash equivalents	–	311,632	311,632	311,632	–
Amounts due from financial organizations	–	73,707	73,707	73,707	–
Trading securities	7,377	–	7,377	7,377	–
Loans to customers	–	749,742	749,742	753,405	3,663
Investment securities measured at FVOCI	505,922	–	505,922	505,922	–
Investment securities measured at amortized cost	–	274,173	274,173	288,205	14,032
Other financial assets	–	24,204	24,204	24,204	–
	513,299	1,433,458	1,946,757	1,964,452	17,695
Current accounts and deposits of customers	–	1,387,167	1,387,167	1,389,323	(2,156)
Amounts due to banks and other financial organizations	–	130,470	130,470	119,642	10,828
Amounts payable under repurchase agreements	–	21,670	21,670	23,466	(1,796)
Debt securities issued	–	240,202	240,202	234,866	5,336
Subordinated debt	–	20,503	20,503	16,369	4,134
Other financial liabilities	–	12,746	12,746	12,746	–
	–	1,812,758	1,812,758	1,796,412	16,346
					<u>34,041</u>

The estimate of fair value is intended to approximate the amount 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. However, considering the uncertainties and the use of judgements, the fair value should not be interpreted as realisable within the framework of an immediate sale of assets or the transfer of liabilities.

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

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

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

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

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

*(millions of Tenge)***27 Fair value of financial instruments (continued)****Accounting classification and fair value (continued)***Assets for which fair value approximates to carrying value*

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

Financial assets and financial liabilities carried at amortised cost

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

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

- To discount the future cash flows from loans to corporate customers a discount rate in the range from 5.34% p.a. to 14.01% p.a. (31 December 2020: 5.20% p.a. to 13.88% p.a.) was used;
- To calculate the estimated future cash flows from loans to individuals a discount rate in the range from 1.46% p.a. to 24.07% p.a. (31 December 2020: 3.85% p.a. to 20.78% p.a.) was used.

Fair value hierarchy

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: models for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The following table analyses financial instruments carried at fair value as at 30 September 2021, by fair value hierarchy, into which the fair value measurement is categorised.

	<i>Note</i>	<i>30 September 2021 (unaudited)</i>			<i>Total</i>
		<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	
Assets					
Trading securities	13	748	–	1,450	2,198
Investment securities measured at FVOCI	15	439,432	135,735	–	575,167
		440,180	135,735	1,450	577,365

The following table analyses financial instruments carried at fair value as at 31 December 2020, by fair value hierarchy, into which the fair value measurement is categorised.

	<i>Note</i>	<i>31 December 2020</i>			<i>Total</i>
		<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	
Assets					
Trading securities	13	5,937	–	1,440	7,377
Investment securities measured at FVOCI	15	369,112	136,810	–	505,922
		375,049	136,810	1,440	513,299

*(millions of Tenge)***27 Fair value of financial instruments (continued)****Fair value hierarchy (continued)**

The following table analyses financial instruments not measured at fair value as at 30 September 2021, by fair value hierarchy, into which the fair value measurement is categorised:

	<i>30 September 2021</i>			<i>Total fair value</i>	<i>Total carrying value</i>
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>		
Assets					
Cash and cash equivalents	–	507,304	–	507,304	507,304
Amounts due from financial organizations	–	67,564	–	67,564	67,564
Loans to customers	–	–	756,027	756,027	756,976
Investment securities measured at amortized cost	20,541	248,871	–	269,412	276,119
Other financial assets	–	–	24,366	24,366	24,366
Liabilities					
Current accounts and deposits of customers	–	1,607,572	–	1,607,572	1,599,348
Amounts due to banks and other financial organizations	–	116,578	–	116,578	122,495
Amounts payable under repurchase agreements	–	55,047	–	55,047	55,047
Debt securities issued	–	241,027	–	241,027	254,881
Subordinated debt	–	16,779	–	16,779	20,789
Other financial liabilities	–	13,434	–	13,434	13,434

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

	<i>31 December 2020</i>			<i>Total fair value</i>	<i>Total carrying value</i>
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>		
Assets					
Cash and cash equivalents	–	311,632	–	311,632	311,632
Amounts due from financial organizations	–	73,707	–	73,707	73,707
Loans to customers	–	–	753,405	753,405	749,742
Investment securities measured at amortized cost	28,653	259,552	–	288,205	274,173
Other financial assets	–	–	24,204	24,204	24,204
Liabilities					
Current accounts and deposits of customers	–	1,389,323	–	1,389,323	1,387,167
Amounts due to banks and other financial organizations	–	119,642	–	119,642	130,470
Amounts payable under repurchase agreements	–	23,466	–	23,466	21,670
Debt securities issued	–	234,866	–	234,866	240,202
Subordinated debt	–	16,369	–	16,369	20,503
Other financial liabilities	–	12,746	–	12,746	12,746