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**JOINT STOCK COMPANY
BANK CENTERCREDIT**

**Consolidated Interim Condensed Financial
Statements
for the six months ended 30 June 2024**

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Independent Auditors' Report on Review of Consolidated Interim Condensed Financial Information

To the Board of Directors and Shareholders of Joint Stock Company Bank CenterCredit

Introduction

We have reviewed the accompanying consolidated interim condensed statement of financial position of Joint Stock Company Bank CenterCredit and its subsidiaries (the "Group") as at 30 June 2024, and the consolidated interim condensed statements of profit and loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and notes to the consolidated interim condensed financial information (the "consolidated interim condensed financial information"). Management is responsible for the preparation and presentation of this consolidated interim condensed financial information in accordance with IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this consolidated interim condensed financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim condensed financial information as at 30 June 2024 and for the six-month period then ended is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.

Madina Magomedova
Audit Director
KPMG Audit LLC
Almaty, Republic Kazakhstan



23 September 2024

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JOINT STOCK COMPANY BANK CENTERCREDIT

CONSOLIDATED INTERIM CONDENSED STATEMENT OF PROFIT AND LOSS FOR THE SIX MONTHS ENDED 30 JUNE 2024

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

	Note	For the three months ended 30 June 2024 (unaudited)	For the three months ended 30 June 2023 (unaudited)	For the six months ended 30 June 2024 (unaudited)	For the six months ended 30 June 2023 (unaudited)
Interest income calculated using the effective interest method		174,025	122,323	334,299	237,524
Other interest income		1,310	789	2,451	1,600
Interest expense		(87,648)	(61,742)	(171,223)	(125,804)
Net interest income before expected credit loss allowance on interest-bearing assets	6	87,687	61,370	165,527	113,320
Expected credit loss allowance on loans to customers and banks	7	(16,859)	(8,954)	(35,142)	(27,830)
Net interest income		70,828	52,416	130,385	85,490
Fee and commission income	8	19,333	22,825	39,704	40,877
Fee and commission expense	8	(9,992)	(9,605)	(19,044)	(17,113)
Net fee and commission income		9,341	13,220	20,660	23,764
Net gain on financial instruments at fair value through profit or loss	9	3,209	2,455	8,504	4,932
Net gain on sale and repayment of financial assets at fair value through other comprehensive income		466	440	1,302	617
Net foreign exchange gain	10	18,692	12,385	28,989	23,442
Expected credit loss allowance on other financial assets and due from banks		(4,848)	(2,175)	(4,973)	(2,818)
Provision for credit related commitments	29	(577)	(10,513)	1,748	(10,019)
Impairment loss on other non-financial assets		121	(69)	2	(720)
Other (expenses)/income		(3,525)	1,400	(1,579)	(513)
Net non-interest income		22,879	17,143	54,653	38,685

Explanatory notes as set out on pages 12 to 57 form an integral part of these consolidated interim condensed financial statements.

JOINT STOCK COMPANY BANK CENTERCREDIT

CONSOLIDATED INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2024

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

	Note	For the three months ended 30 June 2024 (unaudited)	For the three months ended 30 June 2023 (unaudited)	For the six months ended 30 June 2024 (unaudited)	For the six months ended 30 June 2023 (unaudited)
Operating income		93,707	69,559	185,038	124,175
Operating expenses	11	(44,329)	(29,077)	(80,346)	(55,491)
Operating income before income tax		49,378	40,482	104,692	68,684
Income tax expense	12	(9,503)	(2,823)	(18,674)	(5,985)
Profit for the period		39,875	37,659	86,018	62,699
Profit attributable to:					
Equity holders of the Bank		39,772	37,607	85,844	62,647
Non-controlling interests		103	52	174	52
Earnings per one share					
Basic (KZT)	13	213.45	203.57	461.41	339.05
Diluted (KZT)	13	213.45	203.58	461.43	339.07

These consolidated interim condensed financial statements as set out on pages 4 to 57 were approved by the Management Board of the Bank on 23 September 2024 and were signed on its behalf by:


R. V. Vladimirov
President

23 September 2024
Almaty, Kazakhstan


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

23 September 2024
Almaty, Kazakhstan


A. T. Nurgaliyeva
Chief Accountant

23 September 2024
Almaty, Kazakhstan

Explanatory notes as set out on pages 12 to 57 form an integral part of these consolidated interim condensed financial statements.

JOINT STOCK COMPANY BANK CENTERCREDIT

CONSOLIDATED INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2024

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

	For the three months ended 30 June 2024 (unaudited)	For the three months ended 30 June 2023 (unaudited)	For the six months ended 30 June 2024 (unaudited)	For the six months ended 30 June 2023 (unaudited)
PROFIT FOR THE PERIOD	39,875	37,659	86,018	62,699
OTHER COMPREHENSIVE INCOME				
<i>Items that are or may be reclassified subsequently to profit or loss:</i>				
Net (loss)/gain resulting from revaluation of investment securities during the period (net of tax)	(9,755)	(196)	1,288	3,592
Reclassification adjustment relating to investment securities disposed of during the period	(466)	(440)	(1,302)	(617)
<i>Total items that are or may be reclassified subsequently to profit or loss</i>	<i>(10,221)</i>	<i>(636)</i>	<i>(14)</i>	<i>2,975</i>
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF INCOME TAX	(10,221)	(636)	(14)	2,975
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	29,654	37,023	86,004	65,674
Total comprehensive income attributable to:				
Equity holders of the Bank	29,551	36,971	85,830	65,622
Non-controlling interests	103	52	174	52

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Almaty, Kazakhstan


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

23 September 2024
Almaty, Kazakhstan


A. T. Nurgaliyeva
Chief Accountant

23 September 2024
Almaty, Kazakhstan

Explanatory notes as set out on pages 12 to 57 form an integral part of these consolidated interim condensed financial statements.

JOINT STOCK COMPANY BANK CENTERCREDIT

CONSOLIDATED INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024 (in millions of Kazakhstani tenge, unless otherwise stated)

	Note	30 June 2024 (unaudited)	31 December 2023
ASSETS:			
Cash and cash equivalents	14	1,203,944	1,353,334
Financial instruments at fair value through profit or loss			
<i>Held by the Group</i>	15	68,999	44,988
<i>Pledged under sale and repurchase agreements</i>	15	1,421	10,426
Investment securities			
<i>Held by the Group</i>	16	728,238	615,833
<i>Pledged under loans from banks</i>	16	194,728	74,519
Due from banks	17	58,821	39,483
Loans to customers and banks			
<i>Loans to corporate customers</i>	18	1,003,720	951,687
<i>Loans to retail customers</i>	18	2,355,750	1,977,162
Current income tax assets		7,325	15,607
Property and equipment and intangible assets		69,219	69,341
Other assets	19	151,655	138,659
TOTAL ASSETS		5,843,820	5,291,039
LIABILITIES AND EQUITY			
LIABILITIES:			
Due to banks and financial institutions	20	306,240	181,891
Customer accounts			
<i>Due to corporate customers</i>	21	1,970,651	1,787,543
<i>Due to retail customers</i>	21	2,403,700	2,234,525
Debt securities issued	22	73,715	70,532
Deferred income tax liabilities		11,421	11,399
Subordinated bonds	23	60,720	58,587
Other liabilities	24	512,284	527,196
TOTAL LIABILITIES		5,338,731	4,871,673
EQUITY:			
Equity attributable to owners of the Parent Bank:			
Share capital	25	64,217	64,498
Fair value reserve for securities		(14,329)	(14,315)
Property revaluation reserve		1,425	2,030
Retained earnings		452,976	366,527
Total equity attributable to the equity holders of the Bank		504,289	418,740
Non-controlling interests		800	626
Total equity		505,089	419,366
TOTAL LIABILITIES AND EQUITY		5,843,820	5,291,039
Book value per ordinary share (KZT)	13	2,623	2,175
Book value per preference share (KZT)	13	301	300

These consolidated interim condensed financial statements as set out on pages 4 to 57 were approved by the Management Board of the Bank on 23 September 2024 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

23 September 2024
Almaty, Kazakhstan

23 September 2024
Almaty, Kazakhstan

23 September 2024
Almaty, Kazakhstan

Explanatory notes as set out on pages 12 to 57 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 THE SIX MONTHS ENDED 30 JUNE 2024 (in millions of Kazakhstani tenge, unless otherwise stated)

	Share capital	Fair value reserve	Property revaluation reserve	Retained earnings	Total equity attributable to the equity holders of the Group	Non-controlling interests	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)	-	-	-	62,647	62,647	52	62,699
Other comprehensive income							
<i>Items that are or may be reclassified subsequently to profit or loss:</i>							
Net change in fair value (unaudited)	-	2,975	-	-	2,975	-	2,975
<i>Total items that are or may be reclassified subsequently to profit or loss</i>	-	2,975	-	-	2,975	-	2,975
Total other comprehensive income (unaudited)	-	2,975	-	-	2,975	-	2,975
Total comprehensive income for the year (unaudited)	-	2,975	-	62,647	65,622	52	65,674
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 from acquisition of the subsidiary (Note 4) (unaudited)	-	-	-	-	-	479	479
Treasury shares purchased (Note 25) (unaudited)	(506)	-	-	-	(506)	-	(506)
Total transactions with owners (unaudited)	(506)	-	-	-	(506)	479	(27)
Balance at 30 June 2023 (unaudited)	63,170	(20,346)	2,031	294,112	338,967	531	339,498

Explanatory notes as set out on pages 12 to 57 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 THE SIX MONTHS ENDED 30 JUNE 2024

(in millions of Kazakhstani tenge, unless otherwise stated)

	Sharecapital	Fair value reserve	Property revaluation reserve	Retained earnings	Total equity attributable to the equity holders of the Group	Non-controlling interests	Total equity
Balance at 1 January 2024	64,498	(14,315)	2,030	366,527	418,740	626	419,366
Total comprehensive income							
Profit for the period (unaudited)	-	-	-	85,844	85,844	174	86,018
Other comprehensive income							
<i>Items that are or may be reclassified subsequently to profit or loss:</i>							
Net change in fair value (unaudited)	-	(14)	-	-	(14)	-	(14)
<i>Total items that are or may be reclassified subsequently to profit or loss</i>	-	(14)	-	-	(14)	-	(14)
Total other comprehensive income (unaudited)	-	(14)	-	-	(14)	-	(14)
Total comprehensive income for the year (unaudited)	-	(14)	-	85,844	85,830	174	86,004
Other movements in equity							
Transfer of the amount from revaluation resulting from depreciation and disposal (unaudited)	-	-	(605)	605	-	-	-
Total other movements in equity (unaudited)	-	-	(605)	605	-	-	-
Transactions with owners recorded directly in equity							
Treasury shares purchased (Note 25) (unaudited)	(281)	-	-	-	(281)	-	(281)
Total transactions with owners (unaudited)	(281)	-	-	-	(281)	-	(281)
Balance at 30 June 2024 (unaudited)	64,217	(14,329)	1,425	452,976	504,289	800	505,089

These consolidated interim condensed financial statements as set out on pages 4 to 57 were approved by the Management Board of the Bank on 23 September 2024 and were signed on its behalf by:

R. V. Vladimirov
President

23 September 2024
Almaty, Kazakhstan

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

23 September 2024
Almaty, Kazakhstan

A. T. Nurgaliyeva
Chief Accountant

23 September 2024
Almaty, Kazakhstan

Explanatory notes as set out on pages 12 to 57 form an integral part of these consolidated interim condensed financial statements.

JOINT STOCK COMPANY BANK CENTERCREDIT

CONSOLIDATED INTERIM CONDENSED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 JUNE 2024

(in millions of Kazakhstani tenge, unless otherwise stated)

	For the six months ended 30 June 2024 (unaudited)	For the six months ended 30 June 2023 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Interest received	310,384	228,383
Interest paid	(164,199)	(119,231)
Services fee and commission received	39,091	38,843
Services fee and commission paid	(19,211)	(17,276)
Net proceeds from derivative instrument transactions	4,194	2,762
Net foreign exchange gain	27,352	18,035
Other expenses payments	(1,578)	(512)
Operating expenses paid	(69,897)	(48,508)
Cash flow from operating activities before changes in operating assets and liabilities	126,136	102,496
Chang in operating assets:		
Financial instruments at fair value through profit or loss	(10,399)	(4,542)
Due from banks	(16,717)	(16,495)
Loans to customers and banks	(442,083)	(342,662)
Other assets	(10,048)	(10,654)
Change in operating liabilities:		
Due to banks and financial institutions	122,289	(14,255)
Customer accounts	307,177	120,350
Other liabilities	(12,718)	963
Cash flows from/(used in) operating activities before tax	63,637	(164,799)
Income tax paid	(10,370)	(3,049)
Net cash flows from/(used in) operating activities	53,267	(167,848)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash and cash equivalents acquired due to a business combination	-	1,758
Acquisition of a subsidiary	-	(3,982)
Proceeds from repayment and sale of investment securities	339,446	2,654,200
Acquisition of investment securities	(545,864)	(2,487,968)
Acquisition of property and equipment and intangible assets	(12,310)	(4,990)
Proceeds from sale of property and equipment	-	311
Net cash flows (used in)/from investing activities	(218,728)	159,329

Explanatory notes as set out on pages 12 to 57 form an integral part of these consolidated interim condensed financial statements.

JOINT STOCK COMPANY BANK CENTERCREDIT

CONSOLIDATED INTERIM CONDENSED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 JUNE 2024

(in millions of Kazakhstani tenge, unless otherwise stated)

	For the six months ended 30 June 2024 (unaudited)	For the six months ended 30 June 2023 (unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Purchase of treasury shares	(281)	(506)
Proceeds from debt securities issued	3,317	-
Repayment of debt securities issued	(3,354)	(21,853)
Repayment of lease liabilities	(175)	(163)
Net cash flows used in financing activities	(493)	(22,522)
Effect of foreign exchange rate fluctuations on cash and cash equivalents	16,564	(13,500)
NET DECREASE/(INCREASE) IN CASH AND CASH EQUIVALENTS	(149,390)	(44,541)
CASH AND CASH EQUIVALENTS, at the beginning of the period	1,353,334	1,117,220
CASH AND CASH EQUIVALENTS, at the end of the period (Note 14)	1,203,944	1,072,679

These consolidated interim condensed financial statements as set out on pages 4 to 57 were approved by the Management Board of the Bank on 23 September 2024 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
23 September 2024 Almaty, Kazakhstan	23 September 2024 Almaty, Kazakhstan	23 September 2024 Almaty, Kazakhstan

Explanatory notes as set out on pages 12 to 57 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 THE SIX MONTHS ENDED 30 JUNE 2024

(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 “ARDFM”) is a regulatory authority of the Bank. The Bank conducts its business under the license No. 1.2.25/195/34, renewed on 3 February 2020.

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

On 12 October 2023, the Bank obtained a license to carry out regulated activities on the territory of the Astana International Financial Centre (“AIFC”) as a branch of JSC Bank CenterCredit in AIFC. In accordance with this license, the Bank's branch in AIFC accepts deposits, opens and maintains bank accounts, extends loans, provides monetary services, performs custody activities, dealer activities and brokerage activities.

As at 30 June 2024 and 31 December 2023, the Bank had 21 branches in the Republic of Kazakhstan.

On 23 January 2024, the Board of ARDFM adopted a Resolution “On granting permission to Joint Stock Company Bank CenterCredit to establish a subsidiary – Limited Liability Partnership BCC-HUB”.

On 9 February 2024, the state registration of a legal entity was granted.

On 19 January 2024, the Bank was categorised as a systemically important bank as per the Rules of Categorising Financial Organisations as Systemically Important approved by the Resolution of the Management Board of the National Bank of the Republic of Kazakhstan (the “NBRK”) No.240 dated 23 December 2019 and in accordance with the Order of the Governor of the NBRK No.17 of 19 January 2024.

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

Name	Country of operation	Ownership interest		Activity
		30 June 2024	31 December 2023	
Center Project LLP (formerly the “LLP BCC-SAOO”)	The Republic of Kazakhstan	100%	100%	Management of distressed assets
JSC BCC Invest	The Republic of Kazakhstan	100%	100%	Brokerage and dealer activity
LLP Center Leasing	The Republic of Kazakhstan	100%	100%	Finance lease and other types of activity
JSC Insurance Company Sinoasia B&R (“Sinoasia B&R”)	The Republic of Kazakhstan	92.45%	92.45%	Insurance business
LLP BCC-HUB	The Republic of Kazakhstan	100%	-	IT services

As at 30 June 2024 and 31 December 2023, the number of ordinary shares was allocated as follows:

	30 June 2024	31 December 2023
	%	%
B.R. Baiseitov	49.31	49.04
V.S. Lee	11.35	11.29
Other (individually hold less than 5%)	39.34	39.67
	100.00	100.00

The consolidated interim condensed financial statements were authorised for issue by the Management Board of JSC Bank CenterCredit on 23 September 2024.

Acquisition of JSC Insurance Company Sinoasia B&R (“Sinoasia B&R”)

As at 31 December 2022, the Group owned 9.5% of shares of JSC Insurance Company Sinoasia B&R (“Sinoasia B&R”) that were accounted for in ‘Investment securities at fair value through other comprehensive income’ in the consolidated statement of financial position.

JOINT-STOCK COMPANY BANK CENTERCREDIT

NOTES TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

(in millions of Kazakhstani tenge, unless otherwise stated)

1. INTRODUCTION, CONTINUED

(a) Principal activity, continued

Acquisition of JSC Insurance Company Sinoasia B&R (“Sinoasia B&R”), continued

In May 2023, the Group acquired an additional stock of ordinary voting shares of JSC Insurance Company Sinoasia B&R, thereby having increased the Group’s equity interest in the insurance company to 90.1% as of the acquisition date. In August 2023, the Group exchanged 55,000 preference shares held by the Group for ordinary shares of JSC Insurance Company Sinoasia B&R. As a result of the exchange, the Group’s interest in the share capital of the subsidiary increased to 92.45%. For more information, see *Note 4*.

(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. Depreciation of the Kazakhstani tenge, the volatility in the global price of oil and the ongoing military conflict between the Russian Federation and Ukraine have also increased the level of uncertainty in the business environment.

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

These consolidated interim condensed financial statements (the “consolidated financial statements”) for the six months ended 30 June 2024 have been prepared in accordance with IAS 34 *Interim Financial Reporting*. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual financial statements as at and for the year ended 31 December 2023.

These consolidated interim condensed financial statements do not include all of the information required for a complete set of annual financial statements prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards), and should be read in conjunction with the Group’s last annual consolidated financial statements as at and for the year ended 31 December 2023.

(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 Kazakhstani 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.

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

The significant judgements made by management in applying the Group’s accounting policies, and 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.

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainties were the same as those that applied to the last annual consolidated financial statements.

JOINT-STOCK COMPANY BANK CENTERCREDIT

NOTES TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

(in millions of Kazakhstani tenge, unless otherwise stated)

3. MATERIAL ACCOUNTING POLICIES

The material accounting policies applied in these consolidated condensed interim financial statements are the same as those applied in the Group's financial statements for the year ended 31 December 2023.

The following amended standards and interpretations that have become effective and are currently applicable to the Group's activities or may be applied thereto in future are as follows:

New standards and interpretations adopted from 1 January 2024

A number of amendments to standards are effective for annual periods beginning after 1 January 2024; they do not have a material effect on the Group's condensed consolidated interim financial statements.

- *Lease Liability in a Sale and Leaseback (Amendments to IFRS 16).*
- *Non-current Liabilities with Covenants (Amendments to IAS 1) and Classification of Liabilities as Current or Non-current (Amendments to IAS 1).*
- *Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7).*

A number of new standards are effective for annual periods beginning after 1 January 2025 and earlier application is permitted. The Group has not early adopted the new or amended standards in preparing these condensed consolidated interim financial statements. These new standards and interpretations are not expected to have a significant impact on the Group's condensed consolidated interim financial statements.

4. BUSINESS COMBINATION

Acquisitions of JSC Insurance Company Sinoasia B&R

On 20 February 2023, the Agency of the Republic of Kazakhstan for the Regulation and Development of Financial Markets (the "ARDFM") granted permission to JSC Bank CenterCredit to acquire the status of an insurance holding JSC Insurance Company Sinoasia B&R.

The ARDFM Management Board adopted the Resolution No.6 dated 20 February 2023 "On granting permission to Joint Stock Company Bank CenterCredit to acquire a subsidiary - JSC Insurance Company Sinoasia B&R (the "Sinoasia B&R").

As at 31 December 2022, the Group owned 9.5% of the shares of Sinoasia B&R, which were accounted for within "Investment securities at fair value through other comprehensive income" in the consolidated statement of financial position. In May 2023, the Group acquired an additional stock of ordinary voting shares of Sinoasia B&R, thereby having increased the Group's equity interest in the insurance company to 90.1% as of the date of acquisition. In August 2023, the Group exchanged 55,000 preference shares held by the Group for ordinary shares of JSC Insurance Company Sinoasia B&R. As a result of the exchange, the Group's interest in the share capital of the subsidiary increased to 92.45%.

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

Acquisition of ordinary voting shares of the insurance company will provide an opportunity to strengthen the synergy of banking and insurance business, expand the product range in the field of property and health insurance, and also increase the business efficiency of both the Bank and Sinoasia B&R through offering the 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 1 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 year tax liability	88
Property 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 THE SIX MONTHS ENDED 30 JUNE 2024

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4. BUSINESS COMBINATION, CONTINUED

Acquisitions of JSC Insurance Company Sinoasia B&R, continued

Goodwill

Goodwill recognised as a result of the acquisition of a controlling interest in Sinoasia B&R was calculated as follows:

	(unaudited)
Fair value of investments for the acquisition of 80.6% of shares of the subsidiary	3,982
Fair value of the pre-existing interest in the subsidiary (9.5%)	1,324
Fair value of the non-controlling interest (9.9%)	479
	5,785
Fair value of identifiable net assets	4,837
Goodwill	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	The valuation model considers quoted market prices (unadjusted) in an active market for an identical instrument, and valuation techniques and inputs based on market data that are observable either directly or indirectly.
Reverse repurchase agreements	The valuation model considers quoted market prices (unadjusted) in an active market for an identical instrument, and valuation techniques and inputs based on market data that are observable either directly or indirectly.

The valuation techniques and assumptions used for measuring the fair value of the Group's financial instruments at the acquisition date were substantially consistent with the fair value valuation techniques described in *Note 32*.

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 Group's consolidated financial statements for the year ended 31 December 2023.

Credit quality analysis

The following table provides information on the credit quality of financial assets measured at amortised cost, and investment securities measured at fair value through other comprehensive income as at 30 June 2024 the 31 December 2023. Unless otherwise indicated, the amounts of financial assets in the table below are gross carrying amounts.

	30 June 2024 (unaudited)			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL of assets not credit- impaired	Stage 3 Lifetime ECL for credit- impaired assets	
Cash and cash equivalents				
- rated from AA- to AA+	79,682	-	-	79,682
- rated from A- to A+	106,452	-	-	106,452
- rated from BBB- to BBB+	866,879	-	-	866,879
- rated from BB- to BB+	4,918	-	-	4,918
- rated from B- to B+	41	-	-	41
- not rated	32,456	-	-	32,456
	1,090,428	-	-	1,090,428
Loss allowance	(104)	-	-	(104)
Total cash and cash equivalents (less cash on hand)	1,090,324	-	-	1,090,324

JOINT-STOCK COMPANY BANK CENTERCREDIT

NOTES TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

(in millions of Kazakhstani tenge, unless otherwise stated)

5. FINANCIAL RISK REVIEW, CONTINUED

Credit quality analysis, continued

	30 June 2024 (unaudited)			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL of assets not credit- impaired	Stage 3 Lifetime ECL for credit- impaired assets	
<i>Investment securities measured at amortised cost</i>				
- rated from AA- to AA+	41,083	-	-	41,083
- rated from BBB- to BBB+	150,331	-	-	150,331
- rated from BB- to BB+	1,355	-	-	1,355
	192,769	-	-	192,769
Loss allowance	(15)	-	-	(15)
Total investment securities measured at amortised cost	192,754	-	-	192,754
<i>Investment securities measured at fair value through other comprehensive income – debt</i>				
- rated from AA- to AA+	34,861	-	-	34,861
- rated from A- to A+	2,938	-	-	2,938
- rated from BBB- to BBB+	654,371	-	-	654,371
- rated from BB- to BB+	21,840	-	-	21,840
- rated from B- to B+	6,449	-	-	6,449
- not rated	-	7,384	-	7,384
Total investment securities measured at fair value through other comprehensive income - debt	720,459	7,384	-	727,843
Loss allowance	175	20	-	195
Gross carrying amount of investment securities measured at fair value through other comprehensive income - debt	720,634	7,404	-	728,038
<i>Due from banks</i>				
- rated from AA- to AA+	24,824	-	-	24,824
- rated from A- to A+	921	-	-	921
- rated from BBB- to BBB+	8,615	-	-	8,615
- not rated	24,477	-	-	24,477
	58,837	-	-	58,837
Loss allowance	(16)	-	-	(16)
Total due from banks	58,821	-	-	58,821

JOINT-STOCK COMPANY BANK CENTERCREDIT

NOTES TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

(in millions of Kazakhstani tenge, unless otherwise stated)

5. FINANCIAL RISK REVIEW, CONTINUED

Credit quality analysis, continued

	30 June 2024 (unaudited)				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL of assets not credit- impaired	Stage 3 Lifetime ECL for credit- impaired assets	Originated credit- impaired financial assets (POCI- assets)	Total
Loans to corporate customers measured at amortised cost					
Not overdue loans	834,265	90,779	49,282	852	975,178
Overdue loans:					
- overdue less than 30 days	8,653	335	9	-	8,997
- overdue 31-60 days	-	3,055	170	-	3,225
- overdue 61-90 days	-	1,339	5,861	-	7,200
- overdue 91-180 days	-	-	4,382	3	4,385
- overdue more than 180 days	-	-	14,647	157	14,804
	842,918	95,508	74,351	1,012	1,013,789
Loss allowance	(9,968)	(17,322)	(59,644)	(23)	(86,957)
Total loans to corporate customers measured at amortised cost	832,950	78,186	14,707	989	926,832
Loans to individuals measured at amortised cost					
Not overdue loans	2,300,256	4,158	4,214	434	2,309,062
Overdue loans:					
- overdue less than 30 days	41,714	1,585	807	36	44,142
- overdue 31-60 days	-	8,347	642	12	9,001
- overdue 61-90 days	-	5,594	598	9	6,201
- overdue 91-180 days	-	-	14,386	17	14,403
- overdue more than 180 days	-	-	26,442	42	26,484
	2,341,970	19,684	47,089	550	2,409,293
Loss allowance	(25,927)	(5,314)	(22,302)	-	(53,543)
Total loans to individuals measured at amortised cost	2,316,043	14,370	24,787	550	2,355,750
Loans to banks					
Loans to banks	28,898	-	-	-	28,898
Loss allowance	(890)	-	-	-	(890)
Total loans to banks	28,008	-	-	-	28,008
Loans under reverse repurchase agreements					
Reverse repurchase agreements, not overdue	48,880	-	-	-	48,880
Loss allowance	-	-	-	-	-
Total loans under reverse repurchase agreements	48,880	-	-	-	48,880

JOINT-STOCK COMPANY BANK CENTERCREDIT

NOTES TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

(in millions of Kazakhstani tenge, unless otherwise stated)

5. FINANCIAL RISK REVIEW, CONTINUED

Credit quality analysis, continued

	31 December 2023			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL of assets not credit- impaired	Stage 3 Lifetime ECL for credit- impaired assets	
Cash and cash equivalents				
- rated from AA- to AA+	73,453	-	-	73,453
- rated from A- to A+	67,952	-	-	67,952
- rated from BBB- to BBB+	932,950	-	-	932,950
- rated from BB- to BB+	5,157	-	-	5,157
- rated from B- to B+	23	-	-	23
- not rated	62,706	-	-	62,706
	1,142,241	-	-	1,142,241
Loss allowance	(69)	-	-	(69)
Total cash and cash equivalents (less cash on hand)	1,142,172	-	-	1,142,172
Investment securities measured at amortised cost				
- rated from AA- to AA+	56,066	-	-	56,066
- rated from BBB- to BBB+	39,784	-	-	39,784
- rated from BB- to BB+	5,735	-	-	5,735
- rated from B- to B+	5,094	-	-	5,094
	106,679	-	-	106,679
Loss allowance	(20)	-	-	(20)
Total investment securities measured at amortised cost	106,659	-	-	106,659
Investment securities measured at fair value through other comprehensive income – debt				
- rated from AA- to AA+	54,798	-	-	54,798
- rated from A- to A+	2,348	-	-	2,348
- rated from BBB- to BBB+	480,332	-	-	480,332
- rated from BB- to BB+	35,716	-	-	35,716
- rated from B- to B+	3,176	-	-	3,176
- not rated	-	6,273	-	6,273
	576,370	6,273	-	582,643
Loss allowance	(102)	(18)	-	(120)
Gross carrying amount of investment securities measured at fair value through other comprehensive income - debt	576,268	6,255	-	582,523
Due from banks				
- rated from AA- to AA+	23,938	-	-	23,938
- rated from A- to A+	886	-	-	886
- rated from BBB- to BBB+	10,042	-	-	10,042
- not rated	4,662	-	-	4,662
	39,528	-	-	39,528
Loss allowance	(45)	-	-	(45)
Total due from banks	39,483	-	-	39,483

JOINT-STOCK COMPANY BANK CENTERCREDIT

NOTES TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

(in millions of Kazakhstani tenge, unless otherwise stated)

5. FINANCIAL RISK REVIEW, CONTINUED

Credit quality analysis, continued

	31 December 2023				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL of assets not credit- impaired	Stage 3 Lifetime ECL for credit- impaired assets	Originated credit- impaired financial assets (POCI- assets)	Total
Loans to corporate customers measured at amortised cost					
Not overdue loans	704,603	81,407	50,081	1,607	837,698
Overdue loans:					
- overdue less than 30 days	4,187	44	2,612	78	6,921
- overdue 31-60 days	-	852	144	40	1,036
- overdue 61-90 days	-	904	1,298	-	2,202
- overdue 91-180 days	-	-	2,706	-	2,706
- overdue more than 180 days	-	-	21,701	150	21,851
	708,790	83,207	78,542	1,875	872,414
Loss allowance	(8,273)	(14,132)	(49,546)	-	(71,951)
Total loans to corporate customers measured at amortised cost	700,517	69,075	28,996	1,875	800,463
Loans to individuals measured at amortised cost					
Not overdue loans	1,940,997	3,457	3,000	564	1,948,018
Overdue loans:					
- overdue less than 30 days	20,502	625	619	30	21,776
- overdue 31-60 days	-	6,252	468	12	6,732
- overdue 61-90 days	-	4,238	718	6	4,962
- overdue 91-180 days	-	-	10,220	28	10,248
- overdue more than 180 days	-	-	29,780	116	29,896
	1,961,499	14,572	44,805	756	2,021,632
Loss allowance	(17,333)	(3,262)	(23,745)	(130)	(44,470)
Total loans to individuals measured at amortised cost	1,944,166	11,310	21,060	626	1,977,162
Loans to banks					
Loans to banks	23,068	-	-	-	23,068
Loss allowance	(648)	-	-	-	(648)
Total loans to banks	22,420	-	-	-	22,420
Loans under reverse repurchase agreements					
Reverse repurchase agreements, not overdue	128,804	-	-	-	128,804
Loss allowance	-	-	-	-	-
Total loans under reverse repurchase agreements	128,804	-	-	-	128,804

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NOTES TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

(in millions of Kazakhstani tenge, unless otherwise stated)

6. NET INTEREST INCOME

	For the three months ended 30 June 2024 (unaudited)	For the three months ended 30 June 2023 (unaudited)	For the six months ended 30 June 2024 (unaudited)	For the six months ended 30 June 2023 (unaudited)
Interest income				
Interest income on financial assets measured at amortised cost:				
- interest income on financial assets not credit-impaired	156,036	104,881	298,348	201,102
- interest income on credit-impaired financial assets	1,690	1,078	3,296	2,330
Interest income on financial assets measured at fair value through other comprehensive income	16,299	16,364	32,655	34,092
Total interest income	174,025	122,323	334,299	237,524
Interest income on financial assets measured at amortised cost comprises:				
Interest on loans to customers and banks	137,045	90,165	259,827	165,119
Interest on investment securities measured at amortised cost	2,047	6,392	3,304	18,177
Interest on due from banks	18,634	9,402	38,513	20,136
Total interest income on financial assets measured at amortised cost	157,726	105,959	301,644	203,432
Interest income on financial assets at fair value through profit or loss and investments in net finance lease	1,310	789	2,451	1,600
Total interest income	175,335	123,112	336,750	239,124
Interest expense:				
Interest expense on financial liabilities measured at amortised cost	(87,648)	(61,742)	(171,223)	(125,804)
Total interest expense	(87,648)	(61,742)	(171,223)	(125,804)
Interest expense on financial liabilities measured at amortised cost:				
Interest on customer accounts	(72,852)	(51,851)	(144,269)	(105,488)
Interest expense on payments to mortgage organisation	(3,052)	(3,155)	(6,142)	(6,291)
Interest on debt securities issued	(2,186)	(2,262)	(4,368)	(4,857)
Interest on due to banks and financial institutions	(7,622)	(2,480)	(12,601)	(5,242)
Interest on subordinated bonds	(1,839)	(1,889)	(3,645)	(3,711)
Lease liabilities	(97)	(105)	(198)	(215)
Total interest expense on financial liabilities measured at amortised cost	(87,648)	(61,742)	(171,223)	(125,804)
Net interest income before expected credit loss allowance on interest-bearing assets	87,687	61,370	165,527	113,320

JOINT-STOCK COMPANY BANK CENTERCREDIT

NOTES TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2024 (in millions of Kazakhstani tenge, unless otherwise stated)

7. CHARGE OF EXPECTED CREDIT LOSS ALLOWANCE FOR LOANS TO CUSTOMERS AND BANKS

The three months ended 30 June 2023 and 2024	Corporate loans	Small and medium-sized enterprises	Mortgage loans	Consumer loans	Business development	Auto loans	Loans to banks	Total loans to customers and banks
1 April 2023 (unaudited)	60,944	14,726	9,696	18,425	6,518	211	573	111,093
(Reversal)/charge of allowance* (unaudited)	(52)	503	333	1,654	184	1,183	8	3,813
New financial assets originated or purchased* (unaudited)	1,941	1,018	165	999	761	257	-	5,141
Effect of unwinding of discount**(unaudited)	1,193	93	16	379	68	2	-	1,751
Write-off of assets (unaudited)	(428)	(839)	(493)	(3,458)	(86)	(20)	-	(5,324)
Recovery of assets previously written-off (unaudited)	-	-	237	508	8	19	-	772
Foreign exchange difference (unaudited)	1,503	386	252	561	176	20	15	2,913
30 June 2023 (unaudited)	65,101	15,887	10,206	19,068	7,629	1,672	596	120,159
1 April 2024 (unaudited)	57,617	21,152	12,728	25,174	9,616	5,976	742	133,005
(Reversal)/charge of allowance* (unaudited)	2,886	4,105	1,681	414	784	1,545	29	11,211
New financial assets originated or purchased *(unaudited)	804	1,519	482	1,107	671	713	119	5,648
Effect of unwinding of discount**(unaudited)	92	325	48	477	220	69	-	1,231
Write-off of assets (unaudited)	-	(1,904)	(476)	(5,376)	(2,887)	(784)	-	(11,427)
Recovery of assets previously written-off (unaudited)	32	330	65	936	273	89	-	1,725
Foreign exchange difference (unaudited)	-	(1)	(1)	(1)	-	-	-	(3)
30 June 2024 (unaudited)	61,431	25,526	14,527	22,731	8,677	7,608	890	141,390

*Provisions recognised during the three months ended 30 June 2024 and 2023 are presented in the consolidated condensed statement of profit and loss in 'Charge of credit loss allowance on loans to customers and banks' line item.

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

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NOTES TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2024 (in millions of Kazakhstani tenge, unless otherwise stated)

7. CHARGE OF EXPECTED CREDIT LOSS ALLOWANCE FOR LOANS TO CUSTOMERS AND BANKS, CONTINUED

The six months ended	Corporate loans	Small and medium-sized enterprises	Mortgage loans	Consumer loans	Business development	Auto loans	Loans to banks	Total loans to customers and banks
30 June 2023 and 2024								
1 January 2023	65,470	7,415	6,769	25,375	6,707	245	104	112,085
(Reversal)/charge of allowance* (unaudited)	(207)	6,845	3,450	8,718	699	1,146	182	20,833
New financial assets originated or purchased* (unaudited)	1,941	2,169	236	1,230	853	263	305	6,997
Effect of unwinding of discount**(unaudited)	2,060	186	32	1,068	130	4	-	3,480
Write-off of assets (unaudited)	(4,718)	(1,110)	(635)	(18,490)	(976)	(20)	-	(25,949)
Recovery of assets previously written-off (unaudited)	-	238	262	971	147	19	-	1,637
Foreign exchange difference (unaudited)	555	144	92	196	69	15	5	1,076
30 June 2023 (unaudited)	65,101	15,887	10,206	19,068	7,629	1,672	596	120,159
1 January 2024	55,074	16,877	9,915	22,693	7,756	4,106	648	117,069
(Reversal)/charge of allowance* (unaudited)	3,019	7,331	4,471	3,666	2,220	3,004	(305)	23,406
New financial assets originated or purchased* (unaudited)	2,058	2,312	895	3,599	1,134	1,191	547	11,736
Effect of unwinding of discount**(unaudited)	1,178	769	85	1,241	429	108	-	3,810
Write-off of assets (unaudited)	-	(2,551)	(956)	(9,747)	(3,181)	(920)	-	(17,355)
Recovery of assets previously written-off (unaudited)	102	789	118	1,280	319	119	-	2,727
Foreign exchange difference (unaudited)	-	(1)	(1)	(1)	-	-	-	(3)
30 June 2024 (unaudited)	61,431	25,526	14,527	22,731	8,677	7,608	890	141,390

*Provisions recognised during the six months ended 30 June 2024 and 2023 are presented in the consolidated condensed statement of profit and loss in 'Charge of credit loss allowance on loans to customers and banks' line item.

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

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NOTES TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

(in millions of Kazakhstani tenge, unless otherwise stated)

8. FEE AND COMMISSION INCOME/(EXPENSE)

	For the three months ended 30 June 2024 (unaudited)	For the three months ended 30 June 2023 (unaudited)	For the six months ended 30 June 2024 (unaudited)	For the six months ended 30 June 2023 (unaudited)
Fee and commission receipts:				
Payment cards	10,238	10,486	20,047	19,535
Settlements	4,880	4,131	9,073	7,668
Guarantees issued	1,878	1,420	3,616	2,470
Sale of insurance policies	324	4,899	2,559	7,535
Cash operations	916	1,183	1,785	2,328
Securities purchase and sale	628	429	1,640	799
Documentary operations	76	107	258	184
Custodian activities	71	75	147	157
Currency conversion	27	7	40	32
Trust operations	10	13	20	27
Other	285	75	519	142
Total fee and commission receipts	19,333	22,825	39,704	40,877
Fee and commission payments:				
Payment cards	(8,658)	(8,324)	(16,596)	(14,759)
Settlements	(792)	(840)	(1,445)	(1,512)
Custodian activities	(118)	(69)	(266)	(168)
Documentary operations	(25)	(77)	(139)	(113)
Securities purchase and sale	(36)	(58)	(68)	(94)
Currency conversion	(14)	(6)	(14)	(85)
Other	(349)	(231)	(516)	(382)
Total fee and commission payments	(9,992)	(9,605)	(19,044)	(17,113)

Commissions 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 a point in time or as the Group satisfies its performance obligation under the contract:

- The fees and commission for settlement operations, cash operations, payment card operations, Internet-banking services, foreign exchange operations is charged for the execution of payment orders in accordance with tariffs depending on the type of the transaction and recognised as income at the time when transaction is performed.
- A commission fee on guarantees and letters of credit issued is paid in advance and is recognised as income over the life 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.

In millions of Kazakhstani tenge	30 June 2024 (unaudited)	31 December 2023
Receivables which are included in 'other assets' (Note 19)	6,091	5,478

9. NET GAIN ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	For the three months ended 30 June 2024 (unaudited)	For the three months ended 30 June 2023 (unaudited)	For the six months ended 30 June 2024 (unaudited)	For the six months ended 30 June 2023 (unaudited)
Realised gain on operations with derivative financial instruments	632	1,223	3,606	2,389
Realised gain on trading operations	304	204	588	373
Unrealised gain on change in fair value	1,526	245	3,142	479
Unrealised gain on operations with derivative financial instruments	747	783	1,168	1,691
	3,209	2,455	8,504	4,932

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NOTES TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

(in millions of Kazakhstani tenge, unless otherwise stated)

10. NET FOREIGN EXCHANGE GAIN

	For the three months ended 30 June 2024 (unaudited)	For the three months ended 30 June 2023 (unaudited)	For the six months ended 30 June 2024 (unaudited)	For the six months ended 30 June 2023 (unaudited)
Dealing operations, net	17,217	9,000	27,352	18,035
Translation differences, net	1,475	3,385	1,637	5,407
	18,692	12,385	28,989	23,442

11. OPERATING EXPENSES

	For the three months ended 30 June 2024 (unaudited)	For the three months ended 30 June 2023 (unaudited)	For the six months ended 30 June 2024 (unaudited)	For the six months ended 30 June 2023 (unaudited)
Wages and salaries	26,760	16,274	48,156	31,253
Taxes other than the income tax	3,725	3,115	7,598	5,381
Depreciation and amortisation	2,958	2,538	5,832	4,939
Administrative expenses	3,443	1,655	5,169	3,129
Short-term lease expenses	1,436	1,508	2,944	2,960
Contributions to Deposit Insurance Fund	1,424	581	2,673	1,726
Telecommunications	763	730	1,535	1,353
Equipment repair and maintenance	680	408	1,203	667
Security and alarming expenses	579	440	1,107	933
Advertising costs	627	522	1,046	977
Professional services	666	171	944	200
Cash collection	354	367	598	536
Business travel expenses	182	110	287	231
Representation expenses	32	36	59	55
Other expenses	700	622	1,195	1,151
	44,329	29,077	80,346	55,491

12. INCOME TAX EXPENSE

	For the three months ended 30 June 2024 (unaudited)	For the three months ended 30 June 2023 (unaudited)	For the six months ended 30 June 2024 (unaudited)	For the six months ended 30 June 2023 (unaudited)
Current income tax expense	9,503	2,645	18,927	5,608
Movement in deferred tax liabilities	-	178	(253)	377
Total income tax expense	9,503	2,823	18,674	5,985

During the six months ended 30 June 2024, the applicable tax rate for current and deferred tax is 20% (2023: 20%).

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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 bank by the weighted average number of ordinary shares outstanding during the period.

	For the three months ended 30 June 2024 (unaudited)	For the three months ended 30 June 2023 (unaudited)	For the six months ended 30 June 2024 (unaudited)	For the six months ended 30 June 2023 (unaudited)
Basic earnings per share				
Net profit attributable to shareholders of the Bank	39,772	37,607	85,844	62,647
Less: additional dividends payable upon full distribution of profit to preference shareholders	(45)	(34)	(95)	(57)
Net earnings attributable to ordinary shareholders	39,727	37,573	85,749	62,590
A weighted average number of ordinary shares for the purposes of diluted earnings per share	186,122,717	184,574,161	185,840,868	184,603,534
Basic earnings per share (KZT)	213.45	203.57	461.41	339.05
Diluted earnings per share				
Net earnings attributable to ordinary shareholders	39,727	37,573	85,749	62,590
Add: additional dividends payable upon full distribution of profit to the preference shareholders	45	34	95	57
Earnings used in calculation of diluted earnings per share	39,772	37,607	85,844	62,647
Weighted average number of ordinary shares	186,122,717	184,574,161	185,840,868	184,603,534
Shares deemed to be issued:				
Weighted average number of ordinary shares that would be issued for the convertible preference shares	207,598	158,540	199,493	157,608
Weighted average number of ordinary shares for purposes of diluted earnings per share	186,330,315	184,732,701	186,040,361	184,761,142
Diluted earnings per share (KZT)	213.45	203.58	461.43	339.07

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 Kazakhstan Stock Exchange (“KASE”).

The book value of one share per each class of shares as at 30 June 2024 and 31 December 2023 is as follows:

Type of shares	30 June 2024 (unaudited)			31 December 2023		
	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
Ordinary shares	186,136,177	488,181	2,623	185,377,060	403,115	2,175
Preference shares	205,834	62	301	164,239	49	300
		488,243			403,164	

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

Management of the Group believes that the Group fully complies with the requirements of KASE as at the reporting date.

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14. CASH AND CASH EQUIVALENTS

	30 June 2024 (unaudited)	31 December 2023
Cash on hand	113,620	211,162
Nostro accounts with the NBRK	174,099	248,784
Nostro accounts with other banks		
- rated from AA- to AA+	51,839	73,453
- rated from A- to A+	79,241	52,156
- rated from BBB- to BBB+	20,671	4,075
- rated from BB- to BB+	4,918	5,157
- rated from B- to B+	41	23
- not rated	12,974	16,181
Total gross nostro accounts with other banks	169,684	151,045
Loss allowance	(70)	(58)
Total nostro accounts with other banks	169,614	150,987
Term deposits with the NBRK	672,109	680,091
Term deposits with other banks with original maturities of up to 90 days		
- rated from AA- to AA+	27,843	-
- rated from A- to A+	27,211	15,796
- not rated	594	-
Total gross term deposits with other banks with original maturities of up to 90 days	55,648	15,796
Loss allowance	(34)	(11)
Total term deposits with other banks with original maturities of up to 90 days	55,614	15,785
Margin security at Kazakhstan and Moscow Stock Exchanges	18,888	46,525
Total cash and cash equivalents	1,203,944	1,353,334

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

All cash and cash equivalents are allocated to Stage 1 of the credit risk grading.

As at 30 June 2024, current account balances with other non-rated banks are mainly represented by Russian banks not included in the sanctions list, for the total amount of KZT 12,267 million (unaudited) (31 December 2023: KZT 13,568 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 June 2024, the Group 1 bank (31 December 2023: 1 bank), whose current accounts and deposit balances exceed 10% of equity. The gross value of these balances as at 30 June 2024 is KZT 846,208 million (31 December 2023: KZT 928,875 million).

Minimum reserve requirements

As at 30 June 2024 and 31 December 2023, minimum reserve requirements are calculated in accordance with regulations issued by the 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 June 2024, the minimum reserve requirement is KZT 71,895 million (unaudited) (31 December 2023: KZT 65,225 million) and reserve asset was KZT 107,122 million (31 December 2023: KZT 90,253 million).

15. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

As at 30 June 2024, financial assets at fair value through profit or loss comprise trading securities of KZT 69,795 million (unaudited), and foreign currency swaps of KZT 625 million (unaudited) (31 December 2023: trading securities of KZT 55,352 million, and foreign currency swaps of KZT 62 million).

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

Financial assets at fair value through profit or loss comprise:

	Nominal interest rate, %	30 June 2024 (unaudited)	Nominal interest rate, %	31 December 2023
Trading securities				
<i>Debt securities</i>				
Corporate bonds	0-22.0	46,168	2.0-22.0	29,848
The NBRK discount notes		5,935		4,015
Government bonds of the Republic of Kazakhstan	5.0-12.0	1,821	5.0-9.0	528
The US Treasury bills	3.0-5.4	1,676	3.0-5.4	1,803
<i>Equity securities*</i>				
Shares of the Kazakhstani companies		5,550		4,064
Equity stakes		4,665		3,911
Shares of international companies		2,559		757
		68,374		44,926
Pledged under sale and repurchase agreements				
Corporate bonds	8.5	1,421	8.5-19.9	9,580
Government bonds of the Republic of Kazakhstan	-	-	7.7-8.1	846
		1,421		10,426
		69,795		55,352

*Ownership interest in equity securities 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 June 2024, unaudited:

	Corporate bonds	Government bonds of the Republic of Kazakhstan, the NBRK discount notes	The US Treasury bills	Total
- rated from AA- to AA+	-	-	1,676	1,676
- rated from A- to A+	1,654	-	-	1,654
- rated from BBB- to BBB+	23,159	7,756	-	30,915
- rated from BB- to BB+	11,519	-	-	11,519
- rated from B- to B+	5,134	-	-	5,134
- rated at CCC+	360	-	-	360
- not rated	5,763	-	-	5,763
	47,589	7,756	1,676	57,021

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 2023:

	Corporate bonds	Government bonds of the Republic of Kazakhstan, the NBRK discount notes	The US Treasury bills	Total
- rated from AA- to AA+	-	-	1,803	1,803
- rated from A- to A+	569	-	-	569
- rated from BBB- to BBB+	17,635	5,389	-	23,024
- rated from BB- to BB+	12,959	-	-	12,959
- rated from B- to B+	6,430	-	-	6,430
- not rated	1,835	-	-	1,835
	39,428	5,389	1,803	46,620

No financial assets at fair value through profit or loss are past due.

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16. INVESTMENT SECURITIES

	30 June 2024 (unaudited)	31 December 2023
Investment securities at fair value through other comprehensive income	730,212	583,693
Investment financial assets at amortised cost	192,754	106,659
Total investment securities	922,966	690,352

Investment securities at fair value through other comprehensive income

	Nominal interest rate, %	30 June 2024 (unaudited)	Nominal interest rate, %	31 December 2023
<i>Debt securities</i>				
Government bonds of the Republic of Kazakhstan	0.6-16.7	534,647	0-18.7	406,383
Corporate bonds	0.7-22.0	120,709	0.7-22.0	103,440
The US Treasury bills	1.3-2.9	4,622	0.1-2.9	29,834
<i>Equity securities</i>				
Shares of the Kazakhstani companies		2,369		1,170
		662,347		540,827
Pledged under loans from banks and repurchase agreements				
Government bonds of the Republic of Kazakhstan	7.1-10.5	38,766	7.1-10.5	19,396
The US Treasury bills	1.3-3.25	29,099	1.3-2.2	23,590
		67,865		42,986
Allowance for expected credit losses		195		(120)
		730,407		583,693

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

Investment securities at amortised cost

	Nominal interest rate, %	30 June 2024 (unaudited)	Nominal interest rate, %	31 December 2023
<i>Debt securities</i>				
Government bonds of the Republic of Kazakhstan	0.6-8.5	43,700	0.6-8.5	36,025
Corporate bonds	2.0-14.1	12,818	2.0-20.0	13,484
The US Treasury bills	0.4-2.2	9,388	0.1-2.2	25,637
		65,906		75,146
Pledged under sale and repurchase agreements and under bank loans				
Government bonds of the Republic of Kazakhstan	5.1-8.5	95,168	8.4-8.5	1,104
The US Treasury bills	1.3-2.2	31,695	1.3-2.2	30,429
		126,863		31,533
Allowance for expected credit losses		(15)		(20)
		192,754		106,659

17. DUE FROM BANKS

	30 June 2021 (unaudited)	31 December 2023
Due from banks comprise:		
- a contingent deposit with the NBRK	7,484	5,344
- rated from AA- to AA+	24,824	23,938
- rated from A- to A+	921	886
- rated from BBB- to BBB+	1,131	4,698
- not rated	24,477	4,662
Due from banks before allowance for expected credit losses	58,837	39,528
Allowance for expected credit losses	(16)	(45)
Total due from banks	58,821	39,483

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17. DUE FROM BANKS, CONTINUED

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 June 2024 and 31 December 2023, all due from banks are classified into Stage 1 of the credit risk grading.

As at 30 June 2024, a conditional deposit with the NBRK comprises funds of KZT 5,266 million (unaudited) (31 December 2023: 144 thousand million) received from Development Bank of Kazakhstan JSC ("DBK JSC"), and KZT 2,218 million (31 December 2023: KZT 5,200 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 June 2024 and 31 December 2023, deposits balances held with other banks, that are not rated, comprise security deposits and margin security at KASE, for a total of KZT 24,475 million (unaudited) and KZT 4,604 million, respectively.

Concentration of accounts and deposits with banks

As at 30 June 2024, the Group has no banks whose balances exceed 10% of equity (31 December 2023: no banks).

18. LOANS TO CUSTOMERS AND BANKS

	30 June 2024 (unaudited)	31 December 2023
Loans to customers	3,369,675	2,847,566
Accrued interest	53,407	46,480
	3,423,082	2,894,046
Less credit loss allowance	(140,500)	(116,421)
Total loans to customers	3,282,582	2,777,625
Loans to banks	28,625	22,972
Accrued interest	273	96
Less credit loss allowance	(890)	(648)
Total loans to banks	28,008	22,420
Loans under reverse repurchase agreements	48,880	128,804
Total loans to customers and banks	3,359,470	2,928,849

Movements in the credit loss allowance for loans to customers and banks for the six months ended 30 June 2024 and 2023 are disclosed in Note 7.

The following table provides information by types of loan products as at 30 June 2024, unaudited:

	Gross amount	Loss allowance	Carrying amount
Loans to corporate customers			
Corporate loans	634,862	(61,431)	573,431
Small and medium-sized enterprises	378,927	(25,526)	353,401
Loans to individuals			
Mortgage loans (including mortgage loans under the '7-20-25' programme and the Baspana Hit programme)	1,057,462	(14,527)	1,042,935
Consumer loans	539,813	(22,731)	517,082
Business development	330,537	(8,677)	321,860
Car loans	481,481	(7,608)	473,873
	3,423,082	(140,500)	3,282,582

The following table provides information by types of loan products as at 31 December 2023:

	Gross amount	Loss allowance	Carrying amount
Loans to corporate customers			
Corporate loans	531,362	(55,074)	476,288
Small and medium-sized enterprises	341,052	(16,877)	324,175
Loans to individuals			
Mortgage loans (including mortgage loans under the '7-20-25' programme and the Baspana Hit programme)	917,983	(9,915)	908,068
Consumer loans	456,162	(22,693)	433,469
Business development	252,445	(7,756)	244,689
Auto loans	395,042	(4,106)	390,936
	2,894,046	(116,421)	2,777,625

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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 June 2024 (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 loans	627,716	347,462	1,034,215	502,440	308,134	464,273	3,284,240
Overdue loans:							
- overdue less than 30 days	130	8,867	13,345	13,329	8,569	8,899	53,139
- overdue 31-60 days	1,162	2,063	2,080	3,857	1,752	1,312	12,226
- overdue 61-90 days	5,775	1,425	1,294	2,893	949	1,065	13,401
- overdue 91-180 days	-	4,385	2,117	5,616	3,196	3,474	18,788
- overdue more than 180 days	79	14,725	4,411	11,678	7,937	2,458	41,288
Total loans to customers before allowance for expected credit losses	634,862	378,927	1,057,462	539,813	330,537	481,481	3,423,082
Allowance for expected credit losses	(61,431)	(25,526)	(14,527)	(22,731)	(8,677)	(7,608)	(140,500)
Total loans to customers, net of allowance for expected credit losses	573,431	353,401	1,042,935	517,082	321,860	473,873	3,282,582

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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 2023:

	Corporate loans	Small and medium-sized enterprises	Mortgage loans	Consumer loans	Business development	Auto loans	Total
Loans to customers							
Not overdue loans	521,971	315,727	904,258	421,664	234,349	387,747	2,785,716
Overdue loans:							
- overdue less than 30 days	2,494	4,427	5,767	7,854	4,274	3,881	28,697
- overdue 31-60 days	31	1,005	1,393	2,292	2,226	821	7,768
- overdue 61-90 days	-	2,202	949	1,956	1,493	564	7,164
- overdue 91-180 days	768	1,938	1,503	5,421	2,314	1,010	12,954
- overdue more than 180 days	6,098	15,753	4,113	16,975	7,789	1,019	51,747
Total loans to customers before allowance for expected credit losses	531,362	341,052	917,983	456,162	252,445	395,042	2,894,046
Allowance for expected credit losses	(55,074)	(16,877)	(9,915)	(22,693)	(7,756)	(4,106)	(116,421)
Total loans to customers, net of allowance for expected credit losses	476,288	324,175	908,068	433,469	244,689	390,936	2,777,625

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

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

As at 30 June 2024, there were no significant changes related to key assumptions and judgements used in estimating loss allowance for expected credit losses as compared with those used as at 31 December 2023.

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18. LOANS TO CUSTOMERS AND BANKS, CONTINUED

(b) Analysis of movements in the loss allowance for expected credit losses, continued

	The six months ended 30 June 2024 (unaudited)				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL of assets not credit- impaired	Stage 3 Lifetime ECL for credit- impaired assets	POCI	Total
Loans to corporate customers and small and medium-sized enterprises					
Allowance for expected credit losses at the beginning of the period	8,273	14,132	49,546	-	71,951
Transition to 12-month expected credit losses	475	(80)	(395)	-	-
Transition to lifetime expected credit losses for assets not credit-impaired	(175)	175	-	-	-
Transition to lifetime expected credit losses for credit-impaired assets	(163)	(215)	378	-	-
Charge of allowance	(1,873)	3,036	9,164	23	10,350
New financial assets originated or purchased	3,431	274	665	-	4,370
Effect of unwinding of discount	-	-	1,947	-	1,947
Write-off of assets	-	-	(2,551)	-	(2,551)
Recovery of assets previously written-off	-	-	891	-	891
Foreign exchange difference	-	-	(1)	-	(1)
Allowance for expected credit losses at the end of the period	9,968	17,322	59,644	23	86,957

	The six months ended 30 June 2024 (unaudited)				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL of assets not credit- impaired	Stage 3 Lifetime ECL for credit- impaired assets	POCI	Total
Loans to individuals					
Allowance for expected credit losses at the beginning of the period	17,333	3,262	23,745	130	44,470
Transition to 12-month expected credit losses	1,908	(708)	(1,200)	-	-
Transition to lifetime expected credit losses for assets not credit-impaired	(354)	804	(450)	-	-
Transition to lifetime expected credit losses for credit-impaired assets	(594)	(1,845)	2,439	-	-
Charge of allowance	1,622	3,339	8,530	(130)	13,361
New financial assets originated or purchased	6,012	462	345	-	6,819
Effect of unwinding of discount	-	-	1,863	-	1,863
Write-off of assets	-	-	(14,804)	-	(14,804)
Recovery of assets previously written-off	-	-	1,836	-	1,836
Foreign exchange difference	-	-	(2)	-	(2)
Allowance for expected credit losses at the end of the period	25,927	5,314	22,302	-	53,543

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18. LOANS TO CUSTOMERS AND BANKS, CONTINUED

(b) Analysis of movements in the loss allowance for expected credit losses, continued

	The six months ended				Total
	30 June 2023 (unaudited)				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL of assets not credit- impaired	Stage 3 Lifetime ECL for credit- impaired assets	POCI	
Loans to corporate customers and small and medium-sized enterprises					
Allowance for expected credit losses at the beginning of the period	3,364	9,812	59,660	49	72,885
Transition to lifetime expected credit losses for assets not credit-impaired	(299)	299	-	-	-
Transition to lifetime expected credit losses for credit-impaired assets	(422)	(180)	602	-	-
Charge of allowance	1,049	4,871	767	(49)	6,638
New financial assets originated or purchased	3,053	46	1,011	-	4,110
Effect of unwinding of discount	-	-	2,246	-	2,246
Write-off of assets	-	-	(5,828)	-	(5,828)
Recovery of assets previously written-off	-	-	238	-	238
Foreign exchange difference	69	173	457	-	699
Allowance for expected credit losses at the end of the period	6,814	15,021	59,153	-	80,988

	The six months ended				Total
	30 June 2023 (unaudited)				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL of assets not credit- impaired	Stage 3 Lifetime ECL for credit- impaired assets	POCI	
Loans to individuals					
Allowance for expected credit losses at the beginning of the period	10,548	2,914	25,254	380	39,096
Transition to 12-month expected credit losses	162	(130)	(32)	-	-
Transition to lifetime expected credit losses for assets not credit-impaired	(2,610)	2,716	(106)	-	-
Transition to lifetime expected credit losses for credit-impaired assets	(1,057)	(2,587)	3,644	-	-
Charge of allowance	4,684	183	9,526	(380)	14,013
New financial assets originated or purchased	2,517	33	32	-	2,582
Effect of unwinding of discount	-	-	1,234	-	1,234
Write-off of assets	-	-	(20,121)	-	(20,121)
Recovery of assets previously written-off	-	-	1,399	-	1,399
Foreign exchange difference	154	29	189	-	372
Allowance for expected credit losses at the end of the period	14,398	3,158	21,019	-	38,575

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18. LOANS TO CUSTOMERS AND BANKS, CONTINUED

(c) Analysis of movements in the gross carrying amounts

Significant changes in the gross carrying amount of loans to customers during the period that contributed to changes in loss allowance were as follows:

Loans to corporate customers and small and medium-sized enterprises

- The volume of loans issued to customers during the six months of 2024 resulted in increase in the gross carrying amount of the portfolio of loans to corporate customers and small and medium-sized enterprises by KZT 424,132 million (unaudited), while respective increase in 12-month loss allowance amounted to KZT 3,431 million (unaudited).
- The volume of loans repaid during the six months of 2024 resulted in decrease in the gross carrying amount of the portfolio of loans to corporate customers and small and medium-sized enterprises by KZT 280,206 million (unaudited), while respective decrease in 12-month loss allowance amounted to KZT 2,968 million (unaudited).
- The write-off of loans with a gross carrying amount of KZT 2,551 million (unaudited) resulted in the reduction of Stage 3 loss allowance by the same amount.

Loans to individuals

- The volume of loans issued to customers during the six months of 2024 resulted in increase in the gross carrying amount of the retail segment loan portfolio by KZT 653,923 million (unaudited), while respective increase in 12-month loss allowance amounted to KZT 6,012 million (unaudited).
- The volume of loans repaid during the six months of 2024 resulted in decrease in the gross carrying amount of the retail segment loan portfolio by KZT 251,458 million (unaudited), while respective decrease in 12-month loss allowance amounted to KZT 2,586 million (unaudited).
- The write-off of loans with a gross carrying amount of KZT 14,804 million (unaudited) resulted in the reduction of Stage 3 loss allowance by the same amount.

Repossessed collateral

During the six months ended 30 June 2024, the Group obtained certain assets by taking possession of collateral for loans to customers with a net carrying amount of KZT 6,173 million (unaudited) (the six months ended 30 June 2023: KZT 2,824 million). As at 30 June 2024, the repossessed collateral was KZT 52,821 million (unaudited) (31 December 2023: KZT 49,160 million of repossessed collateral) (Note 19).

Loans to banks

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

	30 June 2024 (unaudited)	31 December 2023
- rated from BB- to BB+	28,003	21,060
- not rated (commercial banks of the Republic of Kazakhstan and the Republic of Tajikistan)	895	2,008
	28,898	23,068
Less: loss allowance	(890)	(648)
	28,008	22,420

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

(d) Loan portfolio analysis

As at 30 June 2024, the Group has 2 borrower or groups of related borrowers (31 December 2023: 1 borrower), whose loan balances exceed 10% of equity. The gross value of these balances as at 30 June 2024 is KZT 106,599 million (unaudited) (31 December 2023: KZT 45,497 million).

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18. LOANS TO CUSTOMERS AND BANKS, CONTINUED

(d) Loan portfolio analysis, continued

Industry and geographical analysis of the loan portfolio

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

	30 June 2024 (unaudited)	31 December 2023
Individuals	2,409,293	2,021,632
Trade	192,671	168,952
Rent of real estate	94,201	91,383
Energy	86,355	81,132
Transport and telecommunications	63,294	58,082
Manufacturing	62,814	51,216
Oil and gas industry	60,471	48,169
Industrial construction	49,607	43,902
Metallurgy	65,013	39,613
Mining and refining the precious metals	39,146	39,474
Transportation and equipment maintenance services	35,934	37,535
Food industry	37,844	32,284
Housing construction	32,599	32,220
Financial services	51,589	29,219
Agriculture	22,546	21,743
Machinery manufacturing	6,125	5,738
Other	113,580	91,752
Total	3,423,082	2,894,046
Allowance for expected credit losses	(140,500)	(116,421)
	3,282,582	2,777,625

Fair value of assets received as collateral and carrying amount of reverse repurchase agreements as at 30 June 2024 and 31 December 2023 is as follows:

	30 June 2024 (unaudited)		31 December 2023	
	Carrying amount of loans	Fair value of collateral	Carrying amount of loans	Fair value of collateral
Government bonds of the Republic of Kazakhstan	32,018	33,767	88,392	83,417
Corporate bonds	16,862	16,618	40,412	38,649
	48,880	50,385	128,804	122,066

(e) 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 June 2024 (unaudited)	31 December 2023
Other financial assets		
Other receivables	13,981	12,645
Mutual settlements with international payment system	7,915	7,289
Accrued commission	6,091	5,478
Receivables from sale of owned assets	5,566	6,412
Western Union and other wireless transfers	1,113	896
	34,666	32,720
Allowance for expected credit losses	(7,980)	(2,894)
	26,686	29,826
Current other non-financial assets		
Repossessed collateral	52,821	49,160
Advances paid	25,530	18,063
Receivables under joint arrangements	20,051	20,049
Taxes receivable other than income tax	4,043	2,040
Inventories	456	474
Other assets	1,580	7
	104,481	89,793
Non-current other non-financial assets		
Investment property	16,324	15,253
Receivables under joint arrangements	8,155	8,155
Other assets	-	230
	128,960	113,431
Loss allowance	(3,991)	(4,598)
	124,969	108,833
	151,655	138,659

As at 30 June 2024, other financial assets of KZT 26,437 million are classified into Stage 1 of the credit risk grading (unaudited) (31 December 2023: KZT 26,860 million), KZT 1,428 million (unaudited) are classified into Stage 2 of credit risk gradings (31 December 2023: KZT 777 million) and KZT 6,801 million (unaudited) are classified into Stage 3 of credit risk gradings (31 December 2023: KZT 5,083 million).

Receivables under joint arrangements

In May 2020, the Group entered into joint arrangements with the construction company RAMS Kazakhstan LLP, to sell land plots intended for construction of a multi-purpose housing estate worth KZT 20,051 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. On 13 December 2023, an acceptance act for new-build facilities commissioned by RAMS Kazakhstan LLP was signed. As at the date of issue of these consolidated condensed financial statements, the Group recognised property for the amount of KZT 5,494 million out of the total receivables under joint arrangements.

During 2023, the Group entered into a joint arrangement with construction companies to sell land plots intended for construction of a multifamily apartment complex with built-in premises and a parking space worth KZT 3,025 million (unaudited), KZT 3,130 million (unaudited) and KZT 2,000 million (unaudited), respectively. 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 multifamily apartment complex. 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 value as at 30 June 2024 and 31 December 2023, management used the market approach, which is based on an analysis of the prices of the latest comparable sales of similar properties.

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19. OTHER ASSETS, CONTINUED

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 June 2024 and 31 December 2023 amounted to KZT 16,324 million (unaudited) and KZT 16,911 million, respectively.

The fair value of investment property is categorised into Level 3 of the fair value hierarchy.

Included into operating lease income is rental income from investment property for the six months ended 30 June 2024 and 2023, amounting to KZT 1,700 million (unaudited) and KZT 1,231 million, respectively. Operating expenses related to investment property from which the Group earned rental income for the six months ended 30 June 2024 and 2023 amounted to KZT 1,245 million (unaudited) and KZT 219 million, respectively.

20. DUE TO BANKS AND FINANCIAL INSTITUTIONS

	Nominal interest rate, %	30 June 2024 (unaudited)	Nominal interest rate, %	31 December 2023
Long-term loans due to banks and financial institutions	1.00-12.50	96,063	1.00-12.00	82,138
Loans due to international credit organisations	11.35-16.33	44,603	13.45-17.66	39,782
Correspondent accounts of banks		51,586		47,678
Other loans		10		10
Accrued interest expense		1,881		1,907
		194,143		171,515
Loans under repurchase agreements	10.25-13.50	112,097	14.75-15.75	10,376
		306,240		181,891

Long-term loans due to banks and financial institutions comprise long-term loans from EDF DAMU JSC, DBK JSC, Industrial Development Fund JSC (“IDF JSC”) and Agrarian Credit Corporation JSC (“ACC JSC”) for a total of KZT 47,929 million (unaudited) at 1.0%-12.5% p.a., maturing in 2024-2035, KZT 20,064 million (unaudited) at 1.0%-2.0% p.a., maturing in 2034-2037, KZT 22,070 million (unaudited) at 1.0% p.a., maturing in 2030 and KZT 6,000 million (unaudited) at 1.5% p.a., maturing in 2025, respectively (31 December 2023: KZT 41,306 million, KZT 10,901 million, KZT 27,500 million, respectively, as well as a loan from ACC JSC of KZT 2,431 million at 1.5% p.a., maturing in 2024).

During the six months ended 30 June 2024 and 2023, the Group has been repaying principal and interest according to the repayment schedules.

During the six months ended 30 June 2024, the Group received long-term loans from EDF DAMU JSC in the amount of KZT 7,071 million (unaudited); loans bear interest rates of 3%-12.5% p.a. and mature in 2025-2031. Loans received were intended to further extend loans to end borrowers.

During the six months ended 30 December 2024, the Group repaid the principal amount of the loans due to EDF DAMU JSC of KZT 447 million (unaudited) at 1.0-8.58% p.a.

As at 30 June 2024, the loans from EDF DAMU JSC are secured by debt securities for a total of KZT 1,060 million (Note 16).

During the six months ended 30 June 2024, the Group received long-term loans from DBK JSC in amount of KZT 9,230 million (unaudited), at 1%-2% p.a., maturing in 2034-2035.

Loans received from DBK JSC are intended to further provide financing to large enterprises (“LEs”) operating in the processing industry, and to further provide loans to individuals, buyers of cars manufactured in Kazakhstan.

During the six months ended 30 June 2024, the Group received long-term loans from ACC JSC for a total of KZT 6,000 million (unaudited), at 1.5% p.a., which mature in 2025. Loans received were intended to further provide loans to end borrowers for spring farm work and harvest work.

During the six months ended 30 December 2024, the Group repaid the principal amount of the loans due to ACC JSC of KZT 2,431 million (unaudited) at 1.5% p.a.

During the six months ended 30 June 2024, the Group received no additional tranches of long-term loans from IDF JSC.

During the six months ended 30 December 2024, the Group early repaid the principal amount of the loans from IDF JSC in the amount of KZT 5,430 million (unaudited) at 1.0% p.a., which was consistent with the original terms of the contract.

As at 30 June 2024, the loans received from IDF JSC are secured by debt securities of KZT 19,642 million (unaudited) (31 December 2023: KZT 20,500 million) (Note 16).

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20. DUE TO BANKS AND FINANCIAL INSTITUTIONS, CONTINUED

Loans under the Preferential Lending Programme for small and medium-sized enterprises (the “Programme”)

Loans from EDF DAMU JSC were received in accordance with the Government programme aimed at financing small and medium-sized enterprises (“SME”) operating in specific industries. Under the loan agreement between DAMU EDF 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 payable to DAMU EDF JSC is not contingent on collectibility of loans extended to the SME borrowers. The Group is obligated to pay a 15% penalty on the amounts not extended to the SME borrowers within 3-9 months after receiving the money from DAMU JSC.

The Group’s management believes that no other financial instruments similar to loans received from EDF DAMU JSC, DBK JSC, IDF JSC and ACC JSC, bearing the interest rates of 1.0% - 12.0% p.a., exist in the market, and due to the specific nature of activities of LSE and SME clients and individuals under the auto loan preferential programme, this product represents a separate market. Therefore, loans received from EDF DAMU JSC, DBK JSC, IDF JSC and ACC JSC, bearing the interest rates of 1.0%- 12.0% p.a., represent the orderly transactions on the separate market and as such, transactions 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 European Bank for Reconstruction and Development JSC, bearing interest rates at 11.35% -16.33% p.a. and maturing in 2024-2027.

During the six months ended 30 June 2024, the Group received a loan from European Bank for Reconstruction and Development JSC in the amount of KZT 8,834 million (unaudited) at 13.1% p.a., maturing in 2027.

During the six months ended 30 June 2024, the Group has repaid principal and interest according to the repayment schedules, for a total of KZT 3,994 million (unaudited).

Loans received from international credit institutions are secured by debt securities for a total of KZT 60,794 million (31 December 2023: KZT 54,019 million) (Note 16).

The Group is obligated to comply with financial covenants related 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 June 2024 (unaudited) and 31 December 2023, the Group was in compliance with these covenants.

Loans under repurchase agreements

As at 30 June 2024 and 31 December 2023, loans due to banks and financial institutions included loans received under repurchase agreements of KZT 112,097 million (unaudited) and KZT 10,376 million that were repaid in January and July 2024, respectively.

The fair value of assets pledged under repurchase agreements amounted to KZT 114,653 million (unaudited) and KZT 10,426 million as at 30 June 2024 and 31 December 2023, respectively (Notes 15 and 16).

Correspondent accounts of banks

At 30 June 2024, deposits received from other banks included correspondent accounts opened by foreign banks for a total of KZT 50,322 million (unaudited) and Kazakh second-tier banks for a total of KZT 1,264 million (unaudited) (31 December 2023: deposits received from other banks included correspondent accounts received from foreign banks for a total of KZT 45,776 million and Kazakh second-tier banks for a total of KZT 1,902 million).

21. CUSTOMER ACCOUNTS

	30 June 2024 (unaudited)	31 December 2023
Customer accounts		
- Retail	2,403,700	2,234,525
- Corporate	1,970,651	1,787,543
	<u>4,374,351</u>	<u>4,022,068</u>
Term deposits		
Call deposits	3,034,585	2,772,328
	1,317,634	1,228,812
	<u>4,352,219</u>	<u>4,001,140</u>
Accrued interest	22,132	20,928
	<u>4,374,351</u>	<u>4,022,068</u>

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21. CUSTOMER ACCOUNTS, CONTINUED

As at 30 June 2024, the Group has 2 customers (31 December 2023: 2 customers), whose balances exceed 10% of equity (unaudited). The gross value of these balances as at 30 June 2024 is KZT 178,232 million (unaudited) (31 December 2023: KZT 111,451 million).

22. DEBT SECURITIES ISSUED

	Currency	Issue date	Maturity date	Interest rate, %	30 June 2024 (unaudited)	Interest rate, %	31 December 2023
Bonds issued in Kazakhstan	KZT	05/02/2018-09/11/2021	27/12/2025-09/11/2028	10.75-12.00	70,180	10.75-12.00	69,827
					<u>70,180</u>		<u>69,827</u>
Accrued interest					3,535		705
					<u>73,715</u>		<u>70,532</u>

Coupons on debt securities issued are repayable semi-annually; principal is repayable at maturity. Interest payment dates for perpetual instruments are 3 March, 3 June, 3 September, and 3 December; payments are made annually.

23. SUBORDINATED BONDS

	Currency	Issue date	Maturity date	Interest rate, %	30 June 2024 (unaudited)	Interest rate, %	31 December 2023
Fixed rate	KZT	27/11/2009 - 03/11/2017	27/11/2024 - 03/11/2032	4.00-11.00	58,507	4.00-11.00	57,574
					<u>58,507</u>		<u>57,574</u>
Accrued interest					2,213		1,013
					<u>60,720</u>		<u>58,587</u>

Coupons on subordinated bonds are repayable semi-annually; principal is repayable at maturity.

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

	Liabilities		Total
	Debt securities issued	Subordinated bonds	
Balance at 1 January 2024	70,532	58,587	129,119
Changes from financing cash flows			
Proceeds from debt securities issued	3,317	-	3,317
Repayment of debt securities issued	(3,354)	-	(3,354)
Total changes from financing cash flows	(37)	-	(37)
Interest expense	4,368	3,645	8,013
Interest paid	(1,148)	(1,512)	(2,660)
Balance at 30 June 2024	<u>73,715</u>	<u>60,720</u>	<u>134,435</u>

	Liabilities		Total
	Debt securities issued	Subordinated bonds	
Balance at 1 January 2023	96,183	60,405	156,588
Changes from financing cash flows			
Repayment of debt securities issued	(21,853)	-	(21,853)
Total changes from financing cash flows	(21,853)	-	(21,853)
Interest expense	4,857	3,711	8,568
Interest paid	(1,774)	(1,723)	(3,497)
Balance at 30 June 2023	<u>77,413</u>	<u>62,393</u>	<u>139,806</u>

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24. OTHER LIABILITIES

	30 June 2024 (unaudited)	31 December 2023
Other financial liabilities:		
Liability from continuing involvement	418,672	424,544
Settlements on other liabilities	35,576	31,658
Insurance contract provisions	29,088	19,255
Liabilities under guarantees issued*	5,705	35,679
Provisions for guarantees and letters of credit	3,786	3,854
Lease liability	3,067	2,892
Provisions for charitable donations**	2,160	-
Accrued fee and commission expense	1,867	2,033
Settlements related to administrative and operations support activity	4,498	1,755
	504,419	521,670
Current other non-financial liabilities:		
Taxes payable other than income tax	6,611	4,738
Other non-financial liabilities	1,254	788
Total other liabilities	512,284	527,196

*As at 31 December 2023, liabilities under guarantees issued included liabilities of KZT 31,204 million under the guarantee issued to one counterparty. The liability arose due to the occurrence of a guaranteed event. During the six months ended 30 June 2024, the Group paid liabilities of KZT 27,481 million under the guarantee of that counterparty (unaudited).

**In 2024, the Management Board of the Group decided to provide charitable aid to flood victims in Uralsk city totalling KZT 5,490 million (unaudited). During the six months ended 30 June 2024, actual payments to flood victims amounted to KZT 3,330 million. As at 30 June 2024, the remaining amount payable of KZT 2,160 million (unaudited) is recognised in "other liabilities". The Group recognised expenses on charging provision for charity of KZT 5,490 million (unaudited) in "Other expenses" in the consolidated interim condensed statement of profit or loss for the six months ended 30 June 2024.

25. SHARE CAPITAL

As at 30 June 2024 (unaudited), 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)	-	(1,892,858)	186,136,177
Preference shares (number of shares)	39,249,255	-	-	(39,043,421)	205,834

As at 30 June 2024 (unaudited), the Bank's share capital comprised:

	Authorised and issued share capital	Placement of authorised ordinary shares	(Repurchased)/ issued shares	Total
Ordinary shares	64,497	-	(341)	64,156
Preference shares	1	-	60	61
	64,498	-	(281)	64,217

As at 31 December 2023, 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)	-	(2,651,975)	185,377,060
Preference shares (number of shares)	39,249,255	-	-	(39,085,016)	164,239

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25. SHARE CAPITAL, CONTINUED

As at 31 December 2023, the Bank's share capital comprised:

	Authorised and issued share capital	Placement of authorised ordinary shares	Issued/ (repurchased) shares	Total
Ordinary shares	63,519	-	978	64,497
Preference shares	35	-	(34)	1
	63,554	-	944	64,498

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 the six months ended 30 June 2024 and 2023.

Information about operating segments is presented below.

	Retail banking (unaudited)	Corporate banking (unaudited)	Investing activities (unaudited)	Insurance activities (unaudited)	For the six months ended 30 June 2024 (unaudited)
Interest income calculated using the effective interest method	192,042	67,785	74,472	-	334,299
Other interest income	-	-	2,451	-	2,451
Interest expenses	(91,532)	(59,077)	(20,614)	-	(171,223)
Charge of credit loss allowance for interest-bearing assets	(19,965)	(15,177)	-	-	(35,142)
Net non-interest income	9,063	39,946	3,930	1,714	54,653
Operating expenses	(38,909)	(14,536)	(26,156)	(745)	(80,346)
Profit before income tax	50,699	18,941	34,083	969	104,692
Segment assets*	2,356,430	2,394,302	1,052,207	33,556	5,836,495
Segment liabilities*	2,409,840	2,445,840	440,675	30,955	5,327,310
Other segment items					
Depreciation/amortisation expense on property and equipment and intangible assets	(3,503)	(500)	(1,775)	(54)	(5,832)
Loans to customers and banks	2,355,750	1,003,720	-	-	3,359,470
Customer accounts	2,403,700	1,970,651	-	-	4,374,351
Financial guarantees and credit related commitments	95,140	229,160	-	-	324,300

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26. SEGMENT REPORTING, CONTINUED

	Retail banking (unaudited)	Corporate banking (unaudited)	Investing activities (unaudited)	Insurance activities (unaudited)	For the six months ended 30 June 2023 (unaudited)
Interest income calculated using the effective interest method	107,228	75,477	54,522	297	237,524
Other interest income	-	-	1,600	-	1,600
Interest expenses	(60,387)	(55,953)	(9,464)	-	(125,804)
Charge of credit loss allowance for interest-bearing assets	(16,595)	(10,748)	(487)	-	(27,830)
Net non-interest income	11,247	24,324	2,789	325	38,685
Operating expenses	(19,764)	(13,351)	(22,098)	(278)	(55,491)
Profit before income tax	21,729	19,749	26,862	344	68,684
Segment assets*	1,598,213	1,991,028	918,777	2,308	4,510,326
Segment liabilities*	1,923,732	1,939,632	282,143	12,326	4,157,833
Other segment items					
Depreciation/amortisation expense on property and equipment and intangible assets	(1,764)	(1,183)	(1,967)	(25)	(4,939)
Loans to customers and banks	1,605,417	749,738	-	-	2,355,155
Customer accounts	1,921,626	1,450,006	-	-	3,371,632
Financial guarantees and credit related commitments	93,965	186,434	-	-	280,399

*- 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 the six months ended 30 June 2024 and 2023, the reporting segments have no corporate and retail customers, whose income from transactions individually exceeds 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 forms 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 is ultimately responsible for identifying and controlling risks. However, there are also separate independent bodies that are responsible for managing and monitoring risks. Risk management structure in the Group has not changed significantly for the six months ended 30 June 2024.

(a) Market risk

Market risk is the risk that the fair 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 June 2024 (unaudited) is presented in the table below:

	KZT	USD USD 1 = KZT 471.46	EUR EUR 1 = KZT 504.79	Other currency	30 June 2024 Total
Financial assets:					
Cash and cash equivalents	465,808	521,589	137,119	79,428	1,203,944
Financial instruments at FVTPL	49,490	20,305	-	-	69,795
Investment financial assets at FVOCI	500,838	176,734	52,640	-	730,212
Investment financial assets at amortised cost	5,101	178,043	9,610	-	192,754
Due from banks	8,708	44,574	-	5,539	58,821
Loans to customers and banks	3,042,689	299,283	17,037	461	3,359,470
Other financial assets	22,937	3,255	355	139	26,686
Total financial assets	4,095,571	1,243,783	216,761	85,567	5,641,682
Financial liabilities:					
Due to banks and financial institutions	259,535	40,584	2,245	3,876	306,240
Customer accounts	2,873,597	1,197,295	230,368	73,091	4,374,351
Debt securities issued	73,715	-	-	-	73,715
Subordinated bonds	60,720	-	-	-	60,720
Other financial liabilities	491,861	9,322	2,267	969	504,419
Total financial liabilities	3,759,428	1,247,201	234,880	77,936	5,319,445
Open position	336,143	(3,418)	(18,119)	7,631	
The effect of derivatives held for risk management	15,917	(20,975)	-	5,685	
Net position	352,060	(24,393)	(18,119)	13,316	

The Group's exposure to foreign currency exchange rate risk as at 31 December 2023 is presented in the table below:

	KZT	USD USD 1 = KZT 454.56	EUR EUR 1 = KZT 502.24	Other currency	31 December 2023 Total
Financial assets:					
Cash and cash equivalents	456,898	635,212	173,751	87,473	1,353,334
Financial instruments at FVTPL	41,494	13,858	-	-	55,352
Investment financial assets at FVOCI	420,043	134,099	29,551	-	583,693
Investment financial assets at amortised cost	6,188	91,076	9,395	-	106,659
Due from banks	10,099	29,372	-	12	39,483
Loans to customers and banks	2,698,830	213,446	15,991	582	2,928,849
Other financial assets	25,032	4,047	747	-	29,826
Total financial assets	3,658,584	1,121,110	229,435	88,067	5,097,196
Financial liabilities:					
Due to banks and financial institutions	136,932	37,538	4,244	3,177	181,891
Customer accounts	2,650,504	1,063,077	223,784	84,703	4,022,068
Debt securities issued	70,532	-	-	-	70,532
Subordinated bonds	58,587	-	-	-	58,587
Other financial liabilities	489,304	29,552	1,151	1,663	521,670
Total financial liabilities	3,405,859	1,130,167	229,179	89,543	4,854,748
Open position	252,725	(9,057)	256	(1,476)	
The effect of derivatives held for risk management	(4,541)	4,546	-	-	
Net position	248,184	(4,511)	256	(1,476)	

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27. RISK MANAGEMENT POLICY, CONTINUED

(a) Market risk, continued

(i) Currency risk, continued

A weakening of the KZT, as indicated below, against the following currencies at 30 June 2024 and 31 December 2023, 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 June 2024 (unaudited)	31 December 2023
20% appreciation of USD against KZT	(3,903)	(722)
20% appreciation of EUR against KZT	(2,899)	41
20% appreciation of other currencies against KZT	2,131	(236)

(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 June 2024 (unaudited)	31 December 2023
ASSETS		
Cash and cash equivalents	1,090,324	1,142,172
Financial instruments at FVTPL	57,021	46,620
Investment financial assets at FVOCI - debt financial instruments	727,843	582,523
Investment financial assets at amortised cost	192,754	106,659
Due from banks	58,821	39,483
Loans to customers and banks	3,359,470	2,928,849
Other financial assets	26,686	29,826
Total maximum exposure to credit risk	5,512,919	4,876,132

For the analysis of concentration of credit risk in respect of loans to customers refer to 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 June 2024 and 31 December 2023, 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 June 2024 (unaudited) and 31 December 2023 was in compliance with the statutory norm.

As at 30 June 2024 and 31 December 2023 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 that have been classified 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 June 2024 (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 June 2024 Total
Financial assets							
Cash and cash equivalents	9.45%	698,861	28,303	-	-	-	727,164
Financial instruments at FVTPL	11.07%	57,021	-	-	-	-	57,021
Investment financial assets at FVOCI	8.56%	727,843	-	-	-	-	727,843
Investment financial assets at amortised cost	4.09%	2,256	9,404	29,577	150,476	1,041	192,754
Loans to customers and banks	18.54%	158,479	172,012	606,554	1,449,464	969,554	3,356,063
Total interest-bearing assets		1,644,460	209,719	636,131	1,599,940	970,595	5,060,845
Cash and cash equivalents		476,780	-	-	-	-	476,780
Financial instruments at FVTPL		12,774	-	-	-	-	12,774
Investment financial assets at FVOCI		2,369	-	-	-	-	2,369
Due from banks		58,821	-	-	-	-	58,821
Loans to customers and banks		-	-	3,407	-	-	3,407
Other financial assets		26,686	-	-	-	-	26,686
Total financial assets		2,221,890	209,719	639,538	1,599,940	970,595	5,641,682
Financial liabilities							
Due to banks and financial institutions	9.26%	136,330	28,243	85,176	4,899	6	254,654
Customer accounts	10.66%	408,316	732,731	1,493,202	333,084	14,361	2,981,694
Debt securities issued	12.43%	2,830	483	221	70,181	-	73,715
Subordinated bonds	12.89%	-	-	9,492	21,774	29,454	60,720
Other financial liabilities	3.07%	2,611	2,969	13,835	85,628	313,629	418,672
Total interest-bearing liabilities		550,087	764,426	1,601,926	515,566	357,450	3,789,455
Due to banks and financial institutions		51,586	-	-	-	-	51,586
Customer accounts		1,343,033	435	9,876	34,774	4,539	1,392,657
Other financial liabilities		85,747	-	-	-	-	85,747
Total financial liabilities		2,030,453	764,861	1,611,802	550,340	361,989	5,319,445
Liquidity gap		191,437	(555,142)	(972,264)	1,049,600	608,606	
Interest sensitivity gap		1,094,373	(554,707)	(965,795)	1,084,374	613,145	
Cumulative interest sensitivity gap		1,094,373	539,666	(426,129)	658,245	1,271,390	
Cumulative interest sensitivity gap as a percentage of total financial assets		21.62%	10.66%	(8.42%)	13.01%	25.12%	

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27. RISK MANAGEMENT POLICY, CONTINUED

(c) Liquidity risk, continued

31 December 2023	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 2023 Total
Financial assets							
Cash and cash equivalents	10.45%	695,876	-	-	-	-	695,876
Financial instruments at FVTPL	17.04%	46,620	-	-	-	-	46,620
Investment financial assets at FVOCI	13.01%	582,523	-	-	-	-	582,523
Investment financial assets at amortised cost	4.61%	11,531	14,306	23,397	56,391	1,034	106,659
Loans to customers and banks	18.26%	540,695	138,974	376,642	1,027,131	845,407	2,928,849
Total interest-bearing assets		1,877,245	153,280	400,039	1,083,522	846,441	4,360,527
Cash and cash equivalents		657,458	-	-	-	-	657,458
Financial instruments at FVTPL		8,732	-	-	-	-	8,732
Investment financial assets at FVOCI		1,170	-	-	-	-	1,170
Due from banks		32,194	7,289	-	-	-	39,483
Other financial assets		25,613	-	4,213	-	-	29,826
Total financial assets		2,602,412	160,569	404,252	1,083,522	846,441	5,097,196
Financial liabilities							
Due to banks and financial institutions	7.25%	23,214	1,671	12,378	41,636	55,314	134,213
Customer accounts	10.99%	788,840	459,156	1,513,911	403,117	16,530	3,181,554
Debt securities issued	12.40%	-	484	221	69,827	-	70,532
Subordinated bonds	12.82%	-	560	7,824	21,639	28,564	58,587
Other financial liabilities	3.07%	3,101	2,996	13,966	86,833	317,648	424,544
Total interest-bearing liabilities		815,155	464,867	1,548,300	623,052	418,056	3,869,430
Due to banks and financial institutions		47,678	-	-	-	-	47,678
Customer accounts		787,275	2,402	14,733	33,407	2,697	840,514
Other financial liabilities		97,126	-	-	-	-	97,126
Total financial liabilities		1,747,234	467,269	1,563,033	656,459	420,753	4,854,748
Liquidity gap		855,178	(306,700)	(1,158,781)	427,063	425,688	
Interest sensitivity gap		1,062,090	(311,587)	(1,148,261)	460,470	428,385	
Cumulative interest sensitivity gap		1,062,090	750,503	(397,758)	62,712	491,097	
Cumulative interest sensitivity gap as a percentage of total financial assets		24.36%	17.21%	(9.12%)	1.44%	11.26%	

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

In accordance with the current 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 June 2024, the Bank complied with all prudential capital ratios k1, k1-2 and k2, and the actual ratios were 0.155, 0.155 and 0.176, respectively (unaudited) (31 December 2023: k1 -0.154, k1-2 -0.154 and k2 -0.181).

The following table shows the composition of the capital position as at 30 June 2024 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.

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28. CAPITAL MANAGEMENT, CONTINUED

	30 June 2024 (unaudited)	31 December 2023
Tier 1 capital		
Basic capital:	480,649	397,183
Share capital	65,648	65,648
Statutory retained earnings of prior years	356,431	225,818
Retained earnings of current period	84,966	130,613
Reserves formed from statutory retained earnings of prior years	4,981	4,981
Revaluation surplus for buildings		-
Revaluation reserve for investment securities	(14,728)	(13,883)
Statutory adjustments:		
Intangible assets	(16,649)	(15,994)
Total basic capital	480,649	397,183
Additional capital:		
Paid-in preference share capital not satisfying basic capital requirements	11,775	11,775
Bank's treasury preference shares	(11,687)	(11,686)
Tier 1 capital	480,737	397,272
Tier 2 capital		
Subordinated debt	65,448	67,626
Total tier 2 capital	65,448	67,626
Total capital	546,185	464,898
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	2,710,807	2,301,707
Credit risk-weighted contingent liabilities	179,570	118,365
Market risk-weighted assets, contingent assets and liabilities	58,777	51,599
Operational risk	159,035	103,165
Risk-weighted assets, contingent liabilities and derivative financial instruments and operational risk	3,108,188	2,574,836
k1	0.155	0.154
k1-2	0.155	0.154
k2	0.176	0.181

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 June 2024 and 31 December 2023, the nominal values or contractual values and risk-weighted amounts are as follows:

	30 June 2024 (unaudited)		31 December 2023	
	Nominal value	Risk-weighted value*	Nominal value	Risk-weighted value
Guarantees issued and other similar liabilities	220,037	179,383	193,598	134,799
Credit card commitments	95,140	19,028	92,921	18,584
Letters of credit and other contingent liabilities related to other transaction	9,123	1,825	16,978	3,396
	324,300	200,236	303,497	156,779

*guarantees issued and other similar liabilities are stated net of cash collateral in the amount of KZT 40,653 million (unaudited) (31 December 2023: KZT 58,799 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 June 2024, the guarantees issued in the amount of KZT 218,255 million (unaudited) and credit card commitments in the amount of KZT 94,639 million (unaudited) are classified as Stage 1 of credit risk gradings (31 December 2023: KZT 161,298 million and KZT 92,263 million), KZT 82 million (unaudited) and KZT 107 million (unaudited) are classified as Stage 2 of credit risk gradings (31 December 2023: KZT 33 million and KZT 114 million, respectively), KZT 1,700 million (unaudited) and KZT 394 million (unaudited) are classified as Stage 3 of credit risk gradings (31 December 2023: KZT 32,267 million and KZT 544 million, respectively). Net decrease in provision for credit related commitments was KZT 1,748 million (unaudited) for the six months ended 30 June 2024 (30 June 2023: net increase – KZT 10,019 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 June 2024 (unaudited)	31 December 2023
Cash	40,653	58,799
Real estate	53,281	50,537
Corporate guarantees	53,337	17,829
Unsecured	22,585	16,415
Movable property	2,529	988
Goods in turnover	818	554
Other	46,834	48,476
Total	220,037	193,598

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 June 2024 (unaudited)	31 December 2023
Cash	5,831	10,128
Other	3,292	6,850
Total	9,123	16,978

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 June 2024 (unaudited)	31 December 2023
Securities	281,526	406,714
Investments in buildings, machinery, equipment, vehicles and other property	6,261	6,261
Unit investment funds	25	25
Bank deposits	-	47
Total fiduciary assets	287,812	413,047

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.

(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 of the Group.

(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, including opinions with respect to treatment of revenues, expenses and other items in the financial statements in accordance with IFRS Accounting Standards. 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. The Group's 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 June 2024 are as follows:

	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	-	-	1,203,944	1,203,944	1,203,944
Financial instruments at FVTPL	70,420	-	-	70,420	70,420
Investment financial assets at FVOCI	-	730,212	-	730,212	730,212
Investment financial assets at amortised cost	-	-	192,754	192,754	190,874
Due from banks	-	-	58,821	58,821	58,821
Loans to customers and banks	-	-	3,359,470	3,359,470	3,341,461
Other financial assets	-	-	26,686	26,686	26,686
	70,420	730,212	4,841,675	5,642,307	5,622,418
Due to banks and financial institutions	-	-	306,240	306,240	306,240
Customer accounts	-	-	4,374,351	4,374,351	4,349,247
Debt securities issued	-	-	73,715	73,715	67,270
Subordinated bonds	-	-	60,720	60,720	56,891
Other financial liabilities	-	-	504,419	504,419	504,419
	-	-	5,319,445	5,319,445	5,284,067

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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 2023:

	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	-	-	1,353,334	1,353,334	1,353,334
Financial instruments at FVTPL	55,414	-	-	55,414	55,414
Investment financial assets at FVOCI	-	583,693	-	583,693	583,693
Investment financial assets at amortised cost	-	-	106,659	106,659	104,760
Due from banks	-	-	39,483	39,483	39,483
Loans to customers and banks	-	-	2,928,849	2,928,849	2,911,512
Other financial assets	-	-	29,826	29,826	29,826
	55,414	583,693	4,458,151	5,097,258	5,078,022
Due to banks and financial institutions	-	-	181,891	181,891	181,891
Customer accounts	-	-	4,022,068	4,022,068	4,019,165
Debt securities issued	-	-	70,532	70,532	65,859
Subordinated bonds	-	-	58,587	58,587	57,386
Other financial liabilities	-	-	521,670	521,670	521,670
	-	-	4,854,748	4,854,748	4,845,971

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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 standard 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 6.82%-21.87% p.a. and 20.75%-31.19% p.a. (unaudited) are used for discounting future cash flows from USD- and KZT-denominated loans to corporate customers and loans to retail customers, respectively (31 December 2023: 6.87%-21.11% p.a. and 20.55%-28.35% p.a.);
- discount rates of 7.0% to 14.64% p.a. (unaudited) are used for discounting future cash flows from mortgage loans issued under the '7-20-25' programme (31 December 2023: 7.0% to 14.64% p.a.). The Bank applies nominal interest rates to discount future cash flows making the assumption that this government programme represents a separate market segment;
- discount rates of 2.7%-13.5% p.a. and 0.9%-13.6% p.a. (unaudited) are used to calculate expected future cash flows from USD- and KZT-denominated current accounts and deposits of corporate and retail customers, respectively (31 December 2023: 2.6%-14.6% and 0.9%-13.7%);
- 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.

(b) Fair value hierarchy

The Group measures fair values for financial instruments recorded on the consolidated interim condensed 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.

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

(b) Fair value hierarchy, continued

- 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 June 2024, 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 FVTPL – debt securities	1,646	55,375	-	57,021
Non-derivative financial instruments at FVTPL – equity securities	2,259	10,515	-	12,774
Investment financial assets at FVOCI - debt financial instruments	36,278	684,181	7,384	727,843
Investment financial assets at FVOCI - equity financial instruments	1,194	1,175	-	2,369
	41,377	751,246	7,384	800,007

The table below analyses financial instruments measured at fair value at 31 December 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 FVTPL – debt securities	4,239	42,381	-	46,620
Non-derivative financial instruments at FVTPL – equity securities	2,049	6,683	-	8,732
Investment financial assets at FVOCI - debt financial instruments	58,417	517,851	6,255	582,523
Investment financial assets at FVOCI - equity financial instruments	1,170	-	-	1,170
	65,875	566,915	6,255	639,045

The following table shows a reconciliation for the six months ended 30 June 2024 for fair value measurements into Level 3 of the fair value hierarchy:

	For the six months ended 30 June 2024 (unaudited)	For the six months ended 30 June 2023 (unaudited)
Balance at 1 January 2024	6,255	12,285
Net interest income	599	271
Interest received	(147)	(176)
Repayment	-	(6,706)
Net gain on change in fair value	677	133
Balance at 30 June 2024	7,384	5,807

During the year ended 31 December 2023, securities of Russian issuers were transferred to Level 3 of the fair value hierarchy, where significant inputs used in making those 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.

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

(b) Fair value hierarchy, continued

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 June 2024, 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.

30 June 2024 (unaudited)	Fair value of financial assets	Valuation technique	Significant	Reasonable	Sensitivity analysis of fair
	KZT million		unobservable inputs	shift	value to unobservable inputs
	7,384	Cash price method of securities database	Bid-ask spreads	+/-10.0%	738

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.

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 June 2024 (unaudited):

	Level 2	Level 3	Total fair values	Total carrying amount
Assets				
Cash and cash equivalents	1,203,944	-	1,203,944	1,203,944
Investment financial assets at amortised cost	190,874	-	190,874	192,754
Due from banks	58,821	-	58,821	58,821
Loans to customers and banks	3,300,792	40,669	3,341,461	3,359,470
Other financial assets	26,686	-	26,686	26,686
Liabilities				
Due to banks and financial institutions	306,240	-	306,240	306,240
Customer accounts	4,349,247	-	4,349,247	4,374,351
Debt securities issued	67,270	-	67,270	73,715
Subordinated bonds	56,891	-	56,891	60,720
Other financial liabilities	504,419	-	504,419	504,419

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 2023.

	Level 2	Level 3	Total fair values	Total carrying amount
Assets				
Cash and cash equivalents	1,353,334	-	1,353,334	1,353,334
Investment financial assets at amortised cost	104,760	-	104,760	106,659
Due from banks	39,483	-	39,483	39,483
Loans to customers and banks	2,868,885	42,627	2,911,512	2,928,849
Other financial assets	29,826	-	29,826	29,826
Liabilities				
Due to banks and financial institutions	181,891	-	181,891	181,891
Customer accounts	4,019,165	-	4,019,165	4,022,068
Debt securities issued	65,859	-	65,859	70,532
Subordinated bonds	57,386	-	57,386	58,587
Other financial liabilities	521,670	-	521,670	521,670

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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 June 2024 (unaudited)		31 December 2023	
	Related party transactions	Average nominal interest rate	Related party transactions	Average nominal interest rate
Loans to customers and banks, gross	26,136		25,353	
- key management personnel of the Group				
- <i>in KZT</i>	103	14.66%	97	10.36%
- close relatives of key management personnel				
- <i>in KZT</i>	24	3.76%	25	18.25%
- entities under common control				
- <i>in USD</i>	24,953	5.00%	24,055	5.00%
- <i>in KZT</i>	1,056	18.25%	1,176	19.00%
Provision for losses on loans to customers and banks	(23,406)		(18,764)	
- entities under common control	(23,406)		(18,764)	
Customer accounts	1,789		6,684	
- key management personnel of the Group				
- <i>in KZT</i>	861	14.25%	298	14.06%
- <i>in USD</i>	601	0.75%	748	0.79%
- <i>in other currencies</i>	120	0.09%	80	0.10%
- close relatives of key management personnel				
- <i>in KZT</i>	51	15.21%	3,004	14.00%
- <i>in USD</i>	48	0.66%	368	1.5%
- <i>in other currencies</i>	5	0.1%	14	-
- other				
- <i>in KZT</i>	87	8.20%	298	14.37%
- <i>in USD</i>	-	-	1,855	0.75%
- <i>in other currencies</i>	16	0.0%	19	0.10%

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.

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33. RELATED PARTY TRANSACTIONS, CONTINUED

Included in the consolidated interim condensed statement of profit or loss for the six months ended 30 June 2024 and 2023 are the following amounts which arose due to transactions with related parties:

	The six months ended 30 June 2024 (unaudited)	The six months ended 30 June 2023 (unaudited)
Interest income	104	392
- key management personnel of the Group	7	2
- close relatives of key management personnel	-	-
- entities under common control	97	390
Interest expenses	(33)	(302)
- key management personnel of the Group	(32)	(44)
- close relatives of key management personnel	(1)	(208)
- other	-	(50)
Expected credit loss allowance on loans to customers and banks	(3,789)	(3,704)
- entities under common control	(3,789)	(3,704)
Operating expenses	(974)	(663)
- key management personnel of the Group	(974)	(663)

Key management personnel remuneration for the six months ended 30 June 2024 and 2023 represent short-term employee benefits. Total remuneration of members of the Board of Directors and the Management Board amounted to KZT 974 million (unaudited) and KZT 663 million, for the six months ended 30 June 2024 and 2023, respectively.

34. SUBSEQUENT EVENTS

On 23 July 2024, the Management Board of the ARDFM adopted Resolution, On Granting Permission to Joint Stock Company Bank CenterCredit for Establishing a Subsidiary Insurance (Reinsurance) Organisation Life Insurance Company "BCC Life" JSC. On 26 July 2024, the legal entity obtained the state registration.

In accordance with the resolution of the Board of Directors of the Bank dated 2 August 2024, the Parent Bank made a cash contribution to the share capital of JSC Life Insurance Company "BCC Life" of KZT 10,000 million (unaudited).