



# JSC HALYK BANK

Interim condensed consolidated  
financial information (unaudited)  
for the three months ended 31 March 2023

# JSC Halyk Bank

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**Statement of Management’s Responsibilities  
for the Preparation and Approval  
of the Interim Condensed Consolidated Financial Information  
for the Three Months ended 31 March 2023 (unaudited)**

Management is responsible for the preparation of the interim condensed consolidated financial information that presents fairly the financial position of JSC Halyk Bank (the “Bank”) and its subsidiaries (collectively – the “Group”) as at 31 March 2023, and the related interim condensed consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flows for the nine months then ended, in accordance with International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”).

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



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

Management is also responsible for:

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


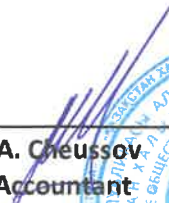
The interim condensed consolidated financial information of the Group for the three months ended 31 March 2023 was authorized for issue by the Management Board on 15 May 2023.

**On behalf of the Management Board:**



**Murat U. Koshenov**  
Deputy Chairperson of the Board

15 May 2023  
Almaty, Kazakhstan



**Pavel A. Cheussov**  
Chief Accountant

15 May 2023  
Almaty, Kazakhstan

## REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

To the Shareholders and Board of Directors of JSC Halyk Bank

### Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of JSC Halyk Bank and its subsidiaries (the "Group") as at 31 March 2023 and the related interim condensed consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flows for the three months then ended, and selected explanatory notes. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

### Scope of Review

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

### Conclusion

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

Deloitte LLP

15 May 2023  
Almaty, Republic of Kazakhstan

**Interim Condensed Consolidated Statement of Financial Position**  
**as at 31 March 2023 (unaudited)**  
*(millions of Kazakhstani Tenge)*

|  | Notes  | 31 March<br>2023<br>(unaudited) | 31 December<br>2022<br>(recalculated) |
|--|--------|---------------------------------|---------------------------------------|
| <b>ASSETS</b>  |        |                                 |                                       |
| Cash and cash equivalents  | 5      | 1,698,260                       | 2,028,831                             |
| Obligatory reserves  |        | 252,490                         | 259,544                               |
| Financial assets at fair value through profit or loss                          | 6      | 359,407                         | 342,168                               |
| Amounts due from credit institutions   | 7      | 133,401                         | 135,655                               |
| Financial assets at fair value through other comprehensive income              | 8      | 2,330,881                       | 2,109,269                             |
| Debt securities at amortized cost, net of allowance for expected credit losses | 9      | 1,015,664                       | 1,019,089                             |
| Loans to customers   | 10, 28 | 7,800,988                       | 7,857,902                             |
| Investment property  |        | 35,537                          | 35,541                                |
| Commercial property  |        | 72,465                          | 76,538                                |
| Assets classified as held for sale   |        | 27,890                          | 23,923                                |
| Current income tax assets  |        | 1,528                           | 1,521                                 |
| Deferred income tax assets   |        | 310                             | 273                                   |
| Property and equipment and intangible assets                                   |        | 208,400                         | 207,788                               |
| Insurance contract assets  |        | 10,861                          | 7,117                                 |
| Reinsurance contract assets  |        | 36,472                          | 22,151                                |
| Other assets   |        | 158,210                         | 159,985                               |
| <b>TOTAL ASSETS</b>  |        | <b>14,142,764</b>               | <b>14,287,295</b>                     |
| <b>LIABILITIES AND EQUITY</b>  |        |                                 |                                       |
| <b>LIABILITIES</b>   |        |                                 |                                       |
| Amounts due to customers   | 11, 28 | 10,132,432                      | 10,512,048                            |
| Amounts due to credit institutions   | 12     | 935,593                         | 878,665                               |
| Financial liabilities at fair value through profit or loss                     | 6      | 9,347                           | 10,628                                |
| Debt securities issued   | 13     | 419,638                         | 462,817                               |
| Current income tax liability   |        | 21,548                          | 12,358                                |
| Deferred tax liability   |        | 53,221                          | 52,595                                |
| Provisions   | 16     | 12,232                          | 13,773                                |
| Insurance contract liabilities   |        | 246,057                         | 230,159                               |
| Reinsurance contract liabilities   |        | 3,915                           | 2,763                                 |
| Other liabilities  |        | 192,464                         | 189,343                               |
| <b>Total liabilities</b>   |        | <b>12,026,447</b>               | <b>12,365,149</b>                     |
| <b>EQUITY</b>  |        |                                 |                                       |
| Share capital  | 15     | 209,027                         | 209,027                               |
| Share premium reserve  |        | 7,985                           | 7,966                                 |
| Treasury shares  | 15     | (260,470)                       | (260,535)                             |
| Retained earnings and other reserves   |        | 2,159,766                       | 1,965,679                             |
| <b>Total equity attributable to owners of the Group</b>                        |        | <b>2,116,308</b>                | <b>1,922,137</b>                      |
| Non-controlling interest   |        | 9                               | 9                                     |
| <b>Total equity</b>  |        | <b>2,116,317</b>                | <b>1,922,146</b>                      |
| <b>TOTAL LIABILITIES AND EQUITY</b>  |        | <b>14,142,764</b>               | <b>14,287,295</b>                     |

On behalf of the Management Board:

  
**Murat U. Koshenov**  
Deputy Chairperson of the Board

15 May 2023  
Almaty, Kazakhstan

  
**Pavel A. Cheussov**  
Chief Accountant

15 May 2023  
Almaty, Kazakhstan

The notes on pages 10 to 59 form an integral part of this interim condensed consolidated financial information.

Interim Condensed Consolidated Statement of Profit or Loss  
for the Three Months ended 31 March 2023 (unaudited)

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

|  | Notes              | Three months ended 31 March 2023 (unaudited) | Three months ended 31 March 2022 (unaudited) (recalculated) |
|--|--------------------|--|---|
| Interest income calculated using effective interest method                               | 17, 28             | 372,267                                      | 247,483   |
| Other interest income  | 17                 | 8,002  | 6,357   |
| Interest expense   | 17, 28             | (188,177)                                    | (109,579)   |
| <b>NET INTEREST INCOME BEFORE CREDIT LOSS EXPENSE</b>                                    |                    | <b>192,092</b>                               | <b>144,261</b>  |
| Credit loss expense  | 5, 7, 8, 9, 10, 28 | (14,819)                                     | (25,377)  |
| <b>NET INTEREST INCOME</b>   |                    | <b>177,273</b>                               | <b>118,884</b>  |
| Fee and commission income  | 18                 | 47,405                                       | 33,522  |
| Fee and commission expense   | 18                 | (22,486)                                     | (20,309)  |
| <b>Fees and commissions, net</b>   |                    | <b>24,919</b>                                | <b>13,213</b>   |
| Net gain from financial assets and liabilities at fair value through profit or loss      | 19                 | 3,819  | 19,838  |
| Net realised loss from financial assets at fair value through other comprehensive income |                    | (346)  | (102)   |
| Net gain on foreign exchange operations  | 20                 | 20,137                                       | 26,647  |
| Insurance underwriting income  |                    | 63,066                                       | 33,877  |
| Share in profit of associate   | 28                 | 3,738  | 1,985   |
| Income on non-banking activities   | 22                 | 4,682  | 4,728   |
| Other income   |                    | 12,774                                       | 6,842   |
| <b>OTHER NON-INTEREST INCOME</b>   |                    | <b>107,870</b>                               | <b>93,815</b>   |
| Operating expenses   | 21                 | (46,426)                                     | (43,302)  |
| Loss from impairment of non-financial assets   |                    | (60)   | (60)  |
| Recovery of other credit loss expense/(other credit loss expense)                        | 16                 | 1,252  | (1,489)   |
| Insurance claims incurred  |                    | (36,071)                                     | (21,295)  |
| Net expenses from reinsurance contracts held   |                    | (7,647)                                      | (14,129)  |
| <b>NON-INTEREST EXPENSES</b>   |                    | <b>(88,952)</b>                              | <b>(80,275)</b>   |
| <b>INCOME BEFORE INCOME TAX EXPENSE</b>  |                    | <b>221,110</b>                               | <b>145,637</b>  |
| Income tax expense   | 14                 | (32,909)                                     | (21,161)  |
| <b>NET PROFIT</b>  |                    | <b>188,201</b>                               | <b>124,476</b>  |
| Attributable to:   |                    |  |   |
| Common shareholders  |                    | 188,201                                      | 124,476   |
| Non-controlling interest   |                    | -  | -   |
|  |                    | <b>188,201</b>                               | <b>124,476</b>  |
| <b>EARNINGS PER SHARE</b>  | 23                 |  |   |
| (in Kazakhstani Tenge)   |                    |  |   |
| Basic and diluted earnings per share   |                    | 17.29  | 11.42   |

On behalf of the Management Board:

Murat U. Koshenov  
Deputy Chairperson of the Board

15 May 2023  
Almaty, Kazakhstan

Pavel A. Cheussov  
Chief Accountant

15 May 2023  
Almaty, Kazakhstan

The notes on pages 10 to 59 form an integral part of this interim condensed consolidated financial information.

**Interim Condensed Consolidated Statement of Other Comprehensive Income  
for the Three Months ended 31 March 2023 (unaudited)**  
*(millions of Kazakhstani Tenge)*

|  | Three months<br>ended<br>31 March<br>2023<br>(unaudited) | Three months<br>ended<br>31 March<br>2022<br>(unaudited)<br>(recalculated) |
|--|--|--|
| <b>Net profit</b>  | <b>188,201</b>   | <b>124,476</b>   |
| Other comprehensive income:  |  |  |
| <i>Items that will not be subsequently reclassified to profit or loss:</i>   |  |  |
| Gain on revaluation of property<br>(net of tax – KZT Nil)  | 17   | -  |
| Gain/(loss) on revaluation of equity financial assets at fair value through other<br>comprehensive income (net of tax – KZT Nil)                                     | (51)   | 1,348  |
| <i>Items that may be subsequently reclassified to profit or loss:</i>  |  |  |
| Exchange differences on translation of foreign operations (net of tax – KZT Nil)   | (2,097)  | 5,252  |
| Share of other comprehensive income/(loss) of associate  | 797  | (1,656)  |
| Gain/(loss) on revaluation of debt financial assets at fair value through other comprehensive<br>income, including impaired during the period (net of tax – KZT Nil) | 6,874  | (105,027)  |
| Reclassification adjustment relating to financial assets at fair value through other<br>comprehensive income disposed of in the period (net of tax – KZT Nil)        | 346  | 102  |
| Other comprehensive income/(loss) for the period   | 5,886  | (99,981)   |
| <b>Total comprehensive income for the period</b>   | <b>194,087</b>   | <b>24,495</b>  |
| Attributable to:   |  |  |
| Common shareholders  | 194,087  | 24,495   |
| Non-controlling interest   | -  | -  |
| <b>Total comprehensive income for the period</b>   | <b>194,087</b>   | <b>24,495</b>  |

On behalf of the Management Board:

  
**Murat U. Kosheenov**  
Deputy Chairperson of the Board

15 May 2023  
Almaty, Kazakhstan



  
**Pavel A. Cheussov**  
Chief Accountant

15 May 2023  
Almaty, Kazakhstan



The notes on pages 10 to 59 form an integral part of this interim condensed consolidated financial information.

## JSC Halyk Bank

### Interim Condensed Consolidated Statement of Changes in Equity for the Three Months ended 31 March 2023 (unaudited)

(millions of Kazakhstani Tenge)



|   | Share<br>capital<br>Common<br>shares | Share<br>premium<br>reserve | Treasury<br>common<br>shares | Cumulative<br>translation<br>reserve* | Revaluation<br>reserve of<br>financial assets<br>at fair value<br>through other<br>comprehensive<br>income* | Property<br>revaluation<br>reserve* | Retained<br>earnings* | Total equity     | Non-controlling<br>interest | Total<br>equity  |
|---|--------------------------------------|-----------------------------|------------------------------|---------------------------------------|---|-------------------------------------|-----------------------|------------------|-----------------------------|------------------|
| <b>31 December 2022 (recalculated)</b>  | <b>209,027</b>                       | <b>7,966</b>                | <b>(260,535)</b>             | <b>11,742</b>                         | <b>(78,649)</b>   | <b>43,308</b>                       | <b>1,989,278</b>      | <b>1,922,137</b> | <b>9</b>                    | <b>1,922,146</b> |
| Net income  | -                                    | -                           | -                            | -                                     | -   | -                                   | 188,201               | 188,201          | -                           | 188,201          |
| Other comprehensive income  | -                                    | -                           | -                            | (2,097)                               | 7,966   | 17                                  | -                     | 5,886            | -                           | 5,886            |
| <b>Total comprehensive income</b>   | <b>-</b>                             | <b>-</b>                    | <b>-</b>                     | <b>(2,097)</b>                        | <b>7,966</b>  | <b>17</b>                           | <b>188,201</b>        | <b>194,087</b>   | <b>-</b>                    | <b>194,087</b>   |
| Treasury shares purchased<br>(Note 15)  | -                                    | -                           | (41)                         | -                                     | -   | -                                   | -                     | (41)             | -                           | (41)             |
| Treasury shares sold (Note 15)  | -                                    | 19                          | 106                          | -                                     | -   | -                                   | -                     | 125              | -                           | 125              |
| Release of property and<br>equipment revaluation reserve<br>on depreciation and disposal of<br>previously revalued assets | -                                    | -                           | -                            | -                                     | -   | (217)                               | 217                   | -                | -                           | -                |
| <b>31 March 2023 (unaudited)</b>  | <b>209,027</b>                       | <b>7,985</b>                | <b>(260,470)</b>             | <b>9,645</b>                          | <b>(70,683)</b>   | <b>43,108</b>                       | <b>2,177,696</b>      | <b>2,116,308</b> | <b>9</b>                    | <b>2,116,317</b> |



# JSC Halyk Bank



## Interim Condensed Consolidated Statement of Changes in Equity for the Three Months ended 31 March 2023 (unaudited) (continued) (millions of Kazakhstani Tenge)

|   | Share capital<br>Common<br>shares | Share<br>premium<br>reserve | Treasury<br>common<br>shares | Cumulative<br>translation<br>reserve* | Revaluation<br>reserve of<br>financial assets<br>at fair value<br>through other<br>comprehensive<br>income* | Property<br>revaluation<br>reserve* | Retained<br>earnings* | Total equity     | Non-controlling<br>interest | Total<br>equity  |
|---|-----------------------------------|-----------------------------|------------------------------|---------------------------------------|---|-------------------------------------|-----------------------|------------------|-----------------------------|------------------|
| <b>31 December 2021</b>   | <b>209,027</b>                    | <b>9,067</b>                | <b>(259,322)</b>             | <b>5,582</b>                          | <b>25,115</b>   | <b>27,521</b>                       | <b>1,556,606</b>      | <b>1,573,596</b> | <b>8</b>                    | <b>1,573,604</b> |
| Effect on transition to IFRS 17<br>(Note 3)   | -                                 | -                           | -                            | -                                     | -   | -                                   | 2,047                 | 2,047            | -                           | 2,047            |
| <b>1 January 2022 (recalculated)</b>  | <b>209,027</b>                    | <b>9,067</b>                | <b>(259,322)</b>             | <b>5,582</b>                          | <b>25,115</b>   | <b>27,521</b>                       | <b>1,558,653</b>      | <b>1,575,643</b> | <b>8</b>                    | <b>1,575,651</b> |
| Net income  | -                                 | -                           | -                            | -                                     | -   | -                                   | 124,476               | 124,476          | -                           | 124,476          |
| Other comprehensive loss  | -                                 | -                           | -                            | 5,252                                 | (105,233)   | -                                   | -                     | (99,981)         | -                           | (99,981)         |
| <b>Total comprehensive income</b>   | <b>-</b>                          | <b>-</b>                    | <b>-</b>                     | <b>5,252</b>                          | <b>(105,233)</b>  | <b>-</b>                            | <b>124,476</b>        | <b>24,495</b>    | <b>-</b>                    | <b>24,495</b>    |
| Treasury shares purchased (Note 15)   | -                                 | (528)                       | (1,335)                      | -                                     | -   | -                                   | -                     | (1,863)          | -                           | (1,863)          |
| Treasury shares sold (Note 15)  | -                                 | -                           | 1,436                        | -                                     | -   | -                                   | -                     | 1,436            | -                           | 1,436            |
| Recovery of reserves for bonuses to<br>the insured  | -                                 | -                           | -                            | -                                     | -   | -                                   | (275)                 | (275)            | -                           | (275)            |
| Release of property and equipment<br>revaluation reserve on depreciation<br>and disposal of previously revalued<br>assets | -                                 | -                           | -                            | -                                     | -   | (107)                               | 107                   | -                | -                           | -                |
| <b>31 March 2022 (unaudited)</b>  | <b>209,027</b>                    | <b>8,539</b>                | <b>(259,221)</b>             | <b>10,834</b>                         | <b>(80,118)</b>   | <b>27,414</b>                       | <b>1,682,961</b>      | <b>1,599,436</b> | <b>8</b>                    | <b>1,599,444</b> |

\* These amounts are included within retained earnings and other reserves in the interim condensed consolidated statement of financial position.

On behalf of the Management Board:

**Murat U. Koshenov**  
Deputy Chairperson of the Board

15 May 2023  
Almaty, Kazakhstan

**Pavel A. Cheussov**  
Chief Accountant

15 May 2023  
Almaty, Kazakhstan

The notes on pages 10 to 59 form an integral part of this interim condensed consolidated financial information

**Interim Condensed Consolidated Statement of Cash Flows  
for the Three Months ended 31 March 2023 (unaudited)**  
*(millions of Kazakhstani Tenge)*

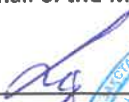
|   | Three months<br>ended<br>31 March<br>2023<br>(unaudited) | Three months<br>ended<br>31 March<br>2022<br>(unaudited) |
|---|--|--|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>  |  |  |
| Interest received from financial assets at fair value through profit or loss                                    | 4,761  | 4,449  |
| Interest received from cash equivalents and amounts due from credit institutions                                | 14,801   | 3,453  |
| Interest received on financial assets at fair value through other comprehensive income                          | 27,234   | 25,093   |
| Interest received on debt securities at amortized cost, net of allowance for expected credit losses             | 3,590  | 15,191   |
| Interest received from loans to customers   | 301,766  | 194,907  |
| Interest received from other assets   | 651  | 64   |
| Interest paid on due to customers   | (164,917)  | (82,216)   |
| Interest paid on due to credit institutions   | (10,615)   | (12,249)   |
| Interest paid on debt securities issued   | (5,149)  | (13,150)   |
| Interest paid on other liabilities  | (4,931)  | (191)  |
| Fee and commission received   | 46,408   | 34,092   |
| Fee and commission paid   | (22,577)   | (20,238)   |
| Insurance underwriting income received  | 63,066   | 33,877   |
| Ceded insurance share paid  | (13,011)   | (18,730)   |
| Receipts/(payments) from derivative operations  | 4,918  | (11,729)   |
| Other income received   | 17,457   | 11,570   |
| Operating expenses paid   | (34,588)   | (31,848)   |
| Insurance claims paid   | (44,355)   | (7,740)  |
| Cash flows from operating activities before changes in net operating assets                                     | 184,509  | 124,605  |
| Changes in operating assets and liabilities:  |  |  |
| (Increase)/decrease in operating assets:  |  |  |
| Obligatory reserves   | 7,054  | (4,977)  |
| Financial assets at fair value through profit or loss   | (17,006)   | 13,624   |
| Amounts due from credit institutions  | (2,121)  | 44,613   |
| Loans to customers  | 12,585   | (368,256)  |
| Assets classified as held for sale  | 229  | 3,007  |
| Insurance assets  | (3,085)  | (24,069)   |
| Other assets  | 11,589   | 13,964   |
| Increase/(decrease) in operating liabilities:   |  |  |
| Amounts due to customers  | (263,489)  | 582,764  |
| Amounts due to credit institutions  | 61,448   | (194,087)  |
| Financial liabilities at fair value through profit or loss  | (1,272)  | 3,961  |
| Insurance liabilities   | 16,089   | 26,281   |
| Other liabilities   | (2,270)  | 6,436  |
| <b>Net cash inflow from operating activities before income tax</b>  | <b>4,260</b>   | <b>227,866</b>   |
| Income tax paid   | (23,215)   | (14,166)   |
| <b>Net cash (outflow)/inflow from operating activities</b>  | <b>(18,955)</b>  | <b>213,700</b>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>  |  |  |
| Purchase and prepayment for property and equipment and intangible assets  | (10,874)   | (9,444)  |
| Proceeds on sale of property and equipment  | 20   | 172  |
| Proceeds on sale of investment property   | 145  | 690  |
| Proceeds on sale of commercial property   | 2,669  | 6,900  |
| Proceeds on sale of financial assets at fair value through other comprehensive income                           | 19,296   | 263,506  |
| Purchase of financial assets at fair value through other comprehensive income                                   | (258,024)  | (209,991)  |
| Purchase of debt securities at amortized cost, net of allowance for expected credit losses                      | (39,607)   | (22,522)   |
| Proceeds on sale and maturity of debt securities at amortized cost, net of allowance for expected credit losses | 59,197   | 374  |
| Capital expenditures on commercial property   | (787)  | (997)  |
| <b>Net cash (outflow)/inflow from investing activities</b>  | <b>(227,965)</b>   | <b>28,688</b>  |

**Interim Condensed Consolidated Statement of Cash Flows  
for the Three Months ended 31 March 2023 (unaudited) (continued)  
(millions of Kazakhstani Tenge)**

|  | Notes | Three months ended<br>31 March<br>2023<br>(unaudited) | Three months ended<br>31 March<br>2022<br>(unaudited) |
|--|-------|---|---|
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>   |       |   |   |
| Proceeds on sale of treasury shares  |       | 125   | 1,436   |
| Purchase of treasury shares  |       | (41)  | (1,863)   |
| Proceeds from issue of debt securities issued  | 13    | 1,610   | -   |
| Redemption and repayment of debt securities issued                                   | 13    | (45,869)  | (93,632)  |
| Repayment of the lease liabilities   |       | (851)   | (710)   |
| <b>Net cash outflow from financing activities</b>                                    |       | <b>(45,026)</b>                                       | <b>(94,769)</b>                                       |
| Effect of changes in foreign exchange rate fluctuations on cash and cash equivalents |       | (38,625)  | 98,003  |
| Net change in cash and cash equivalents  |       | (330,571)   | 245,622   |
| <b>CASH AND CASH EQUIVALENTS, beginning of the period</b>                            | 5     | <b>2,028,831</b>                                      | <b>1,438,521</b>                                      |
| <b>CASH AND CASH EQUIVALENTS, end of the period</b>                                  | 5     | <b>1,698,260</b>                                      | <b>1,684,143</b>                                      |

During three month ended 31 March 2023, there were non-cash operations on realization of commercial property in the amount of 1,898 million KZT, which were excluded from the consolidated statement of cash flows.

On behalf of the Management Board:

  
Murat U. Koshenov  
Deputy Chairperson of the Board

15 May 2023  
Almaty, Kazakhstan

  
Pavel A. Cheussov  
Chief Accountant

15 May 2023  
Almaty, Kazakhstan

The notes on pages 10 to 59 form an integral part of this interim condensed consolidated financial information.

**Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Three Months ended 31 March 2023 (unaudited)**  
*(millions of Kazakhstani Tenge)*

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## 1. Principal activities

JSC Halyk Bank (the “Bank”) and its subsidiaries (collectively, the “Group”) provide corporate and retail banking services principally in Kazakhstan, Kyrgyzstan, Georgia and Uzbekistan, leasing services in Kazakhstan, as well as asset management, insurance and brokerage services in Kazakhstan. The primary state registration of the Bank with the authorities of justice of Kazakhstan was made on 20 January 1994. The Bank operates under license No. 1.2.47/230/38/1 for carrying out banking and other operations and activities on the securities market, renewed by the Agency of the Republic of Kazakhstan for Regulation and Development of the Financial Market on 3 February 2020. The Bank is a member of the obligatory deposit insurance system provided by the JSC Kazakhstan Deposit Insurance Fund.

The Bank’s primary business includes originating loans and guarantees, collecting deposits, trading in securities and foreign currencies, executing transfers, cash and payment card operations as well as rendering other banking services to its customers. In addition, the Bank acts as a non-exclusive agent of the Government of the Republic of Kazakhstan in channeling various budgetary payments and pensions through its nationwide branch network.

The Bank has a primary listing with the Kazakhstan Stock Exchange (“KASE”) and Astana International Exchange. The Bank’s Global Depository Receipts (“GDRs”) are primary listed on the London Stock Exchange, KASE and Astana International Exchange.

The Group is ultimately controlled by Timur Kulibayev and his wife Dinara Kulibayeva via JSC HG Almex.

As at 31 March 2023, the Bank operated through its head office in Almaty and its 24 regional branches, 120 sub-regional offices and 428 cash settlement units (31 December 2022 – 24, 120 and 428, respectively) located throughout Kazakhstan. The address of the Bank’s registered office is 40 Al-Farabi Avenue, Almaty, A26M3K5, Republic of Kazakhstan.

As at 31 March 2023, the number of the Group’s employees was 16,479 (31 December 2022 – 17,038).

The interim condensed consolidated financial information of the Group for the three months ended 31 March 2023 was authorized for issue by the Management Board on 15 May 2023.

### Legal proceedings

From time to time and in the normal course of business, claims against the Group are received from customers and counterparties. Management is of the opinion that no material unaccrued losses will be incurred and accordingly no provision has been made in this interim condensed consolidated financial information.

**Selected Explanatory Notes to the Interim Condensed  
Consolidated Financial Information for the Three Months  
ended 31 March 2023 (unaudited) (continued)**  
*(millions of Kazakhstani Tenge)*

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**Operating environment**

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

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

During three month ended 31 March 2023, the average price of Brent crude oil was approximately 84.43 USD/bbl. (108.09 USD/bbl. during the three month ended 2022 year). During the first quarter of 2023, Kazakhstan's economy increased by 4.3%. Meanwhile, inflation in March 2023 was 18.1 % on an annualized basis.

The Monetary Policy Committee of the National Bank of the Republic of Kazakhstan decided to keep the base rate at 16.75% per annum with a corridor of +/- 1 p.p. Global inflationary pressures, despite slowing inflation in some countries, remain elevated. In Kazakhstan, annual and monthly inflation in March expectedly showed a decrease. Despite the beginning of a slowdown in inflationary processes, it is still too early to assert a steady and stable trend of inflation decline. Internal pro-inflationary factors persist and begin to materialize in the form of unstable inflationary expectations, an increase in government spending, and the beginning of the implementation of urgent reforms in the fuel and utilities market. The total balance of factors continues to support the previous communication about the need to maintain the base rate at the current level during the first half of 2023 in order to reduce inflation in the medium term. Further actions on the base rate will depend on the updated forecast in May, taking into account new data, including reform parameters in the fuel and utilities market.

Management of the Group is monitoring developments in the economic and political situation, including any sanctions related risks, and taking measures it considers necessary to support the sustainability and development of the Group's business for the foreseeable future. However, the consequences of these events and related future changes may have a significant impact on the Group's operations.

**Ownership**

As at 31 March 2023 and 31 December 2022, the Group's shares were represented by common shares only.

**Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Three Months ended 31 March 2023 (unaudited) (continued)**  
*(millions of Kazakhstani Tenge)*

As at 31 March 2023 and 31 December 2022, the Group was owned by the following shareholders, which own individually more than 5% of the issued shares of the Group:

**31 March 2023 (unaudited)**

|  | Total shares<br>(Common<br>shares) | Stake<br>in total shares<br>in circulation |
|--|------------------------------------|--|
| JSC HG Almex   | 7,583,538,228                      | 69.7%                                      |
| GDR holders  | 3,091,938,520                      | 28.4%                                      |
| Other  | 208,992,623                        | 1.9%                                       |
| <b>Total shares in circulation (on consolidated basis)</b> | <b>10,884,469,371</b>              | <b>100%</b>                                |

**31 December 2022**

|  | Total shares<br>(Common<br>shares) | Stake<br>in total shares<br>in circulation |
|--|------------------------------------|--|
| JSC HG Almex   | 7,583,538,228                      | 69.7%                                      |
| GDR holders  | 3,090,660,400                      | 28.4%                                      |
| Other  | 209,669,751                        | 1.9%                                       |
| <b>Total shares in circulation (on consolidated basis)</b> | <b>10,883,868,379</b>              | <b>100%</b>                                |

**2. Basis of presentation**

**Accounting basis**

The interim condensed consolidated financial information of the Group has been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting”. This interim condensed consolidated financial information has been prepared assuming that the Group is a going concern, as the Group have the resources to continue in operation for the foreseeable future. In making this assessment, the management have considered a wide range of information in relation to present and future economic conditions, including projections of cash flows, profit and capital resources.

The interim condensed consolidated financial information is unaudited and does not include all the information and disclosures required in the annual financial statements. The Group omitted disclosures, which would substantially duplicate the information contained in its audited annual consolidated financial statements for the year ended 31 December 2022 prepared in accordance with International Financial Reporting Standards (“IFRS”), such as accounting policies and details of accounts, which have not changed significantly in amount or composition. Additionally, the Group has provided disclosures, where significant events have occurred subsequent to the issuance of the Group’s annual consolidated financial statements for the year ended 31 December 2022 prepared in accordance with IFRS.

**Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Three Months ended 31 March 2023 (unaudited) (continued)**  
*(millions of Kazakhstani Tenge)*

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Management believes that the disclosures in this interim condensed consolidated financial information are adequate to make the information presented not misleading if this interim condensed consolidated financial information is read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2022 prepared in accordance with IFRS. In management's opinion, this interim condensed consolidated financial information reflects all adjustments necessary to present fairly the Group's financial position, results of the operations, changes in shareholders' equity and cash flows for the interim reporting periods.

This interim condensed consolidated financial information is presented in millions of Kazakhstani Tenge ("KZT" or "Tenge"), except for earnings per share amounts and unless otherwise indicated.

**Consolidated subsidiaries**

No significant changes in the Group structure occurred during the three months ended 31 March 2023 in comparison with the structure as at 31 December 2022.

**3. Significant accounting policies**

In preparing this interim condensed consolidated financial information, the Group has applied the same accounting policies and methods of computation as those applied in the annual consolidated financial statements of the Group for the year ended 31 December 2022.

The following amended standards and interpretations became effective for the Group from 1 January 2023:

- *IFRS 17 (including amendments to IFRS 17 from June 2020 and December 2021);*
- *Amendments to IAS 1 "Classification of liabilities as current or non-current";*
- *Amendments to IAS 1 and IFRS Practice Statement 2 "accounting policy disclosures";*
- *Amendments to IAS 12 "Deferred tax associated with assets and liabilities arising from a single transaction";*
- *Amendments to IAS 8 "Definition of Accounting Estimates".*

The standards listed above except IFRS 17 "Insurance contracts" did not have any significant impact on the Group's interim condensed consolidated financial information for the three month ended 31 March 2023, except IFRS 17 "Insurance contracts".

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

***IFRS 17 "Insurance Contracts"***

On 1 January 2023, the Group implemented IFRS 17, Insurance Contracts. The sections below explain in further details the changes to accounting policies implemented. Insurance contracts are issued by two subsidiary insurance companies. Under IFRS 17, insurance contracts are contracts under which the Group accepts significant insurance risk from a policyholder, by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder.

**Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Three Months ended 31 March 2023 (unaudited) (continued)**  
*(millions of Kazakhstani Tenge)*

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Each portfolio of insurance contracts (i.e. contracts that are subject to similar risks and are managed together) is divided into (i) groups of contracts that are onerous at initial recognition (ii) groups of contracts that at initial recognition, have no significant possibility of becoming onerous subsequently, and (iii) groups of remaining contracts in the portfolio.

Groups of insurance contracts issued are initial recognised from the earliest of the (i) the beginning of the coverage period of the group, (ii) the date when the first payment from a policyholder becomes due, or (iii) for a group of onerous contracts, when the group becomes onerous. Furthermore, each group is divided into annual cohorts so that each group only includes contracts issued no more than one year apart.

In a life insurance subsidiary, the unit of account is the contract and, accordingly, the cash flows are modeled at the contract level.

The Group measures insurance contracts using the General Measurement Model (GMM, or Building Block approach) or Premium Allocation Approach (PAA). Groups of insurance contracts under GMM are initially measured as the total of fulfilment cash flows (which comprise estimated future cash flows, an adjustment for time value of money and financial risks related to future cash flows, and a risk adjustment for non-financial risk) and contractual service margin (CSM; unearned profit that will be recognised as the Group provides insurance contract services).

An insurance contract is onerous at the date of initial recognition if the fulfilment cash flows, any previously recognised insurance acquisition cash flows and any cash flows arising from the contract at the date of initial recognition are in total a net outflow. The loss from onerous insurance contracts is recognised immediately in profit or loss.

At each reporting date, the group of insurance contracts is subsequently measured as the sum of:

- the liability for remaining coverage comprising fulfilment cash flows relating to future services and CSM for the Group at that date; and
- liability for incurred claims, which are measured as fulfilment cash flows relating to past services of the Group at that date.

Insurance and reinsurance contracts with the coverage period of up to one year are measured under PAA, which means the liability for remaining coverage is measured on initial recognition at premium received less any acquisition cash flows paid, unless the Group chooses to recognize the payments as an expense, and plus or minus any amount arising from the derecognition at that date of: (i) any asset for insurance acquisition cash flows; and (ii) any other asset or liability previously recognised for cash flows related to the group of contracts.

Non-life insurance subsidiary applies PAA for the measurement of all insurance groups. Life insurance subsidiary recognizes acquisition cash flows as an expenses when applying PAA. Credit life insurance products have been divided into short-term and long-term. Short-term are measured under PAA and long-term under GMM.



**Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Three Months ended 31 March 2023 (unaudited) (continued)**  
*(millions of Kazakhstani Tenge)*

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The key impacts of the implementation of IFRS 17 are:

- For insurance contracts that represents financial instruments arising from issued insurance contracts that limit the amount of insured event compensation to the amount that would otherwise be required to settle the policyholder's obligation created by the contract, the Group applies IFRS 9 instead of IFRS 17.
- Insurance receivables (and payables) are no longer presented separately from insurance liabilities, resulting in a reduction in total assets and liabilities;
- Premiums are no longer recognised in profit or loss at their due dates. Instead, the contractual service margin is recognised in insurance revenue as services are provided over the expected coverage period of the group of insurance contracts;
- Insurance service expenses presented in profit or loss include claims incurred and other insurance service expenses.

The changes in accounting policies are the result of applying IFRS 17 using a modified retrospective approach.

The effect from initial recognition of IFRS 17 is presented in the Statement of Changes in Equity as at 1 January 2022.

#### **4. 4a. Significant accounting estimates**

In preparing this interim condensed consolidated financial information, the significant judgments made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were consistent with those that applied to the Group's annual consolidated financial statements for the year ended 31 December 2022 prepared in accordance with IFRS. There have been no changes to the basis upon which the significant accounting estimates have been determined compared with 31 December 2022, except for those disclosed in this Note below.

##### **Measurement of allowances for expected credit losses ("ECL")**

Due to significant changes in the operating environment caused by the realized geopolitical risks, an extraordinary stress-testing of the Group's financial stability was carried out. The results of stress testing show some decrease in certain financial indicators (growth in allowances for expected credit losses, decrease in net profit and outflow of customer funds). At the same time, given that the Group has a sufficient amount of equity capital and liquid assets, a significant deterioration in the Group's financial position and violation of prudential norms and requirements is not expected.

**Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Three Months ended 31 March 2023 (unaudited) (continued)**  
*(millions of Kazakhstani Tenge)*

#### 4b. Reclassifications

The interim condensed consolidated statement of financial position as at 31 March 2022 and the corresponding statement of profit or loss for the three months ended 31 March 2022 have been amended due to the application of IFRS 17.

|                                      | Balance under<br>IFRS 4 | Recalculation    | Balance under<br>IFRS 17 |
|--------------------------------------|-------------------------|------------------|--------------------------|
|                                      | 31 December 2022        | 31 December 2022 | 31 December 2022         |
| Insurance contract assets            | 53,233                  | (46,116)         | 7,117                    |
| Reinsurance contract assets          | -                       | 22,151           | 22,151                   |
| Insurance contract liabilities       | 292,344                 | (62,185)         | 230,159                  |
| Reinsurance contract liabilities     | -                       | 2,763            | 2,763                    |
| Other assets                         | 160,097                 | (112)            | 159,985                  |
| Amounts due to customers             | 10,487,615              | 24,433           | 10,512,048               |
| Retained earnings and other reserves | 1,954,767               | 10,912           | 1,965,679                |

|  | Balance under<br>IFRS 4                | Recalculation                          | Balance under<br>IFRS 17               |
|--|--|--|--|
|  | Three months ended<br>31 March<br>2022 | Three months ended<br>31 March<br>2022 | Three months ended<br>31 March<br>2022 |
| Interest income calculated using effective interest method | 247,419                                | 64                                     | 247,483                                |
| Interest expense   | (109,388)                              | (191)                                  | (109,579)                              |
| Fee and commission expense                                 | (25,355)                               | (22)                                   | (25,377)                               |
| Insurance underwriting income                              | (20,342)                               | 33                                     | (20,309)                               |
| Insurance claims incurred                                  | 30,247                                 | 3,630                                  | 33,877                                 |
| Net reinsurance result                                     | (29,845)                               | 8,550                                  | (21,295)                               |
| Net expenses from reinsurance contracts held               | -                                      | (14,129)                               | (14,129)                               |
| Operating expenses   | (45,606)                               | 2,304                                  | (43,302)                               |
| Net profit   | 124,237                                | 239                                    | 124,476                                |

#### 5. Cash and cash equivalents

Cash and cash equivalents comprise:

|   | 31 March 2023<br>(unaudited) | 31 December<br>2022 |
|---|------------------------------|---------------------|
| Cash on hand  | 288,214                      | 274,961             |
| Correspondent accounts with Organization for Economic Co-operation and Development countries (the "OECD") based banks | 499,306                      | 493,639             |
| Short-term deposits with OECD based banks   | -                            | 46,266              |
| Overnight deposits with OECD based banks  | 121,961                      | 92,536              |
| Correspondent accounts with NBRK  | 343,934                      | 236,507             |
| Short-term deposits with NBRK   | 245,912                      | 769,907             |
| Correspondent accounts with Kazakhstan banks  | 34,854                       | 30,874              |
| Short-term deposits with Kazakhstan banks (incl. loans under reverse repurchase agreements)                           | 92,891                       | 17,152              |
| Correspondent accounts with non-OECD based banks  | 28,296                       | 40,199              |
| Short-term deposits with non-OECD based banks   | 22,153                       | 6,652               |
| Overnight deposits with non-OECD based banks  | 20,739                       | 20,138              |
| <b>Total cash and cash equivalents</b>  | <b>1,698,260</b>             | <b>2,028,831</b>    |

**Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Three Months ended 31 March 2023 (unaudited) (continued)**  
*(millions of Kazakhstani Tenge)*

As at 31 March 2023 and 31 December 2022 allowance for expected credit losses on short-term deposits included in cash and cash equivalents comprised KZT 16 million and KZT 21 million, respectively.

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

|  | Three months ended<br>31 March<br>2023<br>(unaudited)<br>Stage 1 | Three months ended<br>31 March<br>2022<br>(unaudited)<br>Stage 1 |
|--|--|--|
| At the beginning of the period                   | (21)   | (42)   |
| Changes in risk parameters                       | 3  | 27   |
| Foreign exchange differences and other movements | 2  | (30)   |
| <b>At the end of the period</b>                  | <b>(16)</b>  | <b>(45)</b>  |

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

|   | 31 March 2023<br>(unaudited) |                       | 31 December<br>2022 |                       |
|---|------------------------------|-----------------------|---------------------|-----------------------|
|   | KZT                          | Foreign<br>currencies | KZT                 | Foreign<br>currencies |
| Short-term deposits with OECD based banks   | -                            | -                     | -                   | 0.7%                  |
| Overnight deposits with OECD based banks  | -                            | 4.8%                  | -                   | 2.5%                  |
| Short-term deposits with NBRK   | 15.8%                        | 4.7%-4.8%             | 15.8%               | 4.0%-4.5%             |
| Short-term deposits with Kazakhstan banks (incl. loans under reverse repurchase agreements) | 16.0%-22.0%                  | -                     | 14.8%-22.0%         | -                     |
| Short-term deposits with non-OECD based banks   | -                            | 6.1%                  | -                   | 11.0%-15.0%           |
| Overnight deposits with non-OECD based banks  | -                            | 9.3%-12.0%            | -                   | 3.0%-13.0%            |

Fair value of assets pledged and carrying amounts of loans under reverse repurchase agreements included into short-term deposits with Kazakhstan banks as at 31 March 2023 and 31 December 2022 are as follows:

|   | 31 March 2023 (unaudited)      |                                | 31 December 2022               |                                |
|---|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
|   | Carrying<br>amount<br>of loans | Fair<br>value of<br>collateral | Carrying<br>amount<br>of loans | Fair<br>value of<br>collateral |
| Treasury bills of the Ministry of Finance of Kazakhstan | 72,709                         | 72,694                         | 1,711                          | 1,623                          |
| Corporate bonds   | 14,725                         | 14,728                         | 7,815                          | 7,331                          |
| Bonds of foreign financial organizations                | 2,758                          | 2,758                          | -                              | -                              |
| Notes of NBRK   | 2,631                          | 2,631                          | 6,216                          | 6,367                          |
| Bonds of JSC Development Bank of Kazakhstan             | 68                             | 69                             | 1,317                          | 1,294                          |
| Equity securities of Kazakhstan corporations            | -                              | -                              | 93                             | 93                             |
|   | <b>92,891</b>                  | <b>92,880</b>                  | <b>17,152</b>                  | <b>16,708</b>                  |

As at 31 March 2023 and 31 December 2022, maturities of loans under reverse repurchase agreements were less than one month.

**Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Three Months ended 31 March 2023 (unaudited) (continued)**  
*(millions of Kazakhstani Tenge)*

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

Financial assets at fair value through profit or loss comprise:

|  | 31 March 2023<br>(unaudited) | 31 December<br>2022 |
|--|------------------------------|---------------------|
| <b>Financial assets held for trading:</b>                          |                              |                     |
| Corporate bonds  | 168,286                      | 171,078             |
| Bonds of JSC Development Bank of Kazakhstan                        | 41,474                       | 37,871              |
| Equity securities of Kazakhstan corporations                       | 41,182                       | 44,103              |
| Bonds of foreign financial organizations                           | 23,382                       | 18,590              |
| Bonds of foreign states  | 21,865                       | 27,743              |
| Derivative financial instruments                                   | 20,503                       | 11,736              |
| Treasury bills of the Ministry of Finance of Kazakhstan            | 14,911                       | 11,529              |
| Bonds of Kazakhstan banks  | 9,214                        | 9,250               |
| Equity securities of foreign organizations                         | 8,327                        | 7,808               |
| Bonds of foreign organizations                                     | 6,779                        | 2,460               |
| NBRK notes   | 3,484                        | -                   |
| <b>Total financial assets at fair value through profit or loss</b> | <b>359,407</b>               | <b>342,168</b>      |

Financial liabilities at fair value through profit or loss comprise:

|  | 31 March 2023<br>(unaudited) | 31 December<br>2022 |
|--|------------------------------|---------------------|
| <b>Financial liabilities held for trading:</b> |                              |                     |
| Derivative financial instruments               | 9,347                        | 10,628              |

Interest rates on financial assets at fair value through profit or loss are presented in the table below.

Interest rates in the table below are calculated as weighted average of the effective interest rates for the respective financial assets:

|   | 31 March 2023<br>(unaudited) | 31 December<br>2022 |
|---|------------------------------|---------------------|
| Corporate bonds   | 12.0%                        | 11.4%               |
| Bonds of JSC Development Bank of Kazakhstan             | 14.9%                        | 12.8%               |
| Bonds of foreign financial organizations                | 11.4%                        | 10.7%               |
| Bonds of foreign states                                 | 4.5%                         | 4.7%                |
| Treasury bills of the Ministry of Finance of Kazakhstan | 11.6%                        | 7.6%                |
| Bonds of Kazakhstan banks                               | 12.1%                        | 12.2%               |
| Bonds of foreign organizations                          | 6.0%                         | 7.1%                |
| NBRK notes  | 13.3%                        | -                   |

As at 31 March 2023 and 31 December 2022 financial assets at fair value through profit or loss included pledged under repurchase agreement (Note 12) Treasury bills of the Ministry of Finance of Kazakhstan, Bonds of JSC "Development Bank of Kazakhstan", JSC "Industry Development Fund" and JSC "Kazakhstan Sustainability Fund" at fair value of KZT 19,333 million and KZT 18,943 million, respectively. All repurchase agreements as at 31 March 2023 and 31 December 2022 mature before 26 April 2023 and 25 January 2023, respectively.

**Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Three Months ended 31 March 2023 (unaudited) (continued)**  
*(millions of Kazakhstani Tenge)*

Derivative financial instruments comprise:

|                                   | 31 March 2023 (unaudited) |               |              | 31 December 2022 |               |               |
|-----------------------------------|---------------------------|---------------|--------------|------------------|---------------|---------------|
|                                   | Notional amount           | Fair value    |              | Notional amount  | Fair value    |               |
|                                   |                           | Asset         | Liability    |                  | Asset         | Liability     |
| <b>Foreign currency contracts</b> |                           |               |              |                  |               |               |
| Swaps                             | 919,782                   | 15,371        | 4,301        | 473,979          | 10,455        | 9,288         |
| Spots                             | 88,194                    | 4,862         | 5,040        | 34,212           | 1,281         | 1,244         |
| Forwards                          | 14,740                    | 270           | 6            | 4,627            | -             | 96            |
|                                   |                           | <b>20,503</b> | <b>9,347</b> |                  | <b>11,736</b> | <b>10,628</b> |

As at 31 March 2023 and 31 December 2022, the Group used quoted market prices from independent information sources for all of its financial assets at fair value through profit or loss, except for derivative financial instruments, which are valued using valuation models based on observable market data.

**7. Amounts due from credit institutions**

Amounts due from credit institutions comprise:

|   | 31 March 2023<br>(unaudited) | 31 December<br>2022 |
|---|------------------------------|---------------------|
| Term deposits and restricted accounts             | 52,570                       | 35,121              |
| Deposit pledged as collateral                     | 43,811                       | 53,720              |
| Loans to credit institutions                      | 37,167                       | 47,159              |
|   | <b>133,548</b>               | <b>136,000</b>      |
| Less - Allowance for expected credit losses       | (147)                        | (345)               |
| <b>Total amounts due from credit institutions</b> | <b>133,401</b>               | <b>135,655</b>      |

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

|                                       | 31 March 2023 (unaudited) |                   | 31 December 2022    |                   |
|---------------------------------------|---------------------------|-------------------|---------------------|-------------------|
|                                       | Interest rate,<br>%       | Maturity,<br>year | Interest rate,<br>% | Maturity,<br>year |
| Term deposits and restricted accounts | 1.5%-18.0%                | 2023              | 6.0%-18.0%          | 2023              |
| Deposit pledged as collateral         | 1.5%-4.8%                 | 2046              | 1.5%-4.1%           | 2046              |
| Loans to credit institutions          | 1.8%-9.4%                 | 2023-2027         | 1.8%-8.9%           | 2023-2027         |

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

|  | Three months ended<br>31 March 2023<br>(unaudited) |             |              | Three months ended<br>31 March 2022<br>(unaudited) |
|--|--|-------------|--------------|--|
|  | Stage 1  | Stage 2     | Total        | Stage 1  |
| At the beginning of the period                   | (201)  | (144)       | (345)        | (198)  |
| Changes in risk parameters                       | 67   | 127         | 194          | (13)   |
| Foreign exchange differences and other movements | 4  | -           | 4            | 9  |
| <b>At the end of the period</b>                  | <b>(130)</b>                                       | <b>(17)</b> | <b>(147)</b> | <b>(202)</b>                                       |

**Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Three Months ended 31 March 2023 (unaudited) (continued)**  
*(millions of Kazakhstani Tenge)*

**8. Financial assets at fair value through other comprehensive income**

Debt securities comprise:

|   | <b>31 March 2022<br/>(unaudited)</b> | <b>31 December<br/>2022</b> |
|---|--------------------------------------|-----------------------------|
| Treasury bills of the Ministry of Finance of Kazakhstan | 1,216,925                            | 1,125,065                   |
| Bonds of foreign states                                 | 415,906                              | 404,556                     |
| Corporate bonds   | 229,534                              | 236,879                     |
| Bonds of foreign organisations                          | 214,485                              | 106,449                     |
| Bonds of JSC Development Bank of Kazakhstan             | 132,041                              | 133,508                     |
| Bonds of foreign financial organisations                | 89,034                               | 69,659                      |
| Bonds of Kazakhstan banks                               | 13,491                               | 13,621                      |
| Local municipal bonds                                   | 10,443                               | 10,578                      |
|   | <b>2,321,859</b>                     | <b>2,100,315</b>            |

Equity securities comprise:

|  | <b>31 March 2023<br/>(unaudited)</b> | <b>31 December<br/>2022</b> |
|--|--------------------------------------|-----------------------------|
| Equity securities of Kazakhstan corporations                                   | 9,022                                | 8,954                       |
|  | <b>9,022</b>                         | <b>8,954</b>                |
| <b>Total financial assets at fair value through other comprehensive income</b> | <b>2,330,881</b>                     | <b>2,109,269</b>            |

As at 31 March 2023 and 31 December 2022, the allowance for expected credit losses on financial assets at fair value through other comprehensive income comprised KZT 1,242 million and KZT 1,218 million, respectively (Note 9).

As at 31 March 2023 and 31 December 2022, financial assets at fair value through other comprehensive income included Treasury bills of the Ministry of Finance of Kazakhstan, bonds of JSC Development Bank of Kazakhstan, bonds of JSC Industry Development Funds and bonds of JSC Kazakhstan Sustainability Fund at fair value of KZT 5,586 million and KZT 6,609 million, respectively, which were pledged under repurchase agreements with other banks (see Note 12). All repurchase agreements as at 31 March 2023 and 31 December 2022 mature before 3 April 2023 and 25 January 2023, respectively.

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

|   | <b>31 March 2023 (unaudited)</b> |                   | <b>31 December 2022</b> |                   |
|---|----------------------------------|-------------------|-------------------------|-------------------|
|   | Interest rate,<br>%              | Maturity,<br>year | Interest rate,<br>%     | Maturity,<br>year |
| Treasury bills of the Ministry of Finance of Kazakhstan | 4.9%                             | 2023-2045         | 4.8%                    | 2023-2045         |
| Bonds of foreign states                                 | 3.6%                             | 2023-2025         | 1.6%                    | 2023-2025         |
| Corporate bonds   | 10.2%                            | 2023-2047         | 10.3%                   | 2023-2047         |
| Bonds of foreign organisations                          | 3.3%                             | 2023-2027         | 2.2%                    | 2023-2025         |
| Bonds of JSC Development Bank of Kazakhstan             | 5.8%                             | 2024-2032         | 4.9%                    | 2024-2032         |
| Bonds of foreign financial organisations                | 9.1%                             | 2023-2026         | 7.6%                    | 2023-2026         |
| Bonds of Kazakhstan banks                               | 12.2%                            | 2023-2026         | 11.7%                   | 2023-2026         |
| Local municipal bonds                                   | 10.8%                            | 2026              | 10.8%                   | 2026              |

**Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Three Months ended 31 March 2023 (unaudited) (continued)**  
*(millions of Kazakhstani Tenge)*

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

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

|  | <b>31 March 2023<br/>(unaudited)</b> | <b>31 December<br/>2022</b> |
|--|--------------------------------------|-----------------------------|
| Treasury bills of the Ministry of Finance of Kazakhstan                                      | 800,713                              | 783,595                     |
| Corporate bonds  | 185,276                              | 191,141                     |
| Treasury bills of Uzbekistan   | 10,588                               | 25,234                      |
| Bonds of foreign organizations   | 7,276                                | 8,221                       |
| Notes of National Bank of the Kyrgyz Republic  | 6,167                                | 2,689                       |
| Notes of National Bank of Georgia  | 3,028                                | 3,002                       |
| Treasury bills of the Kyrgyz Republic  | 2,616                                | 3,494                       |
| Bonds of Kazakhstan banks  | -                                    | 1,713                       |
| <b>Total debt securities at amortized cost, net of allowances for expected credit losses</b> | <b>1,015,664</b>                     | <b>1,019,089</b>            |

As at 31 March 2023 and 31 December 2022, the allowance for expected credit losses on debt securities at amortized cost comprised KZT 365 million and KZT 350 million, respectively.

As at 31 March 2023 and 31 December 2022, debt securities at amortised cost, net of allowances for expected credit losses included Treasury bills of the Ministry of Finance of Kazakhstan at fair value of KZT 536,960 million and KZT 505,588 million, respectively, pledged under repurchase agreements with the other banks (see Note 12). All repurchase agreements as at 31 March 2023 and 31 December 2022 mature before 2 May 2023 and 25 January 2023, respectively.

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

|   | <b>31 March 2023 (unaudited)</b> |                           | <b>31 December 2022</b>     |                           |
|---|----------------------------------|---------------------------|-----------------------------|---------------------------|
|   | <b>Interest rate,<br/>%</b>      | <b>Maturity,<br/>year</b> | <b>Interest rate,<br/>%</b> | <b>Maturity,<br/>year</b> |
| Treasury bills of the Ministry of Finance of Kazakhstan | 9.2%                             | 2023-2027                 | 9.2%                        | 2023-2027                 |
| Corporate bonds   | 3.2%                             | 2024                      | 3.3%                        | 2024                      |
| Treasury bills of Uzbekistan                            | 16.8%                            | 2023                      | 16.7%                       | 2023                      |
| Bonds of foreign organizations                          | 3.4%                             | 2025                      | 2.5%                        | 2025                      |
| Notes of National Bank of the Kyrgyz Republic           | 12.1%                            | 2023                      | 12.8%                       | 2023                      |
| Notes of National Bank of Georgia                       | 9.8%                             | 2024-2028                 | 9.6%                        | 2024-2028                 |
| Treasury bills of the Kyrgyz Republic                   | 7.6%                             | 2023-2025                 | 10.0%                       | 2023-2024                 |
| Bonds of Kazakhstan banks                               | -                                | -                         | 4.1%                        | 2023                      |

**Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Three Months ended 31 March 2023 (unaudited) (continued)**  
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The movements in accumulated allowances for expected credit losses of debt securities at amortised cost, net of allowances for expected credit losses and financial assets at fair value through other comprehensive income were as follows:

|  | 31 March 2023 (unaudited) |              |                | 31 March 2022 (unaudited) |              |                |                |
|--|---------------------------|--------------|----------------|---------------------------|--------------|----------------|----------------|
|  | Stage 1                   | Stage 3      | Total          | Stage 1                   | Stage 2      | Stage 3        | Total          |
| <b>At the beginning of the period</b>              | <b>(1,398)</b>            | <b>(170)</b> | <b>(1,568)</b> | <b>(1,268)</b>            | -            | <b>(1,594)</b> | <b>(2,284)</b> |
| Transfer to Stage 2                                | -                         | -            | -              | 437                       | (437)        | -              | -              |
| Changes in risk parameters*                        | (115)                     | -            | (115)          | (306)                     | (21)         | (59)           | (386)          |
| New originations or purchases of financial assets* | (119)                     | -            | (119)          | (2)                       | -            | -              | (2)            |
| Derecognition of financial assets*                 | 3                         | -            | 3              | 2                         | -            | -              | 2              |
| Write-offs   | -                         | 170          | 170            | -                         | -            | -              | -              |
| Foreign exchange differences and other movements   | 22                        | -            | 22             | (58)                      | -            | -              | (58)           |
| <b>At the end of the period</b>                    | <b>(1,607)</b>            | <b>-</b>     | <b>(1,607)</b> | <b>(1,555)</b>            | <b>(458)</b> | <b>(1,653)</b> | <b>(3,666)</b> |

\* FS line “Credit loss expense” in the interim condensed consolidated statement of profit or loss is comprised from “Changes in risk parameters”, “New originations or purchases of financial assets” and “Derecognition of financial assets”.

## 10. Loans to customers

Loans to customers comprise:

|   | 31 March 2023<br>(unaudited) | 31 December<br>2022 |
|---|------------------------------|---------------------|
| Originated loans to customers                           | 8,216,842                    | 8,259,709           |
| Overdrafts  | 22,734                       | 20,581              |
|   | <b>8,239,576</b>             | <b>8,280,290</b>    |
| Stage 1   | 7,461,118                    | 7,549,514           |
| Stage 2   | 117,642                      | 106,694             |
| Stage 3   | 624,109                      | 586,787             |
| Purchased or originated credit-impaired assets (“POCI”) | 36,707                       | 37,295              |
| <b>Total</b>  | <b>8,239,576</b>             | <b>8,280,290</b>    |
| Less – Allowance for expected credit losses             | (438,588)                    | (422,388)           |
| <b>Loans to customers</b>                               | <b>7,800,988</b>             | <b>7,857,902</b>    |

The weighted average interest rate on loans to customers is calculated as interest income on loans to customers divided by monthly average balances of loans to customers. For the three months ended 31 March 2023, average interest rate on loans was 15.6% (for the three months ended 31 March 2022 – 12.8%).

As at 31 March 2023, the Group’s loan concentration to the ten largest borrowers was KZT 1,576,531 million, which comprised 19% of the Group’s total gross loan portfolio (as at 31 December 2022 – KZT 1,549,351 million, 19%) and 75% of the Group’s total equity (as at 31 December 2022 – 81%).

As at 31 March 2023, the allowance for expected credit losses created against these loans was KZT 16,061 million (as at 31 December 2022 – KZT 23,725 million).



**Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Three Months ended 31 March 2023 (unaudited) (continued)**  
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As at 31 March 2023 and 31 December 2022, loans were granted to the following sectors:

|                    | 31 March 2023<br>(unaudited) | %           | 31 December<br>2022 | %           |
|--------------------|------------------------------|-------------|---------------------|-------------|
| Retail loans:      |                              |             |                     |             |
| - consumer loans   | 2,166,749                    | 26%         | 2,148,440           | 26%         |
| - mortgage loans   | 384,303                      | 5%          | 388,416             | 5%          |
|                    | <b>2,551,052</b>             |             | <b>2,536,856</b>    |             |
| Services           | 778,066                      | 9%          | 796,329             | 10%         |
| Wholesale trade    | 658,821                      | 8%          | 649,849             | 8%          |
| Retail trade       | 552,278                      | 7%          | 528,459             | 6%          |
| Real estate        | 398,187                      | 5%          | 337,180             | 4%          |
| Oil and gas        | 372,036                      | 5%          | 401,939             | 5%          |
| Financial services | 351,282                      | 4%          | 356,178             | 4%          |
| Chemical industry  | 323,997                      | 4%          | 327,215             | 4%          |
| Energy             | 321,211                      | 4%          | 320,085             | 4%          |
| Transportation     | 319,869                      | 4%          | 330,642             | 4%          |
| Food industry      | 295,069                      | 4%          | 304,746             | 4%          |
| Agriculture        | 260,044                      | 3%          | 268,233             | 3%          |
| Construction       | 233,352                      | 3%          | 287,046             | 3%          |
| Machinery          | 214,841                      | 3%          | 221,028             | 3%          |
| Metallurgy         | 194,042                      | 2%          | 184,312             | 2%          |
| Mining             | 138,218                      | 2%          | 145,260             | 2%          |
| Communication      | 83,308                       | 1%          | 92,976              | 1%          |
| Light industry     | 55,963                       | 0%          | 53,278              | 1%          |
| Hotel industry     | 48,553                       | 0%          | 51,216              | 0%          |
| Other              | 89,387                       | 1%          | 87,463              | 1%          |
|                    | <b>8,239,576</b>             | <b>100%</b> | <b>8,280,290</b>    | <b>100%</b> |

**Restructured and modified loans to customers**

The Bank derecognises a financial asset, such as a loan to a customer, if the terms of the contract are renegotiated in such a way that it effectively becomes a new loan and the difference is recognized as a gain or loss on derecognition before an impairment loss is recognized. On initial recognition, loans to customers are classified in Stage 1 for the purpose of estimating expected credit losses, unless the loan originated is considered POCI. If the modification does not result in a significant change in cash flows, then derecognition does not occur. No material modification gain/(loss) of loans to customers was recognized in the first quarter of 2023 and 2022.

As at 31 March 2023, accrued interest on loans comprised KZT 180,908 million (31 December 2022 – KZT 178,222 million).

During the three months ended 31 March 2023 and 2022, the Group received financial and non-financial assets by taking possession of collateral it held as security. As at 31 March 2023 and 31 December 2022, such assets of KZT 5,941 million and KZT 4,032 million, respectively, are included in assets classified as held for sale.

As at 31 March 2023 and 31 December 2022, loans to customers included loans of KZT 245,571 million and KZT 273,204 million, respectively, which terms were renegotiated. Otherwise, these loans would be past due.

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**Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Three Months ended 31 March 2023 (unaudited) (continued)**  
*(millions of Kazakhstani Tenge)*

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

|   | 31 March 2023 (unaudited) |                |                |               |                  |
|---|---------------------------|----------------|----------------|---------------|------------------|
|   | Stage 1                   | Stage 2        | Stage 3        | POCI          | Total            |
| <b>At the beginning of the period</b>             | <b>7,549,514</b>          | <b>106,694</b> | <b>586,787</b> | <b>37,295</b> | <b>8,280,290</b> |
| Transfer to Stage 1                               | 23,632                    | (8,997)        | (14,635)       | -             | -                |
| Transfer to Stage 2                               | (42,134)                  | 44,942         | (2,808)        | -             | -                |
| Transfer to Stage 3                               | (86,176)                  | (12,116)       | 98,292         | -             | -                |
| New originations or purchases of financial assets | 1,396,570                 | -              | -              | -             | 1,396,570        |
| Assets derecognised or repaid**                   | (841,700)                 | (5,092)        | (18,403)       | (163)         | (865,358)        |
| Write-offs  | -                         | -              | (1,989)        | (17)          | (2,006)          |
| Changes in the gross value of financial assets*   | (538,588)                 | (7,789)        | (23,135)       | (408)         | (569,920)        |
| <b>At the end of the period</b>                   | <b>7,461,118</b>          | <b>117,642</b> | <b>624,109</b> | <b>36,707</b> | <b>8,239,576</b> |

|   | 31 March 2023 (unaudited) |               |                |               |                  |
|---|---------------------------|---------------|----------------|---------------|------------------|
|   | Stage 1                   | Stage 2       | Stage 3        | POCI          | Total            |
| <b>Corporate Business</b>                         |                           |               |                |               |                  |
| <b>At the beginning of the period</b>             | <b>4,046,565</b>          | <b>72,288</b> | <b>302,658</b> | <b>27,969</b> | <b>4,449,480</b> |
| Transfer to Stage 1                               | 11,755                    | (845)         | (10,910)       | -             | -                |
| Transfer to Stage 2                               | (10,399)                  | 11,235        | (836)          | -             | -                |
| Transfer to Stage 3                               | (54,725)                  | (704)         | 55,429         | -             | -                |
| New originations or purchases of financial assets | 784,549                   | -             | -              | -             | 784,549          |
| Assets derecognised or repaid**                   | (550,603)                 | (2,621)       | (8,151)        | (144)         | (561,519)        |
| Write-offs  | -                         | -             | -              | (17)          | (17)             |
| Changes in the gross value of financial assets*   | (239,039)                 | (4,243)       | (19,828)       | 1,064         | (262,046)        |
| <b>At the end of the period</b>                   | <b>3,988,103</b>          | <b>75,110</b> | <b>318,362</b> | <b>28,872</b> | <b>4,410,447</b> |

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**Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Three Months ended 31 March 2023 (unaudited) (continued)**  
*(millions of Kazakhstani Tenge)*

|   | 31 March 2023 (unaudited) |               |                |              |                  |
|---|---------------------------|---------------|----------------|--------------|------------------|
| Retail Business                                   | Stage 1                   | Stage 2       | Stage 3        | POCI         | Total            |
| <b>At the beginning of the period</b>             | <b>2,354,692</b>          | <b>15,253</b> | <b>163,659</b> | <b>3,252</b> | <b>2,536,856</b> |
| Transfer to Stage 1                               | 6,984                     | (3,859)       | (3,125)        | -            | -                |
| Transfer to Stage 2                               | (17,021)                  | 18,378        | (1,357)        | -            | -                |
| Transfer to Stage 3                               | (21,472)                  | (8,556)       | 30,028         | -            | -                |
| New originations or purchases of financial assets | 296,074                   | -             | -              | -            | 296,074          |
| Assets derecognised or repaid**                   | (111,680)                 | (397)         | (5,284)        | (19)         | (117,380)        |
| Write-offs  | -                         | -             | (700)          | -            | (700)            |
| Changes in the gross value of financial assets*   | (161,257)                 | (289)         | (1,882)        | (370)        | (163,798)        |
| <b>At the end of the period</b>                   | <b>2,346,320</b>          | <b>20,530</b> | <b>181,339</b> | <b>2,863</b> | <b>2,551,052</b> |

|   | 31 March 2023 (unaudited) |               |                |              |                  |
|---|---------------------------|---------------|----------------|--------------|------------------|
| SME Business                                      | Stage 1                   | Stage 2       | Stage 3        | POCI         | Total            |
| <b>At the beginning of the period</b>             | <b>1,148,257</b>          | <b>19,153</b> | <b>120,470</b> | <b>6,074</b> | <b>1,293,954</b> |
| Transfer to Stage 1                               | 4,893                     | (4,293)       | (600)          | -            | -                |
| Transfer to Stage 2                               | (14,714)                  | 15,329        | (615)          | -            | -                |
| Transfer to Stage 3                               | (9,979)                   | (2,856)       | 12,835         | -            | -                |
| New originations or purchases of financial assets | 315,947                   | -             | -              | -            | 315,947          |
| Assets derecognised or repaid**                   | (179,417)                 | (2,074)       | (4,968)        | -            | (186,459)        |
| Write-offs  | -                         | -             | (1,289)        | -            | (1,289)          |
| Changes in the gross value of financial assets*   | (138,292)                 | (3,257)       | (1,425)        | (1,102)      | (144,076)        |
| <b>At the end of the period</b>                   | <b>1,126,695</b>          | <b>22,002</b> | <b>124,408</b> | <b>4,972</b> | <b>1,278,077</b> |

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**Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Three Months ended 31 March 2023 (unaudited) (continued)**  
*(millions of Kazakhstani Tenge)*

|   | 31 March 2022 (unaudited) |                |                |               |                  |
|---|---------------------------|----------------|----------------|---------------|------------------|
|   | Stage 1                   | Stage 2        | Stage 3        | POCI          | Total            |
| <b>At the beginning of the period</b>             | <b>5,469,752</b>          | <b>245,157</b> | <b>502,058</b> | <b>33,293</b> | <b>6,250,260</b> |
| Transfer to Stage 1                               | 14,288                    | (8,376)        | (5,912)        | -             | -                |
| Transfer to Stage 2                               | (94,214)                  | 97,136         | (2,922)        | -             | -                |
| Transfer to Stage 3                               | (44,423)                  | (7,529)        | 51,952         | -             | -                |
| New originations or purchases of financial assets | 1,347,926                 | -              | -              | -             | 1,347,926        |
| Assets derecognised or repaid**                   | (545,798)                 | (25,884)       | (25,343)       | -             | (597,025)        |
| Write-offs  | -                         | -              | (10,940)       | -             | (10,940)         |
| Changes in the gross value of financial assets*   | (284,344)                 | (11,706)       | (13,428)       | 2,196         | (307,282)        |
| <b>At the end of the period</b>                   | <b>5,863,187</b>          | <b>288,798</b> | <b>495,465</b> | <b>35,489</b> | <b>6,682,939</b> |

|   | 31 March 2022 (unaudited) |                |                |               |                  |
|---|---------------------------|----------------|----------------|---------------|------------------|
|   | Stage 1                   | Stage 2        | Stage 3        | POCI          | Total            |
| <b>Corporate Business</b>                         |                           |                |                |               |                  |
| <b>At the beginning of the period</b>             | <b>2,834,605</b>          | <b>197,214</b> | <b>234,273</b> | <b>26,974</b> | <b>3,293,066</b> |
| Transfer to Stage 1                               | 4,075                     | (2,855)        | (1,220)        | -             | -                |
| Transfer to Stage 2                               | (69,805)                  | 70,400         | (595)          | -             | -                |
| Transfer to Stage 3                               | (21,063)                  | -              | 21,063         | -             | -                |
| New originations or purchases of financial assets | 858,316                   | -              | -              | -             | 858,316          |
| Assets derecognised or repaid**                   | (337,790)                 | (21,194)       | (20,230)       | -             | (379,214)        |
| Changes in the gross value of financial assets*   | (55,100)                  | (13,507)       | (3,576)        | 1,428         | (70,755)         |
| <b>At the end of the period</b>                   | <b>3,213,238</b>          | <b>230,058</b> | <b>229,715</b> | <b>28,402</b> | <b>3,701,413</b> |

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**Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Three Months ended 31 March 2023 (unaudited) (continued)**  
*(millions of Kazakhstani Tenge)*

| Retail Business                                   | 31 March 2022 (unaudited) |               |                |      |                  |
|---|---------------------------|---------------|----------------|------|------------------|
|   | Stage 1                   | Stage 2       | Stage 3        | POCI | Total            |
| <b>At the beginning of the period</b>             | <b>1,758,678</b>          | <b>11,633</b> | <b>141,870</b> | -    | <b>1,912,181</b> |
| Transfer to Stage 1                               | 3,773                     | (2,190)       | (1,583)        | -    | -                |
| Transfer to Stage 2                               | (10,948)                  | 12,612        | (1,664)        | -    | -                |
| Transfer to Stage 3                               | (16,963)                  | (5,395)       | 22,358         | -    | -                |
| New originations or purchases of financial assets | 275,861                   | -             | -              | -    | 275,861          |
| Assets derecognised or repaid**                   | (89,514)                  | (309)         | (4,373)        | -    | (94,196)         |
| Write-offs  | -                         | -             | (5,198)        | -    | (5,198)          |
| Changes in the gross value of financial assets*   | (119,432)                 | 5,392         | (2,358)        | -    | (116,398)        |
| <b>At the end of the period</b>                   | <b>1,801,455</b>          | <b>21,743</b> | <b>149,052</b> | -    | <b>1,972,250</b> |

| SME Business                                       | 31 March 2022 (unaudited) |               |                |              |                  |
|--|---------------------------|---------------|----------------|--------------|------------------|
|  | Stage 1                   | Stage 2       | Stage 3        | POCI         | Total            |
| <b>At the beginning of the period</b>              | <b>876,469</b>            | <b>36,310</b> | <b>125,915</b> | <b>6,319</b> | <b>1,045,013</b> |
| Transfer to Stage 1                                | 6,440                     | (3,331)       | (3,109)        | -            | -                |
| Transfer to Stage 2                                | (13,461)                  | 14,124        | (663)          | -            | -                |
| Transfer to Stage 3                                | (6,397)                   | (2,134)       | 8,531          | -            | -                |
| New originations or purchases of financial assets* | 213,749                   | -             | -              | -            | 213,749          |
| Assets derecognised or repaid**                    | (118,494)                 | (4,381)       | (740)          | -            | (123,615)        |
| Write-offs   | -                         | -             | (5,742)        | -            | (5,742)          |
| Changes in the gross value of financial assets*    | (109,812)                 | (3,591)       | (7,494)        | 768          | (120,129)        |
| <b>At the end of the period</b>                    | <b>848,494</b>            | <b>36,997</b> | <b>116,698</b> | <b>7,087</b> | <b>1,009,276</b> |

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

\*\*The derecognition or redemption of financial assets includes the gross carrying amount of loans classified as assets held for sale.

## JSC Halyk Bank



### Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Three Months ended 31 March 2023 (unaudited) (continued) (millions of Kazakhstani Tenge)

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

|  | Three months ended<br>31 March 2023<br>(unaudited) |                 |                  |                 |                  |
|--|--|-----------------|------------------|-----------------|------------------|
|  | Stage 1  | Stage 2         | Stage 3          | POCI            | Total            |
| <b>At the beginning of the period</b>                        | <b>(113,665)</b>                                   | <b>(17,767)</b> | <b>(269,840)</b> | <b>(21,116)</b> | <b>(422,388)</b> |
| Transfer to Stage 1  | (8,474)  | 1,206           | 7,268            | -               | -                |
| Transfer to Stage 2  | 2,089  | (2,664)         | 575              | -               | -                |
| Transfer to Stage 3  | 5,741  | 2,462           | (8,203)          | -               | -                |
| Changes in risk parameters*                                  | 7,079  | (2,099)         | (41,460)         | 13,497          | (22,983)         |
| New originations or purchases of financial assets*           | (15,966)   | -               | -                | -               | (15,966)         |
| Derecognition of financial assets**                          | 15,544   | 369             | 6,277            | 125             | 22,315           |
| Recoveries of allowances on previously written-off assets*** | -  | -               | 797              | (4,544)         | (3,747)          |
| Write-offs   | -  | -               | 1,989            | 17              | 2,006            |
| Foreign exchange differences and other movements             | 510  | (15)            | 1,076            | 604             | 2,175            |
| <b>At the end of the period</b>                              | <b>(107,142)</b>                                   | <b>(18,508)</b> | <b>(301,521)</b> | <b>(11,417)</b> | <b>(438,588)</b> |

|  | Three months ended<br>31 March 2023<br>(unaudited) |                 |                  |                 |                  |
|--|--|-----------------|------------------|-----------------|------------------|
|  | Stage 1  | Stage 2         | Stage 3          | POCI            | Total            |
| <b>Corporate Business</b>                                    |  |                 |                  |                 |                  |
| <b>At the beginning of the period</b>                        | <b>(26,828)</b>                                    | <b>(13,277)</b> | <b>(138,666)</b> | <b>(19,280)</b> | <b>(198,051)</b> |
| Transfer to Stage 1  | (5,657)  | -               | 5,657            | -               | -                |
| Transfer to Stage 2  | 35   | (61)            | 26               | -               | -                |
| Transfer to Stage 3  | 1,834  | 55              | (1,889)          | -               | -                |
| Changes in risk parameters*                                  | 3,257  | 1,122           | (21,832)         | 13,322          | (4,131)          |
| New originations or purchases of financial assets*           | (3,714)  | -               | -                | -               | (3,714)          |
| Derecognition of financial assets**                          | 10,297   | 266             | 3,502            | 124             | 14,189           |
| Recoveries of allowances on previously written-off assets*** | -  | -               | 854              | (4,462)         | (3,608)          |
| Write-offs   | -  | -               | -                | 17              | 17               |
| Foreign exchange differences and other movements             | 480  | (20)            | 994              | 579             | 2,033            |
| <b>At the end of the period</b>                              | <b>(20,296)</b>                                    | <b>(11,915)</b> | <b>(151,354)</b> | <b>(9,700)</b>  | <b>(193,265)</b> |

## JSC Halyk Bank



**Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Three Months ended 31 March 2023 (unaudited) (continued)**  
*(millions of Kazakhstani Tenge)*

|  | Three months ended<br>31 March 2023<br>(unaudited) |                |                  |              |                  |
|--|--|----------------|------------------|--------------|------------------|
| Retail Business  | Stage 1  | Stage 2        | Stage 3          | POCI         | Total            |
| <b>At the beginning of the period</b>                        | <b>(74,364)</b>                                    | <b>(3,108)</b> | <b>(93,919)</b>  | <b>(125)</b> | <b>(171,516)</b> |
| Transfer to Stage 1  | (2,284)  | 708            | 1,576            | -            | -                |
| Transfer to Stage 2  | 1,116  | (1,642)        | 526              | -            | -                |
| Transfer to Stage 3  | 2,825  | 1,943          | (4,768)          | -            | -                |
| Changes in risk parameters*                                  | 3,362  | (2,121)        | (11,533)         | 24           | (10,268)         |
| New originations or purchases of financial assets*           | (9,003)  | -              | -                | -            | (9,003)          |
| Derecognition of financial assets**                          | 3,558  | 46             | 1,812            | 1            | 5,417            |
| Recoveries of allowances on previously written-off assets*** | -  | -              | (142)            | (17)         | (159)            |
| Write-offs   | -  | -              | 700              | -            | 700              |
| Foreign exchange differences and other movements             | 40   | (1)            | 18               | 14           | 71               |
| <b>At the end of the period</b>                              | <b>(74,750)</b>                                    | <b>(4,175)</b> | <b>(105,730)</b> | <b>(103)</b> | <b>(184,758)</b> |

|  | Three months ended<br>31 March 2023<br>(unaudited) |                |                 |                |                 |
|--|--|----------------|-----------------|----------------|-----------------|
| SME Business   | Stage 1  | Stage 2        | Stage 3         | POCI           | Total           |
| <b>At the beginning of the period</b>                        | <b>(12,473)</b>                                    | <b>(1,382)</b> | <b>(37,255)</b> | <b>(1,711)</b> | <b>(52,821)</b> |
| Transfer to Stage 1  | (533)  | 498            | 35              | -              | -               |
| Transfer to Stage 2  | 938  | (961)          | 23              | -              | -               |
| Transfer to Stage 3  | 1,082  | 464            | (1,546)         | -              | -               |
| Changes in risk parameters*                                  | 460  | (1,100)        | (8,095)         | 151            | (8,584)         |
| New originations or purchases of financial assets*           | (3,249)  | -              | -               | -              | (3,249)         |
| Derecognition of financial assets**                          | 1,689  | 57             | 963             | -              | 2,709           |
| Recoveries of allowances on previously written-off assets*** | -  | -              | 85              | (65)           | 20              |
| Write-offs   | -  | -              | 1,289           | -              | 1,289           |
| Foreign exchange differences and other movements             | (10)   | 6              | 64              | 11             | 71              |
| <b>At the end of the period</b>                              | <b>(12,096)</b>                                    | <b>(2,418)</b> | <b>(44,437)</b> | <b>(1,614)</b> | <b>(60,565)</b> |

## JSC Halyk Bank



**Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Three Months ended 31 March 2023 (unaudited) (continued)**  
*(millions of Kazakhstani Tenge)*

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

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



## JSC Halyk Bank



### Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Three Months ended 31 March 2023 (unaudited) (continued) (millions of Kazakhstani Tenge)

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

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

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

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

\*\*\*FS line "Recoveries of allowances on previously written-off assets" includes sums of income received from the repayment of previously written off assets, as well as adjustments to the gross carrying amount of loans resulting from the purchase of JSC Kazkommertsbank, and from the accrual of interest income on impaired loans.

**Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Three Months ended 31 March 2023 (unaudited) (continued)**  
*(millions of Kazakhstani Tenge)*

During the three months ended 31 March 2023 and 2022, the Group has written off loans of KZT 2,006 million and KZT 10,940 million, respectively, which allow the writing off loans without being considered forgiveness of the loan for tax purpose and are therefore not subject to corporate income tax.

**Allowance for expected credit losses and provisions**

For the three months ended 31 March 2023, credit loss expense on loans to customers comprised KZT 16,634 million (31 March 2022 – KZT 23,798 million).

**11. Amounts due to customers**

Amounts due to customers include the following:

|                                       | <b>31 March 2023<br/>(unaudited)</b> | <b>31 December<br/>2022</b> |
|---------------------------------------|--------------------------------------|-----------------------------|
| <b>Recorded at amortised cost:</b>    |                                      |                             |
| <b>Term deposits:</b>                 |                                      |                             |
| Individuals                           | 4,191,591                            | 4,351,846                   |
| Legal entities                        | 2,994,176                            | 2,898,924                   |
|                                       | <b>7,185,767</b>                     | <b>7,250,770</b>            |
| <b>Current accounts:</b>              |                                      |                             |
| Legal entities                        | 2,091,956                            | 2,369,360                   |
| Individuals                           | 854,709                              | 891,918                     |
|                                       | <b>2,946,665</b>                     | <b>3,261,278</b>            |
| <b>Total amounts due to customers</b> | <b>10,132,432</b>                    | <b>10,512,048</b>           |

As at 31 March 2023, the Group's nine largest groups of related customers accounted for approximately 18% of the total amounts due to customers (31 December 2022 – 17%), where each group of related customers represents customers related to each other within that group.

As at 31 March 2023, amounts due to customers included amounts held as collateral of KZT 165,455 million (31 December 2022 – KZT 177,501 million).

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

**Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Three Months ended 31 March 2023 (unaudited) (continued)**  
*(millions of Kazakhstani Tenge)*

An analysis of customer accounts by sectors is as follows:

|   | 31 March 2023<br>(unaudited) | %           | 31 December<br>2022 | %           |
|---|------------------------------|-------------|---------------------|-------------|
| Individuals and entrepreneurs             | 5,046,300                    | 50%         | 5,243,764           | 50%         |
| Other consumer services                   | 785,310                      | 8%          | 777,500             | 7%          |
| Oil and gas                               | 783,064                      | 8%          | 808,762             | 8%          |
| Wholesale trade                           | 604,196                      | 6%          | 679,740             | 6%          |
| Financial sector                          | 497,056                      | 5%          | 658,374             | 6%          |
| Transportation                            | 408,888                      | 4%          | 417,556             | 4%          |
| Construction                              | 350,884                      | 3%          | 299,500             | 3%          |
| Healthcare and social services            | 266,109                      | 3%          | 235,717             | 2%          |
| Communication                             | 213,178                      | 2%          | 262,722             | 3%          |
| Metallurgy                                | 211,174                      | 2%          | 210,530             | 2%          |
| Government and state-controlled companies | 188,251                      | 2%          | 191,126             | 2%          |
| Education                                 | 132,881                      | 1%          | 111,330             | 1%          |
| Insurance and pension funds activity      | 93,801                       | 1%          | 106,733             | 1%          |
| Energy                                    | 80,906                       | 1%          | 73,334              | 1%          |
| Other                                     | 470,434                      | 4%          | 435,360             | 4%          |
|   | <b>10,132,432</b>            | <b>100%</b> | <b>10,512,048</b>   | <b>100%</b> |

## 12. Amounts due to credit institutions

Amounts due to credit institutions comprise:

|   | 31 March 2023<br>(unaudited) | 31 December<br>2022 |
|---|------------------------------|---------------------|
| <b>Recorded at amortised cost:</b>  |                              |                     |
| Loans and deposits from Kazakhstan banks (incl. loans under repurchase agreements)    | 560,051                      | 529,743             |
| Loans from JSC Entrepreneurship Development Fund DAMU                                 | 81,583                       | 83,356              |
| Loans from JSC Development Bank of Kazakhstan   | 80,128                       | 80,071              |
| Correspondent accounts  | 71,589                       | 74,496              |
| Loans from other financial institutions   | 53,856                       | 9,730               |
| Loans and deposits from non-OECD based banks  | 42,365                       | 64,631              |
| Loans and deposits from OECD based banks (including loans under repurchase agreement) | 23,334                       | 14,006              |
| Loans from JSC Industrial Development Fund  | 22,687                       | 22,632              |
|   | <b>935,593</b>               | <b>878,665</b>      |

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

|  | 31 March 2023 (unaudited) |                   | 31 December 2022    |                   |
|--|---------------------------|-------------------|---------------------|-------------------|
|  | Interest rate,<br>%       | Maturity,<br>year | Interest rate,<br>% | Maturity,<br>Year |
| Loans and deposits from Kazakhstan banks (incl. loans under repurchase agreements) | 3.5%-17.8%                | 2023-2026         | 11.5%-17.8%         | 2023-2026         |
| Loans from JSC Entrepreneurship Development Fund DAMU                              | 1.0%-10.0%                | 2023-2035         | 1.0%-10.0%          | 2023-2035         |
| Loans from JSC Development Bank of Kazakhstan                                      | 1.0%-2.0%                 | 2029-2037         | 1.0%-2.0%           | 2029-2037         |
| Loans from other financial institutions  | 1.5%-10.0%                | 2023-2026         | 1.5%-10.0%          | 2023-2026         |
| Loans and deposits from non-OECD based banks                                       | 1.0%-14.5%                | 2023-2028         | 1.0%-14.5%          | 2023-2027         |
| Loans and deposits from OECD based banks   | 5.1%-14.0%                | 2023              | 14.5%               | 2023              |
| Loans from JSC Industrial Development Fund   | 1.0%                      | 2052              | 1.0%                | 2052              |

**Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Three Months ended 31 March 2023 (unaudited) (continued)**  
*(millions of Kazakhstani Tenge)*

The fair value of assets pledged (Note 8) and the carrying value of loans included in loans and deposits from Kazakhstan banks under repurchase agreements as at 31 March 2023 and 31 December 2022, are as follows:

|   | 31 March 2023 (unaudited) |                          | 31 December 2022         |                          |
|---|---------------------------|--------------------------|--------------------------|--------------------------|
|   | Fair value of collateral  | Carrying amount of loans | Fair value of collateral | Carrying amount of loans |
| Debt securities at amortized cost, net of allowance for expected credit losses (Note 9) | 538,027                   | 536,960                  | 505,588                  | 502,620                  |
| Financial assets at fair value through profit or loss (Note 6)                          | 19,333                    | 19,323                   | 18,943                   | 19,129                   |
| Financial assets at fair value through other comprehensive income (Note 8)              | 5,586                     | 5,573                    | 6,609                    | 6,668                    |
|   | <b>562,946</b>            | <b>561,856</b>           | <b>531,140</b>           | <b>528,417</b>           |

Details of transferred financial assets that are not derecognised in their entirety as at 31 March 2023 and 31 December 2022, are disclosed below.

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

The Group has determined that it retains substantially all the risks and rewards of these securities, which include credit risk and market risk, and therefore it has not derecognised them. In addition, it recognises a financial liability for cash received as collateral.

|   | Debt securities at amortized cost, net of allowance for expected credit losses (Note 9) | Financial assets at fair value through profit or loss (Note 6) | Financial assets at fair value through other comprehensive income (Note 8) |
|---|---|--|--|
| <b>As at 31 March 2023 (unaudited):</b>   |   |  |  |
| Fair value of transferred assets          | 538,027   | 19,333   | 5,586  |
| Carrying amount of associated liabilities | 536,960   | 19,323   | 5,573  |
| <b>As at 31 December 2022:</b>            |   |  |  |
| Fair value of transferred assets          | 505,588   | 18,943   | 6,609  |
| Carrying amount of associated liabilities | 502,620   | 19,129   | 6,668  |

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

The management of the Group believes that as at 31 March 2023 and 31 December 2022 the Group was in compliance with covenants.

**Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Three Months ended 31 March 2023 (unaudited) (continued)**  
*(millions of Kazakhstani Tenge)*

### 13. Debt securities issued

Debt securities issued consisted of the following:

|   | 31 March 2023<br>(unaudited) | 31 December<br>2022 |
|---|------------------------------|---------------------|
| <b>Recorded at amortised cost:</b>                      |                              |                     |
| <b>Subordinated debt securities issued:</b>             |                              |                     |
| KZT denominated bonds, fixed rate                       | 93,605                       | 90,341              |
| <b>Total subordinated debt securities outstanding</b>   | <b>93,605</b>                | <b>90,341</b>       |
| <b>Unsubordinated debt securities issued:</b>           |                              |                     |
| KZT denominated bonds                                   | 232,423                      | 232,597             |
| USD denominated bonds                                   | 93,610                       | 139,879             |
| <b>Total unsubordinated debt securities outstanding</b> | <b>326,033</b>               | <b>372,476</b>      |
| <b>Total debt securities outstanding</b>                | <b>419,638</b>               | <b>462,817</b>      |

On 30 January 2023 the Group issued bonds listed on AIX in the amount USD 3.5 million with a coupon rate of 2.5%.

On 6 February 2023 the Group repurchased bonds listed on AIX in the amount of USD 100 million with a coupon rate of 2.5%.

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

|   | 30 June 2022      |                   | 31 December 2021  |                   |
|---|-------------------|-------------------|-------------------|-------------------|
|   | Coupon rate,<br>% | Maturity,<br>year | Coupon rate,<br>% | Maturity,<br>year |
| <b>Subordinated debt securities issued:</b>   |                   |                   |                   |                   |
| KZT denominated bonds, fixed rate             | 9.5%              | 2025              | 9.5%              | 2025              |
| <b>Unsubordinated debt securities issued:</b> |                   |                   |                   |                   |
| KZT denominated bonds                         | 7.5%              | 2024-2025         | 7.5%              | 2024-2025         |
| USD denominated bonds                         | 2.5%-4.0%         | 2025              | 2.5%-4.0%         | 2025              |

Subordinated securities are unsecured obligations of the Group and are subordinated in right of payments to all present and future senior indebtedness and certain other obligations of the Group. Coupon payments on debt securities issued are payable on a semi-annual and an annual basis.

**Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Three Months ended 31 March 2023 (unaudited) (continued)**  
*(millions of Kazakhstani Tenge)*

**Reconciliation of liabilities arising from financing activities**

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

|                        | 1 January 2023 | Financing cash flows | Non-cash changes          |                           | 31 March 2023 (unaudited) |
|------------------------|----------------|----------------------|---------------------------|---------------------------|---------------------------|
|                        |                |                      | Foreign exchange movement | Changes in amortised cost |                           |
| Debt securities issued | 462,817        | (44,259)             | (2,517)                   | 3,597                     | 419,638                   |

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

## 14. Taxation

The income tax expense comprises:

|                                 | Three months ended 31 March 2023 (unaudited) | Three months ended 31 March 2023 (unaudited) |
|---------------------------------|--|--|
| Current income tax expense      | 32,398                                       | 16,375                                       |
| Deferred income tax expense     | 511  | 4,786  |
| <b>Total income tax expense</b> | <b>32,909</b>                                | <b>21,161</b>                                |

The income tax rate for Kazakhstan legal entities was 20% for the three months ended March 31, 2023 and 2022. Income from government securities and certain other securities is not subject to income tax.

The income tax rate in the Kyrgyz Republic, Georgia and the Republic of Uzbekistan is 10%, 20% and 20%, respectively.

The Group's effective income tax rate for the three months ended 31 March 2023 is 14.9% (for three months ended 31 March 2022 - 14.5%).

The Group has offset deferred tax assets and liabilities on the interim condensed consolidated statement of financial position where a right of offset existed.

Management believes that the Group is in compliance with the tax laws affecting its operations; however, the risk remains that relevant authorities could take differing positions with regard to interpretive issues.

**Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Three Months ended 31 March 2023 (unaudited) (continued)**  
*(millions of Kazakhstani Tenge)*

## 15. Equity

The number of shares authorised, issued and fully paid as at 31 March 2023 and 31 December 2022, were as follows:

|                                   | Share capital authorised | Share capital authorised and not issued | Fully paid and issued share capital | Share capital repurchased | Outstanding shares |
|-----------------------------------|--------------------------|---|-------------------------------------|---------------------------|--------------------|
| <b>31 March 2023 (unaudited):</b> |                          |   |                                     |                           |                    |
| Common                            | 25,000,000,000           | (11,552,455,218)                        | 13,447,544,782                      | (2,563,075,411)           | 10,884,469,371     |
| <b>31 December 2022:</b>          |                          |   |                                     |                           |                    |
| Common                            | 25,000,000,000           | (11,552,455,218)                        | 13,447,544,782                      | (2,563,676,403)           | 10,883,868,379     |

All shares are KZT denominated. Movements of shares outstanding are as follows:

|                                  | Number of shares Common | Nominal (placement) amount (millions of KZT) Common |
|----------------------------------|-------------------------|---|
| <b>31 December 2021</b>          | <b>10,896,004,850</b>   | <b>(50,295)</b>                                     |
| Purchases of treasury shares     | (52,653,439)            | (6,044)   |
| Sale of treasury shares          | 40,516,968              | 4,831   |
| <b>31 December 2022</b>          | <b>10,883,868,379</b>   | <b>(51,508)</b>                                     |
| Purchases of treasury shares     | (957,719)               | (41)  |
| Sale of treasury shares          | 1,558,711               | 106   |
| <b>31 March 2023 (unaudited)</b> | <b>10,884,469,371</b>   | <b>(51,443)</b>                                     |

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

### Common shares

As at 31 March 2023 and 31 December 2022, share capital comprised KZT 209,027 million. As at 31 March 2023, the Group held 2,563,075,411 shares of the Group's common shares as treasury shares at KZT 260,470 million (31 December 2022 – 2,563,676,403 shares at KZT 260,535 million).

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

### Share premium reserve

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

**Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Three Months ended 31 March 2023 (unaudited) (continued)**  
*(millions of Kazakhstani Tenge)*

## 16. Commitments and contingencies, provisions

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

|   | <b>31 March<br/>(unaudited)</b> | <b>31 December<br/>2022</b> |
|---|---------------------------------|-----------------------------|
| Guarantees issued                                   | 626,876                         | 603,028                     |
| Commercial letters of credit                        | 115,278                         | 94,192                      |
| Commitments to extend credit                        | 68,666                          | 69,122                      |
| Financial commitments and contingencies             | 810,820                         | 766,342                     |
| Less: cash collateral against letters of credit     | (61,708)                        | (63,730)                    |
| Less: provisions                                    | (12,232)                        | (13,773)                    |
| <b>Financial commitments and contingencies, net</b> | <b>736,880</b>                  | <b>688,839</b>              |

Guarantees issued represent bank guarantees issued by the Group by order of its clients, and which are in effect as at the reporting date. As at 31 March 2023, uncovered guarantees issued for the ten largest groups of customers/groups of customers accounted for 48% of the Group's total financial guarantees (31 December 2022 – 45%) and represented 14% of the Group's total equity (31 December 2022 – 14%).

Commercial letters of credit represent letters of credit issued by the Group by order of its clients, and under which, as at the reporting date, the payment has not yet been made. As at 31 March 2023, the ten largest unsecured letters of credit accounted for 45% of the Group's total commercial letters of credit (31 December 2022 – 31%) and represented 2% of the Group's total equity (31 December 2022 – 1%).

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

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



**Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Three Months ended 31 March 2023 (unaudited) (continued)**  
*(millions of Kazakhstani Tenge)*

The movements in provisions were as follows:

|   | Three months ended<br>31 March 2023<br>(unaudited) |                |                |                 |
|---|--|----------------|----------------|-----------------|
|   | Stage 1  | Stage 2        | Stage 3        | Total           |
| At the beginning of the period                              | (9)  | (6,714)        | (7,050)        | (13,773)        |
| Transfer to Stage 1   | (5,172)  | -              | 5,172          | -               |
| Transfer to Stage 2   | 1  | (1)            | -              | -               |
| Transfer to Stage 3   | 1,301  | -              | (1,301)        | -               |
| Recoveries of provisions/(additional provisions recognized) | 3,878  | 240            | (2,866)        | 1,252           |
| Foreign exchange differences                                | (170)  | 122            | 337            | 289             |
| <b>At the end of the period</b>                             | <b>(171)</b>                                       | <b>(6,353)</b> | <b>(5,708)</b> | <b>(12,232)</b> |

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

### Capital commitments

As at 31 March 2023, the Group had capital expenditures commitments in respect of construction in progress for KZT 53,249 million, of which KZT 46,952 million relates to the construction of the Bank's administrative building in Astana city. (31 December 2022 – KZT 1,595 million).

### Operating lease commitments

There were no material operating lease commitments under irrevocable operating leases outstanding as at 31 March 2023 and 31 December 2022.

**Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Three Months ended 31 March 2023 (unaudited) (continued)**  
*(millions of Kazakhstani Tenge)*

## 17. Net interest income

|  | Three months ended<br>31 March<br>2023 (unaudited) | Three months ended<br>31 March<br>2022 (unaudited) |
|--|--|--|
| <b>Interest income:</b>  |  |  |
| Loans to customers   | 304,461  | 192,637  |
| - <i>Corporate business</i>  | 139,884  | 87,055   |
| - <i>Retail business</i>   | 115,854  | 77,404   |
| - <i>SME business</i>  | 48,723   | 28,178   |
| Financial assets at fair value through other comprehensive income              | 31,823   | 23,795   |
| Debt securities at amortized cost, net of allowance for expected credit losses | 19,755   | 25,396   |
| Amounts due from credit institutions and cash and cash equivalents             | 13,940   | 3,781  |
| Other financial assets   | 1,637  | 1,810  |
| Interest income from insurance contracts                                       | 651  | 64   |
| <b>Interest income calculated using effective interest method</b>              | <b>372,267</b>                                     | <b>247,483</b>                                     |
| Financial assets at fair value through profit or loss                          | 8,002  | 6,357  |
| <b>Other interest income</b>   | <b>8,002</b>                                       | <b>6,357</b>                                       |
| <b>Total interest income</b>   | <b>380,269</b>                                     | <b>253,840</b>                                     |
| <b>Interest expense:</b>   |  |  |
| Amounts due to customers   | (163,457)  | (82,864)   |
| - <i>Individuals</i>   | (76,341)   | (45,173)   |
| - <i>Legal entities</i>  | (87,116)   | (37,691)   |
| Debt securities issued   | (10,888)   | (17,276)   |
| Amounts due to credit institutions   | (8,746)  | (8,888)  |
| Interest expense from insurance contracts                                      | (4,932)  | (191)  |
| Other financial liabilities  | (150)  | (210)  |
| Other interest expense   | (4)  | (150)  |
| <b>Total interest expense</b>  | <b>(188,177)</b>                                   | <b>(109,579)</b>                                   |
| <b>Net interest income</b>   | <b>192,092</b>                                     | <b>144,261</b>                                     |

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

For the three months ended 31 March 2023, the total interest income calculated using the EIR method for financial assets measured at amortised cost comprised KZT 340,444 (for the three months ended 31 March 2022: KZT 223,688 million).

**Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Three Months ended 31 March 2023 (unaudited) (continued)**  
*(millions of Kazakhstani Tenge)*

## 18. Fees and commissions

Fee and commission income is derived from the following sources:

|   | Three months ended<br>31 March<br>2023 (unaudited) | Three months ended<br>31 March<br>2022 (unaudited) |
|---|--|--|
| Transaction income of individuals       | 32,735   | 25,552   |
| Transaction income of legal entities    | 9,579  | 6,657  |
| Letters of credit and guarantees issued | 3,977  | 3,101  |
| Other                                   | 2,284  | 1,375  |
| Loyalty program                         | (1,170)  | (3,163)  |
| <b>Total fee and commission income</b>  | <b>47,405</b>                                      | <b>33,522</b>                                      |

Fee and commission expense comprises the following:

|   | Three months ended<br>31 March<br>2023 (unaudited) | Three months ended<br>31 March<br>2022 (unaudited) |
|---|--|--|
| Transaction expense of individuals      | (18,614)   | (16,716)   |
| Deposit insurance                       | (1,645)  | (1,418)  |
| Transaction expense of legal entities   | (1,083)  | (1,145)  |
| Other                                   | (1,144)  | (1,030)  |
| <b>Total fee and commission expense</b> | <b>(22,486)</b>                                    | <b>(20,309)</b>                                    |

Transactional income of physical legal entities includes commission income from bank transfers on current accounts and wages, commission income from servicing customer accounts and operations with plastic cards of customers, as well as income from cash transactions and payment of pensions to customers.

Transaction expenses of individuals and legal entities include commission expenses on plastic cards of clients, on bank transfers and cash transactions.

The management of the Group has made a decision to change the disclosure of fee and commission income and expenses and believes that this presentation provides a clearer picture of the Group's financial results for this line item of the consolidated financial statements. Accordingly, the Group has revised its presentation for the three months ended 31 March 2022 to align with the presentation for the three months ended 31 March 2023.

**Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Three Months ended 31 March 2023 (unaudited) (continued)**  
*(millions of Kazakhstani Tenge)*

## 19. Net gain from financial assets and liabilities at fair value through profit or loss

Net gain on financial assets and liabilities at fair value through profit or loss comprises:

|  | Three months ended<br>31 March 2023<br>(unaudited) | Three months ended<br>31 March 2022<br>(unaudited) |
|--|--|--|
| <b>Net gain on operations with financial assets and liabilities classified as held for trading:</b>      |  |  |
| Unrealized net gain on derivative operations   | 1,551  | 31,567   |
| Realized net gain/(loss) on derivative operations  | 4,918  | (511)  |
| Net loss on trading operations   | (2,650)  | (11,218)   |
| <b>Total net gain on operations with financial assets and liabilities classified as held for trading</b> | <b>3,819</b>                                       | <b>19,838</b>                                      |

## 20. Net gain on foreign exchange operations

Net foreign exchange gain comprises:

|  | Three months ended<br>31 March<br>2023 (unaudited) | Three months ended<br>31 March<br>2022 (unaudited) |
|--|--|--|
| Translation differences, net           | (5,802)  | (11,646)   |
| Dealing, net                           | 25,939   | 38,293   |
| <b>Total net foreign exchange gain</b> | <b>20,137</b>                                      | <b>26,647</b>                                      |

## 21. Operating expenses

Operating expenses comprised:

|  | Three months ended<br>31 March<br>2023 (unaudited) | Three months ended<br>31 March<br>2022 (unaudited) |
|--|--|--|
| Salaries and other employee benefits   | 28,534   | 23,722   |
| Depreciation and amortization expenses | 4,349  | 3,938  |
| Taxes other than income tax            | 2,048  | 2,052  |
| Information services                   | 1,694  | 1,668  |
| Security                               | 1,397  | 1,477  |
| Utilities expenses                     | 1,388  | 1,137  |
| Communication                          | 1,380  | 1,701  |
| Rent                                   | 798  | 638  |
| Stationery and office supplies         | 723  | 466  |
| Repairs and maintenance                | 663  | 487  |
| Advertisement                          | 648  | 569  |
| Charity                                | 243  | 3,874  |
| Professional services                  | 214  | 337  |
| Other                                  | 2,347  | 1,236  |
| <b>Total operating expenses</b>        | <b>46,426</b>                                      | <b>43,302</b>                                      |

**Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Three Months ended 31 March 2023 (unaudited) (continued)**  
*(millions of Kazakhstani Tenge)*

## 22. Income on non-banking activities

|   | Three months ended<br>31 March<br>2023 (unaudited) | Three months ended<br>31 March<br>2022 (unaudited) |
|---|--|--|
| Net gain on sale of commercial property                       | 4,434  | 4,329  |
| Net gain on sale of investment property                       | 36   | 317  |
| Net gain/(loss) on sale of assets classified as held for sale | 71   | (555)  |
| Other income on non-banking activities                        | 141  | 637  |
| <b>Income on non-banking activities</b>                       | <b>4,682</b>                                       | <b>4,728</b>                                       |

## 23. Earnings per share

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

The following table presents basic and diluted earnings per share:

|   | Three months ended<br>31 March<br>2023 (unaudited) | Three months ended<br>31 March<br>2022 (unaudited) |
|---|--|--|
| <b>Basic and diluted earnings per share</b>   |  |  |
| Net profit for the period attributable to equity holders of the parent                | 188,201  | 124,476  |
| Earnings attributable to common shareholders  | 188,201  | 124,476  |
| Weighted average number of common shares for the purposes of basic earnings per share | 10,884,039,736                                     | 10,895,942,252                                     |
| <b>Basic and diluted earnings per share (in Tenge)</b>                                | <b>17.29</b>                                       | <b>11.42</b>                                       |

As required by KASE rules for listed companies, the book value of one share per each class of shares as at 31 March 2023 and 31 December 2022 is disclosed as follows:

| Class of shares | 31 March 2023      |                                       |                                 |
|-----------------|--------------------|---------------------------------------|---------------------------------|
|                 | Outstanding shares | Equity (as calculated per KASE rules) | Book value of one share, in KZT |
| Common          | 10,884,469,371     | 2,105,395                             | 193.16                          |
|                 |                    | <b>2,105,395</b>                      |                                 |
| Class of shares | 31 December 2022   |                                       |                                 |
|                 | Outstanding shares | Equity (as calculated per KASE rules) | Book value of one share, in KZT |
| Common          | 10,883,868,379     | 1,907,774                             | 175.28                          |
|                 |                    | <b>1,907,774</b>                      |                                 |

Equity attributable to common shares is calculated as the difference between the total equity and total net book value of intangible assets.

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*(millions of Kazakhstani Tenge)*

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

## 24. Financial risk management

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

The Group's significant policies and procedures related to financial risk management has not changed in the first quarter of 2023 and are disclosed in the annual consolidated financial statements for the year ended 31 December 2022.

### Liquidity Risk

In order to manage liquidity risk, the Group analyses the financial assets and liabilities, and obligatory reserves taking into account payment schedules for loans issued to customers. The following tables provide an analysis of financial assets and liabilities grouped on the basis of the remaining period from the reporting date to the earliest of the contractual maturity date or available maturity date, except for financial assets at fair value through profit or loss in the form of securities which are included in the column "Less than 1 month" as they are available to meet the Group's short-term liquidity needs.

|  | 31 March 2023 (unaudited) |                    |                    |                  |                  |                   |
|--|---------------------------|--------------------|--------------------|------------------|------------------|-------------------|
|  | Less than 1 month         | 1 to 3 months      | 3 months to 1 year | 1 to 5 years     | Over 5 years     | Total             |
| <b>FINANCIAL ASSETS:</b>   |                           |                    |                    |                  |                  |                   |
| Cash and cash equivalents  | 1,698,234                 | 26                 | -                  | -                | -                | 1,698,260         |
| Obligatory reserves  | 143,171                   | 24,871             | 58,877             | 14,254           | 11,317           | 252,490           |
| Financial assets at fair value through profit or loss                          | 346,361                   | 270                | 8                  | 12,768           | -                | 359,407           |
| Amounts due from credit institutions   | 89,877                    | 3,337              | 13,700             | 26,308           | 179              | 133,401           |
| Financial assets at fair value through other comprehensive income              | 52,120                    | 41,676             | 611,071            | 1,285,063        | 340,951          | 2,330,881         |
| Debt securities at amortised cost, net of allowance for expected credit losses | 6,513                     | 10,599             | 301,778            | 696,774          | -                | 1,015,664         |
| Loans to customers   | 291,721                   | 677,597            | 4,288,293          | 2,380,023        | 163,354          | 7,800,988         |
| Other financial assets   | 18,198                    | 10,996             | 10,902             | 28,912           | 6,703            | 75,711            |
|  | <b>2,646,195</b>          | <b>769,372</b>     | <b>5,284,629</b>   | <b>4,444,102</b> | <b>522,504</b>   | <b>13,666,802</b> |
| <b>FINANCIAL LIABILITIES:</b>  |                           |                    |                    |                  |                  |                   |
| Amounts due to customers   | 5,290,335                 | 1,232,993          | 2,903,042          | 312,673          | 393,389          | 10,132,432        |
| Amounts due to credit institutions   | 695,078                   | 4,301              | 51,592             | 17,256           | 167,366          | 935,593           |
| Financial liabilities at fair value through profit or loss                     | 8,335                     | 301                | -                  | 711              | -                | 9,347             |
| Debt securities issued   | 931                       | 2,750              | 5,561              | 410,396          | -                | 419,638           |
| Other financial liabilities  | 122,169                   | 2,160              | 6,570              | 1,669            | 633              | 133,201           |
|  | <b>6,116,848</b>          | <b>1,242,505</b>   | <b>2,966,765</b>   | <b>742,705</b>   | <b>561,388</b>   | <b>11,630,211</b> |
| <b>Net position</b>  | <b>(3,470,653)</b>        | <b>(473,133)</b>   | <b>2,317,864</b>   | <b>3,701,397</b> | <b>(38,884)</b>  | <b>2,036,591</b>  |
| <b>Accumulated gap</b>   | <b>(3,470,653)</b>        | <b>(3,943,786)</b> | <b>(1,625,922)</b> | <b>2,075,475</b> | <b>2,036,591</b> |                   |

**Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Three Months ended 31 March 2023 (unaudited) (continued)**  
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|  | <b>31 December 2022</b>      |                          |                               |                         |                         |                   |
|--|------------------------------|--------------------------|-------------------------------|-------------------------|-------------------------|-------------------|
|  | <b>Less than<br/>1 month</b> | <b>1 to<br/>3 months</b> | <b>3 months to<br/>1 year</b> | <b>1 to<br/>5 years</b> | <b>Over<br/>5 years</b> | <b>Total</b>      |
| <b>FINANCIAL ASSETS:</b>   |                              |                          |                               |                         |                         |                   |
| Cash and cash equivalents  | 2,028,820                    | 11                       | -                             | -                       | -                       | 2,028,831         |
| Obligatory reserves  | 144,759                      | 14,670                   | 71,901                        | 16,814                  | 11,400                  | 259,544           |
| Financial assets at fair value through profit or loss                          | 331,736                      | -                        | -                             | 10,432                  | -                       | 342,168           |
| Amounts due from credit institutions   | 79,867                       | 6,894                    | 20,744                        | 28,028                  | 122                     | 135,655           |
| Financial assets at fair value through other comprehensive income              | 57,289                       | 150,169                  | 395,275                       | 1,278,991               | 227,545                 | 2,109,269         |
| Debt securities at amortised cost, net of allowance for expected credit losses | 14,113                       | 17,305                   | 283,541                       | 703,146                 | 984                     | 1,019,089         |
| Loans to customers   | 325,594                      | 671,791                  | 4,472,139                     | 2,286,554               | 101,824                 | 7,857,902         |
| Other financial assets   | 29,082                       | 2,258                    | 23,650                        | 14,754                  | 6,030                   | 75,774            |
|  | <b>3,011,260</b>             | <b>863,098</b>           | <b>5,267,250</b>              | <b>4,338,719</b>        | <b>347,905</b>          | <b>13,828,232</b> |
| <b>FINANCIAL LIABILITIES:</b>  |                              |                          |                               |                         |                         |                   |
| Amounts due to customers   | 5,365,384                    | 722,973                  | 3,612,836                     | 411,430                 | 399,425                 | 10,512,048        |
| Amounts due to credit institutions   | 679,972                      | 9,577                    | 3,174                         | 19,112                  | 166,830                 | 878,665           |
| Financial liabilities at fair value through profit or loss                     | 9,955                        | -                        | -                             | 673                     | -                       | 10,628            |
| Debt securities issued   | -                            | 3,785                    | 3,209                         | 455,823                 | -                       | 462,817           |
| Other financial liabilities  | 132,549                      | 1,273                    | 1,569                         | 547                     | 503                     | 136,441           |
|  | <b>6,187,860</b>             | <b>737,608</b>           | <b>3,620,788</b>              | <b>887,585</b>          | <b>566,758</b>          | <b>12,000,599</b> |
| <b>Net position</b>  | <b>(3,176,600)</b>           | <b>125,490</b>           | <b>1,646,462</b>              | <b>3,451,134</b>        | <b>(218,853)</b>        | <b>1,827,633</b>  |
| <b>Accumulated gap</b>   | <b>(3,176,600)</b>           | <b>(3,051,110)</b>       | <b>(1,404,648)</b>            | <b>2,046,486</b>        | <b>1,827,633</b>        |                   |

As at 31 March 2023 and 31 December 2022 the Group complies with main liquidity ratios and regulatory liquidity requirements.

The analysis of liabilities by maturity does not reflect the historical stability of customer current account balances, which have traditionally been repaid over a longer period than indicated in the tables above. In this regard, Management believes that although a substantial portion of current accounts and customer deposits are on demand and mature in less than one month, diversification of these deposits by number and type of depositors, and the past experience of the Group, indicate that these deposits provide a long-term and stable source of funding for the Group. Therefore, an essential part of the Group's current accounts is considered to be stable resources for the purposes of liquidity analysis and management. Additionally, the accumulated gap can be sufficiently covered by refinancing with the repurchase agreements and sale of liquid government and other high-quality rated securities or attracting long-term debt funding on capital markets when necessary.

**Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Three Months ended 31 March 2023 (unaudited) (continued)**  
*(millions of Kazakhstani Tenge)*

**Currency Risk**

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

|  | <b>31 March 2023 (unaudited)</b> |                 |                 |                  |                                 |                  |                   |
|--|----------------------------------|-----------------|-----------------|------------------|---------------------------------|------------------|-------------------|
|  | <b>USD</b>                       | <b>EURO</b>     | <b>RUR</b>      | <b>Other</b>     | <b>Total foreign currencies</b> | <b>KZT</b>       | <b>Total</b>      |
| <b>FINANCIAL ASSETS:</b>   |                                  |                 |                 |                  |                                 |                  |                   |
| Cash and cash equivalents  | 838,954                          | 62,486          | 24,129          | 245,330          | 1,170,899                       | 527,361          | 1,698,260         |
| Obligatory reserves  | 19,320                           | 11,021          | -               | 101,446          | 131,787                         | 120,703          | 252,490           |
| Financial assets at fair value through profit or loss                          | 73,228                           | 504             | 118             | 958              | 74,808                          | 284,599          | 359,407           |
| Amounts due from credit institutions   | 63,383                           |                 | 18,673          | 16,648           | 98,704                          | 34,697           | 133,401           |
| Financial assets at fair value through other comprehensive income              | 1,461,229                        | 160,642         | 10,110          | -                | 1,631,981                       | 698,900          | 2,330,881         |
| Debt securities at amortised cost, net of allowance for expected credit losses | 192,553                          | -               | -               | 22,399           | 214,952                         | 800,712          | 1,015,664         |
| Loans to customers   | 1,118,524                        | 81,605          | 34,702          | 120,068          | 1,354,899                       | 6,446,089        | 7,800,988         |
| Other financial assets   | 6,519                            | 431             | 4,732           | 1,902            | 13,584                          | 62,127           | 75,711            |
|  | <b>3,773,710</b>                 | <b>316,689</b>  | <b>92,464</b>   | <b>508,751</b>   | <b>4,691,614</b>                | <b>8,975,188</b> | <b>13,666,802</b> |
| <b>FINANCIAL LIABILITIES</b>   |                                  |                 |                 |                  |                                 |                  |                   |
| Amounts due to customers   | 3,707,212                        | 250,972         | 45,395          | 160,719          | 4,164,298                       | 5,968,134        | 10,132,432        |
| Amounts due to credit institutions   | 56,372                           | 8,407           | 32,063          | 2,011            | 98,853                          | 836,740          | 935,593           |
| Financial liabilities at fair value through profit or loss                     | 505                              | 3,920           | 711             | 411              | 5,547                           | 3,800            | 9,347             |
| Debt securities issued   | 93,610                           | -               | -               | -                | 93,610                          | 326,028          | 419,638           |
| Other financial liabilities  | 1,407                            | 955             | 68              | 2,855            | 5,285                           | 127,916          | 133,201           |
|  | <b>3,859,106</b>                 | <b>264,254</b>  | <b>78,237</b>   | <b>165,996</b>   | <b>4,367,593</b>                | <b>7,262,618</b> | <b>11,630,211</b> |
| <b>Net position – on-balance</b>   | <b>(85,396)</b>                  | <b>52,435</b>   | <b>14,227</b>   | <b>342,755</b>   | <b>324,021</b>                  | <b>1,712,570</b> | <b>2,036,591</b>  |
| <b>Net position – off-balance</b>  | <b>191,339</b>                   | <b>(50,885)</b> | <b>(12,858)</b> | <b>(261,940)</b> | <b>(134,344)</b>                | <b>136,524</b>   |                   |
| <b>Net position</b>  | <b>105,943</b>                   | <b>1,550</b>    | <b>1,369</b>    | <b>80,815</b>    | <b>189,677</b>                  | <b>1,849,094</b> |                   |



## JSC Halyk Bank



**Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Three Months ended 31 March 2023 (unaudited) (continued)**  
*(millions of Kazakhstani Tenge)*

31 December 2022

|  | USD              | EURO           | RUR             | Other            | Total foreign currencies | KZT              | Total             |
|--|------------------|----------------|-----------------|------------------|--------------------------|------------------|-------------------|
| <b>FINANCIAL ASSETS:</b>   |                  |                |                 |                  |                          |                  |                   |
| Cash and cash equivalents  | 1,212,787        | 44,706         | 25,727          | 243,665          | 1,526,885                | 501,946          | 2,028,831         |
| Obligatory reserves  | 19,865           | 10,333         | -               | 154,546          | 184,744                  | 74,800           | 259,544           |
| Financial assets at fair value through profit or loss                          | 69,214           | -              | 71              | 902              | 70,187                   | 271,981          | 342,168           |
| Amounts due from credit institutions   | 76,533           | 8,896          | 20,666          | 22,789           | 128,884                  | 6,771            | 135,655           |
| Financial assets at fair value through other comprehensive income              | 1,294,923        | 135,359        | 10,742          | -                | 1,441,024                | 668,245          | 2,109,269         |
| Debt securities at amortised cost, net of allowance for expected credit losses | 201,171          | -              | -               | 34,419           | 235,590                  | 783,499          | 1,019,089         |
| Loans to customers   | 1,091,803        | 83,335         | 50,354          | 113,423          | 1,338,915                | 6,518,987        | 7,857,902         |
| Other financial assets   | 3,035            | 322            | 6,397           | 2,334            | 12,088                   | 63,686           | 75,774            |
|  | <b>3,969,331</b> | <b>282,951</b> | <b>113,957</b>  | <b>572,078</b>   | <b>4,938,317</b>         | <b>8,889,915</b> | <b>13,828,232</b> |
| <b>FINANCIAL LIABILITIES</b>   |                  |                |                 |                  |                          |                  |                   |
| Amounts due to customers   | 4,078,425        | 264,226        | 43,983          | 166,189          | 4,552,823                | 5,959,225        | 10,512,048        |
| Amounts due to credit institutions   | 49,176           | 16,425         | 52,718          | 2,139            | 120,458                  | 758,207          | 878,665           |
| Financial liabilities at fair value through profit or loss                     | -                | 240            | 673             | 983              | 1,896                    | 8,732            | 10,628            |
| Debt securities issued   | 139,879          | -              | -               | -                | 139,879                  | 322,938          | 462,817           |
| Other financial liabilities  | 2,118            | 778            | 91              | 2,914            | 5,901                    | 130,540          | 136,441           |
|  | <b>4,269,598</b> | <b>281,669</b> | <b>97,465</b>   | <b>172,225</b>   | <b>4,820,957</b>         | <b>7,179,642</b> | <b>12,000,599</b> |
| <b>Net position – on-balance</b>   | <b>(300,267)</b> | <b>1,282</b>   | <b>16,492</b>   | <b>399,853</b>   | <b>117,360</b>           | <b>1,710,273</b> | <b>1,827,633</b>  |
| <b>Net position – off-balance</b>  | <b>368,850</b>   | <b>(2,181)</b> | <b>(19,378)</b> | <b>(315,886)</b> | <b>31,405</b>            | <b>(41,816)</b>  |                   |
| <b>Net position</b>  | <b>68,583</b>    | <b>(899)</b>   | <b>(2,886)</b>  | <b>83,967</b>    | <b>148,765</b>           | <b>1,668,457</b> |                   |

**Selected Explanatory Notes to the Interim Condensed  
Consolidated Financial Information for the Three Months  
ended 31 March 2023 (unaudited) (continued)**  
*(millions of Kazakhstani Tenge)*

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## **25. Capital risk management**

The Group's capital management objectives, which are a broader concept than the "equity" on the face of the consolidated statement of financial position, are as follows:

- To comply with the capital requirements set by NBRK;
- To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

The required level of capital is determined during the annual budgeting process, taking into account the above objectives, and is approved by the Management Board and the Board of Directors. As of the current date the capital adequacy of the Group is calculated according to prudential norms set for banks by the Kazakhstan regulatory authority, applying Basel Committee principles and methods.

Currently, regulatory capital is represented by:

- Tier 1 capital, which is required to maintain the normal operating activity of the Group and absorb losses as they arise. It consists of Common Equity Tier 1 capital ("CET 1 capital") and Additional Tier 1 capital, which includes common shares issued by the Group, share premium, retained earnings, other accrued comprehensive income and disclosed reserves and regulatory adjustments (deductions);
- Tier 2 capital, which is required to absorb losses in case of the Group's liquidation. This part of capital consists of instruments issued by the Group and deductions.

Risk-weighted assets are split into five different groups, based on the risk level of the investment and its possible impairment, and weighted according to the nature of and reflecting an estimate of credit, market and other risks associated with each asset and counterparty, taking into account any eligible collateral or guarantees. A similar treatment is adopted for off-balance sheet exposure, with some adjustments made to reflect the more contingent nature of the potential losses.

**Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Three Months ended 31 March 2023 (unaudited) (continued)**  
*(millions of Kazakhstani Tenge)*

The below table summarises the regulatory capital composition and capital adequacy ratios of the Group for the periods ended 31 March 2023 and 31 December 2022. Individual entities within the Group and the Group complied with all of the externally imposed capital requirements to which they are subject.

|   | 31 March 2023<br>(unaudited) | 31 December<br>2022 |
|---|------------------------------|---------------------|
| <b>Composition of regulatory capital</b>  |                              |                     |
| <b>CET 1</b>  |                              |                     |
| Common shares, net of treasury shares   | (51,443)                     | (51,508)            |
| Share premium   | 7,985                        | 7,966               |
| Retained earnings of prior years  | 1,935,335                    | 1,372,054           |
| Net income for the current year   | 188,201                      | 563,010             |
| Accumulated disclosed reserves*   | 54,159                       | 54,157              |
| Non-controlling interest  | 9                            | 9                   |
| Property and financial assets at fair value through other comprehensive income revaluation reserves | (28,816)                     | (36,729)            |
| Less: goodwill and intangible assets  | (17,007)                     | (17,398)            |
| Less: cumulative translation reserve  | (9,645)                      | (11,742)            |
| <b>Common Equity Tier 1 (CET 1) Capital</b>   | <b>2,078,778</b>             | <b>1,879,819</b>    |
| <b>Additional tier 1</b>  |                              |                     |
| <b>Tier 2</b>   |                              |                     |
| Subordinated debt   | 37,442                       | 36,136              |
| <b>Total qualifying for Tier 2 capital</b>  | <b>37,442</b>                | <b>36,136</b>       |
| <b>Total regulatory capital</b>   | <b>2,116,220</b>             | <b>1,915,955</b>    |
| Risk weighted assets  | 10,307,113                   | 10,271,114          |
| <b>CET 1 capital adequacy ratio</b>   | <b>20.17%</b>                | <b>18.30%</b>       |
| <b>Tier 1 capital adequacy ratio</b>  | <b>20.17%</b>                | <b>18.30%</b>       |
| <b>Total capital adequacy ratio</b>   | <b>20.53%</b>                | <b>18.65%</b>       |

## 26. Segment analysis

The Group is managed and reported on the basis of four main operating segments – corporate banking, SME banking, retail banking and investment banking. These segments are strategic business units that offer different products and services and are managed separately.

No significant changes in the Group segments occurred during the three months ended 31 March 2023 in comparison with the year ended 31 December 2022.

There were no transactions between business segments during the three months ended 31 March 2023 and 2022.

# JSC Halyk Bank



## Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Three Months ended 31 March 2023 (unaudited) (continued) (millions of Kazakhstani Tenge)

Segment information for the main reportable business segments of the Group as at 31 March 2023 and 2022 and for the three months then ended is set out below:

|  | Retail Banking   | Corporate banking | SME banking     | Investment banking | Unallocated     | Total            |
|--|------------------|-------------------|-----------------|--------------------|-----------------|------------------|
| <b>As at 31 March 2023 and for the three months then ended (unaudited)</b>                   |                  |                   |                 |                    |                 |                  |
| External revenues  | 152,417          | 167,723           | 67,138          | 66,470             | 82,142          | 535,890          |
| <b>Total revenues</b>  | <b>152,417</b>   | <b>167,723</b>    | <b>67,138</b>   | <b>66,470</b>      | <b>82,142</b>   | <b>535,890</b>   |
| <b>Total revenues comprise:</b>  |                  |                   |                 |                    |                 |                  |
| - Interest income  | 115,854          | 145,131           | 50,361          | 68,232             | 691             | 380,269          |
| - Fee and commission income, including:  | 32,198           | 6,006             | 8,350           | -                  | 851             | 47,405           |
| Transaction income of individuals  | 32,735           | -                 | -               | -                  | -               | 32,735           |
| Transaction income of legal entities   | -                | 2,281             | 7,298           | -                  | -               | 9,579            |
| Letters of credit and guarantees issued  | -                | 2,982             | 995             | -                  | -               | 3,977            |
| Other  | 583              | 792               | 58              | -                  | 851             | 2,284            |
| Loyalty program  | (1,122)          | (48)              | -               | -                  | -               | (1,170)          |
| - Net gain/(loss) from financial assets and liabilities at fair value through profit or loss | -                | 6,430             | -               | (1,762)            | (849)           | 3,819            |
| - Net gain/(loss) on foreign exchange operations   | 4,367            | 10,155            | 8,426           | -                  | (2,811)         | 20,137           |
| - Share in profit of associate   | -                | -                 | -               | -                  | 3,738           | 3,738            |
| - Insurance underwriting income, income on non-banking activities and other income           | -                | -                 | -               | -                  | 80,522          | 80,522           |
| <b>Total revenues</b>  | <b>152,419</b>   | <b>167,722</b>    | <b>67,137</b>   | <b>66,470</b>      | <b>82,142</b>   | <b>535,890</b>   |
| - Interest expense   | (74,803)         | (68,092)          | (29,996)        | (8,696)            | (6,590)         | (188,177)        |
| - Credit loss expense  | (23,097)         | 11,995            | (4,672)         | 17                 | 938             | (14,819)         |
| - Fee and commission expense   | (20,472)         | (1,341)           | (370)           | (302)              | (1)             | (22,486)         |
| - Net realised loss from financial assets at fair value through other comprehensive income   | -                | -                 | -               | (346)              | -               | (346)            |
| - Operating expenses   | (25,768)         | (3,557)           | (5,278)         | (343)              | (11,480)        | (46,426)         |
| - Recovery of credit loss expense/(Other credit loss expense)                                | -                | 1,108             | 175             | -                  | (31)            | 1,252            |
| - Loss from impairment of non-financial assets   | -                | -                 | -               | -                  | (60)            | (60)             |
| - Insurance claims incurred, net of reinsurance  | -                | -                 | -               | -                  | (43,718)        | (43,718)         |
| <b>Total expenses</b>  | <b>(144,140)</b> | <b>(59,887)</b>   | <b>(40,141)</b> | <b>(9,670)</b>     | <b>(60,942)</b> | <b>(314,780)</b> |
| <b>Segment result</b>  | <b>8,279</b>     | <b>107,835</b>    | <b>26,996</b>   | <b>56,800</b>      | <b>21,200</b>   | <b>221,110</b>   |
| Income before income tax expense   | 8,279            | 107,835           | 26,996          | 56,800             | 21,200          | 221,110          |
| Income tax expense   | -                | -                 | -               | -                  | (32,909)        | (32,909)         |
| <b>Net profit</b>  |                  |                   |                 |                    |                 | <b>188,201</b>   |
| Total segment assets   | 2,390,968        | 6,000,726         | 1,212,798       | 3,691,552          | 846,720         | 14,142,764       |
| Total segment liabilities  | 4,962,689        | 4,121,678         | 2,037,712       | 447,676            | 456,692         | 12,026,447       |
| <b>Other segment items:</b>  |                  |                   |                 |                    |                 |                  |
| Capital expenditures   |                  |                   |                 |                    | 10,874          | 10,874           |
| Depreciation and amortization  |                  |                   |                 |                    | 4,349           | 4,349            |
| Investments in associate   |                  |                   |                 |                    | 40,940          | 40,940           |

# JSC Halyk Bank

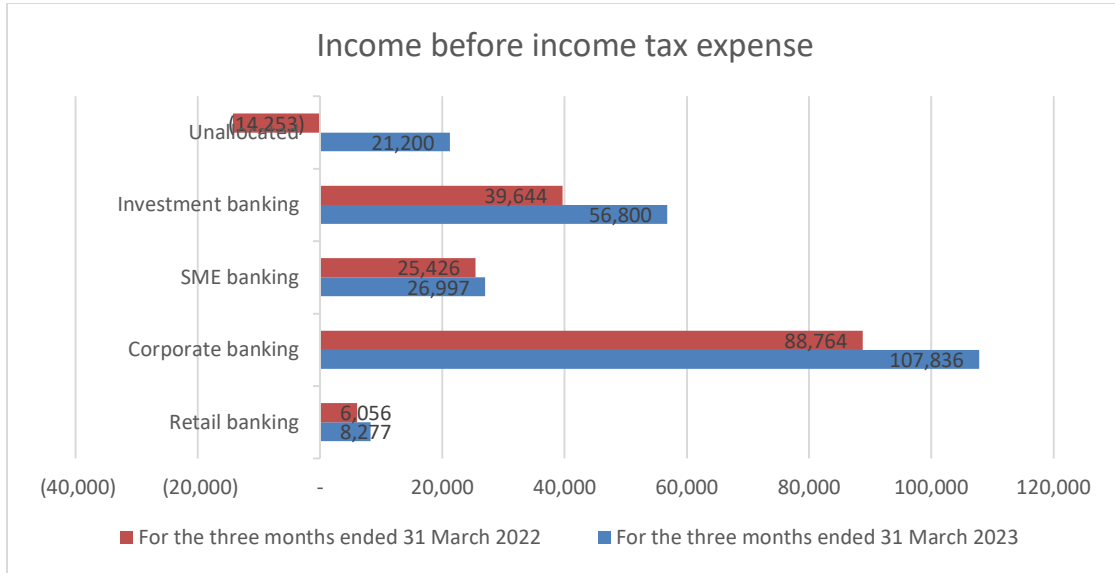


## Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Three Months ended 31 March 2023 (unaudited) (continued) (millions of Kazakhstani Tenge)

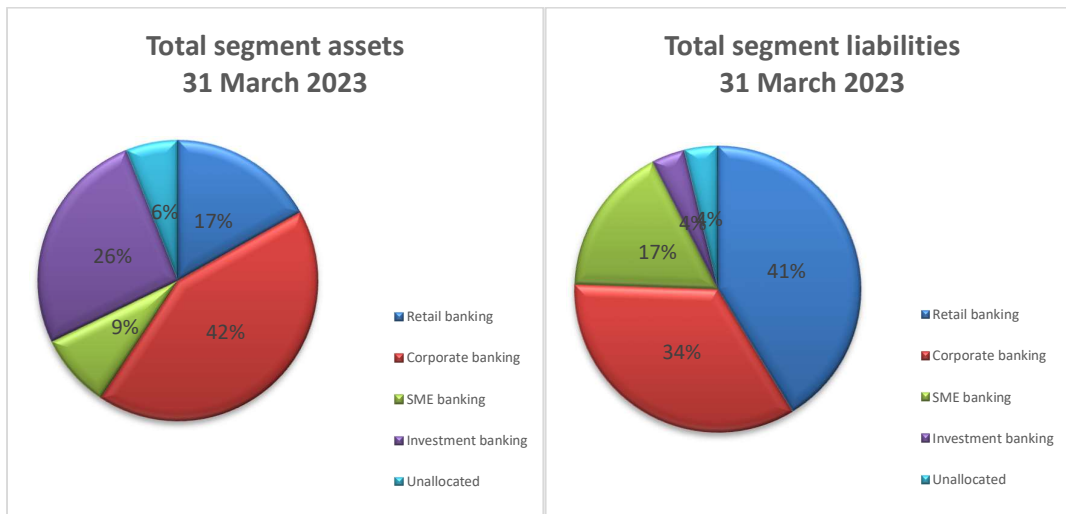
|  | Retail banking  | Corporate banking | SME banking     | Investment banking | Unallocated     | Total            |
|--|-----------------|-------------------|-----------------|--------------------|-----------------|------------------|
| <b>As at 31 March 2022 and for the three months then ended (unaudited)</b>                 |                 |                   |                 |                    |                 |                  |
| External revenues  | 104,485         | 148,975           | 43,243          | 50,255             | 34,321          | 381,279          |
| <b>Total revenues</b>  | <b>104,485</b>  | <b>148,975</b>    | <b>43,243</b>   | <b>50,255</b>      | <b>34,321</b>   | <b>381,279</b>   |
| <b>Total revenues comprise:</b>  |                 |                   |                 |                    |                 |                  |
| - Interest income  | 77,404          | 91,202            | 29,920          | 55,058             | 256             | 253,840          |
| - Fee and commission income, including:  | 22,584          | 4,460             | 5,804           | 29                 | 645             | 33,522           |
| <i>Transaction income of individuals</i>   | 25,552          | -                 | -               | -                  | -               | 25,552           |
| <i>Transaction income of legal entities</i>  | -               | 1,793             | 4,835           | 29                 | -               | 6,657            |
| <i>Letters of credit and guarantees issued</i>   | 10              | 2,381             | 710             | -                  | -               | 3,101            |
| <i>Other</i>   | 175             | 296               | 259             | -                  | 645             | 1,375            |
| - Loyalty program  | (3,153)         | (10)              | -               | -                  | -               | (3,163)          |
| - Net gain from financial assets and liabilities at fair value through profit or loss      | -               | 27,040            | -               | (4,832)            | (2,370)         | 19,838           |
| - Net gain/(loss) on foreign exchange operations   | 4,497           | 26,273            | 7,519           | -                  | (11,642)        | 26,647           |
| - Share in profit of associate   | -               | -                 | -               | -                  | 1,985           | 1,985            |
| - Insurance underwriting income, income on non-banking activities and other income         | -               | -                 | -               | -                  | 45,447          | 45,447           |
| <b>Total revenues</b>  | <b>104,485</b>  | <b>148,975</b>    | <b>43,243</b>   | <b>50,255</b>      | <b>34,321</b>   | <b>381,279</b>   |
| - Interest expense   | (42,284)        | (50,067)          | (7,983)         | (8,888)            | (357)           | (109,579)        |
| - Credit loss expense  | (13,975)        | (5,516)           | (4,376)         | (451)              | (1,059)         | (25,377)         |
| - Fee and commission expense   | (18,655)        | (1,236)           | (181)           | (187)              | (50)            | (20,309)         |
| - Net realised loss from financial assets at fair value through other comprehensive income | -               | -                 | -               | (102)              | -               | (102)            |
| - Operating expenses   | (23,504)        | (2,853)           | (4,329)         | (983)              | (11,633)        | (43,302)         |
| - Loss from impairment of non-financial assets   | -               | -                 | -               | -                  | (60)            | (60)             |
| - Recoveries of other credit loss expense/(other credit loss expense)                      | (11)            | (539)             | (948)           | -                  | 9               | (1,489)          |
| - Insurance claims incurred, net of reinsurance  | -               | -                 | -               | -                  | (35,424)        | (35,424)         |
| <b>Total expenses</b>  | <b>(98,429)</b> | <b>(60,211)</b>   | <b>(17,817)</b> | <b>(10,611)</b>    | <b>(48,574)</b> | <b>(235,642)</b> |
| <b>Segment result</b>  | <b>6,056</b>    | <b>88,764</b>     | <b>25,426</b>   | <b>39,644</b>      | <b>(14,253)</b> | <b>145,637</b>   |
| Income before income tax expense   | 6,056           | 88,764            | 25,426          | 39,644             | (14,253)        | 145,637          |
| Income tax expense   | -               | -                 | -               | -                  | (21,161)        | (21,161)         |
| <b>Net profit</b>  |                 |                   |                 |                    |                 | <b>124,476</b>   |
| Total segment assets   | 1,848,808       | 5,662,818         | 963,990         | 3,304,545          | 883,389         | 12,663,550       |
| Total segment liabilities  | 4,535,185       | 4,245,148         | 1,568,207       | 422,650            | 292,916         | 11,064,106       |
| <b>Other segment items:</b>  |                 |                   |                 |                    |                 |                  |
| Capital expenditures   | -               | -                 | -               | -                  | (9,444)         | (9,444)          |
| Depreciation and amortization  | -               | -                 | -               | -                  | (3,999)         | (3,999)          |
| Investments in associates  | -               | -                 | -               | -                  | 34,102          | 34,102           |

**Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Three Months ended 31 March 2023 (unaudited) (continued)**  
*(millions of Kazakhstani Tenge)*

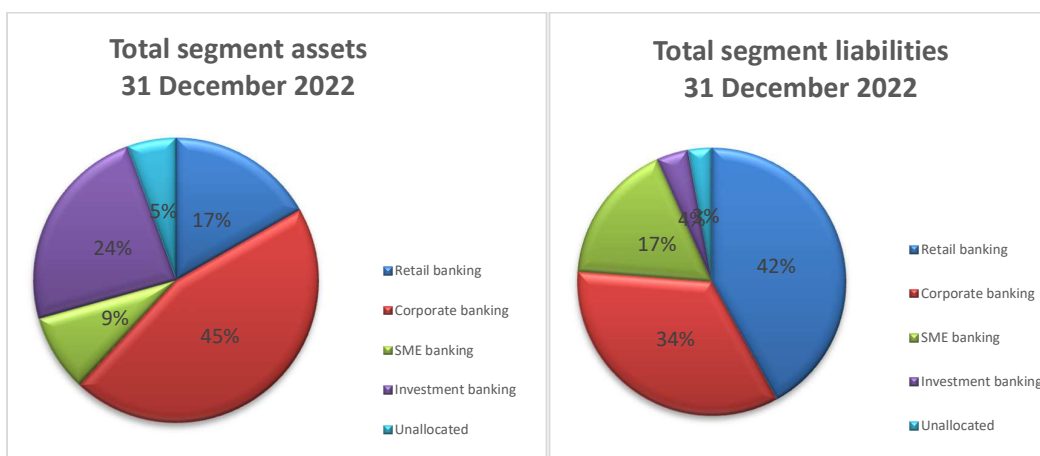
Income before income tax expense by segments were as follows:



Share of segment assets and liabilities as at 31 March 2023 (unaudited) and 31 December 2022 presented as follows:



**Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Three Months ended 31 March 2023 (unaudited) (continued)**  
*(millions of Kazakhstani Tenge)*



**Geographical information**

Information for the main geographical areas of the Group is set out below as at 31 March 2023 and 31 December 2022 and for the three months ended 31 March 2023 and 2022.

|                                  | Kazakhstan | OECD      | Non-OECD | Total      |
|----------------------------------|------------|-----------|----------|------------|
| <b>31 March 2023 (unaudited)</b> |            |           |          |            |
| Total assets                     | 12,253,861 | 1,274,098 | 614,805  | 14,142,764 |
| <b>31 December 2022</b>          |            |           |          |            |
| Total assets                     | 12,488,788 | 1,187,650 | 610,857  | 14,287,295 |
| <b>Three months ended</b>        |            |           |          |            |
| <b>31 March 2023 (unaudited)</b> |            |           |          |            |
| External revenues                | 506,468    | 13,794    | 15,628   | 535,890    |
| Capital expenditures             | (10,874)   | -         | -        | (10,874)   |
| <b>Three months ended</b>        |            |           |          |            |
| <b>31 March 2022 (unaudited)</b> |            |           |          |            |
| External revenues                | 359,167    | 8,151     | 13,961   | 381,279    |
| Capital expenditures             | (9,444)    | -         | -        | (9,444)    |

External revenues, assets and credit related commitments have generally been allocated based on domicile of the counterparty. Cash on hand, property and equipment and capital expenditure have been allocated based on the country in which they are physically held.

**Selected Explanatory Notes to the Interim Condensed  
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## **27. Fair values of financial instruments**

IFRS defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

### **Fair value of the Group's financial assets and financial liabilities measured at fair value on a recurring basis.**

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value by levels of the fair value hierarchy.

Financial assets and financial liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurements. Management assessment of the significance of a particular input to the fair value measurements requires judgment, and may affect the valuation of the assets and liabilities being measured and their placement within the fair value hierarchy.

The Group considers that the accounting estimate related to valuation of financial instruments where quoted markets prices are not available is a key source of estimation uncertainty because:

- (i) it is highly susceptible to change from period to period because it requires management to make assumptions about interest rates, volatility, exchange rates, the credit rating of the counterparty, valuation adjustments and specific feature of the transactions and
- (ii) the impact that recognizing a change in the valuations would have on the assets reported on its interim condensed consolidated statement of financial position as well as its statement of profit or loss could be material.



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| Financial Assets/Liabilities  | 31 March 2023 (unaudited) |                  | Fair value           |  | Valuation technique(s) and key input(s)   | Significant unobservable input(s) | Relationship of unobservable inputs to fair value |
|---|---------------------------|------------------|----------------------|--|---|-----------------------------------|---|
|   | 31 December 2022          |                  | Fair value hierarchy |  |   |                                   |   |
| Non-derivative financial assets at fair value through profit or loss (Note 6)   | 185,493                   | 160,373          | Level 1              |  | Quoted prices in an active market.  | Not applicable                    | Not applicable                                    |
| Non-derivative financial assets at fair value through profit or loss (Note 6)   | 153,401                   | 170,049          | Level 2              |  | Quoted prices in a market that is not active.   | Not applicable                    | Not applicable                                    |
| Non-derivative financial assets at fair value through profit or loss (Note 6)   | 10                        | 10               | Level 3              |  | Valuation model based on internal rating model.   | Not applicable                    | Not applicable                                    |
| Derivative financial assets at fair value through profit or loss, excluding options (Note 6)                                | 20,503                    | 11,736           | Level 2              |  | Discounted cash flows. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period). | Not applicable                    | Not applicable                                    |
| <b>Total financial assets at fair value through profit or loss</b>  | <b>359,407</b>            | <b>342,168</b>   |                      |  |   |                                   |   |
| Derivative financial liabilities at fair value through profit or loss, excluding options (Note 6)                           | 9,347                     | 10,628           | Level 2              |  | Discounted cash flows. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period). | Not applicable                    | Not applicable                                    |
| <b>Total financial liabilities at fair value through profit or loss</b>   | <b>9,347</b>              | <b>10,628</b>    |                      |  |   |                                   |   |
| Non-derivative financial assets at fair value through other comprehensive income (Note 8)                                   | 1,890,676                 | 1,735,734        | Level 1              |  | Quoted prices in an active market.  | Not applicable                    | Not applicable                                    |
| Non-derivative financial assets at fair value through other comprehensive income in bonds of foreign organizations (Note 8) | 440,152                   | 373,482          | Level 2              |  | Quoted prices in a market that is not active.   | Not applicable                    | Not applicable                                    |
| Non-derivative financial assets at fair value through other comprehensive income – unquoted equity securities (Note 8)      | 53                        | 53               | Level 3              |  | Unquoted equity financial instruments.  | Percentage discount               | The greater discount - the smaller fair value     |
| <b>Financial assets at fair value through other comprehensive income</b>  | <b>2,330,881</b>          | <b>2,109,269</b> |                      |  |   |                                   |   |

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The tables below summarizes the Group's financial assets and liabilities held at fair value by valuation methodology at 31 March 2023 and 31 December 2022, before any allowances for expected credit losses.

During the three months ended 31 March 2023 and 2022, there were no transfers between levels.

|                                  | Derivative<br>financial assets at<br>fair value through<br>profit or loss<br>(Level 3) | Financial assets at<br>fair value through<br>other<br>comprehensive<br>income<br>(Level 3) |
|----------------------------------|--|--|
| <b>31 December 2021</b>          | <b>750</b>   | <b>10</b>  |
| Redemptions*                     | (697)  | -  |
| <b>31 December 2022</b>          | <b>53</b>  | <b>10</b>  |
| Redemptions                      | -  | -  |
| <b>31 March 2023 (unaudited)</b> | <b>53</b>  | <b>10</b>  |

\*As of 31 December 2022, redemptions include redemptions of bonds of Kazakhstani corporations.

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

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

*Amounts due from and to credit institutions*

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

*Loans to customers*

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

*Amounts due to customers*

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

*Debt securities issued*

Market values have been used to determine the fair value of debt securities traded on an active market. For other debt securities, the fair value was estimated as the present value of estimated future cash flows discounted at the period-end market rates.

**Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Three Months ended 31 March 2023 (unaudited) (continued)**  
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The following table sets out the carrying amount and fair values of financial assets and liabilities not carried at their fair values:

|  | 31 March 2023 (unaudited) |            | 31 December 2022          |                  |
|--|---------------------------|------------|---------------------------|------------------|
|  | Carrying amount           | Fair value | Carrying amount           | Fair Value       |
| <b>Financial assets</b>  |                           |            |                           |                  |
| Amounts due from credit institutions   | 133,401                   | 154,112    | 135,655                   | 145,621          |
| Loans to customers   | 7,800,988                 | 7,248,973  | 7,857,902                 | 7,410,430        |
| Debt securities at amortised cost, net of allowance for expected credit losses | 1,015,664                 | 961,107    | 1,019,089                 | 945,828          |
| <b>Financial liabilities</b>   |                           |            |                           |                  |
| Amounts due to customers   | 10,132,432                | 10,147,921 | 10,512,048                | 10,500,612       |
| Amounts due to credit institutions   | 935,593                   | 937,816    | 878,665                   | 881,765          |
| Debt securities issued   | 419,638                   | 396,644    | 462,817                   | 436,540          |
|  |                           |            | 31 March 2023 (unaudited) |                  |
|  | Level 1                   | Level 2    | Level 3                   | Total fair value |
| <b>Financial assets</b>  |                           |            |                           |                  |
| Amounts due from credit institutions   | -                         | 154,112    | -                         | 154,112          |
| Loans to customers   | -                         | -          | 7,248,973                 | 7,248,973        |
| Debt securities at amortised cost, net of allowance for expected credit losses | -                         | 961,107    | -                         | 961,107          |
| <b>Financial liabilities</b>   |                           |            |                           |                  |
| Amounts due to customers   | -                         | 10,147,921 | -                         | 10,147,921       |
| Amounts due to credit institutions   | -                         | 937,816    | -                         | 937,816          |
| Debt securities issued   | -                         | 396,644    | -                         | 396,644          |
|  |                           |            |                           | 31 December 2022 |
|  | Level 1                   | Level 2    | Level 3                   | Total fair value |
| <b>Financial assets</b>  |                           |            |                           |                  |
| Amounts due from credit institutions   | -                         | 145,621    | -                         | 145,621          |
| Loans to customers   | -                         | -          | 7,410,430                 | 7,410,430        |
| Debt securities at amortised cost, net of allowance for expected credit losses | -                         | 945,828    | -                         | 945,828          |
| <b>Financial liabilities</b>   |                           |            |                           |                  |
| Amounts due to customers   | -                         | 10,500,612 | -                         | 10,500,612       |
| Amounts due to credit institutions   | -                         | 881,765    | -                         | 881,765          |
| Debt securities issued   | -                         | 436,540    | -                         | 436,540          |

The carrying amounts of cash equivalents, obligatory reserves, other financial assets and other financial liabilities approximates fair value due to the short-term nature of such financial instruments.

**Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Three Months ended 31 March 2023 (unaudited) (continued)**  
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## 28. Related party transactions

Related parties or transactions with related parties are assessed in accordance with IAS 24 “Related Party Disclosures”. Related parties may enter into transactions which unrelated parties might not. Terms, conditions and amounts of related party transactions are usually same as those between unrelated parties.

When considering each possible related party, the substance of the relationship between the parties is taken into account, and not just their legal form.

During 2023 and 2022, the Group entered into arm-length transactions with entities where the Group’s shareholders were one of the participants. Management believes that any control of these entities is with unrelated parties as per IFRS through the level of holding control or trust management arrangements, which are in compliance with Kazakhstan legislation. As such, these transactions are not disclosed as being with related parties.

Considering each possible related party not only their legal status is taken into account but also the substance of the relationship between these parties. The Group had the following balances outstanding as at 31 March 2023 and 31 December 2022 with related parties:

|   | 31 March 2023 (unaudited) |  | 31 December 2022       |  |
|---|---------------------------|--|------------------------|--|
|   | Related party balances    | Total category as per financial statements caption | Related party balances | Total category as per financial statements caption |
| Loans to customers before allowance for expected credit losses        | 36,550                    | 8,239,576  | 42,676                 | 8,280,290  |
| - entities with joint control or significant influence over the Group | 36,170                    |  | 42,284                 |  |
| - key management personnel of the Group or its parent                 | 380                       |  | 392                    |  |
| Allowance for expected credit losses                                  | (159)                     | (438,588)  | (182)                  | (422,388)  |
| - entities with joint control or significant influence over the Group | (155)                     |  | (177)                  |  |
| - key management personnel of the Group or its parent                 | (4)                       |  | (5)                    |  |
| Other assets  | 40,940                    | 158,210  | 42,005                 | 159,985  |
| Investments in associates   | 40,940                    |  | 42,005                 |  |
| Amounts due to customers  | 315,868                   | 10,132,432   | 516,223                | 10,512,048   |
| - the parent  | 230,981                   |  | 434,987                |  |
| - entities with joint control or significant influence over the Group | 67,260                    |  | 60,332                 |  |
| - key management personnel of the Group or its parent                 | 9,764                     |  | 10,243                 |  |
| - other related parties   | 7,863                     |  | 10,661                 |  |

