



**JOINT-STOCK COMPANY
BANK CENTERCREDIT**

**Consolidated Interim Condensed Financial
Statements
for nine months ended 30 September 2023**

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JOINT-STOCK COMPANY BANK CENTERCREDIT

CONSOLIDATED INTERIM CONDENSED STATEMENT OF PROFIT AND LOSS FOR NINE MONTHS ENDED 30 SEPTEMBER 2023

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

	Note	For nine months ended 30 September 2023 (unaudited)	For nine months ended 30 September 2022 (unaudited)
Interest income		108,191	44,295
Interest income on loans		269,884	149,444
Interest expense		(196,722)	(97,702)
Net interest income before expected credit loss allowance on interest-bearing assets	6	181,353	96,037
Expected credit loss allowance on loans to customers and banks	7	(31,233)	(30,378)
Net interest income		150,120	65,659
Fee and commission income	8	64,326	31,076
Fee and commission expense	8	(26,898)	(12,439)
Net fee and commission income		37,428	18,637
Net gain/(loss) on financial instruments at fair value through profit or loss	9	1,918	(9,488)
Net gain on sale and repayment of financial assets measured at fair value through other comprehensive income		1,277	384
Net gain on foreign exchange operations	10	37,952	40,181
Expected credit loss allowance on other financial assets and due from banks		(7,048)	(761)
Charge of provision for credit related commitments	29	(23,532)	(3,118)
Impairment loss on other non-financial assets		(706)	(746)
Other income/(expense)	12	1,759	(5,882)
Net non-interest income		49,048	39,207

Explanatory notes as set out on pages 11 to 59 form an integral part of these consolidated interim condensed financial statements.

JOINT-STOCK COMPANY BANK CENTERCREDIT

CONSOLIDATED INTERIM CONDENSED STATEMENT OF PROFIT AND LOSS FOR NINE MONTHS ENDED 30 SEPTEMBER 2023

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

	Note	For nine months ended 30 September 2023 (unaudited)	For nine months ended 30 September 2022 (unaudited)
Operating income		199,168	104,866
Operating expenses	11	(85,633)	(62,349)
Operating profit before income tax		113,535	42,517
Gain on a bargain purchase	4	-	84,222
Profit before corporate income tax expense		113,535	126,739
Income tax expense		(9,921)	(3,885)
Profit for the period		103,614	122,854
Profit attributable to:			
Owners of the Bank		103,416	122,854
Non-controlling interest		198	-
Earnings per share			
Basic (KZT)	13	559.77	671.22
Diluted (KZT)	13	559.78	671.22

The consolidated interim condensed financial statements as set out on pages 3 to 59 were approved by Bank's Management Board on 9 November 2023 and were signed on its behalf by:

R.V. Vladimirov
President

9 November 2023
Almaty, Kazakhstan



A.S. Ovsyannikova
Vice President,
Member of the Management Board

9 November 2023
Almaty, Kazakhstan

A.T. Nurgaliyeva
Chief Accountant

9 November 2023
Almaty, Kazakhstan

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JOINT-STOCK COMPANY BANK CENTERCREDIT

CONSOLIDATED INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR NINE MONTHS ENDED 30 SEPTEMBER 2023


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

	For nine months ended 30 September 2023 (unaudited)	For nine months ended 30 September 2022 (unaudited)
PROFIT FOR THE PERIOD	103,614	122,854
OTHER COMPREHENSIVE INCOME		
<i>Items that are or may be reclassified subsequently to profit or loss:</i>		
Net gain resulting from revaluation of investment securities during the period (net of tax)	4,809	(14,066)
Reclassification adjustment relating to investment securities disposed of during the period (net of tax - KZT nil)	(1,277)	(384)
<i>Total items that are or may be reclassified subsequently to profit or loss</i>	<i>3,532</i>	<i>(14,450)</i>
OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX	3,532	(14,450)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	107,146	108,404
Total comprehensive income attributable to:		
Owners of the Bank	106,948	108,404
Non-controlling interest	198	-


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 9 November 2023
 Almaty, Kazakhstan



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 Vice President,
 Member of the Management Board
 9 November 2023
 Almaty, Kazakhstan



A.T. Nurgaliyeva
 Chief Accountant
 9 November 2023
 Almaty, Kazakhstan

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JOINT-STOCK COMPANY BANK CENTERCREDIT


CONSOLIDATED INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2023

(in millions of Kazakhstani tenge unless otherwise stated)

	Note	30 September 2023 (unaudited)	31 December 2022
ASSETS:			
Cash and cash equivalents	14	926,712	1,117,220
Financial instruments at fair value through profit or loss for the period			
<i>Held by the Group</i>	15	48,365	27,580
<i>Pledged under sale and repurchase agreement</i>	15	5,472	8,388
<i>Currency swaps</i>	15	1,452	-
Investment securities			
<i>Held by the Group</i>	16	734,611	837,101
<i>Pledged under loans from banks and sale and repurchase agreement</i>	16	139,148	76,318
Due from banks	17	79,232	54,536
Loans to customers and banks			
<i>Loans to corporate customers</i>	18	909,384	731,754
<i>Loans to retail customers</i>	18	1,811,740	1,277,359
Current income tax assets		4,348	525
Property, plant and equipment and intangible assets		65,312	65,163
Other assets	19	153,030	128,022
TOTAL ASSETS		4,878,806	4,323,966
LIABILITIES AND EQUITY			
LIABILITIES:			
Due to banks and financial institutions	20	214,851	158,524
Customer accounts			
<i>Due to corporate customers</i>	21	1,598,605	1,357,726
<i>Due to retail customers</i>	21	1,995,143	1,915,418
Debt securities issued	22	77,117	96,183
Deferred income tax liabilities		11,349	11,620
Subordinated bonds	23	63,220	60,405
Other liabilities	24	536,202	450,239
TOTAL LIABILITIES		4,496,487	4,050,115
EQUITY:			
Equity attributable to owners of the Parent Bank:			
Share capital	25	64,633	63,676
Securities fair value reserve		(19,789)	(23,321)
Property revaluation reserve		2,031	2,127
Retained earnings		334,881	231,369
Total equity attributable to owners of the Bank		381,756	273,851
Non-controlling interest		563	-
Total equity		382,319	273,851
TOTAL LIABILITIES AND EQUITY		4,878,806	4,323,966
Book value per ordinary share (KZT)	13	1,989	1,397
Book value per preference share (KZT)	13	168	232

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President


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Vice President,
Member of the Management Board


A.T. Nurgaliyeva
Chief Accountant

9 November 2023
Almaty, Kazakhstan

9 November 2023
Almaty, Kazakhstan

9 November 2023
Almaty, Kazakhstan

Explanatory notes as set out on pages 11 to 59 form an integral part of these consolidated interim condensed financial statements.

JOINT-STOCK COMPANY BANK CENTERCREDIT

CONSOLIDATED INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY FOR NINE MONTHS ENDED 30 SEPTEMBER 2023

(in millions of Kazakhstani tenge unless otherwise stated)

	Share capital	Fair value reserve	Revaluation of property, plant and equipment	Retained earnings	Total equity attributable to owners of the parent	Non-controlling interest	Total equity
Balance at 1 January 2022	63,554	(1,109)	3,455	84,912	150,812	-	150,812
Total comprehensive income							
Profit for the period (unaudited)	-	-	-	122,854	122,854	-	122,854
Other comprehensive income							
<i>Items that are or may be reclassified subsequently to profit or loss:</i>							
Net change in fair value (unaudited)	-	(14,450)	-	-	(14,450)	-	(14,450)
<i>Total items that are or may be reclassified subsequently to profit or loss</i>	-	(14,450)	-	-	(14,450)	-	(14,450)
Total other comprehensive income (unaudited)	-	(14,450)	-	-	(14,450)	-	(14,450)
Total comprehensive income for the year (unaudited)	-	(14,450)	-	122,854	108,404	-	108,404
Other movements in equity							
Transfer of the amount from revaluation resulting from depreciation and disposal (unaudited)	-	-	(11)	11	-	-	-
Total other movements in equity (unaudited)	-	-	(11)	11	-	-	-
Transactions with owners recorded directly in equity							
Treasury shares repurchased (Note 25) (unaudited)	180	-	-	-	180	-	180
Total transactions with owners (unaudited)	180	-	-	-	180	-	180
Balance at 30 September 2022 (unaudited)	63,734	(15,559)	3,444	207,777	259,396	-	259,396

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JOINT-STOCK COMPANY BANK CENTERCREDIT


CONSOLIDATED INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY FOR NINE MONTHS ENDED 30 SEPTEMBER 2023


(in millions of Kazakhstani tenge unless otherwise stated)

	Share capital	Fair value reserve	Revaluation of property, plant and equipment	Retained earnings	Total equity attributable to owners of the parent	Non-controlling interest	Total equity
Balance at 1 January 2023	63,676	(23,321)	2,127	231,369	273,851	-	273,851
Total comprehensive income							
Profit for the period (unaudited)	-	-	-	103,416	103,416	198	103,614
Other comprehensive income							
<i>Items that are or may be reclassified subsequently to profit or loss:</i>							
Net change in fair value (unaudited)	-	3,532	-	-	3,532	-	3,532
<i>Total items that are or may be reclassified subsequently to profit or loss</i>	-	3,532	-	-	3,532	-	3,532
Total other comprehensive income (unaudited)	-	3,532	-	-	3,532	-	3,532
Total comprehensive income for the year (unaudited)	-	3,532	-	103,416	106,948	198	107,146
Other movements in equity							
Transfer of the amount from revaluation resulting from depreciation and disposal (unaudited)	-	-	(96)	96	-	-	-
Total other movements in equity (unaudited)	-	-	(96)	96	-	-	-
Transactions with owners recorded directly in equity							
Non-controlling interest in acquisition of subsidiary (Note 4) (unaudited)	-	-	-	-	-	365	365
Treasury shares repurchased (Note 25) (unaudited)	957	-	-	-	957	-	957
Total transactions with owners (unaudited)	957	-	-	-	957	365	1,322
Balance at 30 September 2023 (unaudited)	64,633	(19,789)	2,031	334,881	381,756	563	382,319

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R.V. Vladimirov
 President
 9 November 2023
 Almaty, Kazakhstan


A.S. Ovsyannikova
 Vice President, Member of the Management Board
 9 November 2023
 Almaty, Kazakhstan


A.T. Nurgaliyeva
 Chief Accountant
 9 November 2023
 Almaty, Kazakhstan

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JOINT-STOCK COMPANY BANK CENTERCREDIT

CONSOLIDATED INTERIM CONDENSED STATEMENT OF CASH FLOWS FOR NINE MONTHS ENDED 30 SEPTEMBER 2023

(in millions of Kazakhstani tenge unless otherwise stated)

	For nine months ended 30 September 2023 (unaudited)	For nine months ended 30 September 2022 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Interest received	104,557	39,728
Interest received on loans	252,736	131,549
Interest paid	(186,070)	(79,261)
Fee and commissions received	65,009	31,348
Fee and commissions paid	(27,400)	(12,781)
Net proceeds/(payments on) from derivative instrument transactions	363	(9,055)
Net gain on foreign exchange operations	26,621	28,421
Other income/(expenses) received/(paid)	1,758	(5,092)
Operating expenses paid	(76,612)	(48,389)
Cash flow from operating activities before changes in operating assets and liabilities	160,962	76,468
Change in operating assets:		
Financial instruments at fair value through profit or loss for the period	(17,351)	(1,506)
Due from banks	(24,579)	(13,160)
Loans to customers and banks	(693,976)	(513,876)
Other assets	(17,005)	(19,462)
Change in operating liabilities:		
Due to banks and financial institutions	54,870	52,268
Customer accounts	310,971	1,153,852
Other liabilities	19,334	757
Cash flow (used in)/from operating activities before tax	(206,774)	735,341
Income tax paid	(13,927)	(5,649)
Net cash flow (used in)/from operating activities	(220,701)	729,692
CASH FLOW FROM INVESTING ACTIVITIES:		
Cash and cash equivalents acquired due to business combination	1,758	52,298
Acquisition of subsidiary	(3,982)	(50,000)
Proceeds from repayment and sale of investment securities	3,463,578	1,469,928
Acquisition of investment securities	(3,403,837)	(1,647,458)
Acquisition of property, plant and equipment and intangible assets	(8,056)	(7,606)
Proceeds from sale of property, plant and equipment	452	-
Net cash flow/(used in) from investing activities	49,913	(182,838)

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JOINT-STOCK COMPANY BANK CENTERCREDIT

CONSOLIDATED INTERIM CONDENSED STATEMENT OF CASH FLOWS FOR NINE MONTHS ENDED 30 SEPTEMBER 2023

(in millions of Kazakhstani tenge unless otherwise stated)

	For nine months ended 30 September 2023 (unaudited)	For nine months ended 30 September 2022 (unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from treasury shares issued, net	957	179
Repurchase and repayment of debt securities issued	(21,854)	(21,388)
Repayment of lease liabilities	(501)	-
Net cash flows used in financing activities	(21,398)	(21,209)
Effect of changes in foreign exchange rate fluctuations on cash and cash equivalents	1,678	36,416
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(190,508)	562,061
CASH AND CASH EQUIVALENTS, beginning of the period	1,117,220	261,492
CASH AND CASH EQUIVALENTS, end of the period (Note 14)	926,712	823,553

The consolidated interim condensed financial statements as set out on pages 3 to 59 were approved by Bank's Management Board on 9 November 2023 and were signed on its behalf by:

		
R.V. Vladimirov President	A.S. Ovsyannikova Vice President, Member of the Management Board	A.T. Nurgaliyeva Chief Accountant
9 November 2023 Almaty, Kazakhstan	9 November 2023 Almaty, Kazakhstan	9 November 2023 Almaty, Kazakhstan

Explanatory notes as set out on pages 11 to 59 form an integral part of these consolidated interim condensed financial statements.

JOINT-STOCK COMPANY BANK CENTERCREDIT

NOTES TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS FOR NINE MONTHS ENDED 30 SEPTEMBER 2023

(in millions of Kazakhstani tenge unless otherwise stated)

1. INTRODUCTION

(a) Principal activity

JSC Bank CenterCredit (the “Bank”) is a Joint Stock Company, which has been incorporated and carrying out its operations in the Republic of Kazakhstan since 1988. The Bank is regulated by the legislation of the Republic of Kazakhstan. The Agency of the Republic of Kazakhstan for Regulation and Development of Financial Market (the “AFM”) is a regulatory authority of the Bank. The Bank conducts its business under the license number 1.2.25/195/34, renewed on 3 February 2020.

The Bank's principal activity consists of commercial banking activities, trading with securities, foreign currencies and derivative instruments, loan origination activities and guarantees.

The Bank is a member of the Kazakhstan Deposit Insurance Fund (the “KDIF”).

The registered address is 38, Al Farabi Ave., Almaty, Republic of Kazakhstan.

As at 30 September 2023 and 31 December 2022, the Bank had 20 branches in the Republic of Kazakhstan.

The Bank is a parent company of a banking group (the “Group”), which consists of the following subsidiaries consolidated in its consolidated financial statements:

Name	Country of operation	Ownership interest		Activity
		30 September 2023	31 December 2022	
Center Project LLP (formerly BCC-SAOO LLP)	Republic of Kazakhstan	100%	100%	Distressed asset management
JSC BCC Invest	Republic of Kazakhstan	100%	100%	Brokerage and dealer activity Finance lease and other types of activity
Center Leasing LLP	Republic of Kazakhstan	100%	100%	
JSC Sinoasia B&R Insurance Company	Republic of Kazakhstan	92.45%	-	Insurance activity

As at 30 September 2023 and 31 December 2022, the number of ordinary shares was allocated as follows:

	30 September 2023	31 December 2022
	%	%
B.R. Baiseitov	48.96	49.04
V.S. Lee	11.27	11.29
Other (individually hold less than 5 %)	39.77	39.67
	<u>100.00</u>	<u>100.00</u>

The consolidated interim condensed financial statements were authorized for issue by the Management Board of JSC Bank CenterCredit on 9 November 2023.

Acquisition of JSC Sinoasia B&R Insurance Company

As at 31 December 2022, the Group held 9.5% of shares of JSC Sinoasia B&R Insurance Company, which were recognized in "Investment securities measured at fair value through other comprehensive income" in the consolidated statement of financial position.

In May 2023, the Group acquired an additional block of ordinary voting shares of JSC Sinoasia B&R Insurance Company, which increased the Group's ownership interest in the capital of the insurance company up to 90.1% at the acquisition date.

In August 2023, the Bank exchanged 55,000 preference shares of JSC Sinoasia B&R Insurance Company owned by the Bank for ordinary shares. As a result of the exchange, the Bank's ownership interest in the share capital of JSC Sinoasia B&R Insurance Company increased to 92.45%. For more information, see *Note 4*.

Acquisition of Eco Center Bank JSC (former SB Alfa-Bank JSC)

On 5 May 2022, the Group acquired 100% of ordinary shares of SB Alfa-Bank JSC. For more information, see *Note 4*.

On 13 May 2022, the state re-registration of the legal entity was carried out and the name of SB Alfa-Bank JSC was changed into Eco Center Bank JSC.

JOINT-STOCK COMPANY BANK CENTERCREDIT

NOTES TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS FOR NINE MONTHS ENDED 30 SEPTEMBER 2023

(in millions of Kazakhstani tenge unless otherwise stated)

1. INTRODUCTION, CONTINUED

(a) Principal activity

Acquisition of Eco Center Bank JSC (former SB Alfa-Bank JSC)

On 5 September 2022, in accordance with the deed of transfer, the rights and obligations, resulting from the restructuring in the form of a merger of Eco Center Bank JSC to JSC Bank CenterCredit, were transferred.

(b) Kazakhstan business environment

The Group's operations are primarily located in Kazakhstan. Consequently, the Group is exposed to the economic and financial markets of Kazakhstan which display characteristics of an emerging market. The legal, tax and regulatory frameworks continue development, but are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments contribute to the challenges faced by entities operating in Kazakhstan. In addition, the depreciation of the Kazakhstan tenge and volatility of the global oil price increase the level of uncertainty in the business environment. The recent geopolitical uncertainty around Russia and Ukraine has further elevated levels of economic uncertainty in Kazakhstan.

In February 2022, because of the military conflict between the Russian Federation and Ukraine, a number of countries imposed sanctions against the Russian Federation. The conflict affects not only the economic activity of two countries but the global economy as well. As a result of sanctions, commodity and food prices have risen in many countries around the world, the established links between supply of resources have been disrupted, inflation also affects the prices, and analysts also forecast economic implications for the global industry.

The consolidated interim condensed financial statements reflect management's assessment of the impact of the Kazakhstan business environment on the operations and the financial position of the Group. The future business environment may differ from management's assessment.

2. BASIS OF PREPARATION

(a) Statement of compliance

The accompanying consolidated interim condensed financial statements are prepared in accordance with the IAS 34 "Interim Financial Reporting". Selected explanatory notes are included in the consolidated interim condensed financial statements to explain events and transactions that are significant to understand the changes in the Group's financial position and performance after the annual reporting period ended 31 December 2022.

The consolidated interim condensed financial statements do not include all of the information, disclosure of which is required to present a complete annual reporting prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

(b) Basis of measurement

The consolidated interim condensed financial statements are prepared on the historical cost basis except that financial instruments at fair value through profit or loss and at fair value through other comprehensive income are stated at fair value and buildings and constructions are measured at fair value, which increase is stated in the property revaluation reserve.

(c) Functional and presentation currency

The functional currency of the Bank and its subsidiaries is the Kazakhstan tenge (KZT) as, being the national currency of the Republic of Kazakhstan, it reflects the economic substance of the majority of underlying events and circumstances relevant to them.

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

JOINT-STOCK COMPANY BANK CENTERCREDIT

NOTES TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS FOR NINE MONTHS ENDED 30 SEPTEMBER 2023

(in millions of Kazakhstani tenge unless otherwise stated)

2. BASIS OF PREPARATION, CONTINUED

(c) Functional and presentation currency

Financial information presented in KZT is rounded to the nearest million.

(d) Use of estimates and judgements

In preparing these consolidated interim condensed financial statements, management has made judgement, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from those estimates.

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

Judgements, assumptions and estimations uncertainty

The most significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty are the same as those described in the most recent annual consolidated financial statements, except for the critical judgements and assumptions described in the following notes:

- estimates of fair value of identifiable assets and liabilities of JSC Sinoasia B&R Insurance Company and JSC Eco Center Bank at the date of acquisition – Note 4;
- estimates of impairment of loans to customers – Note 18;
- estimates of fair value of foreclosed collateral – Note 19;
- estimates of fair value of financial assets and liabilities for disclosure purposes – Note 32.

3. SIGNIFICANT ACCOUNTING POLICIES

In preparing these consolidated interim condensed financial statements, the Group used the significant accounting policies applied in the consolidated financial statements for the year ended 31 December 2022.

The below are the effective revised standards and interpretations that are currently applicable to the Group's operations, or may become applicable to the Group's operations in the future.

New standards, interpretations and amendments applied from 1 January 2023

The revised standards listed below became mandatory for the Group from 1 January 2023 but did not have a material effect on the Group:

- IFRS 17 Insurance Contracts;
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1);
- Definition of Accounting Estimates (Amendments to IAS 8);
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).

JOINT-STOCK COMPANY BANK CENTERCREDIT

NOTES TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS FOR NINE MONTHS ENDED 30 SEPTEMBER 2023

(in millions of Kazakhstani tenge unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

New standards, interpretations and amendments issued but not yet adopted

A number of standards, amendments to the standards and interpretations issued by the IASB will become effective in future reporting periods and has not been early adopted by the Group:

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1 and IAS 8) to be effective from 1 January 2024;
- Non-current Liabilities with Covenants (Amendments to IAS 1) to be effective from 1 January 2024;
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) to be effective from 1 January 2024.

These new standards and interpretations are not expected to have a material effect on the Group's consolidated interim condensed financial statements.

4. BUSINESS COMBINATION

Acquisition of JSC Sinoasia B&R Insurance Company

On 20 February 2023, the Agency of the Republic of Kazakhstan on Regulation and Development of Financial Market (the ARDFM) issued the consent to JSC Bank CenterCredit to acquiring the status of an insurance holding JSC Sinoasia B&R Insurance Company.

The ARDFM's Management Board adopted the Resolution No. 6 dated 20 February 2023 "On issuing a permit to Joint-Stock Company Bank CenterCredit for acquisition of subsidiary - JSC Sinoasia B&R Insurance Company" (hereinafter "Sinoasia B&R").

As at 31 December 2022, the Group held 9.5% of shares of Sinoasia B&R, which were recognized in "Investment securities measured at fair value through other comprehensive income" in the consolidated statement of financial position. In May 2023, the Group acquired an additional block of ordinary voting shares of Sinoasia B&R, which increased the Group's share in the capital of the insurance company up to 90.1% at the acquisition date.

JSC Sinoasia B&R Insurance Company provides services of all classes of insurance.

Acquisition of ordinary voting shares of the insurance company will enable to strengthen the synergy of banking and insurance business, to expand the product line in the field of property and health insurance, and improve business performance of both the Bank and Sinoasia B&R through offering of combined products.

Identifiable assets acquired and liabilities assumed

Fair value of the identifiable assets and liabilities acquired, as well as the bargain purchase gain arising from acquisition of Sinoasia B&R on 5 May 2023, amounted to:

<i>Fair value of Sinoasia B&R as at the acquisition date</i>	<i>At 5 May 2023 (unaudited)</i>
Assets:	
Cash and cash equivalents	1,758
Investments at fair value through other comprehensive income	6,052
Reverse Repurchase Agreements	6,626
Current income tax liability	88
Property, plant and equipment and intangible assets	71
Other assets	2,606
Total assets	17,201
Liabilities:	
Other liabilities	12,364
Total liabilities	12,364
Net identifiable assets	4,837

JOINT-STOCK COMPANY BANK CENTERCREDIT

NOTES TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS FOR NINE MONTHS ENDED 30 SEPTEMBER 2023

(in millions of Kazakhstani tenge unless otherwise stated)

4. BUSINESS COMBINATION, CONTINUED

Acquisition of JSC Sinoasia B&R Insurance Company, continued

Goodwill

Goodwill recognized as a results of acquisition of a controlling interest in Sinoasia B&R was calculated as follows:

	(unaudited)
Fair value of investments to acquire 80.6% of the subsidiary's shares	3,982
Fair value of previously held ownership interest in subsidiary (9.5%)	1,324
Fair value of non-controlling interest (9.9%)	479
	<hr/>
Fair value of net identifiable assets	5,785
Goodwill	4,837
	<hr/>
	948

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Assets acquired	Valuation technique
Investments at fair value through other comprehensive income	Quoted prices in an active market (unadjusted) for similar financial instruments, techniques and valuations based on market data, either directly or indirectly.
Reverse Repurchase Agreements	Quoted prices in an active market (unadjusted) for similar financial instruments, techniques and valuations based on market data, either directly or indirectly.

The methods and assumptions used to determine the fair value of the Group's financial instruments at the acquisition date were substantially consistent with the fair value estimation techniques described in Note 32.

From the date of acquisition to 30 September 2023 JSC Sinoasia B&R Insurance Company contributed other income of KZT 2,261 million and profit of KZT 223 million (unaudited).

If an acquisition of business had occurred on 1 January 2023, management estimates that consolidated other income for nine months ended 30 September 2023 would have been KZT 8,453 million (unaudited), and consolidated profit for nine months ended 30 September 2023 would have been KZT 104,314 million (unaudited). In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2023.

Acquisition of Eco Center Bank JSC (former SB Alfa-Bank JSC)

On 27 April 2022, the Group and the shareholder of SB Alfa-Bank JSC entered into an agreement for the sale and purchase of shares of SB Alfa-Bank JSC. On 5 May 2022, the Group took control over SB Alfa-Bank JSC through purchase of 100% of ordinary shares, after approval by the Agency of the Republic of Kazakhstan for Regulation and Development of Financial Market.

On 13 May, SB Alfa-Bank JSC was officially renamed into Eco Center Bank JSC (SB of JSC Bank CenterCredit).

Eco Center Bank JSC provided retail and corporate banking services on the territory of the Republic of Kazakhstan, accepted deposits from the public, extended loans, made wire transfers within Kazakhstan and abroad, carried out exchange transactions and provided other banking services to corporate and retail customers.

Taking control over of Eco Center Bank JSC will allow the Group to streamline its operations thus enabling to increase a market share, and to reduce costs through economies of scale.

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4. BUSINESS COMBINATION, CONTINUED

Acquisition of Eco Center Bank JSC (former SB Alfa-Bank JSC), continued

Identifiable assets acquired and liabilities assumed

Fair value of the identifiable assets and liabilities acquired, as well as the bargain purchase gain arising from acquisition of Eco Center Bank JSC on 5 May 2022, amounted to:

<i>Fair value of Eco Center Bank JSC as at the acquisition date</i>	<i>At 5 May 2022</i>
Assets:	
Cash and cash equivalents	38,408
Loans to banks	4,271
Loans to customers	202,373
Current income tax liability	763
Property, plant and equipment and intangible assets	23,435
Other assets	12,416
Non-current assets held for sale	1,243
Total assets	282,909
Liabilities:	
Due to banks and financial institutions	399
Customer accounts	130,716
Debt securities issued	4,511
Other liabilities	13,061
Total liabilities	148,687
Net identifiable assets	134,222

Bargain purchase gain

Bargain purchase gain recognised as a result of acquisition of a controlling interest in Eco Center Bank JSC was calculated as follows:

Fair value of net identifiable assets	134,222
Investments to acquire a subsidiary	50,000
Total bargain purchase gain	84,222

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Assets acquired	Valuation technique
Loans to customers	<p>Discounted cash flows technique: As part of measurement of fair value of loan portfolio, the portfolio has been segmented by type of borrowers, loan status, loan type, collateral type, and lending product. Interest rates of the issued performing loans have been analysed for their compliance with the market rates.</p> <p>The fair value of loans to customers was estimated using the pre-maturity discounting method based on market borrowing rates. Bank CenterCredit JSC's weighted average rates for issuing loans were used as market rates and compared with NBRK data.</p> <p>Fair value of loans to customers categorised into Stage 3 of credit risk has been measured as gross carrying amount less charged allowance for expected credit losses calculated using a discount rate adjusted for credit risk.</p>
Property and equipment and collateral in 'other assets'	<p>Market comparison technique and income approach: The valuation model uses inputs based on quoted market prices for similar items, considering the following criteria: location, square area, utility service connection, intended use. For the valuation purpose, the selected comparable items were adjusted to take account of a trade discount. For the purpose of valuating buildings and structures, management used a capitalisation method as part of the income approach.</p>

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4. BUSINESS COMBINATION, CONTINUED

Acquisition of Eco Center Bank JSC (former SB Alfa-Bank JSC), continued

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Liabilities assumed	Valuation technique
Debt securities issued	Discounted cash flows technique: The valuation model considers the present value of expected future cash flows estimated according to the Issue Prospectus terms. A discount rate was based on the KZT yield curve, taking account of a credit spread
Customer accounts	Analysis of weighted average interest rates on deposit sub-portfolios as to their matching the market rates. No material adjustments were made to the carrying amount of customer accounts.
Amounts due from banks and other financial institutions	Discounted cash flows technique: The fair value of amounts due from banks and other financial institutions was estimated using 'Discounted cash flows' method (according to the repayment schedules) by individual contracts. A discount rate was based on the KZT yield curve, taking account of a credit spread

The methods and assumptions used to determine the fair value of the Group's financial instruments at the acquisition date were substantially consistent with the fair value estimation techniques described in Note 32.

From the date of acquisition to 31 December 2022 Eco Center Bank JSC contributed interest income of KZT 10,784 million and profit of KZT 645 million.

If an acquisition of business had occurred on 1 January 2022, management estimates that consolidated net interest income would have been KZT 157,792 million, and consolidated profit for the year would have been KZT 155,165 million. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2022.

The respective amounts of gross contractual amounts and expected uncollectable amounts related to them at the acquisition date are as following:

- Loans to customers - KZT 220,991 million and KZT 18,618 million.

5. FINANCIAL RISK REVIEW

This note presents information about the Group's exposure to financial risks. For information on the Group's financial risk management framework, see Note 28 in the consolidated financial statements of the Group for the year ended 31 December 2022.

Credit quality analysis

The following table sets out information about the credit quality of financial assets measured at amortised cost, FVOCI investment securities as at 30 September 2023 and 31 December 2022. Unless specially indicated, for financial assets, the amounts in the table represent gross carrying amounts.

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5. FINANCIAL RISK REVIEW, CONTINUED

Credit quality analysis, continued

	30 September 2023 (unaudited)			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL for assets not credit- impaired	Stage 3 Life-time ECL for credit- impaired assets	
Cash and cash equivalents				
- rated from AA- to AA+	35,016	-	-	35,016
- rated from A- to A+	84,313	-	-	84,313
- rated from BBB- to BBB+	620,683	-	-	620,683
- rated from BB- to BB+	3,893	-	-	3,893
- not rated	16,728	-	-	16,728
	760,633	-	-	760,633
Loss allowance	(84)	-	-	(84)
Total cash and cash equivalents (less cash on hand)	760,549	-	-	760,549
Investment securities measured at amortised cost				
- rated from AA- to AA+	74,866	-	-	74,866
- rated from BBB- to BBB+	211,023	-	-	211,023
- rated from BB- to BB+	1,332	-	-	1,332
- rated B	4,864	-	-	4,864
	292,085	-	-	292,085
Loss allowance	(20)	-	-	(20)
Total investment securities measured at amortised cost	292,065	-	-	292,065
Investment securities measured at FVOCI - debt				
- rated from AAA-	32,316	-	-	32,316
- rated from AA- to AA+	911	-	-	911
- rated from A- to A+	2,151	-	-	2,151
- rated from BBB- to BBB+	517,300	-	-	517,300
- rated from BB- to BB+	22,404	-	-	22,404
- rated from B- to B+	182	-	-	182
- not rated	-	6,375	-	6,375
Total investment securities measured at FVOCI - debt	575,264	6,375	-	581,639
Loss allowance	(90)	(19)	-	(109)
Gross carrying amount of investment securities measured at FVOCI - debt	575,174	6,356	-	581,530
Due from banks				
- rated from AA- to AA+	24,863	-	-	24,863
- rated from A- to A+	1,765	-	-	1,765
- rated from BBB- to BBB+	7,174	-	-	7,174
- not rated	45,458	-	-	45,458
	79,260	-	-	79,260
Loss allowance	(28)	-	-	(28)
Total due from banks	79,232	-	-	79,232

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NOTES TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS FOR NINE MONTHS ENDED 30 SEPTEMBER 2023

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5. FINANCIAL RISK REVIEW, CONTINUED

Credit quality analysis, continued

	30 September 2023 (unaudited)				Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL for assets not credit- impaired	Stage 3 Life-time ECL for credit-impaired assets	Originated credit-impaired financial assets (POCI- assets)	
Loans to corporate customers measured at amortised cost					
Not overdue	639,583	87,702	50,326	1,410	779,021
Overdue loans					
- overdue less than 30 days	7,813	2,360	12	-	10,185
- overdue 31-60 days	172	1,566	49	10	1,797
- overdue 61-90 days	-	1,278	1,239	-	2,517
- overdue 91-180 days	468	-	8,191	-	8,659
- overdue more than 180 days	32	-	15,200	164	15,396
	648,068	92,906	75,017	1,584	817,575
Loss allowance	(7,014)	(14,980)	(46,118)	-	(68,112)
Total loans to corporate customers measured at amortised cost	641,054	77,926	28,899	1,584	749,463
Loans to individuals measured at amortised cost					
Not overdue	1,770,275	3,186	2,652	592	1,776,705
Overdue loans:					
- overdue less than 30 days	25,421	575	1,006	51	27,053
- overdue 31-60 days	-	6,367	410	15	6,792
- overdue 61-90 days	-	4,166	579	10	4,755
- overdue 91-180 days	-	-	9,842	36	9,878
- overdue more than 180 days	-	-	27,432	143	27,575
	1,795,696	14,294	41,921	847	1,852,758
Loss allowance	(14,914)	(3,357)	(22,747)	-	(41,018)
Total loans to individuals measured at amortised cost	1,780,782	10,937	19,174	847	1,811,740
Loans under reverse repurchase agreements					
Reverse repo agreements, not overdue	136,363	-	-	-	136,363
Loss allowance	-	-	-	-	-
Total loans under reverse repurchase agreements	136,363	-	-	-	136,363

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NOTES TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS FOR NINE MONTHS ENDED 30 SEPTEMBER 2023

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5. FINANCIAL RISK REVIEW, CONTINUED

Credit quality analysis, continued

	31 December 2022			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL for assets not credit- impaired	Stage 3 Life-time ECL for credit- impaired assets	
Cash and cash equivalents				
- rated from AA- to AA+	17,609	-	-	17,609
- rated from A- to A+	39,792	-	-	39,792
- rated from BBB- to BBB+	904,346	-	-	904,346
- rated from BB- to BB+	950	-	-	950
- rated from B- to B+	94	-	-	94
- not rated	15,965	-	-	15,965
	978,756	-	-	978,756
Loss allowance	(63)	-	-	(63)
Total cash and cash equivalents (less cash on hand)	978,693	-	-	978,693
Investment securities measured at amortised cost				
- rated from AAA	38,315	-	-	38,315
- rated from BBB- to BBB+	185,371	-	-	185,371
	223,686	-	-	223,686
Loss allowance	(7)	-	-	(7)
Total investment securities measured at amortised cost	223,679	-	-	223,679
Investment securities measured at FVOCI - debt				
- rated from AAA	31,580	-	-	31,580
- rated from BBB- to BBB+	640,336	-	-	640,336
- rated from BB- to BB+	4,051	-	-	4,051
- rated from B- to B+	-	12,474	-	12,474
Total investment securities measured at FVOCI - debt	675,967	12,474	-	688,441
Loss allowance	-	(189)	-	(189)
Gross carrying amount of investment securities measured at FVOCI - debt	696,288	15,285	-	711,573
Due from banks				
- rated from AA- to AA+	18,562	-	-	18,562
- rated from A- to A+	6,575	-	-	6,575
- rated from BBB- to BBB+	2,173	-	-	2,173
- not rated	27,236	-	-	27,236
	54,546	-	-	54,546
Loss allowance	(10)	-	-	(10)
Total due from banks	54,536	-	-	54,536

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NOTES TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS FOR NINE MONTHS ENDED 30 SEPTEMBER 2023

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5. FINANCIAL RISK REVIEW, CONTINUED

Credit risk - Amounts arising from ECL, continued

Measurement of ECL, continued

	31 December 2022				Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL for assets not credit- impaired	Stage 3 Life-time ECL for credit-impaired assets	Originated credit-impaired financial assets (POCI- assets)	
Loans to corporate customers measured at amortised cost					
Not overdue	538,342	70,946	63,867	3,409	676,564
Overdue loans:					
- overdue less than 30 days	2,350	102	8,092	88	10,632
- overdue 31-60 days	-	1,711	890	-	2,601
- overdue 61-90 days	-	353	5	14	372
- overdue 91-180 days	-	-	2,513	4	2,517
- overdue more than 180 days	-	-	23,602	607	24,209
	540,692	73,112	98,969	4,122	716,895
Loss allowance	(3,364)	(9,812)	(59,660)	(49)	(72,885)
Total loans to corporate customers measured at amortised cost	537,328	63,300	39,309	4,073	644,010
Loans to individuals measured at amortised cost					
Not overdue	1,242,603	3,971	2,173	826	1,249,573
Overdue loans:					
- overdue less than 30 days	14,713	1,028	506	91	16,338
- overdue 31-60 days	-	4,558	402	28	4,988
- overdue 61-90 days	-	3,169	560	28	3,757
- overdue 91-180 days	-	-	9,576	160	9,736
- overdue more than 180 days	-	-	31,631	432	32,063
	1,257,316	12,726	44,848	1,565	1,316,455
Loss allowance	(10,548)	(2,914)	(25,254)	(380)	(39,096)
Total loans to individuals measured at amortised cost	1,246,768	9,812	19,594	1,185	1,277,359
Loans under reverse repurchase agreements					
Reverse repo agreements, not overdue	74,020	-	-	-	74,020
Loss allowance	-	-	-	-	-
Total loans under reverse repurchase agreements	74,020	-	-	-	74,020

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NOTES TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS FOR NINE MONTHS ENDED 30 SEPTEMBER 2023

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6. NET INTEREST INCOME

	For nine months ended 30 September 2023 (unaudited)	For nine months ended 30 September 2022 (unaudited)
Interest income		
Interest income on financial assets recorded at amortised cost:		
- interest income on assets not credit-impaired	319,829	159,095
- interest income on credit-impaired assets	3,394	4,416
Interest income on financial assets measured at fair value through other comprehensive income	52,290	27,992
Total interest income	375,513	191,503
Interest income on financial assets recorded at amortised cost comprises:		
Interest on loans to customers and banks	269,884	149,444
Interest on investment securities measured at amortised cost	24,435	3,984
Interest on due from banks	28,904	10,083
Total interest income on financial assets recorded at amortised cost	323,223	163,511
Interest income on financial assets at fair value through profit or loss and investments in net finance lease	2,562	2,236
Total interest income	378,075	193,739
Interest expense:		
Interest expense on financial liabilities recorded at amortised cost	(196,722)	(97,702)
Total interest expense	(196,722)	(97,702)
Interest expense on financial liabilities recorded at amortised cost:		
Interest on customer accounts	(165,146)	(70,968)
Interest expense on payments to mortgage organisation	(9,438)	(7,785)
Interest on debt securities issued	(7,111)	(6,952)
Interest on due to banks and financial institutions	(9,060)	(6,124)
Interest on subordinated bonds	(5,651)	(5,873)
Lease liabilities	(316)	-
Total interest expense on financial liabilities recorded at amortised cost	(196,722)	(97,702)
Net interest income before impairment allowance for financial assets	181,353	96,037

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NOTES TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS FOR NINE MONTHS ENDED 30 SEPTEMBER 2023

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7. CHARGE OF EXPECTED CREDIT LOSS ALLOWANCE FOR INTEREST BEARING ASSETS

Nine months ended	Corporate loans	Small and medium-sized enterprises	Mortgage loans	Consumer loans	Business development	Car Loans	Loans to banks	Total loans to customers and banks
30 September 2022 and 2023								
1 January 2022	60,429	8,216	5,199	12,231	5,400	940	-	92,415
(Reversal)/ charge of allowance* (unaudited)	(892)	5,633	1,247	17,058	885	(623)	(18)	23,290
New financial assets originated or purchased* (unaudited)	2,474	2,061	75	1,704	542	101	131	7,088
Unwinding of discount** (unaudited)	1,986	469	3	5,825	98	5	2	8,388
Write-off of assets (unaudited)	(8,926)	(9,184)	(4,958)	(3,187)	(1,954)	(147)	-	(28,356)
Recovery of assets previously written-off (unaudited)	8	666	232	69	94	12	-	1,081
Foreign exchange difference	2,002	272	61	1,164	175	9	2	3,685
30 September 2022 (unaudited)	57,081	8,133	1,859	34,864	5,240	297	117	107,591
1 January 2023	65,470	7,415	6,769	25,375	6,707	245	104	112,085
(Reversal)/ charge of allowance* (unaudited)	2,146	8,259	3,177	4,627	(130)	1,463	225	19,767
New financial assets originated or purchased* (unaudited)	2,750	3,291	871	2,665	1,120	464	305	11,466
Unwinding of discount** (unaudited)	2,587	438	60	1,553	257	16	-	4,911
Write-off of assets (unaudited)	(20,296)	(4,886)	(899)	(14,245)	(1,069)	(154)	-	(41,549)
Recovery of assets previously written-off (unaudited)	-	238	262	971	147	19	-	1,637
Foreign exchange difference	556	144	91	572	69	15	5	1,452
30 September 2023 (unaudited)	53,213	14,899	10,331	21,518	7,101	2,068	639	109,769

*Provisions recognised during nine months ended 30 September 2023 and 30 September 2022 are presented in the consolidated interim condensed statement of profit or loss in “Charge of credit loss allowance for loans to customers and banks” line item.

**Unwinding of discount on present value of expected credit losses.

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8. FEE AND COMMISSION INCOME/(EXPENSE)

	For nine months ended 30 September 2023 (unaudited)	For nine months ended 30 September 2022 (unaudited)
Fee and commission income received:		
Payment cards	30,347	13,902
Sale of insurance policies	11,600	1,891
Settlements	12,263	7,300
Guarantees issued	3,926	2,956
Cash operations	3,552	3,534
Securities purchase and sale	1,353	851
Documentary operations	272	63
Custody activities	268	191
Trust operations	39	59
Currency conversion	56	138
Other	650	191
Total fee and commission income received	64,326	31,076
Fee and commission expense:		
Payment cards	(23,402)	(9,090)
Settlements	(2,279)	(1,450)
Documentary operations	(155)	(94)
Custody activities	(265)	(208)
Securities purchase and sale	(104)	(17)
Currency conversion	(102)	(547)
Other	(591)	(1,033)
Total fee and commission expense	(26,898)	(12,439)

Commission income that are not integral to the effective interest rate on a financial asset or financial liability, is recognised depending on the type of the service either at the point in time or over time as the Group satisfies its performance obligation under the contract:

- commission for settlement operations, cash operations, payment card operations, Internet-banking services, foreign exchange operations is charged for the execution of payment order in accordance with tariffs depending on the type of the transaction and recognised as income at the moment of the transaction execution;
- commission fee on guarantees and letters of credit issued is paid in advance and is recognised as income over the time of the relevant guarantee or letter of credit.

Contract balances

The following table provides information about receivables and contract liabilities from contracts with customers.

KZT million	30 September 2023 (unaudited)	31 December 2022 (unaudited)
Receivables which are included in 'other assets' (Note 19)	4,764	5,447

9. NET GAIN/(LOSS) ON FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	For nine months ended 30 September 2023 (unaudited)	For nine months ended 30 September 2022 (unaudited)
Realised loss on derivative financial instruments	(77)	(9,060)
Realised gain on trading operations	440	5
Unrealised gain on derivative financial instruments	1,510	315
Unrealised gain/(loss) on change in fair value	45	(748)
	1,918	(9,488)

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10. NET FOREIGN EXCHANGE GAIN

	For nine months ended 30 September 2023 (unaudited)	For nine months ended 30 September 2022 (unaudited)
Dealing operations, net	26,621	28,421
Foreign exchange differences, net	11,331	11,760
	37,952	40,181

11. OPERATING EXPENSES

	For nine months ended 30 September 2023 (unaudited)	For nine months ended 30 September 2022 (unaudited)
Wages and salaries	47,530	34,368
Taxes other than income tax	8,290	5,841
Depreciation and amortisation	7,526	4,953
Administrative expenses	5,032	3,932
Short-term lease expenses	4,138	3,601
Telecommunications	2,088	1,845
Contributions to Deposit Insurance Fund	1,738	2,083
Advertising	1,617	938
Security and alarming expenses	1,368	1,145
Equipment repair and maintenance	1,376	1,038
Cash collection	744	466
Professional services	644	560
Business trip expenses	451	240
Representation expenses	80	47
Other expenses	3,011	1,292
	85,633	62,349

12. OTHER INCOME/(EXPENSE)

	For nine months ended 30 September 2023 (unaudited)	For nine months ended 30 September 2022 (unaudited)
Income related to insurance activities	12,023	-
Income related to receipt of dividends on shares	681	407
Expenses related to insurance activities	(4,967)	-
Other expenses from banking activities	(4,650)	(2,133)
Loss on sale of non-current assets held for sale	(1,221)	(4,118)
Loss on sale of property, plant and equipment and intangible assets	(107)	(38)
	1,759	(5,882)

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NOTES TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS FOR NINE MONTHS ENDED 30 SEPTEMBER 2023

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13. EARNINGS PER SHARE

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

	For nine months ended 30 September 2023 (unaudited)	For nine months ended 30 September 2022 (unaudited)
Basic earnings per share		
Net profit attributable to the Bank's shareholders	103,416	122,854
Less: additional dividends payable upon full distribution of profit to the preference shareholders	(93)	(73)
Net earnings attributable to ordinary shareholders	103,323	122,781
Weighted average number of ordinary shares for purposes of basic earnings per share	184,581,360	182,923,088
Basic earnings per share (in KZT)	559.77	671.22
Diluted earnings per share		
Net earnings attributable to ordinary shareholders	103,323	122,781
Add: additional dividends payable upon full distributions of profit to the preference shareholders	93	73
Earnings used in calculation of diluted earnings per share	103,416	122,854
Weighted average number of ordinary shares	184,581,360	182,923,088
Shares deemed to be issued:		
Weighted average number of ordinary shares that would be issued for the convertible preference shares	163,827	108,921
Weighted average number of ordinary shares for purposes of diluted earnings per share	184,745,187	183,032,009
Diluted earnings per share (in KZT)	559.78	671.22

The Group has calculated the book value of one share per each class of shares in accordance with the methodology for computation of the book value of one share provided by KASE.

The book value of one share per each class of shares as at 30 September 2023 and 31 December 2022 is as follows:

	30 September 2023 (unaudited)			31 December 2022		
	Outstanding shares (number of shares)	Amount for calculation of book value KZT million	Book value of one share, KZT	Outstanding shares (number of shares)	Amount for calculation of book value KZT million	Book value of one share, KZT
Types of shares						
Ordinary shares	184,645,227	367,204	1,989	184,722,599	258,124	1,397
Preference shares	166,816	28	168	146,382	34	232
		367,232			258,158	

The book value of one preference share is calculated as the ratio of the amount of equity attributable to preference shares to the outstanding number of preference shares as at the reporting date. The book value of one ordinary share is calculated as the ratio of the amount of net asset value of the Group for ordinary shares to the outstanding number of ordinary shares as at the reporting date. The net asset value of the Group for ordinary shares is calculated as the total equity net of intangible assets and the amount of equity attributable to preference shares as at reporting date. Outstanding number of ordinary and preference shares is calculated as outstanding shares authorised and issued net of repurchased shares by the Group as at the reporting date.

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

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14. CASH AND CASH EQUIVALENTS

	30 September 2023 (unaudited)	31 December 2022
Cash on hand	166,163	138,527
Nostro accounts with NBRK	182,766	411,235
Nostro accounts with other banks		
- rated from AA- to AA+	35,016	17,609
- rated A- to A+	60,481	39,792
- rated from BBB- to BBB+	6,489	4,172
- rated from BB- to BB+	3,893	950
- rated from B- to B+	-	94
- not rated	11,628	15,965
Total gross nostro accounts with other banks	117,507	78,582
Loss allowance	(45)	(63)
Total nostro accounts with other banks	117,462	78,519
Term deposits with NBRK	427,925	488,939
Term deposits with other banks for the period up to 90 days		
- rated A- to A+	23,832	-
- rated from BBB- to BBB+	3,503	-
- not rated	5,100	-
Total gross term deposits with other banks for the period up to 90 days	32,435	-
Loss allowance	(39)	-
Total term deposits with other banks for the period up to 90 days	32,396	-
Total cash and cash equivalents	926,712	1,117,220

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

All cash and cash equivalents are categorised into Stage 1 of credit risk grading.

As at 30 September 2023, current account balances with other non-rated banks comprise mainly balances of KZT 10,129 million on current accounts with Russian banks included in the sanctions list (31 December 2022: KZT 14,939 million). Ratings of these banks have been withdrawn by the respective agencies. Prior to the withdrawal, the banks were rated from BB+ to BBB- according to the scale of international rating agencies. According to the Bank, there are no restrictions for withdrawal of these cash balances from such accounts.

Concentration of cash and cash equivalents

As at 30 September 2023, the Group has placed cash on current accounts with 2 banks (31 December 2022: 1 bank) whose balances exceed 10% of equity. The gross value of these balances as at 30 September 2023 is KZT 488,293 (31 December 2022: KZT 900,174 million).

Minimum reserve requirements

As at 30 September 2023 and 31 December 2022, the minimum reserve requirements are calculated in accordance with regulations issued by NBRK. To meet the minimum reserves requirements the Bank places cash in reserve assets, which are required to be maintained at the level of not less than the average amount of cash on hand denominated in national currency and balance on the current account with the NBRK in the national currency for 4 weeks, calculated as certain minimum level of deposits and current accounts of the customers that are residents and non-residents of the Republic of Kazakhstan, and of other liabilities of the Bank. As at 30 September 2023, the minimum reserve requirements amounted to KZT 59,064 million (unaudited) (31 December 2022: KZT 56,473 million), and reserve asset amounted to KZT 73,415 million (unaudited) (31 December 2022: KZT 55,390 million).

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15. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

As at 30 September 2023, financial assets at fair value through profit or loss include trading securities with a total value of KZT 53,837 million and currency swaps in the amount of KZT 1,452 million (31 December 2022: trading securities with a total value of KZT 35,968 million, no currency swaps).

Financial assets at fair value through profit or loss comprise:

	Nominal interest rate, %	30 September 2023 (unaudited)	Nominal interest rate, %	31 December 2022
Trading securities				
<i>Debt securities</i>				
Government bonds of the Republic of Kazakhstan	5.00-9.00	1,329	3.87-9.00	1,907
Corporate bonds	3.25-22.60	31,512	3.63-21.00	18,205
The US Treasury bills	3.00-5.36	1,273		
The NBRK discount notes		5,728		-
<i>Equity securities*</i>				
Shares of Kazakhstani companies		3,369		2,674
Shares of international companies		520		64
Equity stakes		4,634		4,730
		48,365		27,580
Pledged under sale and repurchase agreements				
Corporate bonds	8.5-12.00	5,472	8.50-12.40	8,388
		5,472		8,388
		53,837		35,968

* Ownership interest is below 1%

The table below provides analysis of credit quality of debt securities at fair value through profit or loss based on Standard and Poor's ratings or ratings of other international rating agencies as at 30 September 2023 (unaudited):

	Corporate bonds	Government bonds of the Republic of Kazakhstan, the NBRK discount notes	The US Treasury bills	Total
- rated from BBB- to BBB+	13,938	7,057	-	20,995
- rated from BB- to BB+	13,579	-	-	13,579
- rated from B- to B+	8,474	-	-	8,474
- rated from AA- to AA+	232	-	1,273	1,505
- rated A- to A+	394	-	-	394
not rated	367	-	-	367
	36,984	7,057	1,273	45,314

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15. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS, CONTINUED

The table below provides analysis of credit quality of debt securities at fair value through profit or loss based on Standard and Poor's ratings or ratings of other international rating agencies as at 31 December 2022:

	Corporate bonds	Government bonds of the Republic of Kazakhstan	Total
- rated from BBB- to BBB+	13,229	1,907	15,136
- rated from BB- to BB+	5,874	-	5,874
- rated from B- to B+	7,247	-	7,247
- rated A- to A+	94	-	94
not rated	149	-	149
	26,593	1,907	28,500

None of the financial assets at fair value through profit and loss are past due.

16. INVESTMENT SECURITIES

	30 September 2023 (unaudited)	31 December 2022
Investment securities at fair value through other comprehensive income	581,694	689,740
Investment financial assets at amortised cost	292,065	223,679
Total investment securities	873,759	913,419

Investment securities at fair value through other comprehensive income

	Nominal interest rate,%	30 September 2023 (unaudited)	Nominal interest rate,%	31 December 2022
<i>Debt securities</i>				
Government bonds of the Republic of Kazakhstan	0.60-18.77	288,773	5-11.0	287,945
Corporate bonds	2.00-20.22	94,635	2.00-18.09	116,045
The NBRK discount notes		79,485		247,543
The US Treasury bills	2.12-2.88	15,948		-
<i>Equity securities</i>				
Shares of Kazakhstani companies		164		1,463
Shares of international companies		-		25
		479,005		653,021
Pledged under bank loans				
Government bonds of the Republic of Kazakhstan	7.13-18.47	86,631	7.1-10.5	13,231
The US Treasury bills	2.25	16,167	2.1-2.2	23,677
		102,798		36,908
Allowance for expected credit losses		(109)		(189)
		581,694		689,740

Investment securities issued by Russian issuers are allocated to Stage 2 of the credit risk grading.

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16. INVESTMENT SECURITIES, CONTINUED

Investment securities measured at amortised cost

	Nominal interest rate, %	30 September 2023 (unaudited)	Nominal interest rate, %	31 December 2022
<i>Debt securities</i>				
The US Treasury bills	0.12-2.25	45,747		
Government bonds of the Republic of Kazakhstan	0.60-8.45	36,946	0.60-8.4	36,302
Corporate bonds	2.00-20.00	13,642	1.25-4.8	9,559
The NBRK discount notes		159,400		138,415
		255,735		184,276
Pledged under sale and repurchase agreements and bank loans				
Government bonds of the Republic of Kazakhstan	3.88-8.45	7,231	8.4	1,092
The US Treasury bills	1.26-2.25	29,119	1.25-2.22	38,318
		36,350		39,410
Allowance for expected credit losses		(20)		(7)
		292,065		223,679

17. DUE FROM BANKS

	30 September 2023 (unaudited)	31 December 2022
Due from banks comprise:		
- contingent deposit with the NBRK	7,174	2,173
- rated from AA- to AA+	24,863	18,562
- rated A- to A+	1,765	6,575
- not rated	45,458	27,236
Due from banks before allowance for expected credit losses	79,260	54,546
Allowance for expected credit losses	(28)	(10)
Total due from banks	79,232	54,536

The credit ratings are presented by reference to the credit ratings of Standard & Poor's agency or analogues of similar international rating agencies. As at 30 September 2023 and 31 December 2022, all due from banks are classified into Stage 1 of the credit risk grading.

As at 30 September 2023, a conditional deposit with the NBRK consists of funds of KZT 188 million (31 December 2022: KZT 329 million) received from Development Bank of Kazakhstan JSC ("DBK JSC") and KZT 6,986 million (31 December 2022: KZT 1,844 million) received from DAMU Entrepreneurship Development Fund JSC ("EDF DAMU JSC") in accordance with the terms and conditions of loan agreements with DBK JSC and EDF DAMU JSC.

Due from banks and other financial institutions, not rated

As at 30 September 2023 and 31 December 2022, balances of deposits held with other financial institutions, that are not rated, comprise security deposits and margin protection at KASE, for a total of KZT 38,016 million and KZT 23,133 million, respectively.

Concentration of accounts and deposits with banks

As at 30 September 2023, the Group has funds placed with 1 bank, whose balances exceed 10% of equity in the amount of KZT 38,016 million (31 December 2022: none).

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18. LOANS TO CUSTOMERS AND BANKS

	30 September 2023 (unaudited)	31 December 2022
Loans to customers	2,626,946	1,992,170
Accrued interest	43,387	41,180
	<u>2,670,333</u>	<u>2,033,350</u>
Less loss allowance	(109,130)	(111,981)
Total loans to customers	<u>2,561,203</u>	<u>1,921,369</u>
Loans to banks	23,970	13,719
Accrued interest	227	109
Less loss allowance	(639)	(104)
Total loans to banks	<u>23,558</u>	<u>13,724</u>
Loans under reverse repurchase agreements	<u>136,363</u>	<u>74,020</u>
Total loans to customers and banks	<u>2,721,124</u>	<u>2,009,113</u>

Movement in credit loss allowance for loans to customers and banks for nine months ended 30 September 2023 and 30 September 2022 is disclosed in Note 7.

The following table provides information by types of loan products as at 30 September 2023 (unaudited):

The following table provides information by types of loan products as at 31 December 2022:

	Gross amount	Loss allowance	Carrying amount
Loans to corporate customers			
Corporate loans	488,480	(53,213)	435,267
Small and medium-sized enterprises	329,095	(14,899)	314,196
Loans to individuals			
Mortgage loans (including mortgage loans under the '7-20-25' programme and the Baspana Hit programme)	843,246	(10,331)	832,915
Consumer loans	439,975	(21,518)	418,457
Business development	220,960	(7,101)	213,859
Auto loans	348,577	(2,068)	346,509
	<u>2,670,333</u>	<u>(109,130)</u>	<u>2,561,203</u>

	Gross amount	Loss allowance	Carrying amount
Loans to corporate customers			
Corporate loans	447,106	(65,470)	381,636
Small and medium-sized enterprises	269,789	(7,415)	262,374
Loans to individuals			
Mortgage loans (including mortgage loans under the '7-20-25' programme and the Baspana Hit programme)	629,998	(6,769)	623,229
Consumer loans	382,996	(25,375)	357,621
Business development	154,760	(6,707)	148,053
Auto loans	148,701	(245)	148,456
	<u>2,033,350</u>	<u>(111,981)</u>	<u>1,921,369</u>

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18. LOANS TO CUSTOMERS AND BANKS, CONTINUED

(a) Credit quality of corporate loans, loans to small- and medium-sized enterprises and loans to individuals

The following table provides information on the credit quality of loans to customers as at 30 September 2023 (unaudited):

	Corporate loans (unaudited)	Small- and medium-sized enterprises (unaudited)	Mortgage loans (unaudited)	Consumer loans (unaudited)	Business development (unaudited)	Auto loans (unaudited)	Total (unaudited)
Loans to customers							
Not overdue	475,701	303,320	827,576	402,953	203,944	342,232	2,555,726
Overdue loans:							
- overdue less than 30 days	4,818	5,367	7,860	10,958	4,424	3,811	37,238
- overdue 31-60 days	1,104	693	1,789	2,908	1,195	900	8,589
- overdue 61-90 days	8	2,509	1,019	2,512	835	389	7,272
- overdue 91-180 days	6,077	2,582	1,340	5,601	2,181	756	18,537
- overdue more than 180 days	772	14,624	3,662	15,043	8,381	489	42,971
Total loans to customers before loss allowance for expected credit losses	488,480	329,095	843,246	439,975	220,960	348,577	2,670,333
Allowance for expected credit losses	(53,213)	(14,899)	(10,331)	(21,518)	(7,101)	(2,068)	(109,130)
Total loans to customers net of allowance for expected credit losses	435,267	314,196	832,915	418,457	213,859	346,509	2,561,203

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18. LOANS TO CUSTOMERS AND BANKS, CONTINUED

(a) Credit quality of corporate loans, loans to small- and medium-sized enterprises and loans to individuals, continued

The following table provides information on the credit quality of loans to customers as at 31 December 2022:

	Corporate loans	Small- and medium-sized enterprises	Mortgage loans	Consumer loans	Business development	Auto loans	Total
Loans to customers							
Not overdue	429,079	247,485	619,918	341,925	140,801	146,929	1,926,137
Overdue loans:							
- overdue less than 30 days	7,278	3,354	3,554	9,023	2,542	1,219	26,970
- overdue 31-60 days	-	2,601	1,122	2,656	1,015	195	7,589
- overdue 61-90 days	-	372	746	2,571	397	43	4,129
- overdue 91-180 days	292	2,225	963	7,254	1,388	131	12,253
- overdue more than 180 days	10,457	13,752	3,695	19,567	8,617	184	56,272
Total loans to customers before loss allowance for expected credit losses	447,106	269,789	629,998	382,996	154,760	148,701	2,033,350
Allowance for expected credit losses	(65,470)	(7,415)	(6,769)	(25,375)	(6,707)	(245)	(111,981)
Total loans to customers net of allowance for expected credit losses	381,636	262,374	623,229	357,621	148,053	148,456	1,921,369

(b) Analysis of movement in loss allowance for expected credit losses

Key assumptions and judgements for estimating loss allowance for expected credit losses

As at 30 September 2023, there were no significant changes to key assumptions and judgements in estimating the allowance compared to 31 December 2022:

Loans to banks

	30 September 2023 (unaudited)
- rated from BB- to BB+	20,207
- not rated (commercial banks of the Republic of Kazakhstan and the Republic of Tajikistan)	3,990
	24,197
Less loss allowance	(639)
	23,558

Loans to banks are classified into Stage 1 of credit risk grading.

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18. LOANS TO CUSTOMERS AND BANKS, CONTINUED

(c) Loan portfolio analysis

As at 30 September 2023, the Group has 1 borrower or groups of related borrowers (31 December 2022: 2 borrowers), whose loan balances exceed 10% of equity. The gross value of these balances as at 30 September 2023 is KZT 46,990 million (31 December 2022: KZT 77,508 million).

Industry and geographical analysis of the loan portfolio

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

	31 September 2023 (unaudited)	31 December 2022
Individuals	1,852,759	1,316,455
Trade	165,182	172,317
Rent of real estate	90,122	75,035
Power engineering	81,806	74,346
Production	49,559	46,641
Oil and gas industry	41,818	39,157
Industrial construction	44,684	36,866
Housing construction	36,791	35,789
Food industry	30,648	30,709
Transportation and equipment maintenance services	35,789	28,807
Transport and telecommunications	39,966	26,311
Mining and precious metals	39,550	26,141
Metallurgy	17,428	14,060
Agriculture	23,486	10,501
Financial services	34,395	7,741
Machinery manufacturing	4,924	4,465
Other	81,426	88,009
Total	2,670,333	2,033,350
Allowance for expected credit losses	(109,130)	(111,981)
	2,561,203	1,921,369

The fair value of assets received as collateral and carrying amount of reverse repurchase agreements as at 30 September 2023 and 31 December 2022 is as follows:

	30 September 2023 (unaudited)		31 December 2022	
	Carrying amount of loans	Fair value of collateral	Carrying amount of loans	Fair value of collateral
Government bonds of the Republic of Kazakhstan	130,429	130,210		
The NBRK discount notes	3,051	3,058	36,435	35,588
Corporate bonds	2,883	2,773	34,583	33,869
	136,363	136,041	74,020	72,459

(d) Loan maturities

Maturities of the Bank's loan portfolio as at the reporting date is presented in Note 27 which shows the remaining period from the reporting date to the contractual maturity of the loans. Due to the short-term nature of the loans issued by the Group, it is likely that part of the loans will be extended at maturity. Accordingly, the effective maturity of the loan portfolio may be significantly longer than the contractually agreed term.

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19. OTHER ASSETS

	30 September 2023 (unaudited)	31 December 2022
Other financial assets		
Receivables from sale of owned assets	17,200	5,462
Other receivables	13,977	7,501
Mutual settlements with international payment system (VISA International, Mastercard)	6,274	2,779
Accrued commission	4,764	5,447
Western Union and other wireless transfers	3,588	1,585
	45,803	22,774
Allowance for expected credit losses	(3,344)	(2,169)
	42,459	20,605
Other non-financial assets		
Repossessed collateral	48,537	57,228
Receivables under joint arrangements	20,050	20,049
Investment property	17,582	20,441
Reimbursement under the guarantee liability (Note 24)	13,991	-
Advances paid	12,663	10,904
Taxes receivable other than income tax	2,058	2,494
Inventories	581	468
Other assets	123	335
	115,585	111,919
Loss allowance	(5,014)	(4,502)
	110,571	107,417
	153,030	128,022

As at 30 September 2023, other financial assets of KZT 40,280 million are classified into Stage 1 of the credit risk grading (31 December 2022: KZT 19,908 million), financial assets of KZT 871 million are classified into Stage 2 of the credit risk grading (31 December 2022: none) and KZT 4,652 million are allocated to Stage 3 of the credit risk grading (31 December 2022: KZT 2,866 million).

Receivables under joint arrangements. In May 2020, the Group entered into joint arrangements with the property developer RAMS Kazakhstan LLP, to sell land plots intended for construction of a multi-purpose housing estate worth KZT 20,006 million. Under the contract, payments for land plots will be cashless and made through transfer into the ownership of the Group of a part of residential and non-residential premises of the housing estate. Non-cash consideration was measured at fair value as of the sale date.

Repossessed collateral. Repossessed collateral comprises real estate pledged as collateral, accepted by the Group in exchange for its liabilities on credit-impaired loans. These assets have been initially measured at fair value and subsequently measured at the lower of fair value less cost to sell and the carrying value. The Group's policy is to sell these assets as soon as it is practicable.

When measuring the fair values as at 30 September 2023, management used the market approach, which is based on an analysis of the prices of the latest comparable sales of similar properties, and the income approach. The following assumptions were used in applying the income approach:

- Cash flows were estimated taking into account market rental rates and occupancy rates
- The present value of cash flows was determined using the discount rate of 15.9 %.

Payment receivable for repossessed collateral. Payment on repossessed collateral comprises prepayments for repossessed collateral which is acquired through auctions.

Investment property. The fair value of investment property was measured using the market approach, which reflects the prices of latest transactions on similar real estate items, and as at 30 September 2023 and 31 December 2022 amounted to KZT 20,399 million and KZT 21,392 million, respectively. The fair value of investment property is categorised into Level 3 of the fair value hierarchy.

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20. DUE TO BANKS AND FINANCIAL INSTITUTIONS

	Nominal interest rate, %	30 September 2023 (unaudited)	Nominal interest rate, %	31 December 2022
Long-term loans from banks and financial institutions	1.00-8.78	79,372	1.00-8.78	67,117
Loans from international credit organisations	17.48-19.45	27,311	16.50-21.45	40,955
Correspondent accounts of banks		30,095		42,185
Loan from the NBRK	16.75	10	16.75	10
Accumulated interest expense		1,338		1,619
		138,126		151,886
Loans under repurchase agreements	9.5-17.75	76,725	16.1-16.75	6,638
		214,851		158,524

Long-term loans due to banks and financial institutions. Long-term loans due to banks and financial institutions comprise long-term loans from DAMU Entrepreneurship Development Fund JSC (“DAMU JSC”), Development Bank of Kazakhstan JSC (“DBK JSC”), Industrial Development Fund JSC (“IDF JSC”) and Agrarian Credit Corporation JSC (“ACC JSC”), for a total of KZT 36,110 million at 1.0%-8.78% p.a., maturing in 2023-2035, and for a total of KZT 10,901 million at 1.0% - 2.0% p.a., maturing in 2034-2037, and for a total of KZT 27,500 million at 1.0% p.a., maturing in 2052, and for a total of KZT 4,861 million at 1.5% p.a., maturing in 2024, respectively, as at 30 September 2023 (31 December 2022: KZT 27,719 million, KZT 10,901 million, KZT 27,500 million and KZT 997 million, respectively). During nine months ended 30 September 2023 and 2022, the Group has been repaying principal and interest according to the repayment schedules. Loans from DAMU JSC are not secured by debt securities.

Loans from DAMU JSC for a total of KZT 8,100 million were transferred to the Group under the assignment contracts for rights of claim concluded with DB Alfa-Bank JSC on 29 April 2022. These financial liabilities were initially recognised at fair value, based on the assumption that raising funds through government lending programmes available to second-tier banks is a separate market segment.

During nine months ended 30 September 2023, the Group received long-term loans from DAMU for a total of KZT 9,649 million, at 2.5-4.5% p.a., maturing in 2030. Loans were received to further extend loans to ultimate borrowers.

During nine months ended 30 September 2023, the Group received long-term loans from ACC JSC for a total of KZT 4,861 million, at 1.5% p.a., maturing in 2024. Loans were received to further extend loans for spring planting and harvesting operations in 2023.

During nine months ended 30 September 2022, the Group received long-term loans from IDF JSC for a total of KZT 27,500 million, at 1.0% p.a., maturing in 2052. Loans were received to further extend loans to individuals as part of the programme to provide auto loans on preferential terms to individuals.

During nine months ended 30 September 2023 and 2022, the Group repaid the long-term loan from DAMU for a total of KZT 1,259 million, at 1.0-8.5% p.a. and KZT 508 million at 1.0-4.5% p.a., respectively.

As at 30 September 2023, loans received from banks and financial institutions are secured by debt securities for a total of KZT 22,292 million (31 December 2022: KZT 14,323 million) (Note 16).

Loans under the Soft Lending Programme for Business Entities (the “Programme”)

The loans from DAMU JSC were received in accordance with the Government Programme aimed at financing small and medium-sized enterprises (“SME”) in specific industries (“the Programme”). Under the loan agreement between DAMU JSC and the Group, the Group extends loans to SME borrowers eligible to participate in the Programme at the interest rate with margin of 4 % and with maturity not exceeding 10 years. The Group’s obligation to repay the loan to DAMU JSC is not contingent on collectability of the loans extended to SME borrowers. The Group is obliged to pay a 15 % penalty on the amounts not extended to SME borrowers within 3- 9 months after receiving the money from DAMU JSC.

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20. DUE TO BANKS AND FINANCIAL INSTITUTIONS, CONTINUED

Loans under the Soft Lending Programme for Business Entities (the “Programme”)

The Group’s management believes that there are no other financial instruments similar to loans received from DAMU JSC, DBK JSC, IDF JSC and Agrarian Credit Corporation JSC, bearing the interest rates of 1%-8.78% p.a., and due to specific nature of LSE and SME clients and individuals under the auto loan preferential programme, this product represents a separate market. Therefore, loans received from DAMU JSC, DBK JSC, IDF JSC and Agrarian Credit Corporation JSC, bearing the interest rates of 1%-8.78% p.a., represent the orderly transactions on the separate market and as such, they have been recorded at fair value at the recognition date.

Loans due to international credit organisations. Loans due to international credit organisations comprise loans from the European Bank for Reconstruction and Development (“EBRD”) at 14.7% -21.45% p.a., maturing in 2024-2026.

During nine months ended 30 September 2023, the Group received loans from European Bank for Reconstruction and Development JSC for a total of KZT 8,900 million, at 14.7% p.a., maturing in 2026.

During nine months ended 30 September 2023, the Group has repaid principal and interest according to the repayment schedules, for a total of KZT 6,896 million, and early repaid the principal and interest for a total of KZT 19,627 million.

As at 30 September 2023, loans received from international credit institutions are secured by debt securities for a total of KZT 45,286 million (31 December 2022: KZT 61,995 million) (Note 16).

The Group is obligated to comply with financial covenants in relation to ‘due to banks and financial institutions’ mentioned above. These covenants include the established ratios including debt-to-equity ratios and other coefficients used for financial performance ratios. As at 30 September 2023 and 31 December 2022, the Group was in compliance with these covenants.

As at 30 September 2023 and 31 December 2022, due to banks and financial institutions included loans received under repurchase agreements of KZT 76,725 million and KZT 6,638 million that were repaid in October and January 2023, respectively. The fair value of assets pledged under repurchase agreements amounted to KZT 77,043 million and KZT 8,388 million as at 30 September 2023 and 31 December 2022, respectively (Note 15).

Correspondent accounts of banks. As at 30 September 2023, deposits received from other banks included correspondent accounts received from foreign banks for a total of KZT 24,167 million and Kazakh second-tier banks for a total of KZT 5,928 million (31 December 2022: deposits received from foreign banks for a total of KZT 39,038 million and Kazakh second-tier banks for a total of KZT 3,147 million).

21. CUSTOMER ACCOUNTS

	30 September 2023 (unaudited)	31 December 2022
Customer accounts		
- Retail	1,995,143	1,915,418
- Corporate	1,598,605	1,357,726
	<u>3,593,748</u>	<u>3,273,144</u>
	30 September 2023 (unaudited)	31 December 2022
Term deposits	2,508,012	2,213,791
Call deposits	1,066,535	1,044,745
	<u>3,574,547</u>	<u>3,258,536</u>
Accrued interest	19,201	14,608
	<u>3,593,748</u>	<u>3,273,144</u>

As at 30 September 2023, the Group has no customers (31 December 2022: 1 Customer) whose balances exceed 10% of equity. The gross value of these balances as at 31 December 2022 is KZT 249,721 million.

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22. DEBT SECURITIES ISSUED

	Currency	Issue date	Maturity date	Interest rate, %	30 September	Interest rate, %	31 December
					2023 (unaudited)		2022
Bonds issued in Kazakhstan		05/02/2008-09/11/2021	27/12/2025-09/11/2028	10.75-12.00	73,798	10.75-12.00	71,241
	USD	03/03/2006	Perpetual		-	10.79	23,962
					<u>73,798</u>		<u>95,203</u>
Accrued interest					<u>3,319</u>		<u>980</u>
					<u>77,117</u>		<u>96,183</u>

Coupons on debt securities issued are repayable every six months; principal is repayable at maturity. Interest payment dates for perpetual instruments are: March 3, June 3, September 3, and December 3, paid annually.

During nine months ended 30 September 2023, the Group fully repaid USD-denominated bonds for a total of KZT 21,854 million.

23. SUBORDINATED BONDS

	Currency	Issue date	Maturity date	Interest rate, %	30 September	Interest rate, %	31 December
					2023 (unaudited)		2022
Fixed rate	KZT	27/11/2009 – 03/11/2017	27/11/2024 – 03/11/2032	4.00-11.00	57,134	4.00-11.00	55,973
Floating rate	KZT	11/11/2008	11/11/2023	12.00	<u>3,467</u>	12.00	<u>3,338</u>
					<u>60,601</u>		<u>59,311</u>
Accrued interest					<u>2,619</u>		<u>1,094</u>
					<u>63,220</u>		<u>60,405</u>

Coupons on subordinated bonds are repayable every six months; principal is repayable at maturity.

Reconciliation of movements of liabilities and cash flows arising from financing activities (unaudited)

	Liabilities:		Total
	Debt securities issued	Subordinated bonds	
Balance at 1 January 2022	108,074	63,877	171,951
Changes from financing cash flows			
Repayment of debt securities issued	(36,388)	-	(36,388)
Repurchase of debt securities issued	15,000	-	15,000
Total changes from financing cash flows	<u>(21,388)</u>	<u>-</u>	<u>(21,388)</u>
Other changes	(1,235)	-	(1,235)
Interest expense	6,952	5,873	12,825
Interest paid	(5,078)	(3,052)	(8,130)
Balance at 30 September 2022	<u>87,325</u>	<u>66,698</u>	<u>154,023</u>

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23. SUBORDINATED BONDS, CONTINUED

Reconciliation of movements of liabilities and cash flows arising from financing activities (unaudited), continued

	Liabilities:		
	Debt securities issued	Subordinated bonds	Total
Balance at 1 January 2023	96,183	60,405	156,588
Changes from financing cash flows			
Repayment of debt securities issued	(21,854)	-	(21,854)
Total changes from financing cash flows	(21,854)	-	(21,854)
Interest expense	7,111	5,651	12,762
Interest paid	(4,323)	(2,836)	(7,159)
Balance at 30 September 2023	77,117	63,220	140,337

24. OTHER LIABILITIES

	30 September 2023 (unaudited)	31 December 2022
Other financial liabilities:		
Liability from continuing involvement (Note 18 (h))	425,512	406,109
Settlements on other liabilities	38,521	22,100
Liabilities under guarantees issued*	45,344	7,819
Provision for insurance contracts	12,326	-
Provision for unused credit limits	4,006	4,490
Settlements on administrative and economic activities	2,486	1,433
Lease liabilities	3,028	3,411
Accrued fee and commission expense	579	1,080
	531,802	446,442
Other non-financial liabilities:		
Taxes payable other than income tax	3,535	3,092
Other non-financial liabilities	865	705
Total other liabilities	536,202	450,239

* As at 30 September 2023, liabilities under guarantees issued included KZT 26,321 million of guarantee liabilities to one counterparty (unaudited). This liability arose due to the occurrence of a guarantee event. The respective third party reimbursement of the liability in the amount of KZT 13,991 million (unaudited) was recognised in other assets in the consolidated interim condensed financial statements (Note 19).

25. SHARE CAPITAL

As at 30 September 2023, the Bank's share capital comprises the following (unaudited):

	Authorised share capital	Unissued share capital	Placement of authorised ordinary shares	Repurchased share capital from shareholders	Total share capital
Ordinary shares (number of shares)	1,211,140,611	(1,023,111,576)	-	(3,383,808)	184,645,227
Preference shares (number of shares)	39,249,255	-	-	(39,082,439)	166,816

As at 30 September 2023, the Bank's share capital comprises the following (unaudited):

	Authorised and issued share capital	Placement of authorised ordinary shares	Repurchased shares	Total
Ordinary shares	63,519	1,086	-	64,605
Preference shares	35	-	(7)	28
	63,554	1,086	(7)	64,633

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25. SHARE CAPITAL, CONTINUED

As at 31 December 2022, the Bank's share capital comprises the following:

	Authorised share capital	Unissued share capital	Placement of authorised ordinary shares	Repurchased share capital from shareholders	Total share capital
Ordinary shares (number of shares)	1,211,140,611	(1,023,111,576)	-	(3,306,436)	184,722,599
Preference shares (number of shares)	39,249,255	-	-	(39,102,873)	146,382

As at 31 December 2022, the Bank's share capital comprises the following:

	Authorised and issued share capital	Placement of authorised ordinary shares	Issue of treasury shares	Total
Ordinary shares	63,519	-	122	63,641
Preference shares	35	-	-	35
	63,554	-	122	63,676

26. SEGMENT REPORTING

The segment information below is presented on the basis used by the Group's chief operating decision maker to evaluate performance, in accordance with IFRS 8 and in accordance with the segment reporting presented in the consolidated interim condensed financial statements for nine months ended 30 September 2023 and 30 September 2022.

Information about operating segments is presented below.

	Retail banking (unaudited)	Corporate banking (unaudited)	Investing activities (unaudited)	Insurance activities (unaudited)	For nine months ended 30 September 2023 (unaudited)
Interest income calculated using the effective interest method	178,387	113,025	83,214	887	375,513
Other interest income	-	-	2,562	-	2,562
Interest expense	(94,644)	(84,827)	(17,251)	-	(196,722)
Charge of credit loss allowance for interest-bearing assets	(14,257)	(16,976)	-	-	(31,233)
Net non-interest income	17,347	33,111	(1,713)	303	49,048
Operating expenses	(35,660)	(20,735)	(28,726)	(512)	(85,633)
Profit before income tax	51,173	23,598	38,086	678	113,535
Segment assets*	2,706,309	1,132,771	1,031,837	2,593	4,873,510
Segment liabilities*	2,118,983	2,123,046	242,409	700	4,485,138
Other segment items					
Depreciation/amortisation expense on property and equipment and intangible assets	(3,134)	(1,822)	(2,525)	(45)	(7,526)
Loans to customers and banks	1,811,740	909,384			2,721,124
Customer accounts	1,995,143	1,598,605			3,593,748
Financial guarantees and credit related commitments	95,313	202,269			297,582

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26. SEGMENT REPORTING, CONTINUED

	Retail banking (unaudited)	Corporate banking (unaudited)	Investing activities (unaudited)	For nine months ended 30 September 2022 (unaudited)
Interest income calculated using the effective interest method	79,561	73,418	38,524	191,503
Other interest income	-	-	2,236	2,236
Interest expense	(41,393)	(43,584)	(12,725)	(97,702)
Charge of credit loss allowance for interest-bearing assets	(20,989)	(9,389)	-	(30,378)
Net non-interest income	7,610	42,305	(10,708)	39,207
Operating expenses	(14,636)	(38,369)	(9,344)	(62,349)
Profit before income tax	10,153	26,617	5,747	42,517
Gain on a bargain purchase	-	-	84,222	84,222
Profit for the year	10,153	26,617	89,969	126,739
Segment assets*	1,128,722	1,767,633	691,446	3,587,801
Segment liabilities*	1,372,603	1,743,921	198,383	3,314,907
Other segment items				
Depreciation/amortisation expense on property and equipment and intangible assets	(1,163)	(3,048)	(742)	(4,953)
Loans to customers and banks	1,128,361	703,791	-	1,832,152
customer accounts	1,366,704	1,256,046	-	2,622,750
Financial guarantees and credit related commitments	87,710	156,236	-	243,946

*- net of goodwill, current and deferred income tax. Income tax expense is not allocated.

The majority of the Group's assets are located in the Republic of Kazakhstan and the Group generates income from operations conducted within the Republic of Kazakhstan.

Major customers

For nine months ended 30 September 2023 and 30 September 2022, the reporting segments have no corporate and retail customers, whose income from transactions individually exceed 10% of the total income of the Group (unaudited).

27. RISK MANAGEMENT POLICY

Management of risk is fundamental to the Group's business of banking and is an essential element of the Group's operations. The major (significant) risks faced by the Group are those related to market risk, credit risk, liquidity risk and operating risk, legal risk and reputational risk.

Risk Management Structure

The Board of Directors has overall responsibility for risk identification and oversight. However, there are also separate independent bodies responsible for risk management and control. The Group's risk management structure has not changed significantly in nine months ended 30 September 2023.

(a) Market risk

Market risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises currency risk, interest rates risk and other price risks.

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27. RISK MANAGEMENT POLICY, CONTINUED

(a) Market risk, continued

(i) Currency risk

The Group's exposure to foreign currency exchange rate risk as at 30 September 2023 (unaudited) is presented in the table below:

	KZT	USD USD 1 = KZT 474.47	EUR EUR 1 = KZT 503.51	Other currency	Total
Financial assets:					
Cash and cash equivalents	81,780	649,918	127,080	67,934	926,712
Financial instruments at FVTPL	41,311	12,526	-	-	53,837
Investment financial assets at FVOCI	465,346	93,501	22,847	-	581,694
Investment financial assets at amortised cost	165,330	111,570	15,165	-	292,065
Due from banks	7,232	64,584	-	7,416	79,232
Loans to customers and banks	2,509,452	194,172	16,755	745	2,721,124
Other financial assets	39,326	992	2,141	-	42,459
Total financial assets	3,309,777	1,127,263	183,988	76,095	4,697,123
Financial liabilities:					
Due to banks and financial institutions	191,408	19,827	2,138	1,478	214,851
Customer accounts	2,339,046	958,659	186,227	109,816	3,593,748
Debt securities issued	77,117	-	-	-	77,117
Subordinated bonds	63,220	-	-	-	63,220
Other financial liabilities	497,391	28,372	5,406	633	531,802
Total financial liabilities	3,168,182	1,006,858	193,771	111,927	4,480,738
Open position	141,595	120,405	(9,783)	(35,832)	
Effect of derivative financial instruments held for risk management purposes	78,424	(109,050)	(5,780)	36,654	
Net position	220,019	11,355	(15,563)	822	

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27. RISK MANAGEMENT POLICY, CONTINUED

(a) Market risk, continued

(i) Currency risk, continued

The Group's exposure to foreign currency exchange rate risk as at 31 December 2022 is presented in the table below:

	USD USD 1 = KZT 462.65	EUR EUR 1 = KZT 487.79	Other currency	Total	
Financial assets:					
Cash and cash equivalents	181,141	733,004	133,816	69,259	1,117,220
Financial instruments at FVTPL	28,480	7,488	-	-	35,968
Investment financial assets at FVOCI	608,687	74,844	6,209	-	689,740
Investment financial assets at amortised cost	139,703	72,482	11,494	-	223,679
Due from banks	2,224	41,779	-	10,533	54,536
Loans to customers and banks	1,838,704	152,114	16,596	1,699	2,009,113
Other financial assets	14,823	4,918	785	79	20,605
Total financial assets	2,813,762	1,086,629	168,900	81,570	4,150,861
Financial liabilities:					
Due to banks and financial institutions	125,756	27,687	172	4,909	158,524
Customer accounts	1,996,454	1,035,424	167,318	73,948	3,273,144
Debt securities issued	71,930	24,253	-	-	96,183
Subordinated bonds	60,405	-	-	-	60,405
Other financial liabilities	435,340	9,136	1,364	602	446,442
Total financial liabilities	2,689,885	1,096,500	168,854	79,459	4,034,698
Open position	123,877	(9,871)	46	2,111	

A weakening of the KZT, as indicated below, against the following currencies at 30 September 2023 and 31 December 2022, would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis is on net of tax basis and is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant.

	30 September 2023 (unaudited)	31 December 2022
20% appreciation of USD against KZT	1,817	(1,579)
20% appreciation of EUR against KZT	(2,490)	7
20% appreciation of other currencies against KZT	132	338

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27. RISK MANAGEMENT POLICY, CONTINUED

(b) Credit risk

Credit risk is the risk of financial loss occurring as a result of default by a borrower or counterparty on their obligation to the Group.

The maximum exposure to credit risk from financial assets at the reporting date is as follows:

	30 September 2023 (unaudited)	31 December 2022
ASSETS		
Cash and cash equivalents	760,549	978,693
Financial instruments at FVTPL	45,314	28,500
Investment financial assets at FVOCI - debt financial instruments	581,530	688,252
Investment financial assets at amortised cost	292,065	223,679
Due from banks	79,232	54,536
Loans to customers and banks	2,721,124	2,009,113
Other financial assets	42,459	20,605
Total maximum exposure	4,522,273	4,003,378

Concentration of credit risk in respect of loans to customers is presented in Note 18.

The Bank calculates and monitors, on the ongoing basis, the mandatory norm of the maximum risk per one borrower or group of related borrowers, which regulates the Bank's credit risk with regard to a single borrower or group of related borrowers and determines the maximum ratio of the total liabilities of a borrower (borrowers included in the group of related borrowers) to the Bank to the Bank's equity. As at 30 September 2023 and 31 December 2022, the maximum allowable value of k-3 norm established by NBRK was 25%. The value of k-3 norm calculated by the Bank as at 30 September 2023 (unaudited) and 31 December 2022 was in compliance with the statutory norm.

As at 30 September 2023 and 31 December 2022 the Group did not have debtors or groups of connected debtors, where credit risk exposure exceeded 10% maximum credit risk exposure.

(c) Liquidity risk

The following tables show analysis of financial assets and liabilities grouped according to the principle of period remaining from the balance sheet date till maturity date, except for the financial assets through profit or loss and investment financial assets at fair value through other comprehensive income, which were categorised as "on demand and less than 1 month" as they may be realised, as necessary, at any time.

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27. RISK MANAGEMENT POLICY, CONTINUED

(c) Liquidity risk, continued

30 September 2023 (unaudited)	Weighted average effective interest rate	On demand and up to 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	More than 5 years	30 September 2023 Total
Financial assets							
Cash and cash equivalents	5.09%	321,127	106,798	-	-	-	427,925
Financial instruments at FVTPL	10.28%	45,314	-	-	-	-	45,314
Investment financial assets at FVOCI	9.75%	575,174	-	-	6,356	-	581,530
Investment financial assets at amortised cost	2.88%	159,860	25,557	28,448	72,455	5,745	292,065
Loans to customers and banks	18.01%	297,192	177,010	374,846	1,131,544	740,532	2,721,124
Total interest-bearing financial assets		1,398,667	309,365	403,294	1,210,355	746,277	4,067,958
Cash and cash equivalents		498,787	-	-	-	-	498,787
Financial instruments at FVTPL		9,975	-	-	-	-	9,975
Investment financial assets at FVOCI		164	-	-	-	-	164
Due from banks		32,096	-	-	-	47,136	79,232
Other financial assets		42,459	-	-	-	-	42,459
Total financial assets		1,982,148	309,365	403,294	1,210,355	793,413	4,698,575
Financial liabilities							
Due to banks and financial institutions	6.04%	142,887	1,954	8,421	12,889	18,605	184,756
Customer accounts	10.87%	258,198	560,040	1,252,765	372,536	35,775	2,479,314
Debt securities issued	12.30%	1,108	-	-	70,668	5,341	77,117
Subordinated bonds	12.81%	-	6,083	6	29,015	28,116	63,220
Other financial liabilities	3.07%	2,078	2,955	13,778	85,915	320,786	425,512
Total interest-bearing financial liabilities		404,271	571,032	1,274,970	571,023	408,623	3,229,919
Due to banks and financial institutions		30,095	-	-	-	-	30,095
Customer accounts		1,090,345	3,310	2,860	7,786	10,133	1,114,434
Other financial liabilities		106,290	-	-	-	-	106,290
Total financial liabilities		1,631,001	574,342	1,277,830	578,809	418,756	4,480,738
Liquidity gap		351,147	(264,977)	(874,536)	631,546	374,657	
Interest sensitivity gap		994,396	(261,667)	(871,676)	639,332	337,654	
Cumulative interest sensitivity gap		994,396	732,729	(138,947)	500,385	838,039	
Cumulative interest sensitivity gap as a percentage of total financial assets		22.44%	18.01%	-3.42%	12.30%	20.60%	

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27. RISK MANAGEMENT POLICY, CONTINUED

(c) Liquidity risk, continued

31 December 2022	Weighted average effective interest rate	On demand and up to 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	More than 5 years	31 December 2022 Total
Financial assets							
Cash and cash equivalents	7.26%	488,939	-	-	-	-	488,939
Financial instruments at FVTPL	12.06%	28,500	-	-	-	-	28,500
Investment financial assets at FVOCI	13.15%	688,252	-	-	-	-	688,252
Investment financial assets at amortised cost	11.38%	138,399	-	10,252	70,490	4,538	223,679
Loans to customers and banks	15.71%	188,879	150,742	373,527	802,515	493,450	2,009,113
Total interest-bearing financial assets		1,532,969	150,742	383,779	873,005	497,988	3,438,483
Cash and cash equivalents		628,281	-	-	-	-	628,281
Financial instruments at FVTPL		7,468	-	-	-	-	7,468
Investment financial assets at FVOCI		1,488	-	-	-	-	1,488
Due from banks		54,536	-	-	-	-	54,536
Other financial assets		19,053	-	1,552	-	-	20,605
Total financial assets		2,243,795	150,742	385,331	873,005	497,988	4,150,861
Financial liabilities							
Due to banks and financial institutions	6.42%	8,222	5,601	16,689	28,476	57,365	116,353
Customer accounts	8.70%	270,920	430,564	960,018	531,785	15,668	2,208,955
Debt securities issued	10.79%	-	-	-	80,437	15,746	96,183
Subordinated bonds	13.04%	-	-	3,551	29,696	27,158	60,405
Other financial liabilities	3.07%	2,564	2,707	12,627	79,685	308,526	406,109
Total interest-bearing financial liabilities		281,706	438,872	992,885	750,079	424,463	2,888,005
Due to banks and financial institutions		42,171	-	-	-	-	42,171
Customer accounts		1,055,145	635	4,284	3,440	685	1,064,189
Other financial liabilities		40,333	-	-	-	-	40,333
Total financial liabilities		1,419,355	439,507	997,169	753,519	425,148	4,034,698
Liquidity gap		824,440	(288,765)	(611,838)	119,486	72,840	
Interest sensitivity gap		1,251,263	(288,130)	(609,106)	122,926	73,525	
Cumulative interest sensitivity gap		1,251,263	963,133	354,027	476,953	550,478	
Cumulative interest sensitivity gap as a percentage of total financial assets		36.39%	28.01%	10.3%	13.87%	16.01%	

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27. RISK MANAGEMENT POLICY, CONTINUED

(c) Liquidity risk, continued

In accordance with Kazakhstan legislation, depositors can withdraw their term deposits at any time, losing in most of the cases the accrued interest. These deposits are classified in accordance with their stated maturity dates.

However, management believes that in spite of this early withdrawal option and the fact that a substantial portion of customer accounts are on demand, diversification of these customer accounts and deposits by number and type of depositors, and the past experience of the Group indicates that these customer accounts provide a long-term and stable source of funding.

Management expects that the cash flows from certain financial assets and liabilities will be different from their contractual terms either because management has the discretionary ability to manage the cash flows or because past experience indicates that cash flows will differ from contractual terms.

28. CAPITAL MANAGEMENT

NBRK sets and monitors capital requirements for the Bank as a whole.

The Bank defines as capital those items defined by statutory regulation as capital for credit institutions:

- Tier 1 capital is a total of basic and additional capital. Basic capital comprises paid-in ordinary share capital, share premium, current and prior periods' retained earnings and reserves created thereof, less treasury share capital, intangible assets including goodwill, and current and prior periods losses, deferred tax asset net of deferred tax liability, excluding deferred tax assets recognised in relation to deductible temporary differences, other revaluation reserves, gains from sales related to asset securitisation transactions, gains or losses from revaluation of financial liabilities at fair value related to change in own credit risk, regulatory adjustments to be deducted from the additional capital, but due to insufficient levels of it deducted from basic capital, and investments in financial instruments of investees not consolidated in the Group with certain limitations. Additional capital comprises of perpetual contracts and paid-in preference share capital less adjustments for the Bank's investment in its own perpetual financial instruments, treasury preference shares, investments in financial instruments of investees not consolidated in the Group with certain limitations and regulatory adjustments to be deducted from the tier 2 capital, but due to insufficient levels of it deducted from additional capital.
- Tier 2 capital comprises subordinated debt in KZT less investments in subordinated debt of financial institutions the Bank holds 10% and more shares in.

Total capital is the sum of tier 1 and tier 2 capital.

There are a set of different limitations and classification criteria applied to the above listed total capital elements.

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28. CAPITAL MANAGEMENT, CONTINUED

In accordance with the regulations set by the NBRK the Bank has to maintain total capital adequacy within the following coefficients:

- a ratio of basic capital to the sum of credit risk-weighted assets and contingent liabilities, market risk-weighted assets and contingent assets and liabilities, and quantified operational risk (k1);
- a ratio of tier 1 capital to the sum of credit risk-weighted assets and contingent liabilities, market risk-weighted assets and contingent assets and liabilities, and quantified operational risk (k1-2);
- a ratio of total capital to the sum of credit risk-weighted assets and contingent liabilities, market risk-weighted assets and contingent assets and liabilities, and quantified operational risk (k2).

As at 30 September 2023, the minimum level of ratios as applicable to the Bank are as follows:

- k1 – not less than 0.075 (31 December 2021: 0.075);
- k1-2 – not less than 0.085 (31 December 2021: 0.085);
- k2 – not less than 0.1 (31 December 2021: 0.1).

On 1 October 2019, NBRK introduced a new regulatory capital buffer for the capitalisation ratios. The regulatory capital buffer is calculated as the ratio of positive difference between provisions calculated in accordance with the Impairment Provisioning Guidelines of bank's assets (loans and accounts receivable) to the Ratio, and provisions formed and reflected in the bank's accounting in accordance with IFRS and the requirements of the legislation of the Republic of Kazakhstan on accounting and financial reporting (the "positive difference") to the sum of assets and contingent liabilities weighted by the degree of credit risk.

As at 30 September 2023, the Bank complied with all prudential capital ratios k1, k1-2 and k2, inclusive and exclusive of the regulatory capital buffer, and the actual ratios were 0.150, 0.150 and 0.178 (31 December 2022: k1 –0.140, k1-2 – 0.140 and k2 –0.179).

As at 30 September 2023, there was no regulatory buffer (31 December 2022: nil) and k1, k1-2 and k2 ratios, including the regulatory capital buffer were 0.075, 0.085 and 0.1, respectively (31 December 2022: 0.075, 0.085 and 0.1, respectively).

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28. CAPITAL MANAGEMENT, CONTINUED

The following table shows the composition of the capital position as at 30 September 2023 calculated in accordance with the requirements established by the resolution of Board of National Bank of the Republic of Kazakhstan of 13 September 2018, No. 170 "On establishment of normative values and techniques of calculations of prudential standard rates and other regulations, obligatory to observance, and limits of the size of the capital of bank for the certain date and Rules of calculation and limits of the open foreign exchange position of bank" with amendments and additions.

	30 September 2023 (unaudited)	31 December 2022
Tier 1 capital		
Basic capital:	362,012	258,979
Share capital	65,648	65,648
Statutory retained earnings of prior years	225,818	76,966
Retained earnings of current period	99,335	148,852
Reserves formed from statutory retained earnings of prior years	4,981	4,981
Revaluation surplus for buildings	-	1,442
Revaluation reserve for investment securities	(18,947)	(23,467)
Statutory adjustments:		
Intangible assets	(14,823)	(15,443)
Total basic capital	362,012	258,979
Additional capital:		
Paid-in preference share capital not satisfying basic capital requirements	11,775	11,775
Bank's treasury preference shares	(11,686)	(11,686)
Tier 1 capital	362,101	259,068
Tier 2 capital		
Subordinated debt	68,716	71,985
Total Tier 2 capital	68,716	71,985
Total capital	430,817	331,053
Positive difference between regulatory impairment provisions and IFRS impairment provisions	-	-
Risk-weighted assets, contingent liabilities and derivative financial instruments and operational risk		
Credit risk-weighted assets	2,145,545	1,646,345
Credit risk-weighted contingent liabilities	118,868	110,010
Market risk-weighted assets, contingent assets and liabilities	45,549	43,172
Credit risk-weighted derivative financial instruments	951	-
Operational risk	103,166	50,141
Risk-weighted assets, contingent liabilities and derivative financial instruments and operational risk	2,414,079	1,849,668
k1	0.150	0.140
k1-2	0.150	0.140
k2	0.178	0.179

29. CREDIT RELATED COMMITMENTS

The Group has outstanding commitments to extend loans. These credit related commitments take the form of approved loans and credit card limits and overdraft facilities.

The Group provides financial guarantees and letters of credit to guarantee the performance of customers to third parties. These agreements have fixed limits and generally extend for a period of up to five years.

The Group applies the same credit risk management policies and procedures when granting credit commitments, financial guarantees and letters of credit as it does for granting loans to customers.

The contractual amounts of credit related commitments are set out in the following table by category. The amounts reflected in the table for guarantees and letters of credit represent the maximum accounting loss that would be recognised at the reporting date if the counterparties failed completely to perform as contracted.

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29. CREDIT RELATED COMMITMENTS, CONTINUED

As at 30 September 2023 and 31 December 2022, the nominal values or contractual values and risk-weighted amounts are as follows:

	30 September 2023 (unaudited)		31 December 2022	
	Nominal value	Risk-weighted value*	Nominal value	Risk-weighted value
Guarantees issued and other similar liabilities	189,053	131,062	149,678	123,138
Credit card commitments	95,312	19,062	88,495	17,699
Letters of credit and other contingent liabilities related to other transaction	13,217	2,643	11,336	2,267
	297,582	152,767	249,509	143,104

*guarantees issued and other similar liabilities are stated net of cash collateral in the amount of KZT 30,189 million (31 December 2022: KZT 26,540 million); credit cards and letters of credit liabilities of 20% of the nominal value.

Management expects that loans and liabilities under credit facilities will be financed as required at the expense of the amounts received from repayment of the current loan portfolio according to the payment schedules.

As at 30 September 2023, the guarantees issued in the amount of KZT 187,457 million and credit card commitments in the amount of KZT 94,465 million are classified as Stage 1 of credit risk gradings (31 December 2022: KZT 116,142 million and KZT 86,700 million), KZT 58 million and KZT 138 million are classified as Stage 2 of credit risk gradings (31 December 2022: KZT 31,929 million and KZT 519 million, respectively), KZT 1,538 million and KZT 709 million are classified as Stage 3 of credit risk gradings (31 December 2022: KZT 1,607 million and KZT 1,276 million, respectively). Net change in provision for credit related commitments was KZT 23,532 million for nine months ended 30 September 2023 (30 September 2022: KZT 3,118 million).

The following table shows the guarantees issued and other similar liabilities secured by different types of collaterals and not the fair value of the collateral itself.

	30 September 2023 (unaudited)	31 December 2022
Cash	57,991	26,540
Real estate	43,358	39,014
Movable property	1,368	723
Corporate guarantees	17,005	20,685
Unsecured	16,738	9,608
Goods in turnover	806	198
Other	51,787	52,910
Total	189,053	149,678

The following table shows the letters of credit issued and other contingent liabilities secured by different types of collaterals and not the fair value of the collateral itself:

	30 September 2023 (unaudited)	31 December 2022
Cash	6,318	11,336
Unsecured letters of credit	31	-
Other	6,868	-
Total	13,217	11,336

These commitments do not necessarily represent future cash requirements, as these credit related commitments may expire or terminate without being funded.

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30. CUSTODIAN SERVICES

The Group provides custodian services to individuals, trusts, retirement benefit plans and other institutions, whereby it accounts and holds assets or make settlements on the customers' transactions with different financial instruments at the direction of the customer. The Group receives fee income for providing these services. Assets received under custodian management are not assets of the Group and are not recognised in the consolidated interim condensed statement of financial position. The Group is not exposed to any credit risk related to such activities, as it does not guarantee these investments.

Fiduciary assets are categorised as follows based on their nominal value:

	30 September 2023 (unaudited)	31 December 2022
Securities	386,759	556,305
Investments in buildings, machinery, equipment, transport and other property	6,246	6,216
Unit investment funds	25	25
Bank deposits	49	67
Total fiduciary assets	393,079	562,613

The Group keeps accounting and prepares reporting for assets and investment funds, asset management and other legal entities and transactions with assets and makes reconciliation with the management company with regard to the assets being served, in accordance with the requirements of the legislation of the Republic of Kazakhstan and NBRK rules.

31. CONTINGENCIES

(a) Insurance

The insurance industry in the Republic of Kazakhstan is in a developing state and many forms of insurance protection common in other parts of the world are not yet generally available. The Group does not have full coverage for its premises and equipment, business interruption, or third-party liability in respect of property or environmental damage arising from accidents on its property or related to operations. Until the Group obtains adequate insurance coverage, there is a risk that the loss or destruction of certain assets could have a material adverse effect on operations and financial position of the Group.

(b) Litigation

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 or the results of future operations.

(c) Taxation contingencies in Kazakhstan

The taxation system in 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, in particular recognition of income, expenses and other items of the financial statements under IFRS. Taxes are subject to review and investigation by various levels of authorities, which have the authority to impose severe fines and interest charges. A tax year generally remains open for review by the tax authorities for five subsequent calendar years; however, under certain circumstances a tax year may remain open longer.

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

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32. FINANCIAL ASSETS AND LIABILITIES: FAIR VALUES AND ACCOUNTING CLASSIFICATIONS

(a) Accounting classifications and fair values

The table below sets out the carrying amounts and fair values of financial assets and financial liabilities as at 30 September 2023 (unaudited):

	Financial instruments at fair value through profit or loss	Financial instruments at fair value through other comprehensive income	Amortised cost	Total carrying amount	Fair value
Cash and cash equivalents	-	-	926,712	926,712	926,712
Financial instruments at FVTPL	55,289	-	-	55,289	55,289
Investment financial assets at FVOCI	-	581,694	-	581,694	581,694
Investment financial assets at amortised cost	-	-	292,065	292,065	288,008
Due from banks	-	-	79,232	79,232	79,232
Loans to customers and banks	-	-	2,721,124	2,721,124	2,610,609
Other financial assets	-	-	42,459	42,459	42,459
	55,289	581,694	4,061,592	4,698,575	4,584,003
Due to banks and financial institutions	-	-	214,851	214,851	214,851
Customer accounts	-	-	3,593,748	3,593,748	3,514,954
Debt securities issued	-	-	77,117	77,117	69,295
Subordinated bonds	-	-	63,220	63,220	60,768
Other financial liabilities	-	-	531,802	531,802	531,802
	-	-	4,480,738	4,480,738	4,391,670

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32. FINANCIAL ASSETS AND LIABILITIES: FAIR VALUES AND ACCOUNTING CLASSIFICATIONS, CONTINUED

(a) Accounting classifications and fair values, continued

The table below sets out the carrying amounts and fair values of financial assets and financial liabilities as at 31 December 2022:

	Financial instruments at fair value through profit or loss	Financial instruments at fair value through other comprehensive income	Amortised cost	Total carrying amount	Fair value
Cash and cash equivalents	-	-	1,117,220	1,117,220	1,117,220
Financial instruments at FVTPL	35,968	-	-	35,968	35,968
Investment financial assets at FVOCI	-	689,740	-	689,740	689,740
Investment financial assets at amortised cost	-	-	223,679	223,679	221,795
Due from banks	-	-	54,536	54,536	54,536
Loans to customers and banks	-	-	2,009,113	2,009,113	1,986,050
Other financial assets	-	-	20,605	20,605	20,605
	35,968	689,740	3,425,153	4,150,861	4,125,914
Due to banks and financial institutions	-	-	158,524	158,524	158,524
Customer accounts	-	-	3,273,144	3,273,144	3,271,245
Debt securities issued	-	-	96,183	96,183	89,134
Subordinated bonds	-	-	60,405	60,405	56,279
Other financial liabilities	-	-	446,442	446,442	446,442
	-	-	4,034,698	4,034,698	4,021,624

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32. FINANCIAL ASSETS AND LIABILITIES: FAIR VALUES AND ACCOUNTING CLASSIFICATIONS, CONTINUED

(a) Accounting classifications and fair values, continued

The estimates of fair value are intended to approximate the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

However, given the uncertainties and the use of subjective judgement, the fair value should not be interpreted as being realisable in an immediate sale of the assets or settlement of liabilities.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Group determines fair values using other valuation techniques.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market-observable prices exist. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bond and equity prices and foreign currency exchange rates. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date that would have been determined by market participants acting at arm's length.

The Group uses widely recognised valuation models for determining the fair value of common and more simple financial instruments, like interest rate and currency swaps that use only observable market data and require little management judgment and estimation. Observable prices and model inputs are usually available in the market for listed debt and equity securities, exchange traded derivatives and simple over the counter derivatives such as interest rate swaps.

For more complex instruments, the Group uses proprietary valuation models. 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. Example of instruments involving significant unobservable inputs include certain loans and securities for which there is no active market.

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

- discount rates of 5.64-20.78% and 18.93-27.64%, are used for discounting future cash flows from USD- and KZT-denominated loans to corporate customers and loans to retail customers, respectively (31 December 2022: 5.36-19.78% and 17.28-28.27%, respectively);
- discount rates of 7.0% -14.64% p.a. are used for discounting future cash flows from mortgage loans issued under the '7-20-25' programme (31 December 2022: 7.0%-14.63% p.a.). The Bank applies nominal interest rates to discount future cash flows assuming that making the assumption that this government programme represents a separate market segment;
- discount rates of 0.9-14.6% and 0.9-15.56% are used to calculate expected future cash flows from KZT- and USD-denominated current accounts and deposits of corporate and retail customers, respectively (31 December 2022: 0.9-14.4% and 0.9-15.48%, respectively);
- quoted market prices are used for determination of fair value of debt securities issued.

The estimates of fair value are intended to approximate the amount for which a financial instrument can be exchanged between knowledgeable, willing parties in an arm's length transaction. However, given the uncertainties and the use of subjective judgement, the fair value should not be interpreted as being realisable in an immediate sale of the assets or settlement of liabilities.

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32. FINANCIAL ASSETS AND LIABILITIES: FAIR VALUES AND ACCOUNTING CLASSIFICATIONS, CONTINUED

(b) Fair value hierarchy

The Group measures fair values for financial instruments recorded on the consolidated statement of financial position using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: quoted market price (unadjusted) in an active market for an identical instrument;
- Level 2: valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active markets for identical or similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data;
- Level 3: valuation techniques using unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect difference between the instruments.

The table below analyses financial instruments measured at fair value at 30 September 2023, by the level in the fair value hierarchy into which the fair value measurement is categorised.

	Level 1	Level 2	Level 3	Total
Non-derivative financial instruments at fair value through profit or loss – debt securities	3,331	41,983	-	45,314
Non-derivative financial instruments at fair value through profit or loss – equity securities	520	8,003	-	8,523
Investment financial assets at FVOCI - debt financial instruments	37,878	537,253	6,399	581,530
Investment financial assets at FVOCI - equity financial instruments	-	164	-	164
	<u>41,729</u>	<u>587,403</u>	<u>6,399</u>	<u>635,531</u>

The table below analyses financial instruments measured at fair value at 31 December 2022, by the level in the fair value hierarchy into which the fair value measurement is categorised:

	Level 1	Level 2	Level 3	Total
Non-derivative financial instruments at fair value through profit or loss – debt securities	2,262	26,238	-	28,500
Non-derivative financial instruments at fair value through profit or loss – equity securities	-	7,468	-	7,468
Investment financial assets at FVOCI - debt financial instruments	30,793	645,174	12,285	688,252
Investment financial assets at FVOCI - equity financial instruments	-	1,488	-	1,488
	<u>33,055</u>	<u>680,368</u>	<u>12,285</u>	<u>725,708</u>

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32. FINANCIAL ASSETS AND LIABILITIES: FAIR VALUES AND ACCOUNTING CLASSIFICATIONS, CONTINUED

(b) Fair value hierarchy, continued

The following table shows a reconciliation for nine months ended 30 September 2023 for fair value measurements in Level 3 of the fair value hierarchy:

	KZT million (unaudited)
Balance at 1 January 2023	12,285
Net interest income	312
Interest received	(232)
Repayment	(6,706)
Net gain on change in fair value	740
Balance at 30 September 2023	6,399

During the year ended 31 December 2022, securities of Russian issuers were transferred to Level 3 of the fair value hierarchy, where significant inputs used to make these estimates, previously observable, became unobservable: these securities were listed on the stock exchange and observable transactions with those securities on an arm's length basis were conducted.

The table below sets out information about significant unobservable inputs used at year end in the measuring fair value of net assets categorised as Level 3 in the fair value hierarchy as at 30 September 2023, together with a sensitivity analysis for shifts in these inputs which the Bank considers were reasonably possible at the reporting date, assuming all other variables remain unchanged.

	Fair value of financial assets KZT'000	Valuation technique	Significant unobservable inputs	Reasonable shift	Sensitivity analysis of fair value to unobservable inputs
30 September 2023 (unaudited)	6,399	Cash price method of securities database	Bid-ask spreads	+/-10.0%	640

Unobservable valuation differences on initial recognition

In many cases all significant inputs into the valuation techniques are wholly observable, for example by reference to information from similar transactions in the currency market. In cases where all inputs are not observable, for example because there are no observable trades in a similar risk at the reporting date, the Group uses valuation techniques that rely on unobservable inputs – e.g. volatilities of certain underlying, expectations of termination periods. When fair value at initial recognition is not evidenced by a quoted price in an active market or based on a valuation technique that uses data only from observable markets, any difference between the fair value at initial recognition and the transaction price is not recognised in profit or loss immediately but is deferred.

Although the Group believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value.

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32. FINANCIAL ASSETS AND LIABILITIES: FAIR VALUES AND ACCOUNTING CLASSIFICATIONS, CONTINUED

(b) Fair value hierarchy, continued

The following table analyses the fair value of financial instruments not measured at fair value, by the level in the fair value hierarchy into which each fair value measurement is categorised as at 30 September 2023 (unaudited):

	Level 1	Level 2	Level 3	Total fair values	Total carrying amount
Assets:					
Cash and cash equivalents	-	926,712	-	926,712	926,712
Investment financial assets at amortised cost	72,617	215,391	-	288,008	292,065
Due from banks	-	79,232	-	79,232	79,232
Loans to customers and banks	-	2,560,105	50,504	2,610,609	2,721,124
Other financial assets	-	42,459	-	42,459	42,459
Liabilities					
Due to banks and financial institutions	-	214,851	-	214,851	214,851
Customer accounts	-	3,514,954	-	3,514,954	3,593,748
Debt securities issued	-	69,295	-	69,295	77,117
Subordinated bonds	-	60,768	-	60,768	63,220
Other financial liabilities	-	531,802	-	531,802	531,802

The following table analyses the fair value of financial instruments not measured at fair value, by the level in the fair value hierarchy into which each fair value measurement is categorised as at 31 December 2022:

	Level 1	Level 2	Level 3	Total fair values	Total carrying amount
Assets:					
Cash and cash equivalents	-	1,117,220	-	1,117,220	1,117,220
Investment financial assets at amortised cost	36,425	185,370	-	221,795	223,679
Due from banks	-	54,536	-	54,536	54,536
Loans to customers and banks	-	1,925,339	60,711	1,986,050	2,009,113
Other financial assets	-	20,605	-	20,605	20,605
Liabilities					
Due to banks and financial institutions	-	158,524	-	158,524	158,524
Customer accounts	-	3,271,245	-	3,271,245	3,273,144
Debt securities issued	-	89,134	-	89,134	96,183
Subordinated bonds	-	56,279	-	56,279	60,405
Other financial liabilities	-	446,442	-	446,442	446,442

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33. RELATED PARTY TRANSACTIONS

Mr. B.R. Baiseitov is an ultimate controlling party of the Group.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form. Transactions between the Bank and its subsidiaries, which are related parties of the Bank, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and related parties are disclosed below:

	30 September 2023 (unaudited)		31 December 2022	
	Related party transactions	Average nominal interest rate	Related party transactions	Average nominal interest rate
Loans to customers and banks, gross	26,428		25,922	
- key management personnel of the Group				
- in KZT	73	11.43%	34	8.10%
- close relatives of key management personnel				
- in KZT	26	4.00%	50	7.10%
- entities under common control				
- in USD	23,946	5.00%	24,482	5.00%
- in KZT	2,383	14.00%	1,356	12.84%
Provision for losses on loans to customers and banks	(18,582)		(15,116)	
- entities under common control	(18,582)		(15,116)	
Customer accounts	6,558		4,836	
- key management personnel of the Group				
- in KZT	544	14.50%	361	13.20%
- in USD	175	0.75%	534	0.76%
- in other currencies	69	0.10%	31	
- close relatives of key management personnel				
- in USD	402	0.75%	432	0.75%
- in KZT	3,025	14.50%	3,167	14.40%
- in other currencies	14	1.10%	23	1.20%
- other				
- in EUR	-	-	3	4.98%
- in KZT	412	11.24%	146	10.8%
- in USD	1,917	1.50%	139	2.10%

Secured and unsecured loans and guarantees are issued to key management personnel and other related parties in the ordinary course of business. These loans are issued mostly on the same terms, including interest rates, that are used in other similar transactions with the persons of similar status or, if applicable, with other companies and employees. The transactions did not involve more than the normal risk of repayment or present other unfavourable features.

Amounts deposited by the Group's key management personnel and other related parties earn interest at the same rates as those offered to the market or on the same terms and conditions applicable to other employees within the Group.

JOINT-STOCK COMPANY BANK CENTERCREDIT

NOTES TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS FOR NINE MONTHS ENDED 30 SEPTEMBER 2023

(in millions of Kazakhstani tenge unless otherwise stated)

33. RELATED PARTY TRANSACTIONS, CONTINUED

Included in the consolidated interim condensed statement of profit or loss for nine months ended 30 September 2023 and 2022 are the following amounts, which arose due to transactions with related parties:

	Nine months ended 30 September 2023 (unaudited)	Nine months ended 30 September 2022 (unaudited)
Interest income	432	834
- key management personnel of the Group	4	-
- close relatives of key management personnel	1	1
- entities under common control	427	833
Interest expense	(477)	(148)
- key management personnel of the Group	(59)	(43)
- close relatives of key management personnel	(327)	(105)
- other	(91)	
Expected credit loss allowance on loans to customers and banks	(3,799)	(669)
- entities under common control	(3,799)	(669)
Operating expenses	(900)	(316)
- key management personnel of the Group	(900)	(316)

Key management personnel remuneration for nine months ended 30 September 2023 and 2022 represent short-term employee benefits. Total remuneration of members of the Board of Directors and the Management Board amounted to KZT 900 million and KZT 316 million for nine months ended 30 September 2023 and 2022, respectively.

34. SUBSEQUENT EVENTS

On 12 October 2023, the Bank obtained a licence to carry out regulated activities on the territory of the Astana International Financial Centre ("AIFC") as JSC Bank CenterCredit branch in AIFC. Under this licence, the Bank's branch in AIFC will accept deposits, open and maintain bank accounts, extend loans, provide money services, custody activities, dealer activities and brokerage activities.