



# JSC HALYK BANK

Interim condensed consolidated  
financial information (unaudited)  
for the three months ended 31 March 2021

# JSC Halyk Bank

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**Statement of Management’s Responsibilities  
for the Preparation and Approval  
of the Interim Condensed Consolidated Financial Information  
for the Three Months ended 31 March 2021 (Unaudited)**

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Management is responsible for the preparation of the interim condensed consolidated financial information that presents fairly the financial position of JSC Halyk Bank (the “Bank”) and its subsidiaries (collectively – the “Group”) as at 31 March 2021, the results of its operations, changes in equity and cash flows for the three months then ended, in accordance with International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”).

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

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

Management is also responsible for:

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

The interim condensed consolidated financial information of the Group for the three months ended 31 March 2021 was authorized for issue by the Management Board on 14 May 2021.

**On behalf of the Management Board:**

  
**Umud B. Shayakhmetova**  
Chairperson of the Board

14 May 2021  
Almaty, Kazakhstan



  
**Pavel A. Cheussov**  
Chief Accountant

14 May 2021  
Almaty, Kazakhstan



## REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

To the Shareholders and Board of Directors of JSC Halyk Bank

### Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of JSC Halyk Bank and its subsidiaries (the "Group") as at 31 March 2021 and the related interim condensed consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flows for the three months then ended, and selected explanatory notes. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with IAS 34, *Interim Financial Reporting*. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

### Scope of Review

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

### Conclusion

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


*Deloitte LLP*

14 May 2021  
Almaty, Republic of Kazakhstan

**Interim Condensed Consolidated Statement of Financial Position  
as at 31 March 2021 (unaudited)  
(millions of Kazakhstani Tenge)**

	Notes	31 March 2021 (unaudited)	31 December 2020
<b>ASSETS</b>			
Cash and cash equivalents	5	1,389,894	1,757,477
Obligatory reserves		169,453	170,128
Financial assets at fair value through profit or loss	6	252,373	242,326
Amounts due from credit institutions	7	734,315	709,310
Financial assets at fair value through other comprehensive income	8	1,543,995	1,256,158
Debt securities at amortized cost, net of allowance for expected credit losses	9	1,246,917	1,229,539
Loans to customers	10, 32	4,480,451	4,446,275
Investment property		39,231	39,441
Commercial property		102,629	103,098
Assets classified as held for sale		40,956	42,244
Current income tax assets		621	782
Deferred income tax assets		367	234
Property and equipment and intangible assets		171,167	170,581
Insurance assets	11	56,813	39,929
Other assets	12	160,448	180,310
<b>TOTAL ASSETS</b>		<b>10,389,630</b>	<b>10,387,832</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
Amounts due to customers	13, 32	7,608,492	7,455,977
Amounts due to credit institutions	14	303,293	300,727
Financial liabilities at fair value through profit or loss	6	1,993	2,484
Debt securities issued	15	473,103	778,192
Current income tax liability		6,584	2,758
Deferred tax liability		51,219	51,281
Provisions	19	10,115	9,287
Insurance liabilities	11	229,104	191,246
Other liabilities	17	122,193	102,612
<b>Total liabilities</b>		<b>8,806,096</b>	<b>8,894,564</b>
<b>EQUITY</b>			
Share capital	18	209,027	209,027
Share premium reserve		6,238	5,741
Treasury shares		(109,696)	(111,027)
Retained earnings and other reserves		1,477,958	1,389,520
Total equity attributable to owners of the Group		1,583,527	1,493,261
Non-controlling interest		7	7
<b>Total equity</b>		<b>1,583,534</b>	<b>1,493,268</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>10,389,630</b>	<b>10,387,832</b>

On behalf of the Management Board:

  
Umut B. Shayakhmetova  
Chairperson of the Board

14 May 2021  
Almaty, Kazakhstan

  
Pavel A. Chernov  
Chief Accountant

14 May 2021  
Almaty, Kazakhstan

The notes on pages 49 to 57 form an integral part of this interim condensed consolidated financial information.

Interim Condensed Consolidated Statement of Profit or Loss  
for the Three Months ended 31 March 2021 (unaudited)

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

	Notes	Three months ended 31 March 2021 (unaudited)	Three months ended 31 March 2020 (unaudited)
Interest income calculated using effective interest method	20, 32	188,375	175,832
Other interest income	20	5,262	3,516
Interest expense	20, 32	(86,119)	(75,274)
<b>NET INTEREST INCOME BEFORE CREDIT LOSS EXPENSE</b>		<b>107,518</b>	<b>104,074</b>
Credit loss expense	10, 32	(6,247)	(20,090)
<b>NET INTEREST INCOME</b>		<b>101,271</b>	<b>83,984</b>
Fee and commission income	21	33,716	30,811
Fee and commission expense	21	(15,868)	(16,935)
<b>Fees and commissions, net</b>		<b>17,848</b>	<b>13,876</b>
Net gain from financial assets and liabilities at fair value through profit or loss	22	10,682	61,031
Net realised gain from financial assets at fair value through other comprehensive income		74	114
Net gain/(loss) on foreign exchange operations	23	1,758	(41,097)
Insurance underwriting income	24	30,578	20,117
Share in profit of associate	32	1,474	1,630
Income on non-banking activities	26	3,583	10,226
Other income		4,214	3,254
<b>OTHER NON-INTEREST INCOME</b>		<b>52,363</b>	<b>55,275</b>
Operating expenses	25	(39,803)	(35,558)
Loss from impairment of non-financial assets		(439)	(1,932)
Other credit loss expense	19	(1,117)	(1,911)
Insurance claims incurred, net of reinsurance	24	(23,583)	(18,376)
<b>NON-INTEREST EXPENSES</b>		<b>(64,942)</b>	<b>(57,777)</b>
<b>INCOME BEFORE INCOME TAX EXPENSE</b>		<b>106,540</b>	<b>95,358</b>
Income tax expense	16	(9,712)	(14,289)
<b>NET PROFIT</b>		<b>96,828</b>	<b>81,069</b>
Attributable to:			
Common shareholders		96,828	81,069
Non-controlling interest		-	-
		<b>96,828</b>	<b>81,069</b>
<b>EARNINGS PER SHARE</b>	27		
(in Kazakhstani Tenge)			
Basic and diluted earnings per share		8.28	6.93

On behalf of the Management Board:

Umut B. Shayakhmetova  
Chairperson of the Board

14 May 2021  
Almaty, Kazakhstan

Pavel A. Cheussov  
Chief Accountant


14 May 2021  
Almaty, Kazakhstan

The notes on pages 10 to 57 form an integral part of this interim condensed consolidated financial information.

**Interim Condensed Consolidated Statement of Other Comprehensive Income  
for the Three Months ended 31 March 2021 (unaudited)  
(millions of Kazakhstani Tenge)**

	Three months ended 31 March 2021 (unaudited)	Three months ended 31 March 2020 (unaudited)
<b>Net profit</b>	<b>96,828</b>	<b>81,069</b>
Other comprehensive income:		
<i>Items that will not to be subsequently reclassified to profit or loss:</i>		
(Loss)/gain on revaluation of property (net of tax – KZT Nil)	(129)	102
Loss on revaluation of equity financial assets at fair value through other comprehensive income	(1,750)	(25)
<i>Items that may be subsequently reclassified to profit or loss:</i>		
Exchange differences on translation of foreign operation (net of tax – KZT Nil)	(1,064)	848
Share of other comprehensive loss of associate	(115)	(1,411)
Loss on revaluation of debt financial assets at fair value through other comprehensive income, including impaired during the period (net of tax – KZT Nil)	(5,258)	(35,483)
Reclassification adjustment relating to financial assets at fair value through other comprehensive income disposed of in the period (net of tax – KZT Nil)	(74)	(114)
<b>Other comprehensive loss for the period</b>	<b>(8,390)</b>	<b>(36,083)</b>
<b>Total comprehensive income for the period</b>	<b>88,438</b>	<b>44,986</b>
Attributable to:		
Common shareholders	88,438	44,986
Non-controlling interest	-	-
<b>Total comprehensive income for the period</b>	<b>88,438</b>	<b>44,986</b>

On behalf of the Management Board:

  
Umut B. Shayakhmetova  
Chairperson of the Board

14 May 2021  
Almaty, Kazakhstan



  
Pavel A. Cheussov  
Chief Accountant

14 May 2021  
Almaty, Kazakhstan



The notes on pages 10 to 57 form an integral part of this interim condensed consolidated financial information.

**Interim Condensed Consolidated Statement of Changes in Equity  
for the Three months ended 31 March 2021 (unaudited)  
(millions of Kazakhstani Tenge)**

	Share capital Common shares	Share premium reserve	Treasury common shares	Cumulative translation reserve*	Revaluation reserve of financial assets at fair value through other comprehensive income*	Property revaluation reserve*	Retained earnings*	Total equity	Non-controlling interest	Total equity
<b>31 December 2020</b>	<b>209,027</b>	<b>5,741</b>	<b>(111,027)</b>	<b>4,516</b>	<b>53,198</b>	<b>27,802</b>	<b>1,304,004</b>	<b>1,493,261</b>	<b>7</b>	<b>1,493,268</b>
Net income	-	-	-	-	-	-	96,828	96,828	-	96,828
Other comprehensive loss	-	-	-	(1,064)	(7,197)	(129)	-	(8,390)	-	(8,390)
<b>Total comprehensive (loss)/income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,064)</b>	<b>(7,197)</b>	<b>(129)</b>	<b>96,828</b>	<b>88,438</b>	<b>-</b>	<b>88,438</b>
Treasury shares purchased	-	-	(832)	-	-	-	-	(832)	-	(832)
Treasury shares sold	-	497	2,163	-	-	-	-	2,660	-	2,660
Release of property and equipment revaluation reserve on depreciation and disposal of previously revalued assets	-	-	-	-	-	(114)	114	-	-	-
<b>31 March 2021 (unaudited)</b>	<b>209,027</b>	<b>6,238</b>	<b>(109,696)</b>	<b>3,452</b>	<b>46,001</b>	<b>27,559</b>	<b>1,400,946</b>	<b>1,583,527</b>	<b>7</b>	<b>1,583,534</b>



Interim Condensed Consolidated Statement of Changes in Equity  
for the Three Months ended 31 March 2021 (unaudited) (continued)  
(millions of Kazakhstani Tenge)

	Share capital Common shares	Share premium reserve	Treasury common shares	Cumulative translation reserve*	Revaluation reserve of financial assets at fair value through other comprehensive income*	Property revaluation reserve*	Retained earnings*	Total equity	Non-controlling interest	Total equity
<b>31 December 2019</b>	<b>209,027</b>	<b>3,867</b>	<b>(114,634)</b>	<b>9,105</b>	<b>30,023</b>	<b>20,018</b>	<b>1,149,811</b>	<b>1,307,217</b>	<b>6</b>	<b>1,307,223</b>
Net income	-	-	-	-	-	-	81,069	81,069	-	81,069
Other comprehensive income/(loss)	-	-	-	848	(37,033)	102	-	(36,083)	-	(36,083)
<b>Total comprehensive income/(loss)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>848</b>	<b>(37,033)</b>	<b>102</b>	<b>81,069</b>	<b>44,986</b>	<b>-</b>	<b>44,986</b>
Treasury shares purchased	-	-	(788)	-	-	-	-	(788)	-	(788)
Treasury shares sold	-	1,473	6,800	-	-	-	-	8,273	-	8,273
Release of property and equipment revaluation reserve on depreciation and disposal of previously revalued assets	-	-	-	-	-	(168)	168	-	-	-
<b>31 March 2020 (unaudited)</b>	<b>209,027</b>	<b>5,340</b>	<b>(108,622)</b>	<b>9,953</b>	<b>(7,010)</b>	<b>19,952</b>	<b>1,231,048</b>	<b>1,359,688</b>	<b>6</b>	<b>1,359,694</b>

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

On behalf of the Management Board:

Umut B. Shayakhmetova  
Chairperson of the Board

14 May 2021  
Almaty, Kazakhstan

Pavel A. Cheussov  
Chief Accountant

14 May 2021  
Almaty, Kazakhstan

The notes on pages 10 to 19 form an integral part of this interim condensed consolidated financial information.

**Interim Condensed Consolidated Statement of Cash Flows  
for the Three Months ended 31 March 2021 (unaudited)  
(millions of Kazakhstani Tenge)**

	Three months ended 31 March 2021 (unaudited)	Three months ended 31 March 2020 (unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Interest received from financial assets at fair value through profit or loss	3,994	2,129
Interest received from cash equivalents and amounts due from credit institutions	3,882	5,730
Interest received on financial assets at fair value through other comprehensive income	10,662	9,576
Interest received on debt securities at amortized cost, net of allowance for expected credit losses	14,840	14,539
Interest received from loans to customers	134,884	100,447
Interest paid on due to customers	(65,150)	(52,822)
Interest paid on due to credit institutions	(1,645)	(3,791)
Interest paid on debt securities issued	(21,410)	(18,738)
Fee and commission received	34,185	31,721
Fee and commission paid	(15,970)	(16,854)
Underwriting income earned, net of reinsurance	30,578	20,117
Ceded insurance share paid	(12,432)	(15,459)
Receipts / (payments) from derivative operations	5,436	(10,048)
Other income received	7,797	13,479
Operating expenses paid	(27,664)	(27,397)
Insurance claims paid	(10,818)	(1,403)
Cash flows from operating activities before changes in net operating assets	91,169	51,226
Changes in operating assets and liabilities:		
Decrease/(increase) in operating assets:		
Obligatory reserves	675	(10,162)
Financial assets at fair value through profit or loss	(3,126)	(16,417)
Amounts due from credit institutions	(3,730)	(373)
Loans to customers	(35,608)	(68,366)
Assets held-for-sale	2,402	1,038
Insurance assets	(7,121)	(7,537)
Other assets	(8,378)	3,355
Increase/(decrease) in operating liabilities:		
Amounts due to customers	136,338	3,839
Amounts due to credit institutions	1,751	106,832
Financial liabilities at fair value through profit or loss	(495)	(11,152)
Insurance liabilities	27,576	11,550
Other liabilities	12,496	13,104
<b>Net cash inflow from operating activities before income tax</b>	<b>213,949</b>	<b>76,937</b>
Income tax paid	(5,920)	(12,533)
<b>Net cash inflow from operating activities</b>	<b>208,029</b>	<b>64,404</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase and prepayment for property and equipment and intangible assets	(4,245)	(5,504)
Proceeds on sale of property and equipment	20	54
Proceeds on sale of investment property	210	1,011
Proceeds on sale of commercial property	4,962	9,837
Proceeds on sale of financial assets at fair value through other comprehensive income	55,447	144,841
Purchase of financial assets at fair value through other comprehensive income	(334,515)	(31,875)
Purchase of debt securities at amortized cost, net of allowance for expected credit losses	(13,045)	(25,608)
Proceeds on sale and maturity of debt securities at amortized cost, net of allowance for expected credit losses	5,614	2,006
Capital expenditures on commercial property	(311)	-
<b>Net cash (outflow)/ inflow from investing activities</b>	<b>(285,863)</b>	<b>94,762</b>

**Interim Condensed Consolidated Statement of Cash Flows  
for the Three Months ended 31 March 2020 (unaudited) (continued)**  
*(millions of Kazakhstani Tenge)*

	Notes	Three months ended 31 March 2021 (unaudited)	Three months ended 31 March 2020 (unaudited)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Proceeds on sale of treasury shares		2,660	8,273
Purchase of treasury shares		(832)	(788)
Redemption and repayment of debt securities issued	15	(305,470)	-
Repayment of the lease liabilities		(520)	(486)
<b>Net cash (outflow)/inflow from financing activities</b>		<b>(304,162)</b>	<b>6,999</b>
Effect of changes in foreign exchange rate fluctuations on cash and cash equivalents		14,413	255,853
Net change in cash and cash equivalents		(367,583)	422,018
<b>CASH AND CASH EQUIVALENTS, beginning of the period</b>	<b>5</b>	<b>1,757,477</b>	<b>1,664,337</b>
<b>CASH AND CASH EQUIVALENTS, end of the period</b>	<b>5</b>	<b>1,389,894</b>	<b>2,086,355</b>

On behalf of the Management Board:

  
**Umut B. Shayakhmeteva**  
Chairperson of the Board

14 May 2021  
Almaty, Kazakhstan



  
**Pavel A. Cheussov**  
Chief Accountant

14 May 2021  
Almaty, Kazakhstan



The notes on pages 10 to 57 form an integral part of this interim condensed consolidated financial information.

**Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Three Months ended 31 March 2021 (unaudited)**  
*(millions of Kazakhstani Tenge)*

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## 1. Principal activities

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

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

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

The Group is ultimately controlled by Timur Kulibayev and his wife Dinara Kulibayeva.

As at 31 March 2021, the Bank operated through its head office in Almaty and its 24 regional branches, 120 sub-regional offices and 456 cash settlement units (31 December 2020 – 24, 120 and 467, respectively) located throughout Kazakhstan. The address of the Bank's registered office is 40 Al-Farabi Avenue, Almaty, A26M3K5, Republic of Kazakhstan.

As at 31 March 2021, the number of the Group's full-time equivalent employees was 16,300 (31 December 2020 – 16,991).

The interim condensed consolidated financial information of the Group for the three months ended 31 March 2021 was authorized for issue by the Management Board on 14 May 2021.

### Legal proceedings

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

## Operating environment

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

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

During the three months ended 31 March 2021, the average price of Brent crude oil was approximately 60.97 USD/bbl. (60.70 USD/bbl. during the three months ended 31 March 2020 year). Based on the results of the first quarter of 2021, Kazakhstan's GDP decreased by 1.6% in annual terms. After GDP contracted in January, the pace of economic contraction slowed down in February. In March, the dynamics of GDP moved into the growth zone. Manufacturing, construction, information and communications, agriculture and the public sector showed stable growth. The main negative contribution to the GDP dynamics was made by the mining, trade and transport industries. At the end of March 2021, inflation decreased to 7.0% compared to 7.4% in February and January 2021. The food components continues to be the main contributor to inflation, despite a slowdown in annual price growth rates from 11.6% in February to 10.7% in March 2021. Inflation in the non-food component accelerated from 5.2% in February 2021 to 5.6% in March 2021.

As at 31 March 2021, the base rate set by NBRK was 9.0% ± 1% (12.0% ± 1% as at 31 March 2020). Short-term notes of NBRK remain the key instrument to withdraw excess KZT liquidity from the system.

The coronavirus pandemic presents an unprecedented social and economic challenge, which is having a significant impact on people and businesses in Kazakhstan and around the world. The Group's financial strength and business model enables the Group to play a significant role, together with the Government, regulators and other authorities, in helping Kazakhstan manage through this crisis supporting the customers of the Group. The growth rate of the number of infected people remains significant, however, there is a stabilization of the detected new cases. As part of the population vaccination program, there is a gradual increase in the number of vaccinated citizens. As at 31 March 2021, less than 0.5% of the total number of citizens of the republic received the vaccine in full or in part, however, by the beginning of May 2021, the percentage of vaccinated citizens has reached more than 7%. It is expected that the rate of vaccination will accelerate in the second and third quarters of 2021, which should ensure the gradual lifting of quarantine measures in the Republic of Kazakhstan.

During the first quarter of 2021, the economic environment has undergone changes:

- stabilization and further growth of energy prices;
- growth of inflationary expectations in Kazakhstan and in the world;
- stabilization of the tenge exchange rate.

# JSC Halyk Bank

## Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Three Months ended 31 March 2021 (unaudited) (continued) (millions of Kazakhstani Tenge)



The changes in the economic environment, described above, may have significant impact on the Group's operations in future, by affecting its borrowers' ability to repay the amounts due to the Group. The following main activities are performed by the Group to support its clients:

- Offering of the loans under the state support programs;
- Change in loan conditions for customers due to quarantine restrictions and consequences of the COVID-19 pandemic;
- Expansion of offering through digital channels of products and services, which were previously provided exclusively at the Bank's branches;
- Extension of payment cards of individuals, which expire during the quarantine period.

The management of the Group is monitoring developments in the current environment and taking measures it considers necessary in order to support the sustainability and development of the Group's business in the foreseeable future.

### Ownership

As at 31 March 2021 and 31 December 2020, the Group's shares were represented by common shares only.

As at 31 March 2021 and 31 December 2020, the Group was owned by the following shareholders, which own individually more than 5% of the issued shares of the Group:

#### 31 March 2021 (unaudited)

	Total shares (Common shares)	Stake in total shares in circulation
JSC HG Almex	7,583,538,228	64.8%
Unified Accumulative Pension Fund Joint Stock Company	718,054,740	6.1%
GDR holders	3,109,675,360	26.6%
Other	287,402,932	2.5%
<b>Total shares in circulation (on consolidated basis)</b>	<b>11,698,671,260</b>	<b>100%</b>

#### 31 December 2020

	Total shares (Common shares)	Stake in total shares in circulation
JSC HG Almex	7,583,538,228	64.9%
Unified Accumulative Pension Fund Joint Stock Company	718,054,740	6.1%
GDR holders	2,969,178,640	25.4%
Other	413,569,107	3.6%
<b>Total shares in circulation (on consolidated basis)</b>	<b>11,684,340,715</b>	<b>100%</b>

## 2. Basis of presentation

### Accounting basis

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

The interim condensed consolidated financial information is unaudited and does not include all the information and disclosures required in the annual financial statements. The Group omitted disclosures, which would substantially duplicate the information contained in its audited annual consolidated financial statements for the year ended 31 December 2020 prepared in accordance with International Financial Reporting Standards (“IFRS”), such as accounting policies and details of accounts, which have not changed significantly in amount or composition. Additionally, the Group has provided disclosures, where significant events have occurred subsequent to the issuance of the Group’s annual consolidated financial statements for the year ended 31 December 2020 prepared in accordance with IFRS. Management believes that the disclosures in this interim condensed consolidated financial information are adequate to make the information presented not misleading if this interim condensed consolidated financial information is read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2020 prepared in accordance with IFRS. In management’s opinion, this interim condensed consolidated financial information reflects all adjustments necessary to present fairly the Group’s financial position, results of the operations, changes in shareholders’ equity and cash flows for the interim reporting periods.

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

## JSC Halyk Bank

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Three Months ended 31 March 2021 (unaudited) (continued)  
(millions of Kazakhstani Tenge)



### Consolidated subsidiaries

This interim condensed consolidated financial information includes the following subsidiaries:

Subsidiaries	Holding %		Country	Industry
	31 March 2021 (unaudited)	31 December 2020		
JSC Halyk-Leasing	100	100	Kazakhstan	Leasing
JSC Kazteleport	100	100	Kazakhstan	Telecommunications
OJSC Halyk Bank Kyrgyzstan	100	100	Kyrgyzstan	Banking
JSC Halyk Finance	100	100	Kazakhstan	Broker and dealer activities
LLC Halyk Collection	100	100	Kazakhstan	Cash collection services
JSC Halyk-Life	100	100	Kazakhstan	Life insurance
JSC Insurance Company Halyk	99.99	99.99	Kazakhstan	Insurance
JSC Halyk Bank Georgia	100	100	Georgia	Banking
LLC Halyk Project	100	100	Kazakhstan	Management of doubtful and loss assets
JSC Commercial Bank Moskommertsbank	100	100	Russia	Banking
CJSC Halyk Bank Tajikistan	100	100	Tajikistan	Banking
JSC Halyk Global Markets	100	100	Kazakhstan	Broker and dealer activities
LLP KUSA Halyk	100	100	Kazakhstan	Management of doubtful and loss assets
LLP Halyk Activ	100	100	Kazakhstan	Management of doubtful and loss assets
LLP Halyk Activ 1	100	100	Kazakhstan	Management of doubtful and loss assets
LLP Halyk Finservice	100	100	Kazakhstan	Payment card processing and other related services
JSCB Tenge Bank	100	100	Uzbekistan	Banking

No significant changes in the Group structure occurred during the three months ended 31 March 2021 in comparison with the structure as at 31 December 2020.

### 3. Significant accounting policies

In preparing this interim condensed consolidated financial information, the Group has applied the same accounting policies and methods of computation as those applied in the annual consolidated financial statements of the Group for the year ended 31 December 2020.

The following amended standards and interpretations became effective for the Group from 1 January 2021, but did not have any significant impact on the Group's interim condensed consolidated financial information for the three months ended 31 March 2021:

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

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



#### 4. Significant accounting estimates

In preparing this interim condensed consolidated financial information, the significant judgments made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were consistent with those that applied to the Group's annual consolidated financial statements for the year ended 31 December 2020 prepared in accordance with IFRS. There have been no changes to the basis upon which the significant accounting estimates have been determined compared with 31 December 2020. Due to the absence of significant changes in macroeconomic situation in the Republic of Kazakhstan and abroad in the first quarter of 2021, the Group did not apply any new significant assumptions in calculations and retained all the models and approaches used before. To the extent that certain anticipated effects of COVID-19 cannot be fully incorporated into quantitative models, management continues to exercise expert credit judgment in determining the amount of allowances for expected credit losses by considering reasonable and supportable information. There remains considerable uncertainty regarding the impact of the COVID-19 pandemic, and as the situation unfolds, based on periodic reviews and quarterly updates carried out by management of the Group, the allowances for expected credit losses may be revised in future to reflect updates in statistically derived loss estimates based on the Group's recent loss experience and its forward-looking views, including the impact of COVID-19.

#### 5. Cash and cash equivalents

Cash and cash equivalents comprise:

	31 March 2021 (unaudited)	31 December 2020
Cash on hand	222,244	214,693
Correspondent accounts with Organization for Economic Co-operation and Development countries (the "OECD") based banks	179,448	150,183
Short-term deposits with OECD based banks	-	4,068
Overnight deposits with OECD based banks	90,187	-
Correspondent accounts with NBRK	-	26,899
Short-term deposits with NBRK	679,894	1,108,212
Short-term deposits with Kazakhstan banks (incl. loans under reverse repurchase agreements)	126,199	194,467
Correspondent accounts with non-OECD based banks	29,634	7,420
Short-term deposits with non-OECD based banks	58,494	48,802
Overnight deposits with non-OECD based banks	3,794	2,733
<b>Total cash and cash equivalents</b>	<b>1,389,894</b>	<b>1,757,477</b>

As at 31 March 2021 and 31 December 2020, cash and cash equivalents allowance for expected credit losses comprised KZT 40 million and KZT 46 million, respectively.

## JSC Halyk Bank

### Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Three Months ended 31 March 2021 (unaudited) (continued) (millions of Kazakhstani Tenge)



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

	31 March 2021 (unaudited)	31 March 2020 (unaudited)
	Stage 1	Stage 1
At the beginning of the period	(46)	(20)
Changes in risk parameters	1	(4)
Foreign exchange differences and other movements	5	(2)
<b>At the end of the period</b>	<b>(40)</b>	<b>(26)</b>

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

	31 March 2021 (unaudited)		31 December 2020	
	KZT	Foreign currencies	KZT	Foreign currencies
Short-term deposits with OECD based banks	-	-	-	1.0%
Overnight deposits with OECD based banks	-	0.01%-0.3%	-	-
Short-term deposits with NBRK	-	0.3%	8.0%	0.3%
Short-term deposits with Kazakhstan banks	8.6%-9.9%	-	8.0%-12.5%	0.3%-4.8%
Short-term deposits with non-OECD based banks	-	1.0%-16.0%	-	0.1%-6.5%
Overnight deposits with non-OECD based banks	-	3.3%-8.5%	-	2.8%-8.0%

The fair value of assets pledged and carrying amounts of loans under reverse repurchase agreements included into short-term deposits with Kazakhstan banks as at 31 March 2021 and 31 December 2020 are as follows:

	31 March 2021 (unaudited)		31 December 2020	
	Carrying amount of loans	Fair value of collateral	Carrying amount of loans	Fair value of collateral
Treasury bills of the Ministry of Finance of Kazakhstan	55,944	56,462	122,697	122,708
Notes of NBRK	30,269	30,433	38,821	38,863
Bonds of Kazakhstan corporations	23,156	23,157	17,423	18,280
Eurobonds of the Russian Federation	12,230	13,427	13,129	13,821
Bonds of international financial organizations	2,836	2,836	2,100	2,100
Treasury bills of the Ministry of the Finance of Russian Federation	976	1,022	98	102
Treasury bills of the Kyrgyz Republic	728	738	-	-
Equity securities	60	60	199	199
	<b>126,199</b>	<b>128,135</b>	<b>194,467</b>	<b>196,073</b>

As at 31 March 2021 and 31 December 2020, maturities of loans under reverse repurchase agreements are less than one month.

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

Financial assets at fair value through profit or loss comprise:

	31 March 2021 (unaudited)	31 December 2020
<b>Financial assets held for trading:</b>		
Corporate bonds	132,443	115,748
Treasury bills of the Ministry of Finance of Kazakhstan	44,508	52,306
Bonds of JSC Development Bank of Kazakhstan	25,368	25,679
Equity securities of foreign organizations	12,379	6,487
Equity securities of Kazakhstan corporations	11,066	11,307
Bonds of Kazakhstan banks	9,387	8,682
Derivative financial instruments	8,499	3,672
Bonds of foreign organizations	8,012	10,687
Treasury bills of the Republic of Turkey	711	-
Treasury bills of the USA	-	7,758
<b>Total financial assets and liabilities at fair value through profit or loss</b>	<b>252,373</b>	<b>242,326</b>

Financial liabilities at fair value through profit or loss comprise:

	31 March 2021 (unaudited)	31 December 2020
<b>Financial liabilities held for trading:</b>		
Derivative financial instruments	1,993	2,484

Interest rates on financial assets at fair value through profit or loss are presented in the table below. Interest rates in the table below are calculated as weighted average of the effective interest rates for the respective financial assets:

	31 March 2021 (unaudited)	31 December 2020
Corporate bonds	10.5%	10.5%
Treasury bills of the Ministry of Finance of Kazakhstan	7.2%	9.0%
Bonds of JSC Development Bank of Kazakhstan	10.7%	10.5%
Bonds of Kazakhstan banks	11.0%	11.5%
Bonds of foreign organizations	6.6%	6.1%
Treasury bills of the Republic of Turkey	5.7%	-
Treasury bills of the USA	-	0.3%

Derivative financial instruments comprise:

	31 March 2021 (unaudited)			31 December 2020		
	Notional amount	Fair value		Notional amount	Fair value	
		Asset	Liability		Asset	Liability
<b>Foreign currency contracts</b>						
Swaps	348,994	8,464	1,970	242,701	3,656	2,381
Spots	34,157	35	23	40,172	16	102
Forwards	-	-	-	290	-	1
		<b>8,499</b>	<b>1,993</b>		<b>3,672</b>	<b>2,484</b>

As at 31 March 2021 and 31 December 2020, the Group used quoted market prices from independent information sources for all of its financial assets at fair value through profit or loss, except for derivative financial instruments, which are valued using valuation models based on observable market data.

## 7. Amounts due from credit institutions

Amounts due from credit institutions comprise:

	31 March 2021 (unaudited)	31 December 2020
Term deposits and restricted accounts	687,660	660,776
Deposit pledged as collateral	25,004	26,596
Loans to credit institutions	21,821	22,199
	<b>734,485</b>	<b>709,571</b>
Less - Allowance for expected credit losses	(170)	(261)
	<b>734,315</b>	<b>709,310</b>

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

	31 March 2021 (unaudited)		31 December 2020	
	Interest rate, %	Maturity, year	Interest rate, %	Maturity, year
Term deposits and restricted accounts	0.3%-20.0%	2021	0.1%-14.0%	2021
Deposit pledged as collateral	0.1%-2.5%	2046	0.2%-1.8%	2046
Loans to credit institutions	1.2%-3.5%	2021	2.0%-8.5%	2021

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

	31 March 2021 (unaudited)	31 March 2020 (unaudited)
	Stage 1	Stage 1
At the beginning of the period	(261)	(167)
Changes in risk parameters	94	60
Foreign exchange differences and other movements	(3)	(17)
<b>At the end of the period</b>	<b>(170)</b>	<b>(124)</b>

## JSC Halyk Bank

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Three Months ended 31 March 2021 (unaudited) (continued)  
(millions of Kazakhstani Tenge)



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

Debt securities comprise:

	31 March 2021 (unaudited)	31 December 2020
Treasury bills of the Ministry of Finance of Kazakhstan	783,507	708,749
Notes of NBRK	210,805	59,709
Corporate bonds	168,639	141,732
Bonds of foreign organisations	137,292	147,241
Bonds of JSC Development Bank of Kazakhstan	120,336	106,839
Eurobonds of the Emirate of Abu Dhabi	43,738	21,162
Eurobonds of Saudi Arabia	23,173	23,055
Treasury bills of Hungary	14,737	14,739
Eurobonds of State of Qatar	11,607	7,060
Eurobonds of the Republic of Indonesia	11,359	7,193
Eurobonds of State of Kuwait	9,223	9,261
Bonds of Kazakhstan banks	3,518	3,442
	<b>1,537,934</b>	<b>1,250,182</b>

Equity securities comprise:

	31 March 2021 (unaudited)	31 December 2020
Equity securities of Kazakhstan corporations	6,061	5,976
	<b>6,061</b>	<b>5,976</b>
<b>Total financial assets at fair value through other comprehensive income</b>	<b>1,543,995</b>	<b>1,256,158</b>

As at 31 March 2021 and 31 December 2020, the allowance for expected credit losses on financial assets at fair value through other comprehensive income comprised KZT 1,846 million and KZT 1,700 million, respectively (Note 9).

As at 31 March 2021 and 31 December 2020, financial assets at fair value through other comprehensive income included Treasury bills of the Ministry of Finance of Kazakhstan at fair value of KZT 49,080 million and KZT 222,362 million, respectively, which were pledged under repurchase agreements with other banks (see Note 14). All repurchase agreements as at 31 March 2021 and 31 December 2020 mature before 19 April 2021 and 22 January 2021, respectively.

## JSC Halyk Bank

### Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Three Months ended 31 March 2021 (unaudited) (continued) (millions of Kazakhstani Tenge)



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

	31 March 2021 (unaudited)		31 December 2020	
	Interest rate, %	Maturity, year	Interest rate, %	Maturity, year
Treasury bills of the Ministry of Finance of Kazakhstan	5.1%	2021-2045	4.6%	2021-2045
Notes of NBRK	9.0%	2021	9.5%	2021
Corporate bonds	11.0%	2021-2047	10.9%	2021-2047
Bonds of foreign organisations	3.7%	2021-2025	4.4%	2021-2025
Bonds of JSC Development Bank of Kazakhstan	6.4%	2022-2032	6.1%	2022-2032
Eurobonds of the Emirate of Abu Dhabi	0.8%	2023-2025	0.9%	2023-2025
Eurobonds of Saudi Arabia	1.1%	2021-2025	1.2%	2021-2025
Treasury bills of Hungary	2.4%	2023	2.9%	2023
Eurobonds of State of Qatar	0.6%	2023	0.8%	2023
Eurobonds of the Republic of Indonesia	1.1%	2025	1.3%	2025
Eurobonds of State of Kuwait	0.4%	2022	0.4%	2022
Bonds of Kazakhstan banks	12.9%	2022-2023	11.9%	2022-2023

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

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

	31 March 2021 (unaudited)	31 December 2020
Treasury bills of the Ministry of Finance of Kazakhstan	1,056,190	1,044,920
Corporate bonds	172,227	171,946
Bonds of foreign organizations	12,475	1,927
Treasury bills of the Kyrgyz Republic	3,924	4,296
Notes of National Bank of Georgia	2,101	2,229
Notes of National Bank of Tajikistan	-	3,712
Notes of National Bank of Kyrgyz Republic	-	509
<b>Total debt securities at amortized cost, net of allowances for expected credit losses</b>	<b>1,246,917</b>	<b>1,229,539</b>

As at 31 March 2021 and 31 December 2020, the allowance for expected credit losses on debt securities at amortized cost comprised KZT 577 million and KZT 574 million, respectively.

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

	31 March 2021 (unaudited)		31 December 2020	
	Interest rate, %	Maturity, year	Interest rate, %	Maturity, year
Treasury bills of the Ministry of Finance of Kazakhstan	9.3%	2022-2027	9.3%	2022-2027
Corporate bonds	3.3%	2022-2024	3.3%	2022-2024
Bonds of foreign organizations	5.6%	2021-2025	7.8%	2021-2025
Treasury bills of the Kyrgyz Republic	6.0%	2021-2024	6.3%	2021-2024
Notes of National Bank of Georgia	8.3%	2024-2028	8.7%	2024-2028
Notes of National Bank of Tajikistan	-	-	10.1%	2021
Notes of National Bank of Kyrgyz Republic	-	-	4.8%	2021

The movements in accumulated allowances for expected credit losses of debt securities at amortised cost, net of allowances for expected credit losses and financial assets at fair value through other comprehensive income were as follows:

	31 March 2021 (unaudited)			31 March 2020 (unaudited)		
	Stage 1	Stage 3	Total	Stage 1	Stage 3	Total
<b>At the beginning of the period</b>	<b>(1,262)</b>	<b>(1,022)</b>	<b>(2,284)</b>	<b>(1,185)</b>	<b>(1,035)</b>	<b>(2,220)</b>
Changes in risk parameters*	85	(60)	25	79	(58)	21
New originations or purchases of financial assets*	(165)	-	(165)	(68)	-	(68)
Derecognition of financial assets*	-	-	-	5	-	5
Foreign exchange differences and other movements	2	(1)	1	(19)	-	(19)
<b>At the end of the period</b>	<b>(1,340)</b>	<b>(1,083)</b>	<b>(2,423)</b>	<b>(1,188)</b>	<b>(1,093)</b>	<b>(2,281)</b>

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

## 10. Loans to customers

Loans to customers comprise:

	31 March 2021 (unaudited)	31 December 2020
Originated loans to customers	4,851,215	4,811,892
Overdrafts	13,566	12,424
	<b>4,864,781</b>	<b>4,824,316</b>
Stage 1	4,041,081	4,015,322
Stage 2	228,641	216,589
Stage 3	538,312	533,519
Purchased or originated credit-impaired assets ("POCI")	56,747	58,886
<b>Total</b>	<b>4,864,781</b>	<b>4,824,316</b>
Less – Allowance for expected credit losses	(384,330)	(378,041)
<b>Loans to customers</b>	<b>4,480,451</b>	<b>4,446,275</b>

The weighted average interest rate on loans to customers is calculated as interest income on loans to customers divided by monthly average balances of loans to customers. For the three months ended 31 March 2021, average interest rate on loans was 12.3% (for the three months ended 31 March 2020 – 12.6%).

As at 31 March 2021, the Group's loan concentration to the ten largest borrowers was KZT 878,160 million, which comprised 18% of the Group's total gross loan portfolio (as at 31 December 2020 – KZT 840,995 million, 17%) and 55% of the Group's total equity (as at 31 December 2020 – 56%).

As at 31 March 2021, the allowance for expected credit losses created against these loans was KZT 4,133 million (as at 31 December 2020 – KZT 4,732 million).

As at 31 March 2021 and 31 December 2020, loans are granted to the following sectors:

	31 March 2021 (unaudited)	%	31 December 2020	%
Retail loans:				
- consumer loans	1,132,088	23%	1,055,522	22%
- mortgage loans	244,233	5%	270,513	6%
	<b>1,376,321</b>		<b>1,326,035</b>	
Services	705,838	15%	683,652	14%
Wholesale trade	373,510	8%	374,274	8%
Retail trade	300,062	6%	310,049	6%
Real estate	290,200	6%	293,966	6%
Oil and gas	252,156	5%	213,306	5%
Construction	203,374	4%	215,618	4%
Energy	194,766	4%	201,268	4%
Transportation	187,367	4%	206,024	4%
Mining	159,038	3%	165,090	3%
Agriculture	127,838	3%	127,205	3%
Metallurgy	126,355	3%	171,642	4%
Communication	124,159	3%	115,473	2%
Financial services	122,533	3%	100,339	2%
Food industry	106,556	2%	97,510	2%
Machinery	53,451	1%	60,058	1%
Hotel industry	46,429	1%	47,710	1%
Chemical industry	33,755	1%	34,011	1%
Light industry	31,224	1%	28,277	1%
Other	49,849	1%	52,809	1%
	<b>4,864,781</b>	<b>100%</b>	<b>4,824,316</b>	<b>100%</b>

## Restructured and modified loans to customers

The Bank derecognises a financial asset, such as a loan to a customer, if the terms of the contract are renegotiated in such a way that it effectively becomes a new loan and the difference is recognized as a gain or loss on derecognition before an impairment loss is recognized. On initial recognition, loans to customers are classified in Stage 1 for the purpose of estimating expected credit losses, unless the loan originated is considered POCI. If the modification does not result in a significant change in cash flows, then derecognition does not occur.

As at 31 March 2021, accrued interest on loans comprised KZT 176,436 million (31 December 2020 – KZT 179,879 million).

During the three months ended 31 March 2021 and 2020, the Group received financial and non-financial assets by taking possession of collateral it held as security. As at 31 March 2021 and 31 December 2020, such assets of KZT 1,252 million and KZT 12,112 million, respectively, are included in assets classified as held for sale.

As at 31 March 2021 and 31 December 2020, loans to customers included loans of KZT 333,779 million and KZT 369,731 million, respectively, which terms were renegotiated. These loans do not include renegotiated loans as part of COVID-19 related restructuring programs. Otherwise, these loans would be past due or impaired.



Selected Explanatory Notes to the Interim Condensed  
Consolidated Financial Information for the Three Months  
ended 31 March 2021 (unaudited) (continued)  
(millions of Kazakhstani Tenge)

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

	31 March 2021 (unaudited)				
	Stage 1	Stage 2	Stage 3	POCI	Total
<b>At the beginning of the period</b>	<b>(55,840)</b>	<b>(40,646)</b>	<b>(263,481)</b>	<b>(18,074)</b>	<b>(378,041)</b>
Transfer to Stage 1	(1,923)	492	1,431	-	-
Transfer to Stage 2	378	(1,039)	661	-	-
Transfer to Stage 3	1,545	478	(2,023)	-	-
Changes in risk parameters*	18,796	(5,266)	(12,033)	733	2,230
New originations or purchases of financial assets*	(24,465)	-	-	-	(24,465)
Derecognition of financial assets**	3,722	755	12,283	392	17,152
Recoveries of allowances on previously written-off assets	(103)	-	(1,198)	(337)	(1,638)
Write-offs	-	-	5,075	-	5,075
Foreign exchange differences and other movements	(167)	(121)	(3,904)	(451)	(4,643)
<b>At the end of the period</b>	<b>(58,057)</b>	<b>(45,347)</b>	<b>(263,189)</b>	<b>(17,737)</b>	<b>(384,330)</b>

**Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Three Months ended 31 March 2021 (unaudited) (continued)**  
*(millions of Kazakhstani Tenge)*

	31 March 2020 (unaudited)				
	Stage 1	Stage 2	Stage 3	POCI	Total
<b>At the beginning of the period</b>	<b>(36,305)</b>	<b>(45,797)</b>	<b>(302,834)</b>	<b>(23,782)</b>	<b>(408,718)</b>
Transfer to Stage 1	(994)	339	655	-	-
Transfer to Stage 2	577	(5,545)	4,968	-	-
Transfer to Stage 3	15,742	629	(16,371)	-	-
Changes in risk parameters*	(7,942)	(718)	(30)	(2,538)	(11,228)
New originations or purchases of financial assets*	(18,390)	-	-	-	(18,390)
Derecognition of financial assets*/**	3,357	369	7,700	84	11,510
Recoveries of allowances on previously written-off assets	-	-	(7,660)	(6,848)	(14,508)
Write-offs	-	-	6,094	781	6,875
Foreign exchange differences and other movements	(2,765)	(646)	(770)	(15,526)	(19,707)
<b>At the end of the period</b>	<b>(46,720)</b>	<b>(51,369)</b>	<b>(308,248)</b>	<b>(47,829)</b>	<b>(454,166)</b>

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

\*/\*\* Derecognition of financial assets includes changes in the amount of allowances for expected credit losses on fully repaid loans to customers.

For the three months ended 31 March 2020, additional credit loss expense in amount of KZT 11.7 billion was accrued due to uncertainty over macro scenarios.

For the three months ended 31 March 2021, the credit loss expense accrual resulted from worsening of financial position of the borrowers, was compensated by the repayments of impaired corporate borrowers in agriculture and mining industries, included in the amount of credit loss recovery in Stage 3 loans due to derecognition in the table above.

The table below summarizes the amount of allowances for expected credit losses of loans to customers by type of businesses:

	31 March 2021 (unaudited)	31 December 2020
Corporate business	(210,485)	(231,899)
Retail business	(115,591)	(98,158)
SME business	(58,254)	(47,984)
	<b>(384,330)</b>	<b>(378,041)</b>

During the three months ended 31 March 2021 and 2020, the Group has written off loans of KZT 5,075 million and KZT 6,875 million, respectively, which allow the writing off loans without being considered forgiveness of the loan for tax purpose and are therefore not subject to corporate income tax.

### COVID-19 Government - support measures

In March 2020, the Program was developed by NBRK and the Agency of the Republic of Kazakhstan for Regulation and Development of the Financial Market in conjunction with the second-tier banks.

For the implementation of this Program, KZT 600 billion was allocated through the placement of contingent deposits in the second-tier banks. JSC Kazakhstan Sustainability Fund under NBRK was identified as the operator of the Program and 12 participating banks were selected, which undergo an independent assets quality review (the "AQR") and have small and medium - sized enterprises ("SME") loans in their portfolio.

The business support mechanism is implemented by providing second-tier banks with concessional loans for working capital replenishment to SME and individual entrepreneurs, who suffered as a result of the emergency regime, for up to 12 months at a rate of no more than 8% per annum.

KZT 180 billion (30% of KZT 600 billion) was allocated to the Bank. The Bank signed the agreement on the implementation of the Program on 27 March 2020. In December 2020, the terms of the Program were revised, including the amount of the Program which was increased to KZT 770 billion.

As at 31 March 2021, under the Program the Bank has financed 394 clients for the amount of KZT 201.4 billion (31 December 2020 – 379 clients for the amount of KZT 143.9 billion).

It should also be noted that the Bank is one of the market participants in implementing the programs of preferential financing for business entities of such development institutions as JSC Entrepreneurship Development Fund DAMU, JSC Development Bank of Kazakhstan, JSC Agrarian Credit Corporation, JSC KazakhExport. As at 31 March 2021, the proportion of the unimpaired SME portfolio that is covered by the state financing programs accounts for 70% of the unimpaired SME loan portfolio or KZT 451.5 billion (31 December 2020 – 68% or KZT 431.2 billion).

### Allowance for expected credit losses and provisions

For the three months ended 31 March 2021, credit loss expense on loans to customers comprised KZT 5,083 million (31 March 2020 – KZT 18,108 million). Allowances for expected credit losses reflect the net impact of economic scenarios, actions taken on problem assets of corporate and retail business to ensure the repayment of overdue debts, sale of unsecured loans to collection companies, as well as the effect of government programs to support the SME sector.

Management has concluded that in accordance with the requirements of IFRS 9, it is necessary to take into account the potential impact of the macroeconomic situation on a possible change in the quality of the loan portfolio in the future. This revised overlay will be monitored and refined as more observable data on economic and customer outcomes becomes available. Although market dynamics are challenging a number of sectors and corporate customers, the corporate portfolio's diverse client base and limits are being proactively managed and have exposure to the most vulnerable sectors affected by the coronavirus outbreak was closely monitored. The impact of the COVID-19 scenario and weighting adjustments has resulted in an increase in credit loss expense from the previous scenario, primarily driven by the higher probability of default in retail unsecured loans. These drivers are partially offset by the impact of NBRK, the Government and other support measures, which are assumed to mitigate a material portion of future losses reflecting both the likely take-up and success of these schemes.

## 11. Insurance contract assets and liabilities

Insurance contract assets comprised the following:

	31 March 2021 (unaudited)	31 December 2020
Reinsurers' share of unearned premium reserve	24,795	12,364
Reinsurers' share of reserves for claims	14,261	16,898
	39,056	29,262
Premiums receivable	17,757	10,667
<b>Total insurance contract assets</b>	<b>56,813</b>	<b>39,929</b>

Insurance contract liabilities comprised the following:

	31 March 2021 (unaudited)	31 December 2020
Reserves for insurance claims	155,575	148,085
Gross unearned insurance premium reserve	52,311	32,819
	207,886	180,904
Payables to reinsurers and agents	21,218	10,342
<b>Total insurance contract liabilities</b>	<b>229,104</b>	<b>191,246</b>

## JSC Halyk Bank

**Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Three Months ended 31 March 2021 (unaudited) (continued)**  
(millions of Kazakhstani Tenge)



### 12. Other assets

Other assets comprise:

	31 March 2021 (unaudited)	31 December 2020
<b>Other financial assets:</b>		
Debtors on banking activities	90,328	84,296
Finance lease receivables	19,715	19,013
Debtors on non-banking activities	15,741	16,849
Accrued commission income	5,610	6,078
Other	90	48
	<b>131,484</b>	<b>126,284</b>
Less – Allowance for expected credit losses	(30,959)	(30,636)
	<b>100,525</b>	<b>95,648</b>
<b>Other non-financial assets:</b>		
Investments in associates	28,956	32,797
Advances for taxes other than income tax	8,259	6,123
Prepayments for property and equipment	6,676	6,259
Prepayments for investment property	4,316	7,126
Inventory	3,664	4,089
Goodwill	3,085	3,085
Other investments	1,014	838
Precious metals	344	21,551
Other	3,609	2,794
	<b>59,923</b>	<b>84,662</b>
<b>Total other assets</b>	<b>160,448</b>	<b>180,310</b>

In the first quarter of 2021, the Group received dividends in the amount of KZT 5,200 million from its associate, JSC Altyn Bank (31 December 2020 – KZT nil).

The movements in accumulated allowances for expected credit losses of other financial assets were as follows:

	31 March 2021 (unaudited)			
	Stage 1	Stage 2	Stage 3	Total
<b>At the beginning of the period</b>	<b>(935)</b>	<b>(3,161)</b>	<b>(26,540)</b>	<b>(30,636)</b>
Transfer to Stage 1	(855)	855	-	-
Transfer to Stage 3	-	2,501	(2,501)	-
Changes in risk parameters*	(8)	18	(1,129)	(1,119)
Recoveries of allowances on previously written-off assets	-	-	(718)	(718)
Write-offs	-	-	1,239	1,239
Foreign exchange differences and other movements	(23)	(8)	306	275
<b>At the end of the period</b>	<b>(1,821)</b>	<b>205</b>	<b>(29,343)</b>	<b>(30,959)</b>

	31 March 2020 (unaudited)			
	Stage 1	Stage 2	Stage 3	Total
<b>At the beginning of the period</b>	<b>(809)</b>	<b>(2,502)</b>	<b>(20,565)</b>	<b>(23,876)</b>
Changes in risk parameters*	(9)	(133)	(1,854)	(1,996)
Recoveries of allowances on previously written-off assets	-	-	(123)	(123)
Write-offs	-	-	1	1
Foreign exchange differences and other movements	(24)	(204)	71	(157)
<b>At the end of the period</b>	<b>(842)</b>	<b>(2,839)</b>	<b>(22,470)</b>	<b>(26,151)</b>

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

### 13. Amounts due to customers

Amounts due to customers include the following:

	31 March 2021 (unaudited)	31 December 2020
<b>Recorded at amortised cost:</b>		
<b>Term deposits:</b>		
Individuals	3,201,065	3,073,187
Legal entities	1,893,769	1,825,513
	<b>5,094,834</b>	<b>4,898,700</b>
<b>Current accounts:</b>		
Legal entities	1,905,884	1,932,096
Individuals	607,774	625,181
	<b>2,513,658</b>	<b>2,557,277</b>
	<b>7,608,492</b>	<b>7,455,977</b>

As at 31 March 2021, the Group's ten largest groups of related customers accounted for approximately 24% of the total amounts due to customers (31 December 2020 – 23%), where each group of related customers represents customers related to each other within that group.

As at 31 March 2021, amounts due to customers included amounts held as collateral of KZT 72,557 million (31 December 2020 – KZT 83,610 million).

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

An analysis of customer accounts by sector is as follows:

	31 March 2021 (unaudited)	%	31 December 2020	%
Individuals and entrepreneurs	3,808,839	50%	3,698,368	50%
Financial sector	771,732	10%	660,328	9%
Other consumer services	569,454	8%	569,342	8%
Oil and gas	432,227	6%	407,114	5%
Wholesale trade	335,548	4%	398,752	5%
Construction	265,107	4%	259,903	3%
Healthcare and social services	260,853	3%	227,031	3%
Transportation	258,761	3%	294,612	4%
Government	126,382	2%	216,925	3%
Metallurgy	122,402	1%	71,531	1%
Insurance and pension funds activity	86,483	1%	75,631	1%
Education	81,951	1%	66,096	1%
Communication	75,156	1%	87,411	1%
Energy	56,565	1%	55,187	1%
Other	357,032	5%	367,746	5%
	<b>7,608,492</b>	<b>100%</b>	<b>7,455,977</b>	<b>100%</b>

As at 31 March 2021, term deposits of legal entities included short-term deposits from JSC Kazakhstan Sustainability Fund of KZT 129,406 million (31 December 2020 – KZT 119,450 million) at 5% interest rate. These deposits were placed under the program of concessional lending to small and medium-sized enterprises. According to this program, the Bank is responsible to extend loans for working capital replenishment to SME and individual entrepreneurs, who suffered as a result of the emergency regime, for up to 12 months at a rate of no more than 8% per annum (Note 10).

#### 14. Amounts due to credit institutions

Amounts due to credit institutions comprise:

	31 March 2021 (unaudited)	31 December 2020
<b>Recorded at amortised cost:</b>		
Loans from JSC Entrepreneurship Development Fund DAMU	88,310	89,005
Correspondent accounts	71,632	20,405
Loans and deposits from Kazakhstan banks (incl. loans under repurchase agreements)	52,651	124,927
Loans from JSC Development Bank of Kazakhstan	47,267	47,251
Loans from other financial institutions	32,539	2,075
Loans and deposits from non-OECD based banks	10,763	9,532
Loans from JSC National Managing Holding KazAgro	131	131
Loans and deposits from OECD based banks	-	7,401
	<b>303,293</b>	<b>300,727</b>

**Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Three Months ended 31 March 2021 (unaudited) (continued)**  
(millions of Kazakhstani Tenge)



As at 31 March 2021, loans from JSC Entrepreneurship Development Fund DAMU (“DAMU”) included long-term loans of KZT 87,095 million at a 1.0% - 4.5% interest rate maturing in 2021 - 2035 with an early recall option (31 December 2020 – KZT 88,478 million). These loans were received in accordance with the Government program (“the Program”) to finance small and medium enterprises (“SME”) operating in certain industries. According to the loan agreements between DAMU and the Group, the Group is responsible to extend loans to SME borrowers, eligible to participate in the Program, up to 10 years at a 6.0% interest rate.

As at 31 March 2021, loans from JSC Development Bank of Kazakhstan (“DBK”) included long-term loans of KZT 30,921 million (31 December 2020 – KZT 30,921 million) at a 2.0% interest rate maturing in 2029 - 2037, to finance corporate enterprises operating in manufacturing industries, as well as a long-term loan of KZT 16,175 million (31 December 2020 – KZT 16,175 million) at a 1.0% interest rate maturing in 2035, to finance the purchase of cars by the Group’s retail customers. According to the loan agreement between DBK and the Group, the Group is responsible to extend loans to corporate borrowers, eligible to participate in the Program, up to 10 years at a 6.0% interest rate, and to retail borrowers – up to 5 years at a 4.0% interest rate.

The management of the Group believes that there are no other similar financial instruments and due to their specific nature, the loans from DAMU, KazAgro and DBK represent separate segments in corporate, SME and retail lending. As a result, the loans from DAMU, KazAgro and DBK were received in an orderly transaction and as such have been recorded at fair value at the recognition date, which was determined to be the cash consideration transferred to the customers.

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

	31 March 2021 (unaudited)		31 December 2020	
	Interest rate, %	Maturity, year	Interest rate, %	Maturity, Year
Loans from JSC Entrepreneurship Development Fund DAMU	1.0%-4.5%	2021-2035	1.0%-4.5%	2021-2035
Loans and deposits from Kazakhstan banks (incl. loans under repurchase agreements)	2.5%-9.5%	2021	8.0%-10.4%	2021
Loans from JSC Development Bank of Kazakhstan	1.0%-2.0%	2029-2037	1.0%-2.0%	2029-2037
Loans from other financial institutions	1.5%-10.0%	2023-2026	4.0%-10.0%	2023-2026
Loans and deposits from non-OECD based banks	1.0%-15.0%	2021-2025	1.0%-16.0%	2021-2025
Loans from JSC National Managing Holding KazAgro	3.0%	2022	3.0%	2022
Loans and deposits from OECD based banks	-	-	7.0%	2021

The fair value of assets pledged (Note 8) and the carrying value of loans included in loans and deposits from Kazakhstan banks under repurchase agreements as at 31 March 2021 and 31 December 2020, are as follows:

	31 March 2021 (unaudited)		31 December 2020	
	Fair value of collateral	Carrying amount of loans	Fair value of collateral	Carrying amount of loans
Treasury bills of the Ministry of Finance of Kazakhstan	49,080	51,885	119,654	121,740
	<b>49,080</b>	<b>51,885</b>	<b>119,654</b>	<b>121,740</b>



Details of transferred financial assets that are not derecognised in their entirety as at 31 March 2021 and 31 December 2020, are disclosed below.

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

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

	Financial assets at fair value through other comprehensive income (Note 8)
<b>As at 31 March 2021 (unaudited):</b>	
Carrying amount of transferred assets	49,080
Carrying amount of associated liabilities	51,885
<b>As at 31 December 2020:</b>	
Carrying amount of transferred assets	119,654
Carrying amount of associated liabilities	121,740

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

The Group's management believes that as at 31 March 2021 (unaudited) and 31 December 2020, the Group was in compliance with the covenants of the agreements the Group has with the trustees and holders of the notes.

## 15. Debt securities issued

Debt securities issued comprise:

	31 March 2021 (unaudited)	31 December 2020
<b>Recorded at amortised cost:</b>		
<b>Subordinated debt securities issued:</b>		
KZT denominated bonds, fixed rate	87,049	84,014
<b>Total subordinated debt securities outstanding</b>	<b>87,049</b>	<b>84,014</b>
<b>Unsubordinated debt securities issued:</b>		
KZT denominated bonds	325,238	331,760
USD denominated bonds	60,816	362,418
<b>Total unsubordinated debt securities outstanding</b>	<b>386,054</b>	<b>694,178</b>
<b>Total debt securities outstanding</b>	<b>473,103</b>	<b>778,192</b>

On 31 December 2020, the Group made a partial prepayment on its USD 750 million Eurobond issue bearing 5.5% coupon rate due 2022. The partial prepayment was made for USD 300 million together with the interest accrued, but unpaid.

On 28 January 2021, the Bank redeemed its USD 500 million Eurobond issue bearing 7.25% coupon rate due 2021. The repayment was made from the Bank's own funds.

On 1 March 2021, the Bank fully repaid its outstanding debt of USD 248,012,457 under the USD 750 million Eurobond programme bearing 5.5% coupon rate due 2022.

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

	31 March 2021 (unaudited)		31 December 2020	
	Coupon rate, %	Maturity, year	Coupon rate, %	Maturity, year
<b>Subordinated debt securities issued:</b>				
KZT denominated bonds, fixed rate	9.5%	2025	9.5%	2025
<b>Unsubordinated debt securities issued:</b>				
USD denominated bonds	3.0%	2022	3.0%-7.3%	2021-2022
KZT denominated bonds	7.5%-8.8%	2022-2025	7.5%-8.8%	2022-2025

As at 31 March 2021, accrued interest on debt securities issued was KZT 11,142 million (as at 31 December 2020 – KZT 21,090 million).

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

In accordance with the terms of the USD denominated bonds, the Group is required to maintain certain financial covenants, particularly with regard to its capital adequacy, limitations on transactions at less than fair market value and payment of dividends. Furthermore, the terms of the USD denominated bonds include covenants restricting the Group's ability to create security interests over its assets. Should the Group default under these covenants, this could result in cross-accelerations and cross-defaults under the terms of the Group's other financing arrangements. The Group's management believes that as at 31 March 2021 (unaudited) and 31 December 2020, the Group was in compliance with the covenants of the agreements the Group has with trustees and holders of the notes.

#### Reconciliation of liabilities arising from financing activities

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

	1 January 2021	Financing cash flows	Non-cash changes		31 March 2021 (unaudited)
			Foreign exchange movement	Changes in amortised cost	
Debt securities issued	778,192	(305,470)	3,714	(3,333)	473,103

	1 January 2020	Financing cash flows	Non-cash changes		31 March 2020 (unaudited)
			Foreign exchange movement	Changes in amortised cost	
Debt securities issued	834,446	-	83,866	(951)	917,361

## 16. Taxation

The income tax expense comprises:

	Three months ended 31 March 2021 (unaudited)	Three months ended 31 March 2020 (unaudited)
Current income tax expense	9,907	441
Deferred income tax (benefit)/expense	(195)	13,848
<b>Total income tax expense</b>	<b>9,712</b>	<b>14,289</b>

The Group's effective income tax rate for the three months ended 31 March 2021 was 9.1% (for the three months ended 31 March 2020: 15%). The change in the effective income tax rates for the three months ended 31 March 2021 and 2020 is mainly caused by tax-exempt interest income and other related income on state and other qualifying securities.

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

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

## 17. Other liabilities

Other liabilities comprise:

	31 March 2021 (unaudited)	31 December 2020
Liability arising from continuing involvement	51,527	46,933
Salary, bonuses and vacation accrual	25,321	20,270
Creditors on non-banking activities	11,096	8,187
Other prepayments received	9,876	9,415
Taxes payable other than income tax	8,423	5,961
Lease liabilities	6,302	5,930
Creditors on bank activities	4,552	1,142
Payable for general and administrative expenses	2,917	2,424
Advances received related to commercial property	1,350	2,305
Others	829	45
<b>Total other liabilities</b>	<b>122,193</b>	<b>102,612</b>

Liability arising from continuing involvement represents obligations to JSC Kazakhstan Sustainability Fund (“Operator”) related to the state mortgage program “7-20-25” and other programs. In accordance with the conditions of this program, the Bank provides mortgage loans to borrowers and transfers rights of claim on loans to the Program Operator. In accordance with the program and trust management agreement, the Bank carries out trust management of transferred mortgage loans. The Bank is obliged to repurchase the rights of claims on transferred mortgage loans, when the loan principal amount and interest has an overdue of 90 days. Reverse repurchase is performed at the loan nominal value.

The Bank has determined that it neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset transferred; however, the Bank has determined that it retains control over the assets transferred and continues recognizing thereof to the extent of continuing involvement in the assets transferred. The extent of the Bank’s continuing involvement is limited to maximum amount of the consideration received, that the Bank has to return as the Bank’s continuing involvement takes a form of the guarantee on the asset transferred. As the Bank continues to recognize the asset to the extent of its continuing involvement in loans to customers, the Bank also recognizes the associated liability. As at 31 March 2021 and 31 December 2020, principal amount of these loans were KZT 51,527 million and KZT 46,933 million, respectively.

## 18. Equity

The number of shares authorised, issued and fully paid as at 31 March 2021 and 31 December 2020, were as follows:

	Share capital authorised	Share capital authorised and not issued	Fully paid and issued share capital	Share capital repurchased	Outstanding shares
<b>31 March 2021 (unaudited):</b>					
Common	25,000,000,000	(11,552,455,218)	13,447,544,782	(1,748,873,522)	11,698,671,260
<b>31 December 2020:</b>					
Common	25,000,000,000	(11,552,455,218)	13,447,544,782	(1,763,204,067)	11,684,340,715

## JSC Halyk Bank

**Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Three Months ended 31 March 2021 (unaudited) (continued)**  
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All shares are KZT denominated. Movements of shares outstanding are as follows:

	Number of shares Common	Nominal (placement) amount (millions of KZT) Common
<b>31 December 2019</b>	<b>11,656,585,190</b>	<b>94,393</b>
Purchases of treasury shares	(7,370,080)	(788)
Sale of treasury shares	60,576,937	6,800
<b>31 March 2020 (unaudited)</b>	<b>11,656,585,190</b>	<b>94,393</b>
<b>31 December 2020</b>	<b>11,684,340,715</b>	<b>98,000</b>
Purchases of treasury shares	(5,990,970)	(832)
Sale of treasury shares	20,321,515	2,163
<b>31 March 2021 (unaudited)</b>	<b>11,698,671,260</b>	<b>99,331</b>

### Common shares

As at 31 March 2021 and 31 December 2020, share capital comprised KZT 209,027 million.

As at 31 March 2021, the Group held 1,748,873,522 shares of the Group's common shares as treasury shares at KZT 109,696 million (31 December 2020 – 1,763,204,067 shares at KZT 111,027 million).

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

### Share premium reserve

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

## 19. Commitments and contingencies, provisions

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

	31 March 2021 (unaudited)	31 December 2020
Guarantees issued	433,289	422,672
Commercial letters of credit	47,725	38,306
Commitments to extend credit	32,286	45,647
Financial commitments and contingencies	513,300	506,625
Less: cash collateral against letters of credit	(11,272)	(16,922)
Less: provisions	(10,115)	(9,287)
<b>Financial commitments and contingencies, net</b>	<b>491,913</b>	<b>480,416</b>

## JSC Halyk Bank

### Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Three Months ended 31 March 2021 (unaudited) (continued) (millions of Kazakhstani Tenge)



Guarantees issued represent bank guarantees issued by the Group by order of its clients, and which are in effect as at the reporting date. As at 31 March 2021, uncovered guarantees issued for the ten largest groups of customers/groups of customers accounted for 52% of the Group's total financial guarantees (31 December 2020 – 52%) and represented 14% of the Group's total equity (31 December 2020 – 15%).

Commercial letters of credit represent letters of credit issued by the Group by order of its clients, and under which, as at the reporting date, the payment has not yet been made. As at 31 March 2021, the ten largest unsecured letters of credit accounted for 76% of the Group's total commercial letters of credit (31 December 2020 – 60%) and represented 4% of the Group's total equity (31 December 2020 – 2%).

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

Provision represents other credit loss expenses against letters of credit and guarantees issued. The movements in provisions were as follows:

	31 March 2021 (unaudited)			
	Stage 1	Stage 2	Stage 3	Total
At the beginning of the period	(640)	(1,343)	(7,304)	(9,287)
(Additional provisions recognized)/recoveries	(20)	(1,403)	306	(1,117)
Foreign exchange differences	(1)	16	273	288
<b>At the end of the period</b>	<b>(661)</b>	<b>(2,730)</b>	<b>(6,725)</b>	<b>(10,115)</b>

	31 March 2020 (unaudited)			
	Stage 1	Stage 2	Stage 3	Total
At the beginning of the period	(365)	(838)	(2,721)	(3,924)
Transfer to Stage 3	-	38	(38)	-
Recoveries/(additional provisions recognized)	23	(54)	(1,880)	(1,911)
Foreign exchange differences	(8)	(18)	(89)	(115)
<b>At the end of the period</b>	<b>(350)</b>	<b>(872)</b>	<b>(4,728)</b>	<b>(5,950)</b>

#### Capital commitments

As at 31 March 2021, the Group had capital expenditures commitments in respect of construction in progress for KZT 8,785 million (31 December 2020 – KZT 12,210 million).

#### Operating lease commitments

There were no material operating lease commitments under irrevocable operating leases outstanding as at 31 March 2021 and 31 December 2020.

## 20. Net interest income

	Three months ended 31 March 2021 (unaudited)	Three months ended 31 March 2020 (unaudited)
<b>Interest income:</b>		
Loans to customers	136,508	118,837
- Corporate business	59,705	53,754
- Retail business	57,165	48,941
- SME business	19,638	16,142
Debt securities at amortised cost, net of allowance for expected credit losses	24,787	24,645
Financial assets at fair value through other comprehensive income	20,463	24,443
Amounts due from credit institutions and cash and cash equivalents	4,381	5,340
Other financial assets	2,236	2,567
<b>Interest income calculated using effective interest method</b>	<b>188,375</b>	<b>175,832</b>
Financial assets at fair value through profit or loss	5,262	3,516
<b>Other interest income</b>	<b>5,262</b>	<b>3,516</b>
<b>Total interest income</b>	<b>193,637</b>	<b>179,348</b>
<b>Interest expense:</b>		
Amounts due to customers	(65,536)	(52,802)
- Individuals	(37,886)	(31,548)
- Legal entities	(27,650)	(20,954)
Debt securities issued	(18,077)	(17,787)
Amounts due to credit institutions	(1,948)	(4,026)
Other interest and similar expense	(322)	(540)
Other financial liabilities	(236)	(119)
<b>Total interest expense</b>	<b>(86,119)</b>	<b>(75,274)</b>
<b>Net interest income before credit loss expense</b>	<b>107,518</b>	<b>104,074</b>

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

The total interest income calculated using the EIR method for financial assets measured at amortised cost is KZT 167,912 million for the three months ended 31 March 2021 (for the three months ended 31 March 2020: KZT 151,187 million).

## 21. Fees and commissions

Fee and commission income is derived from the following sources:

	Three months ended 31 March 2021 (unaudited)	Three months ended 31 March 2020 (unaudited)
Plastic card operations	18,186	16,567
Bank transfers – settlements	4,962	3,709
Letters of credit and guarantees issued	2,478	2,474
Cash operations	2,245	2,406
Servicing customers' pension payments	2,202	2,122
Bank transfers – salary projects	1,145	1,484
Maintenance of customer accounts	905	844
Other	1,593	1,205
<b>Total fee and commission income</b>	<b>33,716</b>	<b>30,811</b>

Fee and commission expense comprises the following:

	Three months ended 31 March 2021 (unaudited)	Three months ended 31 March 2020 (unaudited)
Payment cards	(13,143)	(12,232)
Deposit insurance	(1,536)	(2,702)
Bank transfers	(471)	(561)
Cash operations	(138)	(386)
Commission paid to collectors	(30)	(145)
Other	(550)	(909)
<b>Total fee and commission expense</b>	<b>(15,868)</b>	<b>(16,935)</b>

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

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

	Three months ended 31 March 2021 (unaudited)	Three months ended 31 March 2020 (unaudited)
<b>Net gain on operations with financial assets and liabilities classified as held for trading:</b>		
Unrealized net gain on derivative operations	5,246	71,079
Realized net gain/(loss) on derivative operations	2,724	(10,413)
Net gain on trading operations	2,712	365
<b>Total net gain on operations with financial assets and liabilities classified as held for trading</b>	<b>10,682</b>	<b>61,031</b>



## JSC Halyk Bank

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### 23. Net gain/(loss) on foreign exchange operations

Net gain/(loss) on foreign exchange operations comprises:

	Three months ended 31 March 2021 (unaudited)	Three months ended 31 March 2020 (unaudited)
Translation differences, net	(5,461)	(56,677)
Dealing, net	7,219	15,580
<b>Total net gain/(loss) on foreign exchange operations</b>	<b>1,758</b>	<b>(41,097)</b>

### 24. Insurance underwriting income

Insurance underwriting income/(expense) comprises:

	Three months ended 31 March 2021 (unaudited)	Three months ended 31 March 2020 (unaudited)
Insurance premiums written, gross	63,771	52,684
Ceded reinsurance share	(26,278)	(28,512)
Change in unearned insurance premiums, net	(6,915)	(4,055)
<b>Total insurance underwriting income</b>	<b>30,578</b>	<b>20,117</b>
Insurance reserves expenses	(10,519)	(2,508)
Insurance payments	(6,574)	(6,218)
Commissions to agents	(6,490)	(9,650)
<b>Total insurance claims incurred, net of reinsurance</b>	<b>(23,583)</b>	<b>(18,376)</b>
<b>Net insurance income</b>	<b>6,995</b>	<b>1,741</b>

## JSC Halyk Bank

### Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Three Months ended 31 March 2021 (unaudited) (continued) (millions of Kazakhstani Tenge)



## 25. Operating expenses

Operating expenses comprises:

	Three months ended 31 March 2021 (unaudited)	Three months ended 31 March 2020 (unaudited)
Salaries and other employee benefits	23,558	20,968
Depreciation and amortization expenses	3,673	3,135
Advertisement and loyalty program expense	2,072	1,935
Taxes other than income tax	1,962	1,802
Information services	1,767	1,048
Security	1,239	1,152
Communication	1,203	1,255
Utilities expenses	1,131	1,143
Repairs and maintenance	845	605
Rent	735	555
Stationery and office supplies	393	466
Professional services	380	255
Other	845	1,239
<b>Total operating expenses</b>	<b>39,803</b>	<b>35,558</b>

## 26. Income on non-banking activities

	Three months ended 31 March 2021 (unaudited)	Three months ended 31 March 2020 (unaudited)
Net gain on sale of commercial property	2,776	10,220
Net gain on sale of investment property	6	-
Other income on non-banking activities	801	6
<b>Income on non-banking activities</b>	<b>3,583</b>	<b>10,226</b>

## 27. Earnings per share

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

The following table presents basic and diluted earnings per share:

	Three months ended 31 March 2021 (unaudited)	Three months ended 31 March 2020 (unaudited)
<b>Basic and diluted earnings per share</b>		
Net profit for the period attributable to equity holders of the parent	96,828	81,069
Earnings for the period attributable to common shareholders	96,828	81,069
Weighted average number of common shares for the purposes of basic and diluted earnings per share	11,690,219,232	11,693,867,207
<b>Basic and diluted earnings per share (in Tenge)</b>	<b>8.28</b>	<b>6.93</b>

As required by KASE rules for listed companies, the book value of one share per each class of shares as at 31 March 2021 and 31 December 2020, is disclosed as follows:

Class of shares	Outstanding shares	Equity (as calculated per KASE rules)	31 March 2021 (unaudited)
			Book value of one share, in KZT
Common	11,698,671,260	1,571,732	134.35
		<b>1,571,732</b>	
			31 December 2020
Class of shares	Outstanding shares	Equity (as calculated per KASE rules)	Book value
			of one share, in KZT
Common	11,684,340,715	1,481,060	126.76
		<b>1,481,060</b>	

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

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

## 28. Financial risk management

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

The Group's significant policies and procedures related to financial risk management has not changed in the first quarter of 2021 and are disclosed in the annual consolidated financial statements for the year ended 31 December 2020.

### Liquidity Risk

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

	31 March 2021 (unaudited)					Total
	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	
<b>FINANCIAL ASSETS:</b>						
Cash and cash equivalents	1,389,805	89	-	-	-	1,389,894
Obligatory reserves	107,533	13,691	41,291	6,519	419	169,453
Financial assets at fair value through profit or loss	245,751	-	4,296	4	2,322	252,373
Amounts due from credit institutions	180,819	20,229	438,263	69,179	25,825	734,315
Financial assets at fair value through other comprehensive income	208,274	50,880	123,987	942,670	218,184	1,543,995
Debt securities at amortised cost, net of allowance for expected credit losses	632	-	1,417	687,856	557,012	1,246,917
Loans to customers*	259,586	359,913	2,465,465	1,203,918	191,569	4,480,451
Other financial assets	42,722	4,100	14,922	32,631	6,150	100,525
	<b>2,435,122</b>	<b>448,902</b>	<b>3,089,641</b>	<b>2,942,777</b>	<b>1,001,481</b>	<b>9,917,923</b>
<b>FINANCIAL LIABILITIES:</b>						
Amounts due to customers	3,701,446	621,196	2,173,330	691,269	421,251	7,608,492
Amounts due to credit institutions	122,845	4,846	10,769	51,109	113,724	303,293
Financial liabilities at fair value through profit or loss	650	-	687	263	393	1,993
Debt securities issued	1,426	2,750	100,895	345,687	22,345	473,103
Other financial liabilities	65,512	1,560	9,711	299	139	77,221
	<b>3,891,879</b>	<b>630,352</b>	<b>2,295,392</b>	<b>1,088,627</b>	<b>557,852</b>	<b>8,464,102</b>
<b>Net position</b>	<b>(1,456,757)</b>	<b>(181,450)</b>	<b>794,249</b>	<b>1,854,150</b>	<b>443,629</b>	<b>1,453,821</b>
<b>Accumulated gap</b>	<b>(1,456,757)</b>	<b>(1,638,207)</b>	<b>(843,958)</b>	<b>1,010,192</b>	<b>1,453,821</b>	

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	31 December 2020					
	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
<b>FINANCIAL ASSETS:</b>						
Cash and cash equivalents	1,745,718	11,759	-	-	-	1,757,477
Obligatory reserves	97,353	20,780	41,490	10,120	385	170,128
Financial assets at fair value through profit or loss	238,742	-	3,548	5	31	242,326
Amounts due from credit institutions	152,028	7,514	549,029	737	2	709,310
Financial assets at fair value through other comprehensive income	75,531	2,686	95,143	908,867	173,931	1,256,158
Debt securities at amortised cost, net of allowance for expected credit losses	16,303	2,292	35,118	675,152	500,674	1,229,539
Loans to customers*	233,521	399,590	2,437,184	1,200,408	175,572	4,446,275
Other financial assets	31,524	8,724	12,608	30,550	12,242	95,648
	<b>2,590,720</b>	<b>453,345</b>	<b>3,174,120</b>	<b>2,825,839</b>	<b>862,837</b>	<b>9,906,861</b>
<b>FINANCIAL LIABILITIES:</b>						
Amounts due to customers	3,616,311	859,205	1,785,064	775,042	420,355	7,455,977
Amounts due to credit institutions	162,608	191	2,586	17,675	117,667	300,727
Financial liabilities at fair value through profit or loss	1,725	-	206	104	449	2,484
Debt securities issued	211,145	3,785	3,265	559,264	733	778,192
Other financial liabilities	56,219	582	7,631	229	-	64,661
	<b>4,048,008</b>	<b>863,763</b>	<b>1,798,752</b>	<b>1,352,314</b>	<b>539,204</b>	<b>8,602,041</b>
<b>Net position</b>	<b>(1,457,288)</b>	<b>(410,418)</b>	<b>1,375,368</b>	<b>1,473,525</b>	<b>323,633</b>	<b>1,304,820</b>
<b>Accumulated gap</b>	<b>(1,457,288)</b>	<b>(1,867,706)</b>	<b>(492,338)</b>	<b>981,187</b>	<b>1,304,820</b>	

\*Loans to customers in the column "3 months to 1 year" include loans with non-standard repayment schedule.

Assets and liabilities are recorded on the basis of their contractual maturity and payment schedules. The Group possesses a right to unilaterally call back part of long-term loans provided to customers in ten months period after proper notification would be issued by the Group.

A significant portion of the Group's liabilities is represented by customer term deposits, current accounts of corporate and retail customers and bonds.

Management believes that although a substantial portion of current accounts and customer deposits are on demand and mature in less than one month, diversification of these deposits by number and type of depositors, and the past experience of the Group indicate that these deposits provide a long-term and stable source of funding for the Group. Therefore, an essential part of current accounts is considered as stable resources for the purposes of liquidity analysis and management.

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Three Months ended 31 March 2021 (unaudited) (continued)  
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Currency Risk

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

	31 March 2021 (unaudited)						
	USD	EURO	RUR	Other	Total foreign currencies	KZT	Total
<b>FINANCIAL ASSETS:</b>							
Cash and cash equivalents	1,047,478	25,720	25,893	48,608	1,147,699	242,195	1,389,894
Obligatory reserves	27,133	6,102	1,291	3,086	37,612	131,841	169,453
Financial assets at fair value through profit or loss	18,737	-	38,274	4,363	61,374	190,999	252,373
Amounts due from credit institutions	568,516	15,141	1	27,055	610,713	123,602	734,315
Financial assets at fair value through other comprehensive income	673,510	127,585	14,431	-	815,526	728,469	1,543,995
Debt securities at amortised cost, net of allowance for expected credit losses	180,954	-	4,153	5,620	190,727	1,056,190	1,246,917
Loans to customers	770,628	49,503	72,659	53,489	946,279	3,534,172	4,480,451
Other financial assets	1,934	278	12,735	2,136	17,083	83,442	100,525
	<b>3,288,890</b>	<b>224,329</b>	<b>169,437</b>	<b>144,357</b>	<b>3,827,013</b>	<b>6,090,910</b>	<b>9,917,923</b>
<b>FINANCIAL LIABILITIES</b>							
Amounts due to customers	3,372,983	138,316	69,892	67,227	3,648,418	3,960,074	7,608,492
Amounts due to credit institutions	21,539	3,650	5	3,905	29,099	274,194	303,293
Financial liabilities at fair value through profit or loss	-	-	1,426	-	1,426	567	1,993
Debt securities issued	77,561	-	-	722	78,283	394,820	473,103
Other financial liabilities	119	17	1,354	993	2,483	74,738	77,221
	<b>3,472,202</b>	<b>141,983</b>	<b>72,677</b>	<b>72,847</b>	<b>3,759,709</b>	<b>4,704,393</b>	<b>8,464,102</b>
<b>Net position – on-balance</b>	<b>(183,312)</b>	<b>82,346</b>	<b>96,760</b>	<b>71,510</b>	<b>67,304</b>	<b>1,386,517</b>	<b>1,453,821</b>
<b>Net position – off-balance</b>	<b>212,275</b>	<b>(79,231)</b>	<b>(26,255)</b>	<b>(1,224)</b>	<b>105,565</b>	<b>(96,459)</b>	
<b>Net position</b>	<b>28,963</b>	<b>3,115</b>	<b>70,505</b>	<b>70,630</b>	<b>173,213</b>	<b>1,290,060</b>	

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	31 December 2020						
	USD	EURO	RUR	Other	Total foreign currencies	KZT	Total
<b>FINANCIAL ASSETS:</b>							
Cash and cash equivalents	1,175,440	23,729	48,005	30,490	1,277,664	479,813	1,757,477
Obligatory reserves	88,902	7,292	2,017	3,452	101,663	68,465	170,128
Financial assets at fair value through profit or loss	19,804	-	38,728	1,511	60,043	182,283	242,326
Amounts due from credit institutions	564,826	16,218	2	459	581,505	127,805	709,310
Financial assets at fair value through other comprehensive income	646,942	130,942	4,409	-	782,293	473,865	1,256,158
Debt securities at amortised cost, net of allowance for expected credit losses	170,218	-	4,063	10,338	184,619	1,044,920	1,229,539
Loans to customers	831,807	50,489	79,545	55,273	1,017,114	3,429,161	4,446,275
Other financial assets	1,818	304	3,446	1,367	6,935	88,713	95,648
	<b>3,499,757</b>	<b>228,974</b>	<b>180,215</b>	<b>102,890</b>	<b>4,011,836</b>	<b>5,895,025</b>	<b>9,906,861</b>
<b>FINANCIAL LIABILITIES</b>							
Amounts due to customers	3,234,752	136,373	61,075	77,500	3,509,700	3,946,277	7,455,977
Amounts due to credit institutions	14,549	3,825	2,682	5,691	26,747	273,980	300,727
Financial liabilities at fair value through profit or loss	-	-	759	12	771	1,713	2,484
Debt securities issued	362,417	-	-	767	363,184	415,008	778,192
Other financial liabilities	1,593	13	1,671	874	4,151	60,510	64,661
	<b>3,613,311</b>	<b>140,211</b>	<b>66,187</b>	<b>84,844</b>	<b>3,904,553</b>	<b>4,697,488</b>	<b>8,602,041</b>
<b>Net position – on-balance</b>	<b>(113,554)</b>	<b>88,763</b>	<b>114,028</b>	<b>18,046</b>	<b>107,283</b>	<b>1,197,537</b>	<b>1,304,820</b>
<b>Net position – off-balance</b>	<b>163,673</b>	<b>(86,310)</b>	<b>(60,996)</b>	<b>(171)</b>	<b>16,196</b>	<b>(13,425)</b>	
<b>Net position</b>	<b>50,119</b>	<b>2,453</b>	<b>53,032</b>	<b>17,875</b>	<b>123,479</b>	<b>1,184,112</b>	

### 29. Capital risk management

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

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

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

Currently, regulatory capital is represented by:

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

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



The below table summarises the regulatory capital composition and capital adequacy ratios of the Group for the periods ended 31 March 2021 and 31 December 2020. Individual entities within the Group and the Group complied with all of the externally imposed capital requirements to which they are subject.

	31 March 2021 (unaudited)	31 December 2020
<b>Composition of regulatory capital</b>		
<b>CET 1</b>		
Common shares, net of treasury shares	99,331	98,000
Share premium	6,238	5,741
Retained earnings of prior years	1,250,503	897,775
Net income for the current year	96,828	352,653
Accumulated disclosed reserves	53,616	53,578
Non-controlling interest	7	7
Property and financial assets at fair value through other comprehensive income revaluation reserves	68,012	75,587
Less: goodwill and intangible assets	(14,887)	(15,293)
Less: cumulative translation reserve	(3,452)	(4,516)
<b>Common Equity Tier 1 (CET 1) Capital</b>	<b>1,556,196</b>	<b>1,463,532</b>
<b>Additional tier 1</b>		
<b>Tier 2</b>		
Subordinated debt	69,639	67,211
<b>Total qualifying for Tier 2 capital</b>	<b>69,639</b>	<b>67,211</b>
<b>Total regulatory capital</b>	<b>1,625,835</b>	<b>1,530,743</b>
Risk weighted assets	6,314,894	5,993,301
<b>CET 1 capital adequacy ratio</b>	<b>24.64%</b>	<b>24.42%</b>
<b>Tier 1 capital adequacy ratio</b>	<b>24.64%</b>	<b>24.42%</b>
<b>Total capital adequacy ratio</b>	<b>25.75%</b>	<b>25.54%</b>

### 30. Segment analysis

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

No significant changes in the Group segments occurred during the three months ended 31 March 2021 in comparison with the year ended 31 December 2020.

There were no transactions between business segments during the three months ended 31 March 2021 and 2020.

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Segment information for the main reportable business segments of the Group as at 31 March 2021 and 2020 and for the three months then ended is set out below:

	Retail Banking	Corporate banking	SME banking	Investment banking	Unallocated	Total
<b>As at 31 March 2021 and for the three months then ended (unaudited)</b>						
External revenues	84,011	79,276	29,698	45,826	40,905	279,716
<b>Total revenues</b>	<b>84,011</b>	<b>79,276</b>	<b>29,698</b>	<b>45,826</b>	<b>40,905</b>	<b>279,716</b>
Total revenues comprise:						
- Interest income	57,166	64,955	21,867	45,856	3,793	193,637
- Fee and commission income, including:	24,374	3,334	5,242	-	766	33,716
<i>Plastic cards operations</i>	17,728	24	394	-	40	18,186
<i>Bank transfers - settlements</i>	2,686	599	1,660	-	17	4,962
<i>Letters of credit and guarantees issued</i>	3	1,895	572	-	8	2,478
<i>Cash operations</i>	209	358	1,670	-	8	2,245
<i>Servicing customers' pension payments</i>	2,202	-	-	-	-	2,202
<i>Bank transfers - salary projects</i>	1,145	-	-	-	-	1,145
<i>Maintenance of customer accounts</i>	116	48	741	-	-	905
<i>Other</i>	285	410	205	-	693	1,593
- Net gain/(loss) from financial assets at fair value through profit or loss	-	9,250	-	(104)	1,536	10,682
- Net realised gain from financial assets at fair value through other comprehensive income	-	-	-	74	-	74
- Net gain/(loss) on foreign exchange operations	2,471	1,737	2,589	-	(5,039)	1,758
- Share in profit of associate	-	-	-	-	1,474	1,474
- Insurance underwriting income, income on non-banking activities and other income	-	-	-	-	38,375	38,375
<b>Total revenues</b>	<b>84,011</b>	<b>79,276</b>	<b>29,698</b>	<b>45,826</b>	<b>40,905</b>	<b>279,716</b>
- Interest expense	(37,886)	(24,545)	(5,419)	(18,060)	(209)	(86,119)
- (Credit loss expense)/recovery of credit loss expense	(6,184)	3,629	(3,393)	(124)	(175)	(6,247)
- Fee and commission expense	(14,587)	(917)	(171)	(65)	(128)	(15,868)
- Operating expenses	(23,728)	(2,791)	(4,116)	(277)	(8,891)	(39,803)
- Loss from impairment of non-financial assets	-	-	-	-	(439)	(439)
- Recoveries of other credit loss expense/(other credit loss expense)	390	(1,529)	102	(82)	2	(1,117)
- Insurance claims incurred, net of reinsurance	-	-	-	-	(23,583)	(23,583)
<b>Total expenses</b>	<b>(81,995)</b>	<b>(26,153)</b>	<b>(12,997)</b>	<b>(18,608)</b>	<b>(33,423)</b>	<b>(173,176)</b>
<b>Segment result</b>	<b>2,016</b>	<b>53,123</b>	<b>16,701</b>	<b>27,218</b>	<b>7,482</b>	<b>106,540</b>
Income before income tax expense						106,540
Income tax expense					(9,712)	(9,712)
<b>Net profit</b>						<b>96,828</b>
Total segment assets	1,260,658	4,590,513	745,791	2,978,352	814,316	10,389,630
Total segment liabilities	3,744,955	2,901,219	1,134,589	473,081	552,252	8,806,096
Other segment items:						
Capital expenditures					(4,245)	(4,245)
Depreciation and amortization					(3,673)	(3,673)
Investments in associate					28,956	28,956

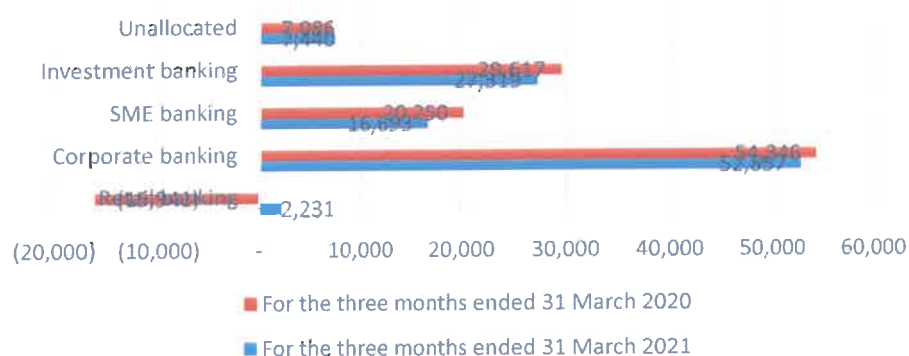
## Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Three Months ended 31 March 2021 (unaudited) (continued) (millions of Kazakhstani Tenge)



	Retail banking	Corporate banking	SME banking	Investment banking	Unallocated	Total
<b>As at 31 March 2020 and for the three months then ended (unaudited)</b>						
External revenues	70,578	128,516	23,366	47,597	36,474	306,531
<b>Total revenues</b>	<b>70,578</b>	<b>128,516</b>	<b>23,366</b>	<b>47,597</b>	<b>36,474</b>	<b>306,531</b>
<b>Total revenues comprise:</b>						
- Interest income	48,962	59,073	18,250	52,604	459	179,348
- Fee and commission income, including:	21,616	3,291	5,116	-	788	30,811
<i>Plastic cards operations</i>	16,230	19	280	-	38	16,567
<i>Bank transfers - settlements</i>	1,228	718	1,748	-	15	3,709
<i>Letters of credit and guarantees issued</i>	4	1,989	474	-	7	2,474
<i>Cash operations</i>	280	320	1,801	-	5	2,406
<i>Servicing customers' pension payments</i>	2,121	1	-	-	-	2,122
<i>Bank transfers - salary projects</i>	1,484	-	-	-	-	1,484
<i>Maintenance of customer accounts</i>	113	38	693	-	-	844
<i>Other</i>	156	206	120	-	723	1,205
- Net gain/(loss) from financial assets at fair value through profit or loss	-	66,152	-	(5,121)	-	61,031
- Net realised gain from financial assets at fair value through other comprehensive income	-	-	-	114	-	114
- Share in profit of associate	-	-	-	-	1,630	1,630
- Insurance underwriting income, income on non-banking activities and other income	-	-	-	-	33,597	33,597
<b>Total revenues</b>	<b>70,578</b>	<b>128,516</b>	<b>23,366</b>	<b>47,597</b>	<b>36,474</b>	<b>306,531</b>
- Interest expense	(31,548)	(22,036)	(3,820)	(17,787)	(83)	(75,274)
- (Credit loss expense)/recovery of credit loss expense	(18,183)	420	(226)	52	(2,153)	(20,090)
- Fee and commission expense	(15,383)	(1,209)	(173)	(39)	(131)	(16,935)
- Net gain/(loss) on foreign exchange operations	2,644	(47,804)	4,365	1	(303)	(41,097)
- Operating expenses	(24,051)	(1,616)	(3,298)	(207)	(6,386)	(35,558)
- Loss from impairment of non-financial assets	-	-	-	-	(1,932)	(1,932)
- Recoveries of other credit loss expense/(other credit loss expense)	2	(1,925)	36	-	(24)	(1,911)
- Insurance claims incurred, net of reinsurance	-	-	-	-	(18,376)	(18,376)
<b>Total expenses</b>	<b>(86,519)</b>	<b>(74,170)</b>	<b>(3,116)</b>	<b>(17,980)</b>	<b>(29,388)</b>	<b>(211,173)</b>
<b>Segment result</b>	<b>(15,941)</b>	<b>54,346</b>	<b>20,250</b>	<b>29,617</b>	<b>7,086</b>	<b>95,358</b>
Income before income tax expense						95,358
Income tax expense					(14,289)	(14,289)
<b>Net profit</b>						<b>81,069</b>
<b>31 December 2020</b>						
Total segment assets	1,223,143	4,958,055	739,910	2,721,756	744,968	10,387,832
Total segment liabilities	3,733,588	2,773,618	1,271,071	784,346	331,941	8,894,564
Other segment items:						
Capital expenditures						
Depreciation and amortization					(31,703)	(31,703)
Investments in associate					(13,027)	(13,027)
					32,797	32,797

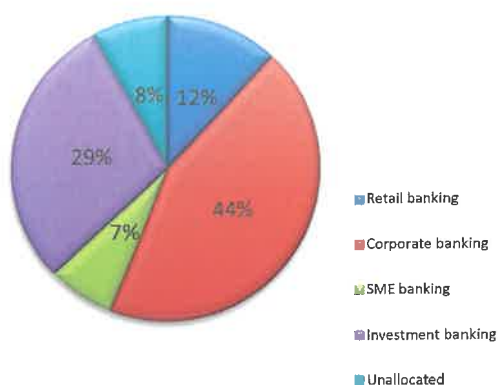
Income before income tax expense by segments were as follows:

### Income before income tax expense

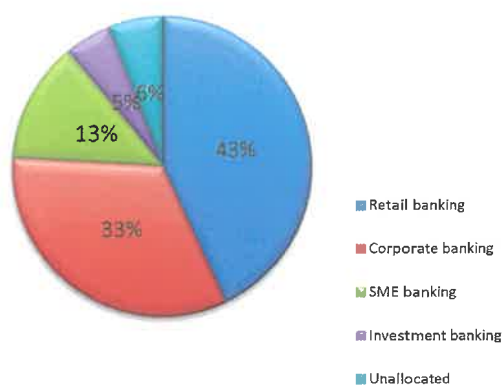


Share of segment assets and liabilities as at 31 March 2021 and 31 December 2020 presented as follows:

#### Total segment assets 31 March 2021



#### Total segment liabilities 31 March 2021

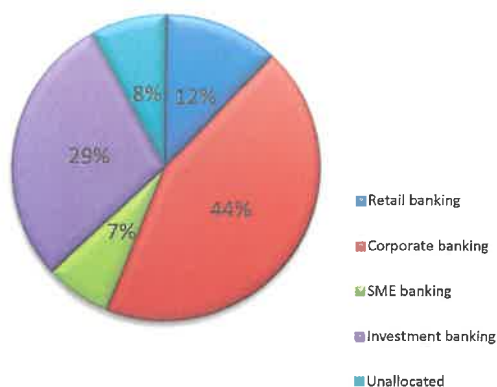


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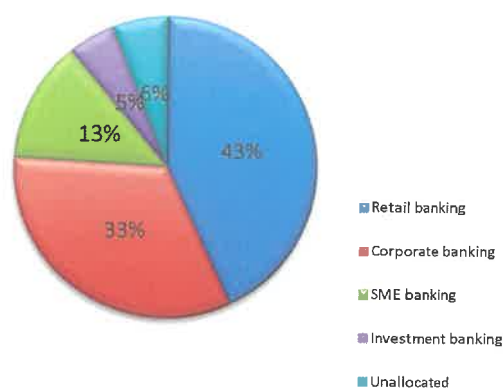
Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Three Months ended 31 March 2021 (unaudited) (continued)  
(millions of Kazakhstani Tenge)



**Total segment assets  
31 December 2020**



**Total segment liabilities  
31 December 2020**



### Geographical information

Information for the main geographical areas of the Group is set out below as at 31 March 2021 and 31 December 2020 and for the three months ended 31 March 2021 and 2020.

	Kazakhstan	OECD	Non-OECD	Total
<b>31 March 2021 (unaudited)</b>				
Total assets	9,316,235	394,783	678,612	10,389,630
<b>31 December 2020</b>				
Total assets	9,416,469	447,932	523,431	10,387,832
<b>Three months ended</b>				
<b>31 March 2021 (unaudited)</b>				
External revenues	273,122	2,183	4,412	279,716
Capital expenditures	(4,245)	-	-	(4,245)
<b>Three months ended</b>				
<b>31 March 2020 (unaudited)</b>				
External revenues	289,157	10,412	6,962	306,531
Capital expenditures	(5,504)	-	-	(5,504)

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

### 31. Fair values of financial instruments

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

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

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

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

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

The Group considers that the accounting estimate related to valuation of financial instruments where quoted markets prices are not available is a key source of estimation uncertainty because: (i) it is highly susceptible to change from period to period because it requires management to make assumptions about interest rates, volatility, exchange rates, the credit rating of the counterparty, valuation adjustments and specific feature of the transactions and (ii) the impact that recognizing a change in the valuations would have on the assets reported on its interim condensed consolidated statement of financial position as well as its profit/(loss) could be material.

The tables below summarizes the Group's financial assets and liabilities held at fair value by valuation methodology at 31 March 2021 and 31 December 2020, before any allowances for expected credit losses.

**Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Three Months ended 31 March 2021 (unaudited) (continued)**  
*(millions of Kazakhstani Tenge)*

Financial Assets/Liabilities	31 March 2021 (unaudited)		Fair value		Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	31 December 2020		Fair value hierarchy				
Non-derivative financial assets at fair value through profit or loss (Note 6)	63,441	54,291	Level 1	Quoted prices in an active market.		Not applicable	Not applicable
Non-derivative financial assets at fair value through profit or loss (Note 6)	180,435	184,363	Level 2	Quoted prices in a market that is not active.		Not applicable	Not applicable
Derivative financial assets at fair value through profit or loss, excluding options (Note 6)	42	22	Level 1	Quoted prices in an active market.		Not applicable	Not applicable
Derivative financial assets at fair value through profit or loss, excluding options (Note 6)	8,455	3,650	Level 2	Discounted cash flows. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period).		Not applicable	Not applicable
<b>Total financial assets at fair value through profit or loss</b>	<b>252,373</b>	<b>242,326</b>					
Derivative financial liabilities at fair value through profit or loss, excluding options (Note 6)	-	12	Level 1	Quoted prices in a market that is not active.		Not applicable	Not applicable
Derivative financial liabilities at fair value through profit or loss, excluding options (Note 6)	1,993	2,472	Level 2	Discounted cash flows. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period).		Not applicable	Not applicable
<b>Total financial liabilities at fair value through profit or loss</b>	<b>1,993</b>	<b>2,484</b>					
Non-derivative financial assets at fair value through other comprehensive income (Note 8)	1,084,886	822,112	Level 1	Quoted prices in an active market.		Not applicable	Not applicable
Non-derivative financial assets at fair value through other comprehensive income in bonds of foreign organisations (Note 8)	458,990	433,983	Level 2	Quoted prices in a market that is not active.		Not applicable	Not applicable
Non-derivative financial assets at fair value through other comprehensive income – unquoted equity securities (Note 8)	64	63	Level 3	Valuation model based on internal rating model.		Percentage discount	The greater discount - the smaller fair value
<b>Financial assets at fair value through other comprehensive income</b>	<b>1,543,995</b>	<b>1,256,158</b>					

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### Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Three Months ended 31 March 2021 (unaudited) (continued) (millions of Kazakhstani Tenge)



During the three months ended 31 March 2021 and 2020, there were no transfers between levels.

	Derivative financial assets at fair value through profit or loss (Level 3)	Financial assets at fair value through other comprehen- sive income Unquoted equity securities (Level 3)
<b>31 December 2020</b>	-	<b>63</b>
Gain to profit or loss	-	1
<b>31 March 2021 (unaudited)</b>	-	<b>64</b>
<b>31 December 2019</b>	<b>4,347</b>	-
Gain to profit or loss	2,547	-
<b>31 March 2020 (unaudited)</b>	<b>6,894</b>	-

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

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

#### *Amounts due from and to credit institutions*

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

#### *Loans to customers*

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

#### *Amounts due to customers*

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

#### *Debt securities issued*

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



**Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Three Months ended 31 March 2021 (unaudited) (continued)**  
(millions of Kazakhstani Tenge)



The following table sets out the carrying amount and fair values of financial assets and liabilities not carried at their fair values:

	31 March 2021 (unaudited)		31 December 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>				
Amounts due from credit institutions	734,315	714,573	709,310	700,406
Loans to customers	4,480,451	4,491,405	4,446,275	4,488,611
Debt securities at amortised cost, net of allowance for expected credit losses	1,246,917	1,230,515	1,229,539	1,206,654
<b>Financial liabilities</b>				
Amounts due to customers	7,608,492	7,730,910	7,455,977	7,392,606
Amounts due to credit institutions	303,293	299,831	300,727	308,574
Debt securities issued	473,103	479,113	778,192	778,825
	31 March 2021 (unaudited)			
	Level 1	Level 2	Level 3	Total fair value
<b>Financial assets</b>				
Amounts due from credit institutions	-	714,573	-	714,573
Loans to customers	-	-	4,491,405	4,491,405
Debt securities at amortised cost, net of allowance for expected credit losses	-	1,230,515	-	1,230,515
<b>Financial liabilities</b>				
Amounts due to customers	-	7,730,910	-	7,730,910
Amounts due to credit institutions	-	299,831	-	299,831
Debt securities issued	-	479,113	-	479,113
	31 December 2020			
	Level 1	Level 2	Level 3	Total fair value
<b>Financial assets</b>				
Amounts due from credit institutions	-	700,406	-	700,406
Loans to customers	-	-	4,448,611	4,448,611
Debt securities at amortised cost, net of allowance for expected credit losses	-	1,206,654	-	1,206,654
<b>Financial liabilities</b>				
Amounts due to customers	-	7,392,606	-	7,392,606
Amounts due to credit institutions	-	308,574	-	308,574
Debt securities issued	-	778,825	-	778,825

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

### 32. Related party transactions

Related parties or transactions with related parties are assessed in accordance with IAS 24 "Related Party Disclosures". Related parties may enter into transactions which unrelated parties might not. Terms, conditions and amounts of related party transactions are usually same as those between unrelated parties. Transactions with related parties are settled on an arm's-length basis and recognised in the financial statements according to the same accounting policy as for similar transactions with unrelated parties.

**Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Three Months ended 31 March 2021 (unaudited) (continued)**  
(millions of Kazakhstani Tenge)



Considering each possible related party not only their legal status is taken into account but also the substance of the relationship between these parties. The Group had the following balances outstanding as at 31 March 2021 and 31 December 2020 with related parties:

	31 March 2021 (unaudited)		31 December 2020	
	Related party balances	Total category as per financial statements caption	Related party balances	Total category as per financial statements caption
Loans to customers before allowance for expected credit losses	1,499	4,864,781	1,431	4,824,316
- entities with joint control or significant influence over the Group	1,440		1,418	
- key management personnel of the Group or its parent	2		1	
- other related parties	7		12	
Allowance for expected credit losses	(1)	(384,330)	(1)	(378,041)
- other related parties	(1)		(1)	
Investments in associates	28,956	28,956	32,797	32,797
Amounts due to customers	157,479	7,608,492	263,125	7,455,977
- the parent	91,458		194,582	
- entities with joint control or significant influence over the Group	17,648		15,329	
- key management personnel of the Group or its parent	11,371		11,299	
- other related parties	37,002		41,915	

The following amounts resulted from transactions with related parties and have been reflected in the interim condensed consolidated statement of profit or loss for the three months ended 31 March 2021 and 2020:

	Three months ended 31 March 2021 (unaudited)		Three months ended 31 March 2020 (unaudited)	
	Related party transactions	Total category as per financial statements caption	Related party transactions	Total category as per financial statements caption
Interest income calculated using effective interest method	30	188,374	-	175,832
- entities with joint control or significant influence over the Group	30		-	
Interest expense	(388)	(86,119)	(1,207)	(75,274)
- the Parent	(88)		(715)	
- entities with joint control or significant influence over the Group	(158)		(107)	
- key management personnel of the Group or its Parent	(14)		(54)	
- other related parties	(128)		(331)	
Share in profit of associate	1,474	1,474	1,630	1,630

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### Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the Three Months ended 31 March 2021 (unaudited) (continued) (millions of Kazakhstani Tenge)



	Three months ended 31 March 2021 (unaudited)		Three months ended 31 March 2020 (unaudited)	
	Related party transactions	Total category as per financial statements caption	Related party transactions	Total category as per financial statements caption
Key management personnel compensation:	287	23,558	198	20,968
- <i>short-term employee benefits</i>	287		198	

### 33. Subsequent events

On 23 April 2021, the Bank's Annual General Shareholders' Meeting decided to pay dividends on common shares of KZT 18.00 per one common share. The approved date for payment of dividends on common shares is 1 June 2021.