



**Kazakhstan Housing Company JSC**

Unaudited Condensed Interim

Financial Information

for the six months ended

30 June 2023

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

To the Shareholder and Board of Directors of Kazakhstan Housing Company JSC

### Introduction

We have reviewed the accompanying condensed interim statement of financial position of Kazakhstan Housing Company JSC (the "Company") as at 30 June 2023, and the related condensed interim statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and notes to the condensed interim financial information (the "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

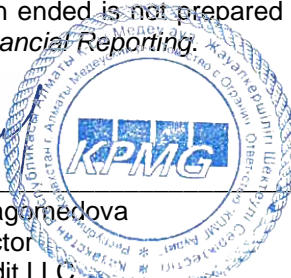
### Scope of Review

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

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim financial information as at 30 June 2023 and for the six-month period then ended is not prepared in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.

Madina Magomedova  
Audit Director  
KPMG Audit LLC  
Almaty, Republic of Kazakhstan

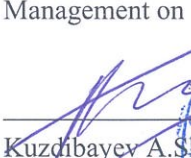


1 August 2023

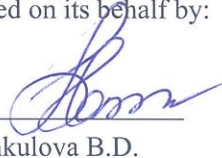
**Kazakhstan Housing Company JSC**  
*Condensed Interim Statement of Profit or Loss and Other Comprehensive Income*  
*for the six months ended 30 June 2023*


		Unaudited Six months ended 30 June 2023 KZT'000	Unaudited Six months ended 30 June 2022 KZT'000
Interest income calculated using effective interest method		74,187,299	68,920,352
Other interest income		6,549,956	6,752,333
Interest expense		(52,771,713)	(50,788,761)
<b>Net interest income</b>	4	<b>27,965,542</b>	<b>24,883,924</b>
Fee and commission income		26,938	22,275
Fee and commission expense		(213,739)	(332,518)
<b>Net fee and commission expense</b>		<b>(186,801)</b>	<b>(310,243)</b>
Net foreign exchange gain/(loss)	15	4,568,091	(11,412,100)
Net gain on other financial instruments measured at fair value through profit or loss		1,228,979	1,040,122
Income from guarantees issued	6	850,699	1,401,783
(Loss)/gain on provisions for guarantees issued	17	(6,099,222)	296,553
Other operating (losses)/income	7	(5,898,436)	541,957
<b>Operating income</b>		<b>22,428,852</b>	<b>16,441,996</b>
Gain on reversal of impairment of debt financial instruments	5	702,281	754,469
Personnel expenses		(1,435,265)	(1,431,273)
General and administrative expenses		(825,359)	(718,911)
<b>Profit before income tax</b>		<b>20,870,509</b>	<b>15,046,281</b>
Income tax expense	8	(335,465)	(1,920,956)
<b>Profit and total comprehensive income for the period</b>		<b>20,535,044</b>	<b>13,125,325</b>
Basic and diluted earnings per share, in KZT	18(b)	1,165	744

These condensed interim financial information as set out on pages 4 to 11 were approved by Management on 1 August 2023 and were signed on its behalf by:

  
 Kuzdibayev A. Sh.  
 Acting Chairman  
 of the Management Board



  
 Saginkulova B.D.  
 Managing Director

  
 Toktarkozha A.T.  
 Chief Accountant

The condensed interim statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to, and forming part of, the condensed interim financial information.

**Kazakhstan Housing Company JSC**  
Condensed Interim Statement of Financial Position as at 30 June 2023

	Note	Unaudited 30 June 2023 KZT'000	31 December 2022 KZT'000
<b>ASSETS</b>			
Cash and cash equivalents	9	292,271,568	245,237,171
Placements with banks and other financial institutions	10	69,111,839	68,450,680
Investment securities:			
- at fair value through profit or loss	11	2,209,588	2,171,971
- at amortised cost	11	861,169,827	831,077,410
Loans to customers and long-term receivables from sales of real estate under instalment agreements:			
- at fair value through profit or loss	12	5,711,307	4,523,388
- at amortised cost	12	103,832,160	126,896,750
Finance lease receivables	13	143,954,869	149,258,306
Current tax asset		5,321,357	4,459,416
Assets to be transferred under finance lease agreements		2,767,320	4,796,241
Construction in progress		175,716	175,716
Property, plant and equipment		3,665,898	3,750,885
Investment property		6,614,832	6,659,688
Non-current assets held for sale		146,078	188,510
Other assets		1,462,470	1,502,309
<b>Total assets</b>		<b>1,498,414,829</b>	<b>1,449,148,441</b>
<b>LIABILITIES</b>			
Debt securities issued	14	810,100,602	780,249,653
Other borrowed funds	15	239,136,346	235,715,688
Government grants	16	143,631,853	142,702,544
Deferred income and provisions for guarantees issued	17	29,602,630	23,770,040
Deferred tax liability		15,632,518	17,503,656
Dividends declared	18(a)	31,275,846	-
Other liabilities		5,425,295	6,029,899
<b>Total liabilities</b>		<b>1,274,805,090</b>	<b>1,205,971,480</b>
<b>EQUITY</b>			
	18		
Share capital		193,432,016	193,432,016
Share premium		12,661	12,661
Treasury shares		(2,597,522)	(2,597,522)
Additional paid-in capital		3,389,392	3,389,392
Reserve capital		2,734,447	2,734,447
Retained earnings		26,638,745	46,205,967
<b>Total equity</b>		<b>223,609,739</b>	<b>243,176,961</b>
<b>Total equity and liabilities</b>		<b>1,498,414,829</b>	<b>1,449,148,441</b>

The condensed interim statement of financial position is to be read in conjunction with the notes to, and forming part of, the condensed interim financial information.

**Kazakhstan Housing Company JSC**  
*Condensed Interim Statement of Cash Flows for the six months ended 30 June 2023*

	<b>Unaudited Six months ended 30 June 2023 KZT'000</b>	<b>Unaudited Six months ended 30 June 2022 KZT'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Interest receipts	44,466,812	38,912,815
Interest payments	(14,849,246)	(15,008,845)
Fee and commission receipts	30,451	14,496
Fee and commission payments	(182,272)	(296,513)
Other income/(expenses) receipts/(payments)	139,923	(273,751)
Personnel expenses paid	(1,391,317)	(1,364,917)
General administrative expense payments	(1,076,287)	(1,169,418)
	<b>27,138,064</b>	<b>20,813,867</b>
<b>(Increase)/decrease in operating assets</b>		
Placements with banks and other financial institutions	21,449	63,270,019
Financial assets measured at fair value through profit or loss	3,431	287
Loans to customers and long-term receivables from sales of real estate under instalment agreements	31,394,698	12,686,239
Assets to be transferred under finance lease agreements	(122,206)	(23,768)
Construction in progress	(2,015)	(8,368)
Finance lease receivables	7,060,676	8,791,664
Other assets	295,938	(385,624)
<b>Increase/(decrease) in operating liabilities</b>		
Government grants	(436,632)	(1,100,969)
Deferred income from guarantees issued	654,029	918,849
Other liabilities	(15,578)	1,929
<b>Net cash flows from operating activities before income tax paid</b>	<b>65,991,854</b>	<b>104,964,125</b>
Income tax paid	(59,684)	(59,684)
<b>Cash flows from operating activities</b>	<b>65,932,170</b>	<b>104,904,441</b>

The condensed interim statement of cash flows is to be read in conjunction with the notes to, and forming part of, the condensed interim financial information.

**Kazakhstan Housing Company JSC**  
*Condensed Interim Statement of Cash Flows for the six months ended 30 June 2023*

	<b>Unaudited Six months ended 30 June 2023 KZT'000</b>	<b>Unaudited Six months ended 30 June 2022 KZT'000</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investment securities measured at amortised cost	(47,623,694)	(239,290,895)
Repayment of investment securities measured at amortised cost	29,043,837	338,446,473
Acquisition of property, plant and equipment and intangible assets	(393,643)	(131,175)
<b>Cash flows (used in)/from investing activities</b>	<b>(18,973,500)</b>	<b>99,024,403</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from sale of investment property	39,339	1,257,977
Dividends paid	-	(3,622,294)
<b>Cash flows from/(used in) financing activities</b>	<b>39,339</b>	<b>(2,364,317)</b>
<b>Net increase in cash and cash equivalents</b>	<b>46,998,009</b>	<b>201,564,527</b>
Effect of movements in exchange rates on cash and cash equivalents	42,501	(43,357)
Effect of movements in expected credit losses on cash and cash equivalents	(6,113)	(3,073)
Cash and cash equivalents at the beginning of the period	245,237,171	100,684,841
<b>Cash and cash equivalents at the end of the period (Note 9)</b>	<b>292,271,568</b>	<b>302,202,938</b>

The condensed interim statement of cash flows is to be read in conjunction with the notes to, and forming part of, the condensed interim financial information.

**Kazakhstan Housing Company JSC**  
Condensed Interim Statement of Changes in Equity for the six months ended 30 June 2023

<b>KZT'000</b>	<b>Share capital</b>	<b>Share premium</b>	<b>Treasury shares</b>	<b>Additional paid-in capital</b>	<b>Reserve capital</b>	<b>Retained earnings/ (accumulated loss)</b>	<b>Total</b>
<b>Balance at 1 January 2022</b>	<b>193,432,016</b>	<b>12,661</b>	<b>(2,597,522)</b>	<b>3,389,392</b>	<b>2,734,447</b>	<b>22,833,838</b>	<b>219,804,832</b>
<b>Profit and total comprehensive income for the period</b>							
Profit and total comprehensive income for the period, unaudited	-	-	-	-	-	13,125,325	13,125,325
<b>Transactions with owners, recorded directly in equity, unaudited</b>							
Dividends declared and paid (Note 18(a))	-	-	-	-	-	(3,622,294)	(3,622,294)
<b>Balance at 30 June 2022, unaudited</b>	<b>193,432,016</b>	<b>12,661</b>	<b>(2,597,522)</b>	<b>3,389,392</b>	<b>2,734,447</b>	<b>32,336,869</b>	<b>229,307,863</b>
<b>Balance at 1 January 2023</b>	<b>193,432,016</b>	<b>12,661</b>	<b>(2,597,522)</b>	<b>3,389,392</b>	<b>2,734,447</b>	<b>46,205,967</b>	<b>243,176,961</b>
<b>Profit and total comprehensive income for the period</b>							
Profit and total comprehensive income for the period, unaudited	-	-	-	-	-	20,535,044	20,535,044
<b>Transactions with owners, recorded directly in equity, unaudited</b>							
Dividends declared (Note 18(a))	-	-	-	-	-	(31,275,846)	(31,275,846)
Distribution to the Shareholder (Note 11)	-	-	-	-	-	(8,826,420)	(8,826,420)
<b>Balance at 30 June 2023, unaudited</b>	<b>193,432,016</b>	<b>12,661</b>	<b>(2,597,522)</b>	<b>3,389,392</b>	<b>2,734,447</b>	<b>26,638,745</b>	<b>223,609,739</b>

The condensed interim statement of changes in equity is to be read in conjunction with the notes to, and forming part of, the condensed interim financial information.



## **1 Reporting entity**

### **(a) Organisation and operations**

Kazakhstan Housing Company JSC (the “Company”) was established on 29 December 2000 as Mortgage Organisation Kazakhstan Mortgage Company JSC in accordance with the Resolution No.469 of the National Bank of the Republic of Kazakhstan (the “NBRK”) dated 20 December 2000. The principal activity of the Company is extension of the loans in accordance with the license for banking borrowing transactions issued by the authorised body. The Company may additionally perform trust, factoring, forfeiting and leasing operations. The Company is authorised to carry out the following activities:

- investment activity;
- financing and implementation of investment projects including by means of acquiring bonds issued by local executive bodies;
- conditional placements with the second-tier banks and extension of loans to other financial institutions;
- issue and placement of securities including bonds;
- lease of real estate properties including those with an option to purchase;
- granting guarantees for completion of the construction of a multi-storey residential building, its commissioning in the event of a guarantee event and the transfer of shares in the residential building to equity holders;
- extending loans to an authorised organisation designated in accordance with the Law of the Republic of Kazakhstan “On Shared Participation in Housing Construction”, and to legal entities which carry out construction as part of public housing programs;
- subsidising a part of interest rate for mortgage loans issued by second-tier banks to individuals.

On 16 February 2021 the Company obtained a banking license No.4.1.13 to carry out banking lending transactions.

The activities of the Company are regulated by the Agency for Regulation and Development of the Financial Market of the Republic of Kazakhstan.

The Company’s registered office is: 55A Mangilik El Avenue, Astana, Z05T3E2, Republic of Kazakhstan.

### **(b) Shareholders**

As at 30 June 2023 and 31 December 2022 the Company is wholly-owned by Baiterek National Management Holding JSC (“the Parent”). The party with ultimate control over the Company is the Government of the Republic of Kazakhstan.

### **(c) Kazakhstan business environment**

The Company’s operations are primarily located in Kazakhstan. Consequently, the Company is exposed to the economic and financial markets of Kazakhstan which display characteristics of an emerging market. The legal, tax and regulatory frameworks continue development, but are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments contribute to the challenges faced by entities operating in Kazakhstan. Depreciation of the Kazakhstan Tenge and volatility in the global price of oil also increases the level of uncertainty in the business environment.

The recent geopolitical uncertainty around Russia and Ukraine has further elevated levels of economic uncertainty in Kazakhstan.

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

The condensed interim financial information reflects management's assessment of the impact of the Kazakhstan business environment on the operations and the financial position of the Company. The future business environment may differ from management's assessment.

## **2 Basis of accounting**

### **(a) Statement of compliance**

These condensed interim financial information has been prepared in accordance with IAS 34 *Interim Financial Reporting*. Selected explanatory notes are included to explain events and transactions that are significant to understanding of the changes in financial position and performance of the Company since the last annual financial statements as at and for the year ended 31 December 2022.

These condensed interim financial information does not include all the information required for full annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board.

### **(b) Basis of measurement**

The condensed interim financial information is prepared on the historical cost basis except that financial instruments at fair value through profit or loss are stated at fair value.

### **(c) Use of estimates and judgments**

In preparing these condensed interim financial information management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from those estimates.

The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements, except for significant judgments and assumptions described in the following notes: investment securities (Note 11), loans to customers and long-term receivables from sales of real estate under instalment agreements (Note 12), finance lease receivables (Note 13), deferred income and provisions for guarantees issued (Note 17), and fair value of financial assets and liabilities (Note 22).

### **(d) Functional and presentation currency**

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

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

Except as indicated, financial information presented in KZT is rounded to the nearest thousand.

**(e) Reclassifications**

The following reclassifications were made in the condensed interim statement of profit or loss and other comprehensive income for the six months ended 30 June 2022 to conform to changes in presentation for the six months ended 30 June 2023:

KZT'000	<i>For the six months ended 30 June 2023</i>		
	<i>As previously reported</i>	<i>Effect of reclassification</i>	<i>As reclassified</i>
<b>Condensed Interim Statement of Profit or Loss and Other Comprehensive Income</b>			
Other interest income	7,841,050	(1,088,717)	6,752,333
Net (loss)/gain on investment securities measured at fair value through profit or loss	(48,595)	1,088,717	1,040,122

**3 Significant accounting policies**

In preparing these condensed interim financial information the Company has applied the same significant accounting policies as those applied in preparing the financial statements for the year ended 31 December 2022, except as explained below.

**(a) Trust management**

One of the activities of the Company is to guarantee the completion of housing construction under tripartite guarantee agreements concluded between the Company, the authorised company and the developer. The subject-matter of the guarantee agreement is the obligations of the authorised company related to housing construction. If a guarantee event occurs, the Company will carry out trust management of 100% of the voting shares (interests in the authorised capital) of the management company in accordance with the trust management agreement.

In order to determine whether the Company has control over the management company, management applies the criteria described in IFRS 10 *Consolidated Financial Statements*. The Company controls an investee if and only if the Company has all the following:

- power over the investee;
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect the amount of the Company's returns.

The Company considers all facts and circumstances when assessing whether it controls an investee. The Company shall reassess whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. Consolidation of an investee shall begin from the date the Company obtains control of the investee and cease when the Company loses control of the investee.

**(b) New Standards, interpretations and amendments effective from 1 January 2023**

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2023; they do not have a material effect on the Company's condensed interim financial information:

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

The Company has not early adopted the following new or amended standards in the preparing these condensed interim financial information.

## 4 Net interest income

	<b>Unaudited Six months ended 30 June 2023 KZT'000</b>	<b>Unaudited Six months ended 30 June 2022 KZT'000</b>
<b>Interest income calculated using effective interest method</b>		
<b>Financial assets measured at amortised cost</b>		
Investment securities measured at amortised cost	48,109,054	46,976,162
Reverse repurchase agreements	14,157,641	10,655,144
Loans to customers and long-term receivables from sales of real estate under instalment agreements	7,173,178	8,112,841
Placements with banks and other financial institutions	3,108,687	1,862,614
Cash and cash equivalents	1,633,078	1,310,691
Other assets	5,661	2,900
	<b>74,187,299</b>	<b>68,920,352</b>
<b>Other interest income</b>		
Finance lease receivables	6,410,214	6,654,693
Investment securities measured at fair value through profit or loss	139,742	97,640
	<b>6,549,956</b>	<b>6,752,333</b>
<b>Interest expense</b>		
Debt securities issued	(43,604,508)	(42,207,159)
Other borrowed funds	(9,167,205)	(8,581,602)
	<b>(52,771,713)</b>	<b>(50,788,761)</b>
<b>Net interest income</b>	<b>27,965,542</b>	<b>24,883,924</b>

Interest income on finance lease receivables for the six months ended 30 June 2023 comprises amortisation of government grants of KZT 4,035,366 thousand, unaudited (the six months ended 30 June 2022: KZT 4,030,745 thousand, unaudited) (Note 16), which are accounted for under IFRS 9 *Financial Instruments*.

## 5 Gain on reversal of impairment loss on debt financial instruments

	<b>Unaudited Six months ended 30 June 2023 KZT'000</b>	<b>Unaudited Six months ended 30 June 2022 KZT'000</b>
Loans to customers and long-term receivables from sales of real estate under instalment agreements (Note 12)	848,515	608,519
Placements with banks and other financial institutions	181,768	173,102
Cash and cash equivalents	42,503	(3,073)
Other financial assets	9,319	15,944
Investment securities measured at amortised cost	(181,298)	529,881
Finance lease receivables (Note 13)	(198,526)	(569,904)
	<b>702,281</b>	<b>754,469</b>

## 6 Income from guarantees issued

	<b>Unaudited Six months ended 30 June 2023 KZT'000</b>	<b>Unaudited Six months ended 30 June 2022 KZT'000</b>
Fees under financial guarantee contracts for completion of construction	850,590	1,401,517
Financial guarantee fees	109	266
	<b>850,699</b>	<b>1,401,783</b>

Fees under financial guarantee contracts for completion of construction recognised for the six months ended 30 June 2023 arise from amortisation of fees received under guarantees related to construction companies.

## 7 Other operating (loss)/income

	<b>Unaudited Six months ended 30 June 2023 KZT'000</b>	<b>Unaudited Six months ended 30 June 2022 KZT'000</b>
Loss on recognition of initial discount on acquired long-term securities (Note 11)	(6,839,436)	(19,447,719)
Loss on derecognition of financial assets measured at amortised cost	(301,293)	(629,234)
Investment property lease expenses	(287,257)	(262,442)
Net loss related to real estate operation	(181,735)	(204,938)
Losses arising on initial recognition of loans issued and receivables from sale of property under instalment agreements	(67,644)	(41,207)
Loss on recognition of initial discount on loans to customers (Note 12)	-	(8,552,902)
Income from utilisation of government grants (Note 16)	1,242,064	29,208,471
Gain on investment property lease	451,128	376,886
Income from repayment of placements with banks	4,178	70,449
Other income	81,559	24,593
	<b>(5,898,436)</b>	<b>541,957</b>

During the six months ended 30 June 2023, the Company purchased bonds issued by local executive bodies in the amount of KZT 32,623,694 thousand (the six months ended 30 June 2022: KZT 130,158,325 thousand) (Note 11). On initial recognition the difference between the fair value and purchase value in the form of discount was KZT 6,839,436 thousand, which was partially offset by utilising government grant in the amount of KZT 1,242,064 thousand (the six months ended 30 June 2022: KZT 19,447,719 thousand, which was offset by utilising government grant in the equivalent amount).

During the six months ended 30 June 2022, the Company signed an addendum with Yelorda Kurylys Kompaniasy LLP and Akimat of Astana city for extension of the loan maturity date taking into account the recommendations of the Council for Management of the National Fund of the Republic of Kazakhstan. Considering a significant modification of the contractual terms, the Company derecognised the original loan and recognised a new financial asset. Therefore, the loan was recorded at fair value at the date of conclusion of the addendum using a market interest rate of 13.25% p.a., which resulted in recognition of the effect of terms modification of KZT 8,552,902 thousand through a government grant (Note 12).

## 8 Income tax expense

	Unaudited Six months ended 30 June 2023 KZT'000	Unaudited Six months ended 30 June 2022 KZT'000
Current income tax expense	-	-
Movement in deferred tax assets/liabilities due to origination and reversal of temporary differences and movement in valuation allowance	(335,465)	(1,920,956)
<b>Total income tax expense</b>	<b>(335,465)</b>	<b>(1,920,956)</b>

In the reporting period, the applicable tax rate for current and deferred tax is 20% (2022: 20%).

### Reconciliation of effective tax rate for the six months ended 30 June:

	Unaudited Six months ended 30 June 2022 KZT'000	%	Unaudited Six months ended 30 June 2022 KZT'000	%
<b>Profit before income tax</b>	<b>20,870,509</b>	<b>100</b>	<b>15,046,281</b>	<b>100</b>
Income tax at the applicable tax rate	(4,174,102)	(20)	(3,009,256)	(20)
Non-taxable interest income on securities	5,099,530	24	1,183,520	8
(Non-deductible impairment losses)/non-taxable impairment gain	(1,164,543)	(6)	331,759	2
Other non-deductible expenses	(96,350)	-	(426,979)	(3)
	<b>(335,465)</b>	<b>(2)</b>	<b>(1,920,956)</b>	<b>(13)</b>

Income tax expense is recognised at an amount determined by multiplying the profit before tax for the interim reporting period by management's best estimate of the weighted-average annual income tax rate expected for the full financial year, adjusted for the tax effect of certain items recognised in full in the interim period. As such, the effective tax rate in the condensed interim financial information may differ from management's estimate of the effective tax rate for the annual financial statements.

## 9 Cash and cash equivalents

	30 June 2023, unaudited			
	12-month expected credit losses	Lifetime ECL on assets not credit-impaired	Lifetime ECL on credit- impaired assets	
<b>KZT'000</b>				
<b>Nostro accounts with NBRK</b>	61,659,145	-	-	61,659,145
<b>Nostro accounts with other banks</b>				
rated BBB	2,862,043	-	-	2,862,043
rated BBB-	137,822	-	-	137,822
rated BB	395,827	-	-	395,827
rated BB-	1,865	-	-	1,865
rated B+	91,056	-	-	91,056
rated B-	910	-	-	910
Not rated	51	-	-	51
<b>Total gross nostro accounts with banks</b>	<b>65,148,719</b>	<b>-</b>	<b>-</b>	<b>65,148,719</b>
<b>Reverse repurchase agreements</b>				
rated from BBB- to BBB+	227,206,326	-	-	227,206,326
<b>Gross cash and cash equivalents</b>	<b>292,355,045</b>	<b>-</b>	<b>-</b>	<b>292,355,045</b>
Loss allowance	(83,477)	-	-	(83,477)
<b>Total cash and cash equivalents</b>	<b>292,271,568</b>	<b>-</b>	<b>-</b>	<b>292,271,568</b>

	<b>31 December 2022</b>			
	<b>12-month expected credit losses</b>	<b>Lifetime ECL on assets not credit-impaired</b>	<b>Lifetime ECL on credit- impaired assets</b>	<b>Total</b>
<b>KZT'000</b>				
<b>Nostro accounts with NBRK</b>	54,814,333	-	-	54,814,333
<b>Nostro accounts with other banks</b>				
rated BBB	18,433,204	-	-	18,433,204
rated BBB-	13,650,300	-	-	13,650,300
rated BB	41,376	-	-	41,376
rated BB-	451	-	-	451
rated B+	77,130	-	-	77,130
rated B-	2	-	-	2
Not rated	354,219	-	-	354,219
<b>Total gross nostro accounts with banks</b>	<b>87,371,015</b>	<b>-</b>	<b>-</b>	<b>87,371,015</b>
<b>Reverse repurchase agreements</b>				
rated from BBB- to BBB+	157,992,173	-	-	157,992,173
<b>Gross cash and cash equivalents</b>	<b>245,363,188</b>	<b>-</b>	<b>-</b>	<b>245,363,188</b>
Loss allowance	(126,017)	-	-	(126,017)
<b>Total cash and cash equivalents</b>	<b>245,237,171</b>	<b>-</b>	<b>-</b>	<b>245,237,171</b>

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

As at 30 June 2023 the Company has one counterparty (31 December 2022: one counterparty), whose balances exceed 10% of equity. The gross value of this balance as at 30 June 2023 is KZT 61,659,145 thousand, unaudited (31 December 2022: KZT 54,814,333 thousand).

During the six months ended 30 June 2023, the Company entered into the reverse repurchase agreements with counterparties at Kazakhstan Stock Exchange. These transactions are collateralised with the treasury bonds of the Ministry of Finance of the Republic of Kazakhstan. As at 30 June 2023 the fair value of financial assets collateralising reverse repurchase agreements is KZT 227,206,326 thousand, unaudited (31 December 2022: KZT 157,992,173 thousand).

## 10 Placements with banks and other financial institutions

	<b>30 June 2023, unaudited</b>			
	<b>12-month expected credit losses</b>	<b>Lifetime ECL on assets not credit- impaired</b>	<b>Lifetime ECL on credit- impaired assets</b>	<b>Total</b>
<b>KZT'000</b>				
<b>Term deposits</b>				
rated BBB-	631,059	-	-	631,059
rated BB*	50,000,000	-	-	50,000,000
	<b>50,631,059</b>	<b>-</b>	<b>-</b>	<b>50,631,059</b>
<b>Loans</b>				
rated BBB-	18,500,476	-	-	18,500,476
<b>Gross placements with banks and other financial institutions</b>	<b>69,131,535</b>	<b>-</b>	<b>-</b>	<b>69,131,535</b>
Impairment allowance	(19,696)	-	-	(19,696)
<b>Net placements with banks and other financial institutions</b>	<b>69,111,839</b>	<b>-</b>	<b>-</b>	<b>69,111,839</b>

\* On 9 June 2023 Fitch Ratings international rating agency assigned one of the Kazakh banks a long-term rating of BB with a stable outlook. Previously, this bank did not have an assigned external credit rating.

KZT'000	For the year ended 31 December 2022			
	12-month expected credit losses	Lifetime ECL on assets not credit-impaired	Lifetime ECL on credit- impaired assets	Total
<b>Term deposits</b>				
rated BBB-	664,961	-	-	664,961
not rated	50,013,699	-	-	50,013,699
	<b>50,678,660</b>	-	-	<b>50,678,660</b>
<b>Loans</b>				
rated BBB-	17,973,500	-	-	17,973,500
<b>Gross placements with banks and other financial institutions</b>	<b>68,652,160</b>	-	-	<b>68,652,160</b>
Impairment allowance	(201,480)	-	-	(201,480)
<b>Net placements with banks and other financial institutions</b>	<b>68,450,680</b>	-	-	<b>68,450,680</b>

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

None of the balances of placements are past due.

As at 30 June 2023 the Company has one counterparty (31 December 2022: one counterparty), whose balances exceed 10% of equity. The gross value of this balance as at 30 June 2023 is KZT 50,000,000 thousand, unaudited (31 December 2022: KZT 50,013,699 thousand).

As at 30 June 2023 the Company has KZT-denominated term deposits bearing the annual interest rate of 10.0% p.a. (2022: 10.0% p.a.) maturing in February 2024, and USD-denominated deposit bearing the annual interest rate of 0.70% p.a. (2022: 0.70% p.a.) maturing in July 2023.

During the year ended 31 December 2022, the Company placed a term deposit with Kazakhstan bank for a total amount of KZT 50,000,000 thousand. Under the terms and conditions of the agreement, a deposit can be withdrawn in full or in part before the maturity date.

## 11 Investment securities

	Unaudited 30 June 2023 KZT'000	31 December 2022 KZT'000
	<b>Investment securities measured at fair value through profit or loss</b>	
Corporate bonds rated B	2,209,588	2,171,971
	<b>2,209,588</b>	<b>2,171,971</b>

KZT'000	30 June 2023, unaudited			
	12-month expected credit losses	Lifetime ECL on assets not credit-impaired	Lifetime ECL on credit- impaired assets	Total
<b>Investment securities measured at amortised cost</b>				
Treasury bills of the Ministry of Finance of the Republic of Kazakhstan	1,507,012	-	-	1,507,012
Corporate bonds rated from BBB	12,563,932	-	-	12,563,932
Corporate bonds issued by second-tier banks rated B+	10,964,723	-	-	10,964,723
Bonds of local executive bodies (LEB)	836,779,752	-	-	836,779,752
Not rated corporate bonds	-	-	1,117,796	1,117,796
	<b>861,815,419</b>	-	<b>1,117,796</b>	<b>862,933,215</b>
Loss allowance	(645,592)	-	(1,117,796)	(1,763,388)
<b>Carrying amount</b>	<b>861,169,827</b>	-	-	<b>861,169,827</b>



KZT'000	31 December 2022			Total
	12-month expected credit losses	Lifetime ECL on assets not credit-impaired	Lifetime ECL on credit- impaired assets	
<b>Investment securities measured at amortised cost</b>				
Treasury bills of the Ministry of Finance of the Republic of Kazakhstan	1,471,431	-	-	1,471,431
Corporate bonds rated BBB	7,895,791	-	-	7,895,791
Corporate bonds issued by second-tier banks rated B	10,968,793	-	-	10,968,793
Bonds of local executive bodies (LEB)	811,205,689	-	-	811,205,689
Not rated corporate bonds	-	-	1,117,796	1,117,796
	<b>831,541,704</b>	-	<b>1,117,796</b>	<b>832,659,500</b>
Loss allowance	(464,294)	-	(1,117,796)	(1,582,090)
<b>Carrying amount</b>	<b>831,077,410</b>	-	-	<b>831,077,410</b>

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

During the reporting period ended 30 June 2023, the Company acquired 32,623,694 bonds of the local executive bodies at a price of KZT 1,000 per bond, which mature in 2024-2025 (unaudited). The bond coupon rate is 0.35% and 4.25% p.a. The bonds were recognised at the fair value of KZT 25,784,258 thousand (unaudited) calculated using market interest rates ranging from 13.28% to 15.14% p.a. The discount on initial recognition amounted to KZT 6,839,436 thousand (unaudited) and was recognised in other operating expenses in the condensed interim financial statement of profit or loss and other comprehensive income (Note 7).

During the reporting period ended 30 June 2023, the local executive bodies redeemed bonds for the amount of KZT 29,043,837 thousand (unaudited). The discount recalculated after the partial redemption of bonds of the local executive bodies for the amount of KZT 500,872 thousand (unaudited) was recognised as government grants (Note 16).

Loss in the form of discount on difference between the nominal value and fair value of LED bonds purchased in the amount of KZT 6,839,436 thousand (unaudited) was partially compensated through decrease in the liability for government grant received to purchase these bonds in the amount of KZT 1,242,064 thousand (unaudited) (Note 16).

As at 30 June 2023 and 31 December 2022, corporate bonds consist of interest-bearing securities issued by Kazakhstan Kagazy JSC with the gross value of KZT 1,117,796 thousand (unaudited). The Company considers these bonds to be fully impaired, as the Company believes, based on its assessment of the issuer's financial position, that future cash flows are no longer expected to occur on these assets.

In accordance with the decision of the shareholder, during the reporting year the Company acquired coupon bonds issued by the Kazakhstani bank at a price of KZT 1,000 per bond, numbering 15,000,000 bonds; a bond's coupon rate is 0.50% p.a. and bonds mature in 2035. The bonds were recognised at fair value of KZT 3,966,976 thousand (unaudited) calculated using the market interest rate of 12.84% p.a., that resulted in the recognition of a discount on initial recognition of KZT 8,826,420 thousand (unaudited), net of deferred taxes, directly in retained earnings accounts.

## 12 Loans to customers and long-term receivables from sales of real estate under instalment agreements

	<b>Unaudited 30 June 2023 KZT'000</b>	<b>31 December 2022 KZT'000</b>
<b>Loans and long-term receivables from sale of property under instalment agreements measured at amortised cost</b>		
Loan from Yelorda Kurylys Kompaniyasy LLP	50,182,007	47,264,939
Long-term receivables from sale of property to legal entities under instalment agreements	2,862,382	24,292,427
<b>Total loans and long-term receivables from sale of property to legal entities under instalment agreements</b>	<b>53,044,389</b>	<b>71,557,366</b>
Mortgage loans to individuals	42,374,422	49,455,170
Long-term receivables from sale of property to individuals by instalments	10,174,687	10,728,932
<b>Total mortgage loans and long-term receivables from sale of property to individuals under instalment agreements</b>	<b>52,549,109</b>	<b>60,184,102</b>
	<b>105,593,498</b>	<b>131,741,468</b>
Loss allowance	(1,761,338)	(4,844,718)
<b>Net loans to customers and long-term receivables from sale of property under instalment agreements, measured at amortised cost</b>	<b>103,832,160</b>	<b>126,896,750</b>
<b>Loans to customers measured at fair value through profit or loss</b>	<b>5,711,307</b>	<b>4,523,388</b>
<b>Total loans to customers and long-term receivables from sale of property under instalment agreements</b>	<b>109,543,467</b>	<b>131,420,138</b>

During the six months ended 30 June 2023 and 30 June 2022, the Company did not acquire mortgage loan portfolios from commercial banks.

In December 2021 the Company provided two KZT-denominated tranches of long-term loans issued to CG Land LLP, totalling KZT 31,100,000 thousand. The loans bear nominal rates of 1.00% and 11.43% p.a., and mature in 2028 and 2029, respectively. The Company pledged a 200-hectare land plot in the Almaty region as collateral securing the performance of its obligations.

Management has assessed that the contractual cash flows are not solely payments of principal and interest on the principal amount outstanding ("SPPI criterion") for these loans and classified them as "measured at fair value through profit or loss."

The fair value of these loans on initial recognition was estimated as the present value of all future cash flows, discounted at a market interest rate of 23.74% per annum. The difference between the nominal and fair value of the loans at the date of initial recognition of KZT 27,512,212 thousand was recognised in the statement of profit or loss and other comprehensive income in the caption 'Loss on initial recognition of loans to customers measured at fair value through profit or loss'.

In December 2022 CG Land LLP early repaid the portion of the principal amount totalling KZT 481,548 thousand.

The fair value of these loans at the reporting date was measured as the present value of all future cash flows discounted using a market interest rate of 26.66% p.a.

During August-December 2022 the Company concluded an addendum with Yelorda Kurylys Kompaniyasy LLP and Akimat of the city of Astana, based on the recommendations of the Council for Management of the National Fund of the Republic of Kazakhstan. Due to the substantial modification of the terms of the agreement, the Company derecognised the old loan and recognised the new financial asset. Therefore, the loan was discounted to its present value at the date of the additional agreement, using the market interest rate of 13.25% p.a., that resulted in the recognition of the effect of modification of the terms of the agreement totalling KZT 8,552,902 thousand at the expense of the government grant (Note 16).

During August-December 2022, the Company and Yelorda Kurylys Kompaniасы LLP signed the addendums to the master loan agreement; under the addendums the Company has issued a number of tranches for the total amount of KZT 20,000,000 thousand to complete construction of the problem objects of shared construction in Astana. On initial recognition these tranches were discounted to their fair value using the market interest rates ranging from 13.58% to 13.74% p.a.

**(a) Credit quality of mortgage loans and long-term receivables from sale of property to individuals under instalment agreements**

The following table provides information on the credit quality of mortgage loans to customers as at 30 June 2023 and 31 December 2022:

<b>30 June 2023, unaudited</b>					
<b>KZT'000</b>	<b>12-month expected credit losses</b>	<b>Lifetime ECL on assets not credit-impaired</b>	<b>Lifetime ECL on credit- impaired assets</b>	<b>Acquired assets credit-impaired on initial recognition</b>	<b>Total</b>
- not overdue	41,942,677	1,253,806	4,253,218	208,828	47,658,529
- overdue less than 30 days	705,015	385,415	645,766	38,210	1,774,406
- overdue 30-89 days	-	684,043	698,369	773	1,383,185
- overdue 90-179 days	-	-	784,900	-	784,900
- overdue 180-360 days	-	-	447,574	11,192	458,766
- overdue more than 360 days	-	-	473,615	15,708	489,323
	<b>42,647,692</b>	<b>2,323,264</b>	<b>7,303,442</b>	<b>274,711</b>	<b>52,549,109</b>
Loss allowance	(399,034)	(77,740)	(1,117,136)	(15,736)	(1,609,646)
<b>Carrying amount</b>	<b>42,248,658</b>	<b>2,245,524</b>	<b>6,186,306</b>	<b>258,975</b>	<b>50,939,463</b>
<b>31 December 2022</b>					
<b>KZT'000</b>	<b>12-month expected credit losses</b>	<b>Lifetime ECL on assets not credit-impaired</b>	<b>Lifetime ECL on credit- impaired assets</b>	<b>Acquired assets credit-impaired on initial recognition</b>	<b>Total</b>
- not overdue	46,850,259	1,117,291	3,832,452	176,280	51,976,282
- overdue less than 30 days	1,129,442	369,074	536,152	68,152	2,102,820
- overdue 30-89 days	-	612,598	429,781	18,678	1,061,057
- overdue 90-179 days	-	-	1,233,045	66,740	1,299,785
- overdue 180-360 days	-	-	530,416	18,942	549,358
- overdue more than 360 days	-	-	3,194,800	-	3,194,800
	<b>47,979,701</b>	<b>2,098,963</b>	<b>9,756,646</b>	<b>348,792</b>	<b>60,184,102</b>
Loss allowance	(626,420)	(100,010)	(3,525,313)	(17,072)	(4,268,815)
<b>Carrying amount</b>	<b>47,353,281</b>	<b>1,998,953</b>	<b>6,231,333</b>	<b>331,720</b>	<b>55,915,287</b>

As at 30 June 2023, the carrying amount of loans with the seller's full-recourse option was KZT 1,989,770 thousand (unaudited) (31 December 2022: KZT 2,401,145 thousand).

In accordance with partial-recourse agreements, the recourse option does not exceed 20% of the total principal amount of mortgage loans at the date of purchase of those loans.

***Key assumptions and judgements used to estimate loss allowance for mortgage loans and long-term receivables from sale of property to individuals under instalment agreements***

In determining the loss allowance for mortgage loans and long-term receivables from instalment sales of property to individuals, management used the following key assumptions:

- The 12-month PDs for the groups of segments classified as Stage 1 exposures were estimated at 2.5% -21.6%; the lifetime PDs for the groups of segments classified as Stage 2 exposures were estimated at 4.2% - 70.1%, depending on the group of segments of the homogeneous mortgage portfolio;
- The LGD parameters for the segments of the homogeneous mortgage portfolio classified as Stages 1 and 2 exposures were estimated at 0% to 60.4%, depending on the segments of the homogeneous mortgage portfolio.

Changes in these estimates could affect the loss allowance for mortgage loans and long-term receivables from instalment sales of property to individuals. For example, to the extent that the net present value of the estimated cash flows differs by plus/minus three percent, the loss allowance for mortgage loans and long-term receivables from instalment sales of property to individuals as at 30 June 2023 would be KZT 1,528,184 thousand lower/higher (unaudited) (31 December 2022: KZT 1,677,459 thousand).

**(b) Analysis of movements in loss allowance for mortgage loans and long-term receivables from sale of property to individuals under instalment agreements**

Movements in the loss allowance are as follows:

KZT'000	Six months ended 30 June, unaudited				
	12-month expected credit losses	Lifetime ECL on assets not credit-impaired	Lifetime ECL on credit- impaired assets	Acquired assets credit-impaired on initial recognition	Total
Loss allowance as at the beginning of the period	626,420	100,010	3,525,313	17,072	4,268,815
Transfer to Stage 1	11,780	(11,780)	-	-	-
Transfer to Stage 2	(20,672)	31,037	(10,365)	-	-
Transfer to Stage 3	(5,319)	(29,729)	35,048	-	-
Net remeasurement	(213,175)	(11,798)	(197,995)	(1,336)	(424,304)
Write-offs*	-	-	(2,200,560)	-	(2,200,560)
Unwinding of discount/other movements	-	-	(34,305)	-	(34,305)
<b>Balance at the end of the period</b>	<b>399,034</b>	<b>77,740</b>	<b>1,117,136</b>	<b>15,736</b>	<b>1,609,646</b>

\* In accordance with the Resolution of the Agency of the Republic of Kazakhstan on Regulation and Supervision of Financial Market and the Financial Organisations dated 11 July 2022 (the "Resolution") to reduce the debt burden on mortgage borrowers, unsecured balances on credit-impaired mortgage loans were written off.

The Resolution was adopted on the basis of an amendment made to the Law of the Republic of Kazakhstan "On Mortgage on Real Estate", which provides for the termination of mortgage by writing off the blank balances of mortgage housing loans after the judicial realisation of the pledged real estate owned by an individual and fully securing the basic obligation at the time of the conclusion of the mortgage loan agreement and as of the date of foreclosure in court, if the individual debtor has no other property or income that can be foreclosed in excess of 2 times the minimum wage.

## Six months ended 30 June, unaudited

KZT'000	12-month expected credit losses	Lifetime ECL on assets not credit-impaired	Lifetime ECL on credit- impaired assets	Acquired assets credit-impaired on initial recognition	Total
Loss allowance at the beginning of the period	1,210,724	240,015	3,421,734	3,645	4,876,118
Transfer to Stage 1	14,220	(14,220)	-	-	-
Transfer to Stage 2	(36,517)	48,238	(11,721)	-	-
Transfer to Stage 3	(32,553)	(65,560)	98,113	-	-
Net remeasurement	80,330	76,900	157,055	67,076	381,361
New financial assets originated or purchased	43,351	-	-	178,413	221,764
Transfers of new originated loans to other stages	(54,157)	565	53,592	-	-
Unwinding of discount	1	5	(771)	5	(760)
<b>Loss allowance as at the end of the period</b>	<b>1,225,399</b>	<b>285,943</b>	<b>3,718,002</b>	<b>249,139</b>	<b>5,478,483</b>

The significant changes in the gross carrying amount of the receivables of the mortgage loans and long-term receivables from sale of real estate to individuals under instalment agreements are presented below:

## Six months ended 30 June 2023, unaudited

KZT'000	Stage 1	Stage 2	Stage 3	POCI	Total
<b>Loans to customers</b>					
Balance at 1 January	47,979,701	2,098,963	9,756,646	348,792	60,184,102
Transfer to Stage 1	740,623	(740,623)	-	-	-
Transfer to Stage 2	(1,082,949)	1,606,720	(523,771)	-	-
Transfer to Stage 3	(419,304)	(420,894)	840,198	-	-
Repayments (early or partial repayment)	(4,564,049)	(218,998)	(539,253)	-	(5,322,300)
Write-offs	-	-	(2,200,560)	-	(2,200,560)
Unwinding of discount	(6,328)	(1,905)	(29,818)	(74,082)	(112,133)
<b>Balance at 30 June</b>	<b>42,647,694</b>	<b>2,323,263</b>	<b>7,303,442</b>	<b>274,710</b>	<b>52,549,109</b>

## Six months ended 30 June 2022, unaudited

KZT'000	Stage 1	Stage 2	Stage 3	POCI	Total
<b>Loans to customers</b>					
Balance at 1 January	64,618,610	2,684,281	8,309,211	86,367	75,698,469
Transfer to Stage 1	494,608	(494,608)	-	-	-
Transfer to Stage 2	(1,337,492)	1,493,886	(156,394)	-	-
Transfer to Stage 3	(951,996)	(644,927)	1,596,923	-	-
New financial assets originated or purchased	209,020	-	-	190,853	399,873
Transfers on new originated or purchased financial assets	(30,412)	7,447	22,965	-	-
Repayments (early or partial repayment)	(8,140,286)	(205,541)	(552,029)	145,909	(8,751,947)
Unwinding of discount	(1)	(5)	771	-	765
<b>Balance at 30 June</b>	<b>54,862,051</b>	<b>2,840,533</b>	<b>9,221,447</b>	<b>423,129</b>	<b>67,347,160</b>

*Repossessed collateral*

The Company obtains certain assets by taking possession of collateral for loans to retail customers. As at 30 June 2022, the carrying amount of such assets was KZT 222,755 thousand (2022: KZT 222,755 thousand).

The Company's policy is to sell these assets as soon as practicable.

**(c) Credit quality of loans to customers and long-term receivables from sale of real estate to legal entities under instalment agreements**

	<b>30 June 2023, unaudited</b>			
	<b>12-month expected credit losses</b>	<b>Lifetime ECL on assets not credit- impaired</b>	<b>Lifetime ECL on credit-impaired assets</b>	<b>Total</b>
<b>KZT'000</b>				
<b>Loans issued</b>				
Yelorda Kurylys Kompaniasy LLP – internally rated BBB	50,182,007	-	-	50,182,007
<b>Long-term receivables from sale of apartments located on the grounds of ISE EXPO-2017</b>				
Astana IT University LLP – internally rated CCC	2,862,382	-	-	2,862,382
<b>Total loans issued and receivables from instalment sales of property</b>	<b>53,044,389</b>	<b>-</b>	<b>-</b>	<b>53,044,389</b>
Loss allowance	(151,692)	-	-	(151,692)
	<b>52,892,697</b>	<b>-</b>	<b>-</b>	<b>52,892,697</b>
	<b>31 December 2022</b>			
	<b>12-month expected credit losses</b>	<b>Lifetime ECL on assets not credit- impaired</b>	<b>Lifetime ECL on credit-impaired assets</b>	<b>Total</b>
<b>KZT'000</b>				
<b>Loans issued</b>				
Yelorda Kurylys Kompaniasy LLP - internally rated BBB	47,264,939	-	-	47,264,939
<b>Receivables from instalment sales</b>				
Mega Plaza LLP – internally rated CCC	20,652,897	-	-	20,652,897
<b>Long-term receivables from sale of apartments located on the grounds of ISE EXPO-2017</b>				
Astana IT University LLP – internally rated CCC	3,024,438	-	-	3,024,438
Non-profit organisation Umit Fund – internally rated D	-	-	615,092	615,092
<b>Total loans issued and receivables from instalment sales of property</b>	<b>70,942,274</b>	<b>-</b>	<b>615,092</b>	<b>71,557,366</b>
Loss allowance	(197,007)	-	(378,896)	(575,903)
	<b>70,745,267</b>	<b>-</b>	<b>236,196</b>	<b>70,981,463</b>

In January 2023, Mega Plaza LLP early repaid principal and interest on receivables from instalment sales. The discount recalculated due to the partial early repayment of the loan totalled KZT 5,667,718 thousand (unaudited) and was recognised as government grants (Note 16).

During the reporting period ended 30 June 2023, NPO Umit Fund fully repaid, ahead of schedule, principal debt and interest on receivables from sale of apartments.

Sale of apartments located on the grounds of ISE EXPO-2017 to individuals and legal entities under instalment agreements provides for that long-term receivables are to be secured by the sold real estate (apartments, parking lots) registered as collateral.

By instalments sale to individuals is subject to the following terms: a down payment makes up at least 20% of the loan value; a guarantee deposit makes up at least three monthly payments; the loan carries an annual interest rate of 3% and matures in 12 years; the contract provides for an early partial repayment and early full repayment of the loan, without a commission fee being charged. To discount cash flows from instalment contracts concluded with individuals, the Company uses an average interest rate applied by second-tier banks for mortgage loans to individuals, using a market interest rate of 14.3% on initial recognition.

By-instalments sale to legal entities is subject to the following terms: a loan carries an annual interest rate of 2% and matures in 10 years; the contract provides for an early partial repayment and early full repayment of the loan, without a commission fee being charged.

To discount cash flows from instalment contracts concluded with legal entities, the Company uses the statistics of the RSE “National Bank of the RK” on long-term loans issued to banks, by types of economic activities in education for August 2019, and uses a market interest rate of 14.02% on initial recognition.

As at 30 June 2023, loans issued and long-term receivables from legal entities were not overdue.

The movement in balances of loss allowance for loans issued and receivables from sale of property to legal entities under instalment contracts are as follows:

	<b>Six months ended 30 June 2022, unaudited</b>			<b>Total</b>
	<b>12-month expected credit losses (ECL)</b>	<b>Lifetime ECL on assets not credit-impaired</b>	<b>Lifetime ECL on credit- impaired assets</b>	
<b>KZT'000</b>				
<i>Loans and long-term receivables from sale of property to legal entities under instalment agreements</i>				
Balance at the beginning of the period	197,007	-	378,896	575,903
Net remeasurement	(45,315)	-	(378,896)	(424,211)
<b>Balance at the end of the period</b>	<b>151,692</b>	<b>-</b>	<b>-</b>	<b>151,692</b>

	<b>Six months ended 30 June 2022, unaudited</b>			<b>Total</b>
	<b>12-month expected credit losses (ECL)</b>	<b>Lifetime ECL on assets not credit-impaired</b>	<b>Lifetime ECL on credit- impaired assets</b>	
<b>KZT'000</b>				
<i>Loans and long-term receivables from sale of property to legal entities under instalment agreements</i>				
Balance at the beginning of the period	166,698	5,584,314	248,462	5,999,474
Transfer to Stage 2	(37,147)	37,147	-	-
Net remeasurement of loss allowance	(46,962)	(1,173,989)	9,307	(1,211,644)
<b>Balance at the end of the period</b>	<b>82,589</b>	<b>4,447,472</b>	<b>257,769</b>	<b>4,787,830</b>

**(d) Key assumptions and judgments used to estimate loss allowance for loans and long-term receivables from sale of property under instalment agreement to legal entities**

In determining the loss allowance for loans and long-term receivables from sale of property to legal entities under instalment agreements, management used the following key assumptions:

- The LGD parameters for loans and long-term receivables classified into Stage 1 credit exposures were estimated at 57.97% to 61.64%;
- The PD parameters for loans and receivables classified into Stage 1 credit exposures was estimated at 0.13%-6.32%, depending on a borrower’s internal rating.

Changes in these estimates could affect the loss allowance for expected credit losses on loans. For example, to the extent that the net present value of the estimated cash flows differs by plus/minus one percent, the loss allowance for loans and long-term receivables from sale of property to legal entities under instalment agreements as at 30 June 2023 would be KZT 528,927 thousand lower/higher (unaudited) (31 December 2022: KZT 709,815 thousand).

At the reporting date, the Company’s estimates of the loss allowance were adjusted as follows:

- receivables from sale of apartments related to NPO Umit Fund were fully repaid ahead of schedule, which resulted in decrease in the amount of expected credit losses in Stage 3.

*Incorporating of forward-looking information*

The Company incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. The Company uses expert judgment in assessment of forward-looking information. This assessment is also based on the information from external sources.

External information may include economic data and forecasts published by governmental bodies and monetary authorities in the countries where the Company operates, such as the National Bank of the Republic of Kazakhstan, the Ministry of National Economy, and selected private sector and academic forecasters.

The Company has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variable and credit risk and credit losses.

Given the lack of sufficient historical default data, the Company determined that the data provided by rating agencies would serve as a source of information for economic scenarios. Scenarios are updated on a regular basis and used in assessment of credit risks.

Predicted relationships between the key indicator and default and loss rates on various portfolios of financial assets have been developed based on analysis of historical data of rating agencies for last 30-40 years.

### 13 Finance lease receivables

The components of net investments in finance lease as at 30 June 2023 and 31 December 2022 are as follows:

	<b>Unaudited 30 June 2023 KZT'000</b>	<b>31 December 2022 KZT'000</b>
Less than 1 year	12,747,773	12,900,543
From 1 to 2 years	12,797,053	12,911,242
From 2 to 3 years	12,793,625	12,904,981
From 3 to 4 years	12,775,493	12,900,486
From 4 to 5 years	12,737,912	12,870,345
More than 5 years	114,815,171	121,449,806
<b>Minimum lease payments</b>	<b>178,667,027</b>	<b>185,937,403</b>
<b>Less unearned finance income:</b>		
Less than 1 year	(3,923,645)	(4,162,840)
From 1 to 5 years	(14,923,127)	(15,578,435)
More than 5 years	(15,464,435)	(16,735,384)
<b>Less unearned finance income, total</b>	<b>(34,311,207)</b>	<b>(36,476,659)</b>
Less: Loss allowance	(400,951)	(202,438)
<b>Net investments in finance lease</b>	<b>143,954,869</b>	<b>149,258,306</b>

The Company leases out finished apartments under Nurly Zher Programme and Own Programme.

These lease agreements are classified as finance lease under IFRS 16 because ownership of the assets gets transferred to lessees by the end of the lease term, and at the inception the present value of the minimum lease payments amounts to substantially all of the fair value of the leased assets.

The finance lease agreements under Own Programme have a maturity term up to 20 years and bear nominal interest rates of 11.50% and 13.00%. The finance lease agreements for Nurly Zher Programme have a maturity term of 20 years and monthly lease payments limited to KZT 1,120 per square meter for Almaty and Astana cities and KZT 924 per square meter in other regions. The interest rate implicit in the lease agreements under Nurly Zher Programme is 3.1%.



### Credit quality of finance lease receivables

The following table provides information on the credit quality of finance lease receivables as at 30 June 2023 and 31 December 2022:

	<b>30 June 2023, unaudited</b>			
	<b>12-month expected credit losses</b>	<b>Lifetime ECL on assets not credit- impaired</b>	<b>Lifetime ECL on credit- impaired assets*</b>	<b>Total</b>
<b>KZT'000</b>				
- not overdue	118,199,291	5,598,201	8,566,998	132,364,490
- overdue up to 30 days	3,249,001	1,524,994	1,514,564	6,288,559
- overdue 30-89 days	-	1,534,772	1,392,668	2,927,440
- overdue 90-179 days	-	-	909,639	909,639
- overdue 180-360 days	-	-	489,299	489,299
- overdue more than 360 days	-	-	1,376,393	1,376,393
	<b>121,448,292</b>	<b>8,657,967</b>	<b>14,249,561</b>	<b>144,355,820</b>
Loss allowance	(50,522)	(7,716)	(342,713)	(400,951)
<b>Carrying amount</b>	<b>121,397,770</b>	<b>8,650,251</b>	<b>13,906,848</b>	<b>143,954,869</b>

\* In accordance with the decision of the Management Board of the Company dated 10 February 2023, the conditions were changed by restructuring overdue debt and granting a deferral of payments for the restoration of the guarantee contribution from 30 days to 6 months for credit-impaired finance lease receivables with a gross carrying amount of KZT 5,252,374 thousand.

	<b>31 December 2022</b>			
	<b>12-month expected credit losses</b>	<b>Lifetime ECL on assets not credit- impaired</b>	<b>Lifetime ECL on credit- impaired assets</b>	<b>Total</b>
<b>KZT'000</b>				
- not overdue	120,993,668	5,814,674	2,860,303	129,668,645
- overdue up to 30 days	2,951,069	1,984,192	928,031	5,863,292
- overdue 30-89 days	-	2,325,126	1,408,615	3,733,741
- overdue 90-179 days	-	-	2,301,535	2,301,535
- overdue 180-360 days	-	-	2,489,479	2,489,479
- overdue more than 360 days	-	-	5,404,052	5,404,052
	<b>123,944,737</b>	<b>10,123,992</b>	<b>15,392,015</b>	<b>149,460,744</b>
Loss allowance	(45,628)	(8,461)	(148,349)	(202,438)
<b>Carrying amount</b>	<b>123,899,109</b>	<b>10,115,531</b>	<b>15,243,666</b>	<b>149,258,306</b>

Movements in the loan impairment allowance by classes of finance lease receivables and three ECL stages for the six months ended 30 June 2023 and 30 June 2022 are as follows:

	<b>Six months ended 30 June 2023, unaudited</b>			
	<b>12-month expected credit losses</b>	<b>Lifetime ECL on assets not credit- impaired</b>	<b>Lifetime ECL on credit- impaired assets</b>	<b>Total</b>
<b>KZT'000</b>				
Balance at the beginning of the period	45,628	8,461	148,349	202,438
Transfer to Stage 1	3,545	(3,545)	-	-
Transfer to Stage 2	(1,260)	3,054	(1,794)	-
Transfer to Stage 3	(3,062)	-	3,062	-
Net charge	1,353	(779)	190,643	191,217
New financial assets originated or purchased, including transfers between stages	4,318	526	2,465	7,309
Other changes	-	-	(13)	(13)
<b>Balance at the end of the period, unaudited</b>	<b>50,522</b>	<b>7,717</b>	<b>342,712</b>	<b>400,951</b>

	<b>Six months ended 30 June 2022, unaudited</b>			
	<b>12-month expected credit losses</b>	<b>Lifetime ECL on assets not credit- impaired</b>	<b>Lifetime ECL on credit- impaired assets</b>	<b>Total</b>
<b>KZT'000</b>				
Balance at the beginning of the period	1,349,939	1,341,991	2,900,766	5,592,696
Transfer to Stage 1	3,522	(3,430)	(92)	-
Transfer to Stage 2	(42,835)	49,986	(7,151)	-
Transfer to Stage 3	(4,804)	(147,804)	152,608	-
Net charge	9,328	281,618	197,545	488,491
New financial assets originated or purchased, including transfers between stages	16,397	31,450	33,566	81,413
Other changes	-	-	(313)	(313)
<b>Balance at the end of the period, unaudited</b>	<b>1,331,547</b>	<b>1,553,811</b>	<b>3,276,929</b>	<b>6,162,287</b>

The significant changes in the gross carrying amount of the finance lease receivables are further explained below:

	<b>Six months ended 30 June 2023, unaudited</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>KZT'000</b>				
<b>Finance lease receivables</b>				
Balance at 1 January	123,944,737	10,123,992	15,392,015	149,460,744
Transfer to Stage 1	4,152,508	(4,130,479)	(22,029)	-
Transfer to Stage 2	(2,208,661)	4,018,815	(1,810,154)	-
Transfer to Stage 3	(405,498)	(935,913)	1,341,411	-
New financial assets originated or purchased, including transfers between stages	2,108,936	17,253	35,393	2,161,582
Derecognised financial assets	(6,046,401)	(394,324)	(653,108)	(7,093,833)
Write-offs	(97,328)	(41,378)	(33,967)	(172,673)
<b>Balance at 30 June</b>	<b>121,448,293</b>	<b>8,657,966</b>	<b>14,249,561</b>	<b>144,355,820</b>

	<b>Six months ended 30 June 2022, unaudited</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>KZT'000</b>				
<b>Finance lease receivables</b>				
Balance at 1 January	132,034,909	12,786,807	14,401,793	159,223,509
Transfer to Stage 1	238,955	(230,830)	(8,125)	-
Transfer to Stage 2	(3,859,153)	3,925,670	(66,517)	-
Transfer to Stage 3	(462,357)	(1,375,741)	1,838,098	-
New financial assets originated or purchased, including transfers between stages	2,012,370	342,339	220,471	2,575,180
Derecognised financial assets	(7,164,701)	(799,140)	(777,110)	(8,740,951)
Other changes	-	-	(425)	(425)
<b>Balance at 30 June</b>	<b>122,800,023</b>	<b>14,649,105</b>	<b>15,608,185</b>	<b>153,057,313</b>

## 14 Debt securities issued

Debt securities issued as at 30 June 2023 and 31 December 2022 comprised KZT-denominated bonds.

Issue	Maturity date	Nominal coupon rate	Effective interest rate	Unaudited 30 June 2022 KZT'000	31 December 2022 KZT'000
KZ2C00006641	09.04.2024	4.05%	10.64%	173,295,231	168,366,805
KZ2C00006807	25.06.2030	6.02%	12.94%	150,867,331	142,051,661
KZ2C00006815	14.08.2031	6.02%	12.45%	146,930,692	138,625,210
KZ2C00007094	29.12.2032	6.02%	11.41%	72,567,609	74,800,734
KZ2C00006823	22.10.2032	6.02%	12.17%	70,815,192	66,893,808
KZ2C00006831	22.10.2032	6.02%	12.17%	70,815,192	66,893,808
KZ2C00007839	27.10.2031	7.02%	10.75%	42,384,967	40,276,068
KZ2C0Y10F013/ KZ2C00003333	15.12.2027	10.50%	10.27%	30,349,616	30,367,907
KZ2C00006393	24.02.2026	10.25%	11.00%	30,525,614	30,438,455
KZX000000054	28.12.2033	9.58%	9.58%	20,973,967	20,973,967
KZ2C00004356/ KZ2C0Y20F889	21.06.2049	2.99%	11.94%	339,020	336,769
KZ2C00007086	01.04.2051	0.10%	13.80%	154,844	146,840
KZ2C00004349	06.08.2050	0.10%	12.41%	24,050	22,928
KZ2C00007631	04.02.2052	0.10%	12.17%	57,277	54,693
				<b>810,100,602</b>	<b>780,249,653</b>

During the period ended 30 June 2023, in accordance with the Program for Refinancing Mortgage Housing Loans (Mortgage Loans) approved by the Resolution No.69 of the Management Board of the National Bank of Kazakhstan dated 24 April 2015, the Company placed coupon bonds for the amount of KZT 39,339 thousand (unaudited) at a fixed coupon rate of 0.1% per annum. The bonds were recognised at fair value of KZT 1,182 thousand, calculated using the market rate of 13.80% per annum, and the difference between the nominal value and fair value of KZT 38,150 thousand was recognised as a government grant (Note 16). (Note 16).

## 15 Other borrowed funds

	Unaudited 30 June 2023 KZT'000	31 December 2022 KZT'000
Loan from Baiterek National Management Holding JSC	214,453,280	206,742,354
Long-term loans received from international financial organisations	18,094,406	22,638,289
Due to the Government of the Republic of Kazakhstan	6,419,599	6,173,578
Due to Akimat of the city of Astana	169,061	161,467
	<b>239,136,346</b>	<b>235,715,688</b>

As at 30 June 2023 and 31 December 2022, other borrowed funds comprised loans from the Baiterek NMC JSC received under the State Programme of Infrastructure Development “Nurly Zhol” for 2015-2019 adopted in accordance with the Edict of the President of the RK No.1030, dated 6 April 2015, and “Regions Development Programme till 2020” approved by the Decree No.728 of the Government of the Republic of Kazakhstan dated 28 June 2014, the Programme of Housing Construction “Nurly Zher” for 2020-2025 approved by the Degree No.1054 of the Government of the RK dated 31 December 2019, which were integrated into the Concept of Development of Housing and Utility Infrastructure for 2023-2029 approved by the Decree No.736 of the Government of the Republic of Kazakhstan dated 23 September 2022.

As set out in the Nurly Zher programme, the purpose of the loans is to finance construction and acquisition of housing real estate to be further leased out under finance lease contracts. The loans bear a nominal interest rate of 0.15% per annum and mature in January 2045, January 2046 and June 2046. The principal is repayable at maturity. On initial recognition the loans were recognised at fair value calculated by discounting the contractual future cash flows and applying the relevant estimated market interest rates ranging from 6.9% to 8.0%. The discount on these loans was recognised as a government grant.

During 2021, to finance arrangements aimed at providing the population with the affordable housing and purchase bonds issued by the local executive bodies as part of the implementation of the state and government programmes, the Company raised loans denominated in Russian roubles from Eurasian Development Bank in the total amount of RUB 3,500,000 thousand bearing an annual interest rate of 7.5% and maturing in November and December 2026. Due to the decrease in the exchange rate of the Russian rouble against the Kazakhstan tenge during the six months ended 30 June 2022, the Company recognised a revaluation gain on these loans in the condensed interim statement of profit or loss and other comprehensive income in the item “Net foreign exchange gain/(loss)” for the total amount of KZT 4,235,000 thousand (the six months ended 30 June 2022: loss for the total amount of KZT 11,430,148 thousand due to increase in the exchange rate of the Russian rouble).

Amounts due to the Government of the Republic of Kazakhstan consist of a loan received in December 2007 from the Ministry of Finance of the Republic of Kazakhstan for the purchase of mortgage loans from second-tier banks. The loan carries a nominal interest rate of 0.1% per annum with principal repayable at maturity in December 2027. The fair value of the loan on initial recognition was estimated by discounting the contractual future cash flows of the loan using management’s estimate of a long-term market borrowing rate for the Company of 8.0% p.a.

## 16 Government grants

	<b>Unaudited Six months ended 30 June 2023 KZT'000</b>	<b>Unaudited Six months ended 30 June 2022 KZT'000</b>
Balance at the beginning of the period	142,702,544	182,324,636
Origination of a government grant in the form of discount on debt securities issued (Note 14)	38,150	1,207,850
Utilisation of a government grant for bonds of local executive bodies (Notes 7 and 11)	(1,242,064)	(19,447,719)
Utilisation of a government grant for bonds issued (Notes 7 and 14)	-	(1,207,850)
Utilisation of a government grant for loans issued (Notes 7 and 12)	-	(8,552,902)
Discount recalculated due to early partial redemption of bonds issued by the local executive bodies (Note 11)	500,872	39,333
Discount recalculated due to early partial repayment of loan (Note 12)	5,667,718	1,528,209
Amortisation for the period	(4,035,367)	(4,030,745)
<b>Balance at the end of the period</b>	<b>143,631,853</b>	<b>151,860,812</b>

Government grant liabilities on financing Nurly Zher Programme and Employment Roadmap for 2020-2021 will be utilised as far as discount on purchase of local executive bodies’ bonds at a low interest rate is recognised, and a part of government grants will be amortised in other income as interest under hire-purchase contracts, on a straight-line basis over the period of 20 years as far as finished apartments are recorded on the Company’s balance sheet.

## 17 Deferred income and provisions for guarantees issued

	<b>Unaudited 30 June 2023 KZT'000</b>	<b>31 December 2022 KZT'000</b>
Deferred income from financial guarantee contracts under the construction projects	825,275	1,091,799
Deferred income on financial guarantees	295	403
<b>Total deferred income on financial guarantees</b>	<b>825,570</b>	<b>1,092,202</b>
Provisions under guarantee contracts for construction projects	28,775,927	22,676,679
Provision for financial guarantees claims	1,133	1,159
<b>Total provision for guarantees issued</b>	<b>28,777,060</b>	<b>22,677,838</b>
	<b>29,602,630</b>	<b>23,770,040</b>

Deferred income on financial guarantees

	<b>Unaudited Six months ended 30 June 2023 KZT'000</b>	<b>Unaudited Six months ended 30 June 2022 KZT'000</b>
Balance at the beginning of the period	1,092,202	2,032,442
Financial guarantee commission earned	(109)	(266)
Earned commission from financial guarantee contracts related to construction projects	(850,591)	(1,401,517)
Commission from financial guarantee contracts related to construction projects received	654,155	918,884
Financial guarantee commission	14	25
VAT payable on income	(70,101)	(98,483)
<b>Balance at the end of the period</b>	<b>825,570</b>	<b>1,451,085</b>

Deferred income from guarantees issued includes a proportion of financial guarantee fees and a proportion of the commissions for contracts for the provision of a completion guarantee for construction projects that are estimated to be earned in the next or subsequent financial years, calculated separately for each financial guarantee contract and each contract for the provision of guarantees for the project completion of construction, using a proportional method.

### Analysis of movements in provisions for claims on financial guarantees under construction projects

	<b>Unaudited Six months ended 30 June 2023 KZT'000</b>	<b>Unaudited Six months ended 30 June 2022 KZT'000</b>
Balance at the end of the period	22,676,679	16,369,499
Movements in provisions under contracts for granting guarantees for construction projects	6,099,248	(296,569)
<b>Balance at the end of the period</b>	<b>28,775,927</b>	<b>16,072,930</b>

### Key assumptions used to calculate provisions under contracts for granting guarantees for construction projects

Assumptions used to assess warranty liabilities are adopted for more accurate estimation of reserves needed to cover any future liabilities for warranty contracts.

As at the reporting date, the Company created a reserve for the estimated amount necessary to fully settle warranty claims.

To determine the probability of occurrence of a warranty event, the Company uses the assigned rating of an authorised company/developer, which determines the level of risk. The rating takes into account both the quantitative and qualitative indicators of the authorized company/developer: return on sales, return on assets, quick liquidity ratio, solvency ratio, interest coverage ratio, current-to-assets ratio, total liabilities to equity ratio, commissioned square meters of the total area of housing area, the category of license of the general contractor, technical equipment.

The factor indicating the increased probability of warranty event to occur is the fact that the authorised company/developer has applied to extend guarantee period due to delays in construction and assembly works and failure to meet apartment target sales.

Taking into account that fulfilment of obligations by the developer and authorised construction company under the guarantee contract are secured by the pledged share of participation of the developer in the authorised company and the pledged land plot (rights to it) with construction in progress (if any), the amount of actual compensation in the event of a warranty case as assessed by the Company depend on the completion stage and cost of construction and changes in market prices of real property.

Estimation of expected losses is reviewed as the Company accumulates statistical data.

Management of the Company believes that parameters of the portfolio of guarantee contracts for construction projects are sensitive mainly to changes in the estimated probability of occurrence of a warranty case and estimated compensation in the event of a warranty case. The Company regularly reassesses its estimates based on the latest values of the above variables.

If a probability of occurrence of a warranty case changes by plus/minus one percent, provisions for issued guarantees would be higher/lower by KZT 287,793 thousand (unaudited) (31 December 2022: higher/lower by KZT 226,767 thousand).

#### **Occurrence of a guarantee event**

In accordance with paragraphs 3 and 4 of article 37 of the Law "On equity participation in housing construction" in June 2023 the Company recorded a guarantee event for the project "Construction of four 9-storey residential buildings in microdistrict Nursaya in Atyrau", of which three 9-storey residential buildings were the objects covered by the guarantee.

As at 30 June 2023, the Company has accrued a 100% provision for the issued guarantee in the amount of KZT 2,843,268 thousand.

Under the agreement of trust management of voting shares (interests in the authorised capital) of the authorized company and on the basis of the acceptance act, the founder transferred to the Company a 100% interest in the authorised capital of the management company under trust management (Note 3(a)).

The Company does not consolidate the authorised company as it is immaterial (both individually and in the aggregate) to the financial position, financial performance and cash flows of the Company.

## **18 Share capital and reserves**

### **(a) Dividends**

In accordance with the legislation of the Republic of Kazakhstan, the Company's distributable reserves are limited to the balance of retained earnings as recorded in the Company's statutory financial statements prepared in accordance with IFRS or profit for the reporting period if there is an accumulated loss brought forward. A distribution cannot be made if this would result in negative equity or the Company's insolvency.

During the six months ended 30 June 2023, the Company declared dividends of KZT 31,275,846 thousand (KZT 1,773.91 per share), unaudited (during the six months ended 30 June 2022 the Company declared dividends of KZT 3,622,293 thousand (KZT 205.45 per share), unaudited).

**(b) Basic and diluted earnings per share**

Basic and diluted earnings per share are calculated by dividing the profit or loss for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

	<b>Unaudited Six months ended 30 June 2023 KZT'000</b>	<b>Unaudited Six months ended 30 June 2022 KZT'000</b>
Profit for the year, in thousands of KZT	20,535,044	13,125,325
Weighted average number of ordinary shares	17,631,022	17,631,022
<b>Basic and diluted earnings per share, in KZT</b>	<b>1,165</b>	<b>744</b>

**(c) Other provisions in retained earnings**

The Company created a reserve for the settlement of the guarantee event, in accordance with Article 29 of the Law of the Republic of Kazakhstan dated 7 April 2016 “On Shared Participation in Housing Construction”. The reserves for the settlement of guarantee cases can be used solely for the purpose of payments related to the Company's obligations under the guarantee agreements. As at 30 June 2023, provision for settlement of guarantee events was KZT 6,047,356 thousand (unaudited) (31 December 2022: KZT 6,882,107 thousand).

## 19 Risk management

Management of risk is fundamental to the mortgage lending business and is an essential element of the Company's operations. The major risks faced by the Company are those related to market risk, credit risk and liquidity risk.

As at 30 June 2023 there were no significant changes in respect of market risk and liquidity risk since 31 December 2022, except as stated below.

To adequately reflect the uncertainties related to geopolitical situation, the Company updated the forward-looking information used in ECL models including forecast macroeconomic indicators for the first six months of 2023, considering the updated forecasts for oil prices and GDP of the country.

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

	<b>Unaudited 30 June 2023 KZT'000</b>	<b>31 December 2022 KZT'000</b>
<b>ASSETS</b>		
Cash and cash equivalents	292,271,568	245,237,171
Placements with banks and other financial institutions	69,111,839	68,450,680
Investment securities:		
- at fair value through profit or loss	2,209,588	2,171,971
- at amortised cost	861,169,827	831,077,410
Loans to customers and long-term receivables from sales of real estate by instalments:		
- at fair value through profit or loss	5,711,307	4,523,388
- at amortised cost	103,832,160	126,896,750
Finance lease receivables	143,954,869	149,258,306
Other financial assets	301,046	297,515
<b>Total maximum exposure to credit risk</b>	<b>1,478,562,204</b>	<b>1,427,913,191</b>

### **Risk management on guarantees issued**

The Company enters into contracts for the provision of guarantees for the completion of construction. The Company guarantees the completion of the construction of a residential house in the event of a guarantee event and the transfer of interests in a residential building to equity holders. As at 30 June 2023 the Company had 52 valid guarantee contracts (31 December 2022: 59 valid guarantee contracts).

As at 30 June 2023 the maximum amount of liabilities under the valid guarantees issued by the Company was KZT 342,900,022 thousand (31 December 2022: KZT 410,765,069 thousand).

The main risk that the Company faces under housing construction guarantee contracts is that the actual payments for warranty cases or the time of their payment may differ from those expected. Thus, the Company's goal is to accumulate sufficient reserves to pay for these liabilities.

Insurance risk is mainly managed through the assessment of financial and legal risks associated with the developer. The Company assesses the financial condition of the developer, performs analysis of the sources of financing the project, conducts analysis of the adequacy of the price policy of the construction company, conducts a technical examination of the project and, after providing a guarantee, monitors the progress of construction. In addition, the Company also conducts legal assessment to establish legal and reputational risks for the project. To secure the customer's liability to complete construction of a residential house the Company accepts a 100% interest in the authorised company and land plot with construction in progress as a security.

## **20 Contingencies**

### **(a) Insurance**

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

### **(b) Litigations**

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

### **(c) Taxation contingencies in Kazakhstan**

The taxation system in Kazakhstan is relatively new and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are often unclear, contradictory and subject to varying interpretation by different tax authorities, in particular recognition of income, expenses and other items of the financial statements under IFRS. Taxes are subject to review and investigation by various levels of authorities, which have the authority to impose severe fines and interest charges. A tax year generally remains open for review by the tax authorities for five subsequent calendar years; however, under certain circumstances a tax year may remain open longer.

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



## 21 Related party transactions

### (a) Transactions with the members of the Management Board and Board of Directors

Total remuneration to the members of the Management Board and the Board of Directors is as follows:

	<b>Unaudited Six months ended 30 June 2023 KZT'000</b>	<b>Unaudited Six months ended 30 June 2022 KZT'000</b>
Members of the Board of Directors	9,275	21,037
Members of the Management Board	98,610	151,753
	<b>107,885</b>	<b>172,790</b>

The outstanding balances as at 30 June 2023 and 31 December 2022 for transactions with the members of the Management Board and the Board of Directors are as follows:

	<b>Unaudited 30 June 2023 KZT'000</b>	<b>Unaudited Average interest rate</b>	<b>31 December 2022 KZT'000</b>	<b>Average interest rate</b>
<b>Condensed Interim Statement of Financial Position</b>				
Loans to customers	30,841	3.00	63,327	3.00
Other liabilities	36,029	-	58,789	-

**(b) Transactions with other related parties**

Other related parties include Baiterek Group and other state organisations.

The amounts below are included in the condensed interim statements of profit or loss and other comprehensive income for the six months ended 30 June 2023 and 30 June 2022:

	Unaudited Six months ended 30 June 2023	Unaudited Six months ended 30 June 2022	Unaudited Six months ended 30 June 2022	Unaudited Six months ended 30 June 2022
	Baiterek Group	Other state organisations	Baiterek Group	Other state organisations
<b>KZT'000</b>				
<b>Condensed Interim Statement of Profit or Loss</b>				
Interest income	4,981,617	63,976,846	1,705,527	58,817,347
Interest expense	(48,524,290)	(887,919)	(46,556,783)	(856,104)
Net other operating income/(loss)	1,676,828	(6,971,215)	356,670	1,049,125
Fee and commission expense	(22)	(1,609)	-	(1,419)
General administrative expenses	-	(82,518)	-	(182,055)
Gain on reversal of impairment losses/(expenses on impairment losses)	253,940	(146,232)	10,351	513,176
Income tax expense	-	(335,465)	-	(1,920,956)

The balances with other related parties as at 30 June 2023 include:

	<b>Unaudited Baiterek Group</b>		<b>Unaudited Other state organisations</b>	
	<b>KZT'000</b>	<b>Average interest rate, %</b>	<b>KZT'000</b>	<b>Average interest rate, %</b>
Cash and cash equivalents	3,212,432	15.25	288,808,836	16.16
Placements with banks and other financial institutions	68,481,727	7.57	-	-
Investment securities measured at amortised cost	12,553,005	0.5	837,656,482	5.09
Loans to customers	-	-	50,141,579	0.40
Current tax asset	-	-	5,321,357	-
Other assets	85,263	-	123,800	-
Debt securities issued	748,695,902	5.72	12,310,376	10.09
Other borrowed funds	214,453,280	0.17	6,588,660	0.10
Government grants	141,816,758	-	1,815,095	-
Deferred tax liability	-	-	15,632,518	-
Dividends declared	31,275,846	-	-	-
Other liabilities	-	-	314,036	-

The balances with other related parties as at 31 December 2022 include:

	<b>Baiterek Group</b>		<b>State organisations</b>	
	<b>KZT'000</b>	<b>Average interest rate, %</b>	<b>KZT'000</b>	<b>Average interest rate, %</b>
Cash and cash equivalents	18,706,441	15.25	212,774,938	13.88
Due from banks	67,786,335	7.61	-	-
Investment securities measured at amortised cost	7,891,244	0.5	812,220,919	5.20
Loans to customers	-	-	47,171,594	0.40
Current tax asset	-	-	4,459,416	-
Other assets	79,454	-	103,836	-
Debt securities issued	718,929,637	5.72	12,542,124	10.10
Other borrowed funds	206,742,354	0.17	6,335,045	0.10
Government grants	140,884,429	-	1,818,115	-
Deferred tax liability	-	-	17,503,656	-
Other liabilities	-	-	376,936	-

## 22 Financial assets and liabilities: fair values and accounting classifications

### (a) Accounting classifications and fair values

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

<b>Unaudited KZT'000</b>	<b>At amortised cost</b>	<b>At FVTPL</b>	<b>Total carrying amount</b>	<b>Fair value</b>
Cash and cash equivalents	292,271,568	-	292,271,568	292,271,568
Placements with banks and other financial institutions	69,111,839	-	69,111,839	67,500,655
Investment securities:				
- at fair value through profit or loss	-	2,209,588	2,209,588	2,209,588
- at amortised cost	861,169,827	-	861,169,827	861,602,170
Loans to customers and long-term receivables from sales of real estate under instalment agreements				
- at amortised cost	103,832,160	-	103,832,160	77,872,249
- at fair value through profit or loss	-	5,711,307	5,711,307	5,711,307
Finance lease receivables	143,954,869	-	143,954,869	143,954,869
Other financial assets	301,046	-	301,046	301,046
	<b>1,470,641,309</b>	<b>7,920,895</b>	<b>1,478,562,204</b>	<b>1,451,423,452</b>
Debt securities issued	810,100,602	-	810,100,602	771,421,154
Other borrowed funds	239,136,346	-	239,136,346	169,897,002
Dividends declared	31,275,846	-	31,275,846	31,275,846
Other financial liabilities	3,935,188	-	3,935,188	3,935,188
	<b>1,084,447,982</b>	<b>-</b>	<b>1,084,447,982</b>	<b>976,529,190</b>

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

<b>KZT'000</b>	<b>Amortised cost</b>	<b>FVTPL</b>	<b>Total carrying amount</b>	<b>Fair value</b>
Cash and cash equivalents	245,237,171	-	245,237,171	245,237,171
Placements with banks and other financial institutions	68,450,680	-	68,450,680	66,255,577
Investment securities:				
- at amortised cost	831,077,410	-	831,077,410	856,731,799
- at fair value through profit or loss	-	2,171,971	2,171,971	2,171,971
Loans to customers and long-term receivables from sales of real estate under instalment agreements				
- at amortised cost	126,896,750	-	126,896,750	101,335,619
- at fair value through profit or loss	-	4,523,388	4,523,388	4,523,388
Finance lease receivables	149,258,306	-	149,258,306	149,258,306
Other financial assets	297,515	-	297,515	297,515
	<b>1,421,217,832</b>	<b>6,695,359</b>	<b>1,427,913,191</b>	<b>1,425,811,346</b>
Debt securities issued	780,249,653	-	780,249,653	764,691,925
Other borrowed funds	235,715,688	-	235,715,688	182,464,081
Other financial liabilities	3,885,402	-	3,885,402	3,885,402
	<b>1,019,850,743</b>	<b>-</b>	<b>1,019,850,743</b>	<b>951,041,408</b>

The estimates of fair value are intended to approximate the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. However, given the uncertainties and the use of subjective judgment, the fair value should not be interpreted as being realisable in an immediate sale of the assets or settlement of liabilities.

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

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

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

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

For more complex instruments, the Company uses proprietary valuation models. Some or all of the significant inputs into these models may not be observable in the market, and are derived from market prices or rates or are estimated based on assumptions. Example of instruments involving significant unobservable inputs include certain loans and securities for which there is no active market.

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

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

- discount rate of 14.5% is used to discount future cash flows from amounts due from banks (2022: 14.9%);
- discount rates of 11.45%-15.86% are used to discount future cash flows on investment securities measured at amortised cost (2022: 10.8% - 15.7%);
- discount rates of 14.6% - 28.3% are used to discount future cash flows from loans to customers and receivables from sales of real estate by instalments (2022: 14.2% - 23.9%);
- the fair values of finance lease receivables approximate their carrying amounts due to the fact that almost all residential complexes are leased under Nurly Zher Programme, the interest rates on which have not changed since the inception of the programme;
- discount rates of 9.8% and 11.7-13.5% are used to discount future cash inflows/outflows from debt securities issued and other borrowed funds denominated in RUB and KZT, respectively (2022: 9.0% and 10.4% - 15.5%).

**(b) Fair value hierarchy**

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

- Level 1: quoted market price (unadjusted) in an active market for an identical instrument.

- Level 2: inputs other than quotes prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.
- Level 3: inputs that are unobservable. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect difference between the instruments.

The table below analyses financial instruments measured at fair value in the condensed interim statement of financial position as at 30 June 2023 and statement of financial position as at 31 December 2022, by the level in the fair value hierarchy into which the fair value measurement is categorised.

**30 June 2023**

**Financial assets**

KZT'000	Level 2	Level 3	Total
Investment securities measured at fair value through profit or loss	2,209,588	-	2,209,588
Loans to customers measured at fair value through profit or loss	-	5,711,307	5,711,307
	<b>2,209,588</b>	<b>5,711,307</b>	<b>7,920,895</b>

**31 December 2022**

**Financial assets**

KZT'000	Level 2	Level 3	Total
Investment securities measured at fair value through profit or loss	2,171,971	-	2,171,971
Loans to customers measured at fair value through profit or loss	-	4,523,388	4,523,388
	<b>2,171,971</b>	<b>4,523,388</b>	<b>6,695,359</b>

Changes in fair value measurements of financial instruments at fair value through profit or loss categorised to Level 3 in the fair value hierarchy are as follows:

	30 June 2023 KZT'000	30 June 2022 KZT'000
<b>Financial assets</b>		
Balance at the beginning of the period	4,523,388	3,599,878
Accrued interest	1,187,919	1,088,717
<b>Balance at the end of the period</b>	<b>5,711,307</b>	<b>4,688,595</b>

The following table provides information on significant unobservable inputs used at the end of the period in the measuring financial instruments categorised as Level 3 in the fair value hierarchy as at 30 June 2023 (unaudited):

Type of instrument	Fair value KZT'000	Valuation technique	Significant unobservable inputs	Fair value measurement sensitivity to unobservable inputs
Loans to customers measured at fair value through profit or loss	5,711,307	Discounted cash flows	Discount rate of 26.66%	Significant increase in any of the input data separately will result in decrease of fair value. Significant decrease would result in higher fair value.

The table below sets out information about significant unobservable inputs used at year end in the measuring financial instruments categorised as Level 3 in the fair value hierarchy as at 31 December 2022:

Type of instrument	Fair value KZT'000	Valuation technique	Significant unobservable inputs	Fair value measurement sensitivity to unobservable inputs
Loans to customers measured at fair value through profit or loss	4,523,388	Discounted cash flows	Discount rate of 26.66%	Significant increase in any of the input data separately will result in decrease of fair value. Significant decrease would result in higher fair value.

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

Unaudited KZT'000	Level 2	Level 3	Total fair values	Total carrying amount
<b>Assets</b>				
Cash and cash equivalents	292,271,568	-	292,271,568	292,271,568
Placements with banks and other financial institutions	67,500,655	-	67,500,655	69,111,839
Investment securities measured at amortised cost	861,602,170	-	861,602,170	861,169,827
Loans to customers and long-term receivables from sales of real estate under instalment agreements measured at amortised cost	75,386,893	2,485,356	77,872,249	103,832,160
Finance lease receivables	130,048,021	13,906,848	143,954,869	143,954,869
Other financial assets	301,046	-	301,046	301,046
<b>Liabilities</b>				
Debt securities issued	771,421,154	-	771,421,154	810,100,602
Other borrowed funds	169,897,002	-	169,897,002	239,136,346
Dividends declared	31,275,846	-	31,275,846	31,275,846
Other financial liabilities	3,935,188	-	3,935,188	3,935,188

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

KZT'000	Level 2	Level 3	Total fair values	Total carrying amount
<b>Assets</b>				
Cash and cash equivalents	245,237,171	-	245,237,171	245,237,171
Placements with banks and other financial institutions	66,255,577	-	66,255,577	68,450,680
Investment securities measured at amortised cost	856,731,799	-	856,731,799	831,077,410
Loans to customers and long-term receivables from sales of real estate under instalment agreements measured at amortised cost	99,738,036	1,597,583	101,335,619	126,896,750
Finance lease receivables	134,014,640	15,243,666	149,258,306	149,258,306
Other financial assets	297,515	-	297,515	297,515
<b>Liabilities</b>				
Debt securities issued	764,691,925	-	764,691,925	780,249,653
Other borrowed funds	182,464,081	-	182,464,081	235,715,688
Other financial liabilities	3,885,402	-	3,885,402	3,885,402



## 23 Capital management

	<b>Unaudited 30 June 2023 KZT'000</b>	<b>31 December 2022 KZT'000</b>
<b>Tier 1 capital</b>		
Share capital	190,847,155	190,847,155
General reserves	2,734,447	2,734,447
Additional paid-in capital	3,389,392	3,389,392
Intangible assets	113,006	(16,585)
Retained earnings/(loss) of prior years	8,048,015	8,059,325
<b>Total tier 1 capital</b>	<b>205,132,015</b>	<b>205,013,734</b>
<b>Tier 2 capital</b>		
Total reserves (provisions) included in calculation of equity in the amount not exceeding 1.25% of credit-risk weighted assets	6,047,355	6,882,107
Net profit for the year in accordance with the NBRK requirements	12,543,375	31,264,535
<b>Total tier 2 capital</b>	<b>18,590,730</b>	<b>38,146,642</b>
<b>Total capital</b>	<b>223,722,745</b>	<b>243,160,376</b>
<b>Total statutory assets</b>	<b>1,498,414,829</b>	<b>1,449,148,441</b>
Credit risk-weighted assets and contingent liabilities	522,264,709	568,715,445
Credit risk-weighted contingent liabilities	314,298,416	388,280,696
Operational risk	25,832,022	14,483,556
<b>Total credit risk-weighted assets and contingent liabilities plus operational risk</b>	<b>862,395,147</b>	<b>971,479,697</b>
<b>k1</b>	<b>14%</b>	<b>14%</b>
<b>k1-2</b>	<b>25%</b>	<b>21%</b>
<b>k1-3</b>	<b>26%</b>	<b>25%</b>

The table above shows the capital structure of the Company calculated in accordance with the NBRK statutory requirements.

As at 30 June 2023 and 31 December 2022 the minimum level of ratios as applicable to the Company are as follows:

- k1 – 6%.
- k1-2 – 6%.
- k1-3 – 12%.

## 24 Segment reporting

The Company's operations are highly integrated and constitute a single business segment for the purposes of IAS 14 *Segment Reporting*. The Company's assets are concentrated in the Republic of Kazakhstan, and the Company's revenues are derived from operations in, and connected with, the Republic of Kazakhstan. The Chief Operating Decision Maker, in the case of the Company, the Chairman of the Management Board, only receives and reviews the information on the Company as a whole.