



Eurasian Bank

Eurasian Bank JSC

Consolidated Financial Statements
for the year ended 31 December 2021

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«КПМГ Аудит» жауапкершілігі
шектеулі серіктестік
Қазақстан А25D6T5 Алматы,
Достық д-лы 180,
Тел./факс 8 (727) 298-08-98

KPMG Audit LLC
A25D6T5 Almaty, Kazakhstan
180 Dostyk Avenue,
E-mail: company@kpmg.kz

Independent Auditors' Report

To the Shareholder and Board of Directors of Eurasian Bank Joint Stock Company

Opinion

We have audited the consolidated financial statements of Eurasian Bank Joint Stock Company and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2021, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (*IESBA Code*) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Republic of Kazakhstan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the International Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

«КПМГ Аудит» ЖШС, Қазақстан Республикасы заңнамасына сәйкес тіркелген компания, жауапкершілігі өз қатысушыларының кепілдіктерімен шектелген KPMG International Limited жекеше ағылшын компаниясының құрамына кіретін KPMG тәуелсіз фирмалары жаһандық ұйымының қатысушысы.

KPMG Audit LLC, a company incorporated under the Laws of the Republic of Kazakhstan and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

Expected credit losses (ECL) for loans to customers

Please refer to the Notes 3(g) and 15 in the financial statements.

The key audit matter	How the matter was addressed in our audit
<p>Loans to customers represent 45% of total assets and are stated net of allowance for expected credit losses ('ECL') that is estimated on a regular basis and is sensitive to assumptions used.</p> <p>The Group applies the ECL valuation model, which requires management to apply professional judgement and to make assumptions related to the following key areas:</p> <ul style="list-style-type: none"> - timely identification of significant increase in credit risk and default events related to loans to customers (allocation between Stages 1, 2 and 3 in accordance with IFRS 9); - assessment of probability of default (PD) and loss given default (LGD); - assessment of adjustment to incorporate forward-looking information and evaluation of expected cash flows for loans allocated to Stage 3. <p>Due to the significant volume of loans to customers and the related estimation uncertainty in estimating of allowance for ECL, this area is a key audit matter.</p>	<p>We analysed the key aspects of the Group's methodology and policies related to ECL estimate for compliance with the requirements of IFRS 9, including involvement of our own specialists in financial risk management.</p> <p>To analyse the adequacy of professional judgement and assumptions made by management in relation to the allowance for ECL estimate, we performed the following procedures:</p> <ul style="list-style-type: none"> - For loans to corporate customers, we assessed and tested the design and implementation of the controls over allocation of loans into Stages. - For a sample of loans to corporate clients, for which a potential change in ECL estimate may have a significant impact on the consolidated financial statements we tested whether Stages are correctly assigned by the Group by analysing financial and non-financial information, as well as assumptions and professional judgements, applied by the Group. - For a sample of loans to corporate customers, we tested the correctness of data inputs for PD calculation. - For a sample of Stage 3 loans to corporate customers, where ECL are assessed individually we critically assessed assumptions used by the Group to forecast future cash flows, including the estimated value of realisable collateral based on publicly available market information. - For loans to retail customers we tested the design and operating effectiveness of controls over timely reflection of number of overdue days in the underlying systems. - We agreed input data for the model used to assess ECL for loans to retail customers to underlying documents and checked whether these loans have been correctly allocated into Stages on a sample basis. - We assessed general predictive capability of the models used by the Group to assess ECL by comparing the estimates made as of 1 January 2021 with actual results for 2021. We also assessed the appropriateness of economic forecasts by comparing the Group's forecasts with those we have simulated.

	We also assessed whether the consolidated financial statements disclosures appropriately reflect the Group's exposure to credit risk.
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Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is:

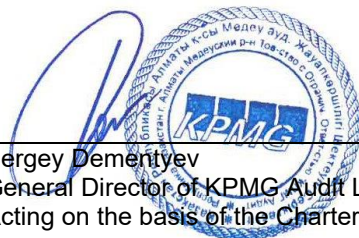
Ashley Clarke
Engagement partner

Mukhit Kossayev
Certified auditor,
of the Republic of Kazakhstan Auditor's
Qualification Certificate
No. 558 of 24 December 2003



KPMG Audit LLC

State License to conduct audit #0000021 dated 6 December 2006 issued by the Ministry of Finance of the Republic of Kazakhstan



Sergey Dementiev
General Director of KPMG Audit LLC
Acting on the basis of the Charter

13 May 2022


Eurasian Bank JSC
Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2021

	Note	2021 KZT'000	2020 KZT'000
Interest income calculated using effective interest method	5	119,365,774	120,841,962
Other interest income		145,650	642,393
Interest expense	5	(63,683,023)	(60,512,379)
Net interest income	5	55,828,401	60,971,976
Fee and commission income	6	29,033,584	25,297,380
Fee and commission expense	6	(7,095,479)	(6,436,115)
Net fee and commission income		21,938,105	18,861,265
Net gain/(loss) on financial instruments at fair value through profit or loss	7	1,914,659	(499,101)
Net foreign exchange gain	8	7,701,664	8,246,120
Net gain/(loss) on financial assets at fair value through other comprehensive income		1,667,241	(11,828)
Net other operating (expenses)/income		(2,167,609)	1,081,932
Operating income		86,882,461	88,650,364
Impairment losses on debt financial assets	9	(29,363,767)	(46,878,972)
(Impairment losses)/reversal of impairment losses on loan commitments and financial guarantee contracts		(171,880)	270,635
Loss on disposal of subsidiary	4	-	(2,131,283)
Estimated liabilities expenses		(2,686)	-
Personnel expenses	10	(23,901,283)	(19,816,155)
Other general and administrative expenses	11	(14,744,062)	(12,829,659)
Profit before income tax		18,698,783	7,264,930
Income tax expense	12	(5,650,332)	(477,150)
Profit for the year		13,048,451	6,787,780
Other comprehensive loss			
<i>Items that are or may be reclassified subsequently to profit or loss:</i>			
Revaluation reserve for financial assets at fair value through other comprehensive income:			
- Net change in fair value		(1,116,688)	2,027,313
- Net change in fair value transferred to profit or loss		(1,667,241)	11,828
Change in deferred tax		14,174	(2,168)
Foreign currency translation differences		-	(2,612,513)
<i>Total items that are or may be reclassified subsequently to profit or loss</i>		<i>(2,769,755)</i>	<i>(575,540)</i>
Total other comprehensive loss for the year		(2,769,755)	(575,540)
Total comprehensive income for the year		10,278,696	6,212,240
Earnings per share			
Basic earnings per share (KZT)	28	622.53	326.63

The consolidated financial statements as set out on pages 7 to 94 were approved by management on 13 May 2022 and were signed on its behalf by:


V.V. Morozov
Chairman of the Management Board


N.M. Druzhinina
Deputy Chairman of the Management Board


Sh.K. Kapekova
Chief Accountant

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

	Note	31 December 2021 KZT'000	31 December 2020 KZT'000
ASSETS			
Cash and cash equivalents	13	413,119,044	305,893,609
Financial instruments measured at fair value through profit or loss		18,900	2,058
Financial assets at fair value through other comprehensive income	14	124,000,016	94,084,577
Deposits and balances with banks	15	6,934,753	42,847,205
Loans to customers	16	635,338,323	562,432,857
Investments measured at amortised cost	17	170,290,941	145,102,359
Current tax asset		357,244	3,652
Property, plant and equipment and intangible assets	18	20,314,158	20,105,644
Right-of-use assets	18	2,157,005	2,443,436
Other assets	19	40,813,687	26,773,866
Total assets		1,413,344,071	1,199,689,263
LIABILITIES			
Financial instruments measured at fair value through profit or loss		1,871	-
Deposits and balances from banks	20	566,311	862,012
Amounts payable under repurchase agreements	21	-	1,139,662
Current accounts and deposits from customers	22	1,136,380,599	952,874,394
Debt securities issued	23	16,462,157	10,147,295
Subordinated debt securities issued	24	70,309,216	66,629,479
Other borrowed funds	25	26,029,572	27,335,218
Lease liabilities	25	2,562,741	2,782,926
Deferred tax liabilities	12	11,747,533	6,111,707
Other liabilities	26	29,954,975	22,756,170
Total liabilities		1,294,014,975	1,090,638,863
EQUITY			
Share capital	27	61,135,197	61,135,197
Share premium		25,632	25,632
Reserve for general banking risks		8,234,923	8,234,923
Revaluation reserve for financial assets at fair value through other comprehensive income		(172,815)	2,596,940
Retained earnings		50,106,159	37,057,708
Total equity		119,329,096	109,050,400
Total liabilities and equity		1,413,344,071	1,199,689,263
Book value per ordinary share (KZT)	27(c)	5,372.84	4,871.89

The consolidated statement of financial position is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements.

Eurasian Bank OJSC
Consolidated Statement of Cash Flows for the year ended 31 December 2021

	2021 KZT'000	2020 KZT'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest income	128,749,588	107,107,280
Interest expense	(59,788,931)	(57,559,293)
Fee and commission income	28,711,858	25,980,606
Fee and commission expense	(7,095,479)	(6,436,514)
Net receipts/(payments) from financial instruments at fair value through profit or loss	466,312	(815,088)
Net receipts from foreign exchange	9,419,638	7,341,807
Other (payments)/receipts	(602,450)	319,460
Personnel expenses	(21,800,741)	(19,335,439)
Other general and administrative expenses	(9,602,765)	(8,930,889)
(Increase)/decrease in operating assets		
Obligatory reserve	-	(21,169)
Deposits and balances with banks	36,075,609	(37,079,864)
Loans to customers	(111,757,088)	53,950,450
Other assets	(14,600,044)	1,452,382
Increase/(decrease) in operating liabilities		
Deposits and balances from banks	(292,546)	(706,655)
Amounts payable under repurchase agreements	(1,147,560)	1,286,598
Current accounts and deposits from customers	173,685,393	125,658,217
Other liabilities	3,195,545	265,825
Cash flows from operating activities before income tax paid	153,616,339	192,477,714
Income tax paid	(3,924)	(4,044)
Cash flows from operating activities	153,612,415	192,473,670
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of a subsidiary, net of cash outflows (Note 4)	-	(4,806,507)
Acquisition of financial assets at fair value through other comprehensive income	(151,306,064)	(111,367,284)
Sale and redemption of financial assets at fair value through other comprehensive income	125,038,446	126,083,045
Purchases of precious metals	(374,196)	(719,899)
Sale of precious metals	361,941	666,066
Acquisitions of investment at amortised cost	(272,503,090)	(267,452,153)
Repayment of investment at amortised cost	246,881,614	156,119,699
Acquisition of property, plant and equipment and intangible assets	(3,380,678)	(3,819,262)
Sale of property, plant and equipment and intangible assets	137,962	126,900
Cash flows used in investing activities	(55,144,065)	(105,169,395)

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

Eurasian Bank JSC
Consolidated Statement of Cash Flows for the year ended 31 December 2021 (continued)

	2021 KZT'000	2020 KZT'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from debt securities issued	6,160,840	-
Repayment of debt securities issued	-	(22,111,429)
Repayment of other borrowed funds	(1,287,009)	(6,137,646)
Payments under lease agreements	(1,260,347)	(1,447,713)
Proceeds from issue of share capital	-	4,000,003
Cash flows from/(used in) financing activities	3,613,484	(25,696,785)
Net increase in cash and cash equivalents	102,081,834	61,607,490
Effect of movements in exchange rates on cash and cash equivalents	5,151,207	18,485,481
Effect of movements in expected credit losses	(7,606)	41,230
Cash and cash equivalents at the beginning of the year	305,893,609	225,759,408
Cash and cash equivalents at the end of the year (Note 13)	413,119,044	305,893,609

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

Eurasian Bank JSC
Consolidated Statement of Changes in Equity for the year ended 31 December 2021

KZT'000	Share capital	Share premium	Reserve for general banking risks	Revaluation reserve for financial assets at fair value through other comprehensive income	Cumulative presentation currency translation reserve	Retained earnings	Total equity
Balance at 1 January 2020	57,135,194	25,632	8,234,923	559,967	2,612,513	30,269,928	98,838,157
Other comprehensive income/(loss)							
Profit for the year	-	-	-	-	-	6,787,780	6,787,780
Other comprehensive income/(loss)							
<i>Items that are or may be reclassified subsequently to profit or loss:</i>							
Net change in fair value of financial assets measured at fair value through other comprehensive income	-	-	-	2,027,313	-	-	2,027,313
Net change in fair value of financial assets at fair value through other comprehensive income, transferred to profit or loss	-	-	-	11,828	-	-	11,828
Change in deferred tax	-	-	-	(2,168)	-	-	(2,168)
Foreign currency translation differences	-	-	-	-	(2,612,513)	-	(2,612,513)
<i>Total items that are or may be reclassified subsequently to profit or loss</i>	-	-	-	2,036,973	(2,612,513)	-	(575,540)
Total other comprehensive income/(loss)	-	-	-	2,036,973	(2,612,513)	-	(575,540)
Total comprehensive income/(loss) for the year	-	-	-	2,036,973	(2,612,513)	6,787,780	6,212,240
Transactions with owners, recorded directly in equity							
Shares issued (Note 27(a))	4,000,003	-	-	-	-	-	4,000,003
Balance at 31 December 2020	61,135,197	25,632	8,234,923	2,596,940	-	37,057,708	109,050,400

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

Eurasian Bank JSC
Consolidated Statement of Changes in Equity for the year ended 31 December 2021

KZT'000	Share capital	Share premium	Reserve for general banking risks	Revaluation reserve for financial assets at fair value through other comprehensive income	Retained earnings	Total equity
Balance at 1 January 2021	61,135,197	25,632	8,234,923	2,596,940	37,057,708	109,050,400
Total comprehensive income						
Profit for the year	-	-	-	-	13,048,451	13,048,451
Other comprehensive (loss)/income						
<i>Items that are or may be reclassified subsequently to profit or loss:</i>						
Net change in fair value of financial assets measured at fair value through other comprehensive income	-	-	-	(1,116,688)	-	(1,116,688)
Net change in fair value of financial assets at fair value through other comprehensive income, transferred to profit or loss	-	-	-	(1,667,241)	-	(1,667,241)
Change in deferred tax	-	-	-	14,174	-	14,174
<i>Total items that are or may be reclassified subsequently to profit or loss</i>	-	-	-	(2,769,755)	-	(2,769,755)
Total other comprehensive (loss)/income	-	-	-	(2,769,755)	-	(2,769,755)
Total comprehensive income for the year	-	-	-	(2,769,755)	13,048,451	10,278,696
Balance at 31 December 2021	61,135,197	25,632	8,234,923	(172,815)	50,106,159	119,329,096

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

1 Background

(a) Principal activities

The accompanying consolidated financial statements include the financial statements of Eurasian Bank JSC (the “Bank”) and of its subsidiaries - Eurasian Project 1 LLP and Eurasian Project 2 LLP (31 December 2020: Eurasian Bank PJSC, Eurasian Project 1 LLP and Eurasian Project 2 LLP) (jointly referred to as the “Group”).

The Bank was established in 1994 in the Republic of Kazakhstan as a closed joint-stock company under the laws of the Republic of Kazakhstan. Due to a change in legislation introduced in 2003, the Bank was re-registered as a joint-stock company on 2 September 2003. The Bank carries on its activities in accordance with the banking licence No. №1.2.68/242/40 granted on 3 February 2020, to conduct banking and other operations and engage in activities on securities market. The principal activity of the Bank is deposit taking, maintaining customer accounts, extending loans and issuing guarantees, providing custodian services, and settlement and cash services, and securities and foreign exchange activities.

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

As at 31 December 2021, the Group has 17 regional branches (2020: 17) and 115 cash settlement centres (2020: 112) through which it operates in the Republic of Kazakhstan.

The Bank’s head office is registered at: 56 Kunayev street, Almaty, Republic of Kazakhstan. The majority of the Bank’s assets and liabilities are located in the Republic of Kazakhstan.

On 1 April 2010, the Bank acquired a subsidiary, Eurasian Bank OJSC (Open Joint Stock Company), located in Moscow, Russian Federation. On 29 January 2015, the subsidiary was renamed Eurasian Bank PJSC (Public Joint Stock Company) (Note 17).

On 30 December 2015, the Bank acquired a subsidiary, BankPozitiv Kazakhstan JSC, located in Almaty, Republic of Kazakhstan which was renamed EU Bank JSC (SB of Eurasian Bank JSC). On 31 December 2015, the sole shareholder of the Bank approved a reorganisation plan, under which EU Bank JSC (SB of Eurasian Bank JSC) merged with the Bank. On 3 May 2016, the actual merge of EU Bank JSC (SB of Eurasian Bank JSC) with the Bank took place.

On 21 August 2017, the Bank’s subsidiaries – Eurasian Project 1 LLP and Eurasian Project 2 LLP – were registered. The principal activity of these entities is acquisition and management of doubtful and bad assets of the Bank.

On 29 December 2020, the Bank closed a deal to sell its holding of shares of the subsidiary bank of Eurasian Bank JSC (the Russian Federation) to Sovcombank PJSC; share purchase price was RUB 530,644 thousand, which was settled in cash.

(6) Shareholders

As at 31 December 2021, Eurasian Financial Company JSC (“EFC”) is the Bank’s Parent Company, which owns 100% of the Bank’s shares (2020: EFC owned 100% of the Bank’s shares).

During 2021 the structure of the EFC shareholders changed: effective from 15 July 2021 the EFC shareholders are: Mukadaskhan Ibragimova, Patokh Chodiyev and Alexander Mashkevich; each of the shareholders owns 33.3% of stocks.

(c) Kazakhstan business environment

The Group’s operations are primarily located in Kazakhstan. Consequently, the Group is exposed to the economic and financial markets of Kazakhstan which display characteristics of an emerging market. The legal, tax and regulatory frameworks continue development, but are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments contribute to the challenges faced by entities operating in the Republic of Kazakhstan.

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

2 Basis of preparation

(a) Statement of compliance

The accompanying consolidated financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”).

(b) Basis of measurement

The consolidated financial statements are prepared on the historical cost basis except that certain financial instruments are stated at fair value.

(c) Functional and presentation currency

The functional currency is the currency of the primary economic environment in which the Group operates. The functional currency of the Bank and its subsidiaries and presentation currency for the purpose of these consolidated financial statements is the Kazakhstan tenge (KZT).

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

(d) Use of estimates and judgements

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results could differ from those estimates.

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

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies is described in the following notes:

- classification of financial assets: assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding – Note 3(d)(i).
- establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining methodology for incorporating forward-looking information into measurement of expected credit losses (ECL) and selection and approval of models used to measure ECL – Note 3(g)(iv) and Note 16(b);
- impairment of financial instruments: determining inputs into the ECL measurement model, including incorporation of forward-looking information – Note 3(g)(iv);
- recognition of a fee and commission income from agency services - Note 3(m);
- estimates of fair values of financial assets and liabilities – Note 35.

(e) Assessment of the Group’s ability to continue as a going concern

The accompanying consolidated financial statements have been prepared on assumption that the Group will continue as a going concern.

3 Significant accounting policies

The accounting policies set out below are applied consistently to all periods presented in these consolidated financial statements.

(a) Basis of consolidation

(i) Business combination

The Group applies the Definition of a business (Amendments to IFRS 3) to business combinations with acquisition dates at or after 1 January 2020 when determining whether an acquisition made is of a business or a group of assets.

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

The Group measures goodwill at the acquisition date as the fair value of the consideration transferred (if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree), plus the recognised amount of any non-controlling interests in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(ii) Subsidiaries

Subsidiaries are investees controlled by the Group. The Group controls an investee when it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. In particular the Group consolidates investees that it controls on the basis of de facto circumstances. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(iii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised gains arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains except that they are only eliminated to the extent that there is no evidence of impairment.

(iv) Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets.

Goodwill is allocated to cash-generating units for impairment testing purposes and is stated at cost less impairment losses.

(b) Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign currency translation differences are recognised in profit or loss, except for equity instruments for which the Group decided to present subsequent changes in fair value within other comprehensive income. Foreign currency differences on such equity instruments are recognised in other comprehensive income.

The following exchange rates have been applied by the Group in preparation of the consolidated financial statements:

	31 December 2021	31 December 2020
KZT/EUR	489.10	516.79
KZT/USD	431.80	420.91

(c) Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, unrestricted balances (nostro accounts) held with the NBRK and other banks, and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value, and are used by the Bank in the management of short-term commitments. Cash and cash equivalents are carried at amortised cost in the consolidated statement of financial position.

(d) Financial instruments

(i) Classification of financial instruments

Under IFRS 9 *Financial Instruments*, financial assets are classified into the following categories based on a business model used by the Group to manage its financial assets for cash flows generation:

Financial instruments measured at fair value through other comprehensive income within a business model “Holding assets in order to collect contractual cash flows and/or sell assets” that meet the SPPI (“solely payments of principal and interest”) criterion. This business model implies that the objective is achieved by both collecting contractual cash flows and selling assets. The level of sales is usually higher (in respect of frequency and volumes of asset transactions) within this business model than those under the business model “hold to collect contractual cash flows”);

Financial instruments measured at amortised cost within the business model “Holding assets to collect contractual cash flows”. The objective within this business model is:

- to hold assets in order to collect contractual cash flows;
- sales are secondary to the objective of this model;
- the level of sales within this model, as a rule, is the lowest as compared to other business models (in respect of frequency and volumes of asset transactions).

Financial instruments measured at fair value through profit or loss within a business model “Managing assets on a fair value basis and maximising cash flows through selling assets” that do not meet the SPPI criterion.

This business model does not seek both “to hold to collect” and “to hold to collect and/or sell”. Receiving contractual cash flows is secondary to the objective of this model.

In order to define a business model for specific financial assets the Group analyses the following:

- how performance of the business model (and the financial assets held within that business model) is measured and how this information is communicated to the key management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the Bank responsible for portfolio management are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group’s stated objective for managing the financial assets is achieved and how cash flows are realised. In this case, the Group considers information about previous sales, the reasons for those sales and conditions that existed at that time as compared to current conditions.

Management determines the appropriate classification of financial instruments in this category at the time of the initial recognition.

On initial recognition, the Group may designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

All trading derivatives in a net receivable position (positive fair value), as well as options purchased, are reported as assets. All trading derivatives in a net payable position (negative fair value), as well as options written, are reported as liabilities.

The Group reclassifies financial assets if the Group changes its business model for managing those financial assets. Reclassification is applied prospectively from the next reporting period preceding the period, in which a business model changes.

The Group classifies its financial assets as follows:

- *loans and receivables* are classified as assets measured at amortised cost as they are managed within a business model ‘Held for collecting contractual cash flows’, which meet the SPPI criterion, except for the loans that do not meet the SPPI criterion;
- *correspondent account balances, interbank loans and deposits, REPO transactions* are classified as assets measured at amortised cost since they are managed within the business model “Holding to collect contractual cash flows” that meet the SPPI criterion;
- *debt securities* may be classified in any of the three classification categories depending on the business model chosen and compliance with the SPPI criterion;
- *equity securities*, generally will be classified as instruments measured at fair value through profit or loss;
- *derivative financial instruments* are classified as financial assets at fair value through profit or loss.

All financial liabilities are classified on initial recognition as measured at amortised cost, except for the following:

- financial liabilities at fair value through profit or loss (IFRS 9 says that the Group may, at initial recognition, irrevocably designate a financial liability as measured at fair value through profit or loss);
- financial liabilities, which arise when a transfer of a financial asset does not qualify for derecognition or the continuing involvement approach applies;
- financial guarantee contracts;
- commitments to provide a loan at a below-market interest rate;
- contingent consideration recognised by an acquirer in a business combination.

(ii) Recognition

Financial assets and liabilities are recognised in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument. All regular way purchases of financial assets are accounted for at the settlement date.

(iii) Measurement

A financial asset or liability is initially measured at its fair value plus, in the case of a financial asset or liability not measured at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or liability.

Subsequent to initial recognition, financial assets, including derivatives that are assets, are measured at their fair values, without any deduction for transaction costs that may be incurred on their sale or other disposal, except for:

- loans and receivables which are measured at amortised cost using the effective interest method;
- investments within a business model ‘Held for collecting contractual cash flows’, which are measured at amortised cost using effective interest method.

(iv) *Amortised cost versus gross carrying amount*

The ‘amortised cost’ of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance. Premiums and discounts, including initial transaction costs, are included in the carrying amount of the related instrument and amortised based on the effective interest rate of the instrument.

The ‘gross carrying amount of a financial asset’ measured at amortised cost is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

Financial assets or liabilities originated at interest rates different from market rates are measured at origination at their fair value, being future interest payments and principal repayment(s) discounted at market interest rates for similar instruments. The difference is credited or charged to profit or loss as gains or losses on the origination of financial instruments at rates different from market rates (provided that fair value is measured on the basis of the observed inputs). Subsequently, the carrying amount of such assets or liabilities is adjusted for amortisation of the gains/losses on origination and the related income/expense is recorded in interest income/expense within profit or loss using the effective interest method.

(v) *Fair value measurement principles*

Fair value is 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 in the principal, or in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Group measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

When there is no quoted price in an active market, the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all the factors that market participants would take into account under the circumstances.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price, i.e., the fair value of the consideration given or received. If the Group determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument, but no later than when the valuation is supported wholly by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, the Group measures assets and long positions at the bid price and liabilities and short positions at the ask price.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Group on the basis of the net exposure to either market or credit risk, are measured on the basis of a price that would be received to sell the net-long position (or paid to transfer the net-short position) for a particular risk exposure. Those portfolio-level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

(vi) Gains and losses on subsequent measurement

Profit or loss arising from change in fair value of financial asset or liability is recognised as follows:

- a gain or loss on a financial instrument classified as at fair value through profit or loss is recognised in profit or loss;
- a gain or loss on a financial asset measured at fair value through other comprehensive income is recognised as other comprehensive income in equity (except for expected credit losses and reversal of impairment losses and foreign exchange gains and losses on debt financial instruments measured at fair value through other comprehensive income) until the asset is derecognised, at which time the cumulative gain or loss previously recognised in comprehensive income is recognised in profit or loss. Interest income in relation to financial asset measured at fair value through other comprehensive income is recognised in profit or loss, as accrued, using the effective interest method.

For financial assets and liabilities carried at amortised cost, a gain or loss is recognised in profit or loss when the financial asset is derecognised or impaired, and through the amortisation process.

(vii) Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Group is recognised as a separate asset or liability in the consolidated statement of financial position. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The Group enters into transactions whereby it transfers assets recognised on its consolidated statement of financial position, but retains either all risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised.

In transactions where the Group neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset, it derecognises the asset if control over the asset is lost.

In transfers where control over the asset is retained, the Group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred assets.

If the Group purchases its own debt, it is removed from the consolidated statement of financial position and the difference between the carrying amount of the liability and the consideration paid is included in gains or losses arising from early retirement of debt.

The Group writes off assets deemed to be uncollectible, if there are no reasonable expectations for their recovery.

(viii) Repurchase and reverse repurchase agreements

Securities sold under sale and repurchase (repo) agreements are accounted for as secured financing transactions, with the securities retained in the consolidated statement of financial position and the counterparty liability included in amounts payable under repo transactions. The difference between the sale and repurchase prices represents interest expense and is recognised in profit or loss over the term of the repo agreement using the effective interest method.

Securities purchased under agreements to resell (“reverse repo”) are recorded as cash and cash equivalents. The difference between the purchase and resale prices represents interest income and is recognised in profit or loss over the term of the repo agreement using the effective interest method.

If assets purchased under an agreement to resell are sold to third parties, the obligation to return securities is recorded as a trading liability and measured at fair value.

(ix) Derivative financial instruments

Derivative financial instruments include swaps, forwards, futures, spot transactions and options in interest rates, foreign exchanges, precious metals and stock markets, and any combinations of these instruments.

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. All derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

Changes in fair value of derivatives are recognised immediately in profit or loss.

Although the Group trades in derivative instruments for risk hedging purposes, these instruments do not qualify for hedge accounting.

(x) Offsetting

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The Group currently has a legally enforceable right to set off if that right is not contingent on a future event and enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the Group and all counterparties.

(e) Property and equipment

(i) Owned assets

Items of property and equipment are stated at cost less accumulated depreciation and impairment losses.

Where an item of property, plant and equipment comprises major components having different useful lives, they are accounted for as separate items of property and equipment.

(ii) Depreciation

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of the individual assets. Depreciation commences on the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and ready for use. Land is not depreciated. The estimated useful lives are as follows:

- Buildings	40-100 years;
- Computers and banking equipment	5 years;
- Vehicles	7 years;
- Office furniture	8-10 years;
- Leasehold improvements	5 years.

(d) Intangible assets

Acquired intangible assets are stated at cost less accumulated amortisation and impairment losses.

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Amortisation is charged to profit or loss on a straight-line basis over the estimated useful lives of intangible assets. The estimated useful lives of various items of property, plant and equipment are as follows:

- Trademark 10 years;
- Computer software and other intangibles up to 15 years.

(g) Impairment of assets

IFRS 9 requires application of an 'expected credit loss' model. The new impairment model also applies to certain loan commitments and financial guarantee contracts but not to equity investments.

(i) Impairment

The Group recognises loss allowances for expected credit losses (ECL) on the following financial instruments that are not measured at FVTPL:

- interbank deposits and interbank loans;
- cash placed in correspondent accounts;
- financial assets that are debt instruments;
- receivables on documentary settlements and guarantees;
- financial guarantee contracts issued, contingent liabilities on unsecured letters of credit, guarantees issued or confirmed;
- loan commitments issued.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured as 12-month ECLs:

- debt investment securities and other financial assets that are determined to have low credit risk at the reporting date; and
- other financial instruments on which credit risk has not increased significantly since their initial recognition.

The Group considers:

- a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade';
- a financial asset to have low credit risk when a loan transaction is made with a counteragent having a credit rating of BBB- according to the international rating scale of S&P rating agency or similar ratings of Moody's and Fitch rating agencies, or a loan transaction is made with a company owned by the Government of the Republic of Kazakhstan.

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

(ii) Significant increase in credit risk

For the purpose of determining significant increases in credit risk of a financial asset, the Group:

- assesses change in the risk of a default occurring over the expected life of the financial asset by comparing a risk of a default occurring on the financial asset with the risk of a default as at the date of initial recognition;
- analyses reasonable and supportable information, that is available without undue cost or effort and which indicates a significant increase in credit risk since initial recognition.

Significant increases in credit risk of a financial asset mean occurrence of one or several cases listed below:

- significant changes in indicators of credit risk (increase in LTPD PIT by 80% from initial recognition of the financial asset) for a particular financial asset or similar financial assets with the same expected life;
- an actual or expected internal credit rating downgrade for the borrower determined upon monitoring based on a set of quantitative and qualitative indicators of the counterparty;

- significant changes in value of collateral (over 50% of the value at the time of initial recognition of an asset) for asset or in guarantee quality;
- payments are past due for thirty calendar days or more.

Monitoring work implies controlling and analysing the status of a counteragent and of the entire relations between the Group and the counteragent and consists of the following:

- control over compliance with payment discipline for a financial asset;
- regular review of a counteragent's financial statements;
- monitoring of the account turnover;
- monitoring of the progress in the project funded by the Group.

(iii) Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI (bonds) are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 60 days past due for individual financial assets and 90 days past due for homogenous financial assets;
- the restructuring of a loan by the Group due to the borrowers' financial difficulties;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties, delisting of a security.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

In making an assessment of whether investments in sovereign debt where the Government acts as a debtor, are credit-impaired, the Group considers the following factors:

- downgrade of the bonds' long-term sovereign credit rating below B in accordance with Standard&Poor's credit agency scale or in scale of other agencies transferred to Standard&Poor's scale;
- Internal economic reasons (hostilities inside the state, global natural and/or man-made disasters affecting significantly the country economy, undemocratic seizure of power and denial to serve government liabilities, and other similar events affecting significantly the country economy);
- Decision to restructure the obligation to purchase bonds.

(iv) Measurement of ECL

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- *financial assets that are not credit-impaired at the reporting date*: as the present value of the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive;
- *financial assets that are credit-impaired at the reporting date*: as the difference between the gross carrying amount of a financial asset and the present value of estimated future cash flows;
- *undrawn loan commitments*: as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn down and the cash flows that the Group expects to receive; and

- *financial guarantee contracts*: the present value of expected payments to reimburse the holder less any amounts that the Group expects to recover.

The key inputs into the measurement of ECL are the term structure of the following variables:

- probability of default (PD);
- loss given default (LGD);
- exposure at default (EAD).

For debt securities and financial assets arising from entering into transactions with financial organisations:

- PD is estimated on the basis of data on global corporate and global sovereign average cumulative values of PD published by S&P agency, depending on the counterparty's credit rating assigned by S&P or similar rating assigned by Moody's and Fitch;
- For interbank deposits and interbank loans and cash placed in correspondent accounts, LGD is derived based on Recovery Rate for unsecured bonds, published by Moody's agency;
- For unsecured corporate bonds of the issuers, LGD is determined at 70%.

For loans related both to individual and homogeneous financial assets, PD and LGD are derived based on statistical models employed by the Group and other historical data, considering forward-looking information on macroeconomic factors.

Individual financial assets

PD for financial assets referred to individual financial assets is estimated on the basis of historic data on the borrowers' ratings assigned while considering the matter of financing and exercising the quarterly monitoring, and historic data on the borrowers' defaults for at least 5-year observation period.

The level of PD corresponding to the borrower's rating is estimated by determining a ratio of total balance sheet debt of the defaulted borrowers to the total balance sheet debt (average for the year) of a borrower having certain rating, for 1 calendar year, at each reporting date of the observation period, for the observation period.

Homogeneous financial assets

Estimate of PD on loans related to homogeneous financial assets is based on historical data on borrowers' default rates of each generation of issue (per month) for at least 5-year observation period, given the grouping of homogeneous assets based on their common risk characteristics, which include a type of credit product and type of available collateral.

PD for the group of homogeneous assets is estimated as a ratio of a number of defaulted loans to non-defaulted loans in each generation of loan issue, per each month of the observation period, with due account of subsequent estimate of an averaged probability of default for a group of homogeneous assets per each month of the observation period, with subsequent annualisation.

Impact of macroeconomic indicators

To take into account the impact of macroeconomic indicators on PD, estimated PDs are calibrated by PIT coefficient (Point-in-Time). Economic scenarios used as at 31 December 2021 used the following key indicators for the Republic of Kazakhstan:

- for individual financial assets: inflation, GDP growth, state budget revenue, CDS index of the Republic of Kazakhstan, oil price (Brent, annual average), US dollar exchange rate (annual average), base rate of NB RK, unemployment rate and other:

Period	Inflation , %	GDP growth, %	United States dollar exchange rate (average annual)	Unemploy ment rate	Revenues of the Republican budget (bln KZT)	Oil price, USD	Loan interest rate, %
2022 forecast (base)	6.0	3.9	433.35	4.90	9,207.40	60	11.50

Based on the correlation results, scripting was applied:

- for individual financial assets: the average annual exchange rate of the US dollar in three scenarios on the level of heterogeneous financial assets that defaulted in the analysed period:

Period	US dollar exchange rate (annual average) base	US dollar exchange rate (annual average) optimistic	US dollar (annual average) pessimistic
2022 forecast	433.35	424.97	453.08

- for homogeneous financial assets: inflation, GDP growth, state budget revenue, CDS index, oil price, unemployment rate, actual wage, loan interest rate in three scenarios on the level of homogeneous financial assets that defaulted during the year in the analysed period:

2022 forecast	Inflation, %	GDP growth, %	Revenues of the Republican budget (bln KZT)	CDS index (1 year), in basis points, USD	(Average annual) Brent oil price, USD	Unemployment rate	Actual wage	Loan interest rate, %
Expected level for 2022 (base)	6.0	3.9	9,207.40	14.86	60.00	4.90	10.10	11.50
Expected level for 2022 (optimistic)	4.0	4.1	9,447.90	12.16	70.00	4.90	11.65	10.14
Expected level for 2022 (pessimistic)	7.0	3.7	8,876.00	15.93	50.00	4.90	5.82	13.00

Impact assessment is performed using the linear regression method (statistics for at least 5 years); PIT coefficient is calculated as a ratio of projected default rate (D) to an average D over the over the latest 12-month period.

LGD is estimated by the Group as a difference between carrying amount of an asset and overall recovery rate (Recovery Rates) for defaulted loans from the time of default against an outstanding debt as at the date of default and present value of estimated future cash flows from enforcement of collateral discounted at the original effective interest rate of a financial asset (i.e. effective interest rate calculated on initial recognition).

EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortisation. The EAD of homogeneous financial assets is the gross carrying amount.

(iv) *Recognised impairment losses*

All impairment losses on loans and receivables (including reversal of impairment losses or impairment gain) are recognised in profit or loss.

No loss allowance for debt financial assets measured at FVOCI is recognised in the consolidated statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the fair value reserve.

(v) Write-offs

Loans and debt securities are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(vii) Non-financial assets

Non-financial assets, other than deferred taxes, are assessed at each reporting date for any indications of impairment. The recoverable amount of non-financial assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit (CGU). For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised if the carrying amount of an asset or its related CGU exceeds its estimated recoverable amount.

All impairment losses in respect of non-financial assets are recognised in profit or loss and reversed only if there has been a change in the estimates used to determine the recoverable amount.

Any impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(h) Provisions

A provision is recognised in the consolidated statement of financial position when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating costs are not provided for. Future operating costs are not provided for.

(i) Credit related commitments

In the normal course of business, the Group enters into credit related commitments, comprising undrawn loan commitments, letters of credit and guarantees, and provides other forms of credit insurance.

Financial guarantees are contracts that require the Group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees issued or commitments to provide a loan at a below-market interest rate are initially measured at fair value. *Subsequently they are measured* at the higher of the loss allowance determined in accordance with IFRS 9 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15.

Financial guarantee liabilities and provisions for other credit related commitment are included in other liabilities.

Loan commitments are not recognised in the consolidated financial statements, except in the following cases:

- loan commitments that the Group designates as financial liabilities at fair value through profit or loss;

- if the Group has a past practice of selling the assets resulting from its loan commitments shortly after origination, then the loan commitments in the same class are treated as derivative instruments;
- loan commitments that can be settled net in cash or by delivering or issuing another financial instrument;
- commitments to provide a loan at a below-market interest rate.

(j) Share capital

(i) Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

(ii) Dividends

The ability of the Group to declare and pay dividends is subject to acting legislation of the Republic of Kazakhstan.

Dividends in relation to ordinary shares are reflected as an appropriation of retained earnings in the period when they are declared.

(k) Taxation

Income tax comprises current and deferred taxes. Income tax is recognised in profit or loss except to the extent that it relates to items of other comprehensive income or transactions with shareholders recognised directly in equity, in which case it is recognised within other comprehensive income or directly within equity.

(i) Current tax

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

(ii) Deferred tax

Deferred tax assets and liabilities are recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences:

- temporary differences related to initial recognition of goodwill not deductible for tax purposes;
- temporary differences related to the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that where the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

(I) Income and expense recognition

(i) Effective interest rate

Interest income and expense are recognised in profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not expected credit losses. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including expected credit losses.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

(ii) Calculation of interest income and expense

The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating rate instruments to reflect movements in market rates of interest.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

Fee and commission which relate to issue of a loan and are an inherent component of an effective interest rate, taking into account direct transaction costs, are stated as a discount on loans issued by the Group. Within the effective period of a contract, the discount amount is amortised and stated as the Group's income, using an effective interest rate. Fee and commission income related to provision of other services stipulated in a concluded contract and received as the services are provided can be stated simultaneously in "fee and commission receivable from a borrower" line item, unless otherwise provided for by the contract, and are recognised in "income" line items as the relevant services are provided.

(iii) Presentation

Interest income on financial instruments measured at fair value through profit or loss is included in "Other interest income" in the consolidated statement of profit or loss and other comprehensive income.

(m) Fee and commission income

Fee and commission income is stated at the amount which the Group expects to receive in exchange for the services provided, and is recognised when or as the Group provides the services to customers.

The Group provides insurance agent services by offering life insurance policies of different insurance companies at its points of sale of retail loans and is paid an agency fee proportionate to premiums subscribed. As acquisition of a life insurance policy is voluntary and is not a condition to obtain a loan, it does not affect the interest rate on the loan. Therefore the agent services fee was not considered as part of effective interest rate. A service is deemed to be completely provided when an insurance policy has been issued (insurance contract), therefore, the Group recognises fee and commission simultaneously, when a performance obligation is satisfied, i.e. an insurance policy is issued (insurance contract is concluded).

Loan origination fees, loan servicing fees and other fees that are considered to be integral to the overall profitability of a loan, together with the related transaction costs, are deferred and amortised to interest income over the estimated life of the financial instrument using the effective interest method.

Fee and commission income for payment card maintenance comprises interchange fee from transactions with credit and debit cards carried out in trade and service enterprises, and is recognised upon receipt of compensation from payment systems. Other payment card fees are recognised at the time of transaction completion.

Fee and commission income for cash withdrawal comprises fee and commission for customer accounts maintenance as well as fee and commission for cash operations. Payment for customer account maintenance is recognised in the period when the services are provided, usually, on a monthly basis. Payment collected for cash operations is recognised at the time of the services provision.

Fee and commission for settlement transactions represent fee and commission income for payments and transfers charged at the time of the transaction.

Income in the form of fee and commission for issue of guarantees as well as fee and commission for issue and servicing of letters of credit are stated on an accrual basis, with daily amortisation on income line items.

(n) Segment reporting

An operating segment is a component of a Group that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

(o) Leases

The Group has initially applied IFRS 16 Leases from 1 January 2019 which replaced existing leases guidance including IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases—Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

Definition of a lease

Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

The Group as a lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments, and depreciation charge for right-of-use assets and interest expense on lease liabilities.

Lease liability is determined on initial recognition as present value of lease payments and expected payments till the end of the lease term using a discount rate as a borrowing rate. The cost of right-of-use assets includes the amount of initially estimated lease liabilities, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Upon initial recognition, right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The right-of-use assets are depreciated using the straight-line method from the commencement date to the end of the lease term.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the substance fixed lease payments.

The right-of-use assets and lease liabilities are stated in separate line items in the consolidated statement of financial position.

In the consolidated statement of profit or loss and other comprehensive income, lease expenses are stated as depreciation and amortisation expenses in “Other general and administrative expenses” and as interest expenses paid in “Interest expenses”.

For short-term leases (with a lease term less than 12 months) and for leases of low-value assets, the lease payments are recognised on a straight-line basis within the lease term in “Other general and administrative expenses”.

In the consolidated statements of cash flows, the Group classifies separately the cash flows used for payment of principal amount of lease liabilities - as cash used in financing activities, and cash flows used in payments for interest on lease liabilities – as cash used in operating activities.

(p) New standards and interpretations

A number of new amendments to standards and interpretations are effective from 1 January 2021. The amended standards and interpretations have no significant impact on the Group’s consolidated financial statements.

- *COVID-19 Related Rent Concessions* - Amendment to IFRS 16;
- *Interest Rate Benchmark Reform (IBOR)– Phase 2* (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

New and revised IFRS standards issued but not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2021 with earlier application permitted. The Group has not early adopted the new or amended standards in preparing these consolidated financial statements:

- *Annual Improvements to IFRS Standards 2018-2020 Cycle*;
- *Property, Plant and Equipment: Proceeds before Intended Use* (Amendments to IAS 16 *Property, Plant and Equipment*);
- *Onerous contracts – Cost of Fulfilling a Contract* (Amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*);
- *Classification of Liabilities as Current or Non-current* (Amendments to IAS 1);
- *IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts*;
- *Definition of Accounting Estimates* - Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*;
- *Disclosure Initiative: Accounting Policies – Amendments to IAS 1 Presentation of Financial Statements and Practice Statement 2: Making Materiality Judgements*;
- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* - Amendments to IAS 12 *Income Taxes*.

4 Disposal of subsidiary

On 29 December 2020, the Group closed a deal to sell its holding of shares of the subsidiary bank of Eurasian Bank JSC (the Russian Federation) to Sovcombank PJS; share purchase price was RUB 530,644 thousand, which was settled in cash. The Group also assigned to Sovcombank PJSC the rights of claim on its subordinated loans issued to the subsidiary.

Assets and liabilities of the subsidiary as at the date of loss of control are as follows:

	29 December 2020 (unaudited) KZT'000
ASSETS	
Cash and cash equivalents	12,243,520
Financial instruments at FVTPL	304,624
Deposits and balances with banks	56,931
Loans to customers	112,189
Property, plant and equipment and intangible assets	248,808
Right-of-use assets	852,272
Deferred tax assets	10,335
Other assets	123,828
Total assets	13,952,507
LIABILITIES	
Deposits and balances from banks	318,819
Current accounts and deposits from customers	3,344,070
Other borrowed funds	4,362,211
Lease liabilities	913,849
Other liabilities	102,948
Total liabilities	9,041,897
Net disposed assets	4,910,610
	At the date of disposal
Net assets and liabilities of subsidiary	(4,910,610)
Previously recognised goodwill relating to subsidiary	(243,480)
Effect of inter-group transactions	(12,477)
Consideration received settled in cash	3,035,284
Loss on disposal	(2,131,283)
Disposed cash	(12,189,850)
Cash consideration received for assignment of the rights of claim on subordinated loans	4,348,059
Net cash outflow	(4,806,507)

The effect of the results of the subsidiary's activities on profit for the 2020 year amounted to a loss of 552,161 thousand tenge.

5 Interest income and expense

	2021 KZT'000	2020 KZT'000
Interest income calculated using the effective interest method		
Loans to customers measured at amortised cost	98,258,695	104,931,089
Financial assets at fair value through other comprehensive income	10,247,727	6,925,348
Investments measured at amortised cost	9,349,759	6,407,648
Cash and cash equivalents	717,569	893,668
Amounts receivable under reverse repurchase agreements	543,198	1,412,710
Other financial assets	211,599	255,935
Deposits and balances with banks	37,227	15,564
	119,365,774	120,841,962
Other interest income		
Loans to customers measured at fair value	145,650	634,549
Securities measured at fair value through profit or loss	-	7,844
	119,511,424	121,484,355
Interest expense		
Current accounts and deposits from customers	(50,078,544)	(46,262,778)
Subordinated debt securities issued	(11,117,226)	(10,375,143)
Debt securities issued	(1,022,533)	(2,114,971)
Other borrowed funds	(731,118)	(868,802)
Amounts payable under repurchase agreements	(474,750)	(566,604)
Lease liabilities	(258,852)	(317,914)
Deposits and balances from banks	-	(6,167)
	(63,683,023)	(60,512,379)
	55,828,401	60,971,976

6 Fee and commission income and expense

	2021 KZT'000	2020 KZT'000
Agency services	18,052,323	14,776,266
Payment card maintenance fees	5,958,017	5,670,134
Settlement	2,332,618	2,040,839
Cash withdrawal	1,304,174	1,358,426
Guarantee and letter of credit issuance	468,015	792,503
Custodian services	63,720	38,480
Cash collection	25,566	28,246
Other	829,151	592,486
	29,033,584	25,297,380
Fee and commission expenses		
Payment card maintenance fees	(5,416,345)	(4,902,292)
Settlement	(798,583)	(628,159)
Services of the State Centre for Pension Payments and credit bureaus	(487,830)	(387,046)
Cash withdrawal	(159,001)	(258,261)
Custodian services	(71,502)	(67,277)
Securities operations	(29,056)	(52,299)
Guarantee and letter of credit issuance	(8,029)	-
Other	(125,133)	(140,781)
	(7,095,479)	(6,436,115)
	21,938,105	18,861,265

7 Net gain/(loss) on financial instruments measured at fair value through profit or loss

	2021 KZT'000	2020 KZT'000
Gain on change in the value of loans to customers measured at fair value	1,433,376	13,968
Net unrealised gain/(loss) on financial instruments measured at fair value through profit or loss	23,749	(1,690)
Net realised gain/(loss) on financial instruments at fair value through profit or loss	457,534	(511,379)
	1,914,659	(499,101)

8 Net foreign exchange gain

	2021 KZT'000	2020 KZT'000
Dealing operations, net	9,419,638	7,341,807
Translation differences, net	(1,717,974)	904,313
	7,701,664	8,246,120

9 Impairment losses on debt financial assets

	2021 KZT'000	2020 KZT'000
Loans to customers (Note 16)	31,877,974	45,429,321
Investments measured at amortised cost (Note 17)	47,069	860
Financial assets measured at fair value through other comprehensive income (Note 14)	11,851	3,347
Cash and cash equivalents (Note 13)	7,618	(41,230)
Deposits and balances with banks (Note 15)	42	86
Other assets (Note 19)	(2,580,787)	1,486,588
	29,363,767	46,878,972

10 Personnel expenses

	2021 KZT'000	2020 KZT'000
Wages, salaries, bonuses and related taxes	22,908,694	18,985,368
Other employee costs	992,589	830,787
	23,901,283	19,816,155

11 Other general and administrative expenses

	2021 KZT'000	2020 KZT'000
Communication and information services	3,200,330	2,543,336
Depreciation and amortisation	2,793,555	2,943,010
Depreciation of right-of-use assets	1,320,225	1,647,512
Taxes other than income tax	1,222,665	1,088,788
Professional services	1,013,267	446,858
Advertising and marketing	964,322	353,855
Security	856,539	825,861
Repair and maintenance	669,738	710,592
Cash collection	320,046	275,334
Operating lease expense	302,427	223,746
Business travel	206,712	121,254
Stationary and office supplies	200,632	192,471
Training	80,546	7,320
Transportation	78,874	78,725
Insurance	57,295	72,545
Other	1,456,889	1,298,452
	14,744,062	12,829,659

12 Income tax expense

	2021 KZT'000	2020 KZT'000
Current income tax expense		
Current period	332	4,044
Adjustment of current income tax expenses for prior periods	-	761
	332	4,805
Deferred income tax expense		
Origination and reversal of temporary differences	5,650,000	472,345
Total income tax expense	5,650,332	477,150

In 2021, the applicable tax rate for current and deferred tax is 20% (2020: 20%).

Reconciliation of effective tax rate for the year ended 31 December:

	2021 KZT'000	%	2020 KZT'000	%
Profit before tax	18,698,783		7,264,930	
Income tax at the applicable tax rate	3,739,757	20.00	1,452,986	20.00
Tax-exempt income on securities	(3,979,197)	(21.28)	(2,629,802)	(36.20)
Adjustment of current income tax expenses for prior periods	-	-	761	0.01
Impairment losses	4,792,472	25.63	513,588	7.07
Non-deductible expense/(non-taxable income)	1,097,300	5.87	1,139,617	15.69
	5,650,332	27.70	477,150	6.57

Deferred tax assets and liabilities

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes give rise to net deferred tax assets and liabilities as at 31 December 2021 and 2020.

Tax loss carry-forwards originated in 2017 will expire on 31 December 2027. During 2021, the Group utilised tax loss of KZT 35,275,836 thousand (2020: KZT 8,964,424 thousand). Other deductible temporary differences do not expire under current tax legislation of the Republic of Kazakhstan.

Movements in temporary differences during the years ended 31 December 2021 and 31 December 2020 are as follows:

2021	Balance at 1	Recognised	Recognised	Balance at
KZT'000	January	in profit or	in other	31 December
	2021	loss	comprehensive income	2021
Loans to customers	1,101,134	211,487	-	1,312,621
Property, plant and equipment	(1,084,873)	(88,561)	-	(1,173,434)
Other assets	21,208	3,950	-	25,158
Interest payable on deposits and balances with banks	42	41,201	-	41,243
Subordinated debt securities issued	(20,045,289)	594,569	-	(19,450,720)
Other liabilities	321,076	629,272	-	950,348
Tax loss carry-forwards	13,508,732	(7,055,167)	-	6,453,565
Financial assets at fair value through other comprehensive income	(1,635)	-	14,174	12,539
Right-of-use assets	(488,687)	57,286	-	(431,401)
Lease liabilities	556,585	(44,037)	-	512,548
	(6,111,707)	(5,650,000)	14,174	(11,747,533)

2020	Balance at 1	Recognised	Recognised	Effect of	Balance at 31
KZT'000	January	in profit or	other comprehensive	disposal of	December
	2020	loss	income	subsidiary	2020
Loans to customers	87,413	1,023,540	(9,819)	-	1,101,134
Property, plant and equipment	(1,018,737)	(57,845)	(625)	(7,666)	(1,084,873)
Securities measured at fair value through other comprehensive income and at amortised cost	533	-	(2,168)	-	(1,635)
Other assets	60,094	(38,886)	-	-	21,208
Subordinated debt securities issued	(20,553,556)	508,267	-	-	(20,045,289)
Guarantees	46,459	(40,581)	(3,209)	(2,669)	-
Other liabilities	375,238	(51,186)	(2,976)	-	321,076
Right-of-use assets	(596,916)	108,229	-	-	(488,687)
Lease liabilities	635,586	(79,001)	-	-	556,585
Interest payable on deposits and balances with banks	1,730	(1,688)	-	-	42
Tax loss carry-forwards	15,351,926	(1,843,194)	-	-	13,508,732
	(5,610,230)	(472,345)	(18,797)	(10,335)	(6,111,707)

13 Cash and cash equivalents

	31 December 2021 KZT'000	31 December 2020 KZT'000
Cash on hand	32,498,229	30,098,896
Nostro accounts with NBRK	77,214,339	143,104,232
Nostro accounts with other banks		
- rated from AA- to AA+	56,022,937	26,057,564
- rated from A- to A+	4,530,905	1,732,281
- rated from BBB- to BBB+	6,549,930	7,657,089
- rated from BB- to BB+	445,398	551,617
- rated from B- to B+	757,100	77,391
- not rated	125,531	302,525
Total Nostro accounts with other banks	68,431,801	36,378,467
Term deposits with NBRK	223,465,217	95,189,422
Term deposits with other banks		
- rated from BBB- to BBB+	2,880,592	1,124,115
- rated from B- to B+	8,638,015	-
Total term deposits with other banks	11,518,607	1,124,115
Total cash and cash equivalents before allowance for expected credit losses	413,128,193	305,895,132
Allowance for expected credit losses	(9,149)	(1,523)
Total cash and cash equivalents	413,119,044	305,893,609

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

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

As at 31 December 2021 the Group has 2 banks (31 December 2020: 2 banks), whose balances exceed 10% of equity. The gross value of these balances as at 31 December 2021 is KZT 356,702,493 thousand (31 December 2020: KZT 264,351,218 thousand).

During 2021 and 2020, the Group entered into reverse repurchase agreements with counterparties on the Kazakhstan Stock Exchange and Non-banking Credit Organisation "National Clearing Centre" JSC. The agreements have been secured mainly by the treasury bonds of the Ministry of Finance of the Republic of Kazakhstan, discount notes of the NBRK and the federal bonds of the Russian Federation. As at 31 December 2021 and 2020, there were no pending "reverse repo" transactions.

Minimum reserve requirements

In accordance with regulations issued by the NBRK, minimum reserve requirements are calculated as a total of specified proportions of different groups of banks' liabilities. Second-tier banks are required to comply with these requirements by maintaining average reserve (cash on hand in the national currency in the amount not exceeding 50 (fifty) percent of average minimum reserve requirements for the period, for which the minimum reserve requirements are determined, and balances on accounts in the national currency with NBRK) equal to or in excess of the average minimum requirements. As at 31 December 2021 the minimum reserves amounted to KZT 28,350,084 thousand (31 December 2020: KZT 17,384,894 thousand).

14 Financial assets at fair value through other comprehensive income

	31 December 2021 KZT'000	31 December 2020 KZT'000
Held by the Group		
Treasury bonds of the Ministry of Finance of the Republic of Kazakhstan	92,575,025	78,512,607
NBRK discount notes	-	2,869,489
US treasury bonds	846,876	-
<i>Bonds of development banks</i>		
Asian Development Bank bonds	2,963,111	2,941,833
Eurasian Development Bank bonds	2,683,166	-
<i>Corporate bonds</i>		
rated from BBB- to BBB+	24,931,838	7,262,473
rated from B- to B+	-	2,498,175
	124,000,016	94,084,577

As at 31 December 2021, loss allowance for expected credit losses on financial assets measured fair value through other comprehensive income was KZT 43,408 thousand (31 December 2020: KZT 44,185 thousand).

As at 31 December 2021 and 31 December 2020, all financial assets measured fair value through other comprehensive income are categorised into Stage 1.

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

None of financial assets at fair value through other comprehensive income are overdue or impaired as at 31 December 2021 and 2020.

15 Deposits and balances with banks

	31 December 2021 KZT'000	31 December 2020 KZT'000
Term deposits		
- conditional deposit with the NBRK	2,012,871	37,283,936
- rated from AA- to AA+	1,771,485	1,503,613
- rated from A- to A+	2,348,522	2,287,380
- rated from BB- to BB+	111,256	1,707,699
- not rated	69,000	66,000
Total term deposits	6,313,134	42,848,628
Loans to banks		
- rated from B- to B+	623,205	-
Total loans to banks	623,205	-
Total deposits and balances with banks measured at amortised cost before allowance for expected credit losses	6,936,339	42,848,628
Allowance for expected credit losses	(1,586)	(1,423)
Total deposits and balances with banks	6,934,753	42,847,205

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

As at 31 December 2021 and 2020, all deposits and balances with banks are categorised into Stage 1 of the credit risk grade.

As at 31 December 2021, a conditional deposit with the NBRK comprises funds of KZT 0 received from the "Kazakhstan Sustainability Fund" JSC ("KSF JSC") (31 December 2020: KZT 35,286,125 thousand), KZT 513,729 thousand (31 December 2020: KZT 993,042 thousand) received from the Development Bank of Kazakhstan JSC ("DBK JSC") and KZT 1,499,142 thousand (31 December 2020: KZT 1,004,769 thousand) received from DAMU Entrepreneurship Development Fund JSC ("EDF DAMU JSC") in accordance with the loan agreements with "KSF JSC", "DBK JSC" and "EDF DAMU JSC". Funds will be distributed as loans to businesses on preferential terms. These funds may be withdrawn from the conditional deposit only after approval of KSF JSC, DBK JSC and EDF DAMU JSC, respectively.

Funds from “KSF JSC” were raised as part of the Program for preferential lending to small and medium-sized enterprises, approved by NBK Resolution No. 39 of March 19, 2020. The purpose of the funds is to finance enterprises affected by the introduction of a state of emergency, to replenish working capital at a rate of up to 8% per annum for a period of no more than 12 months (but no later than December 31, 2021). In accordance with the terms of the program, the funds from repayment of loans are returned to the current account and can be withdrawn from the conditional deposit only after the approval of “KSF JSC”.

Movements in the loss allowance for expected credit losses for deposits and balances with banks for the year ended 31 December 2021 are as follows:

Deposits and balances with banks at amortised cost	Stage 1 KZT'000	Total KZT'000
Loss allowance for expected credit losses at the beginning of the year	1,423	1,423
Net remeasurement of loss allowance	42	42
Foreign exchange and other movements	121	121
Loss allowance for expected credit losses at the end of the year	1,586	1,586

Movements in the loss allowance for expected credit losses for deposits and balances with banks for the year ended 31 December 2020 are as follows:

Deposits and balances with banks at amortised cost	Stage 1 KZT'000	Total KZT'000
Loss allowance for expected credit losses at the beginning of the year	1,214	1,214
Net remeasurement of loss allowance	86	86
Foreign exchange and other movements	123	123
Loss allowance for expected credit losses at the end of the year	1,423	1,423

Concentration of deposits and balances with banks

As at 31 December 2021 the Group has no deposits and balances with banks, whose balances exceed 10% of equity (2020: the Group has no deposits and balances with banks, except the NBRK, whose balances exceed 10% of equity).

16 Loans to customers

	31 December 2021 KZT'000	31 December 2020 KZT'000
Loans to customers measured at amortised cost		
Loans to corporate customers		
Loans to large corporates	267,538,980	211,498,310
Loans to small- and medium-size companies	17,808,032	13,254,381
Total loans to corporate customers	285,347,012	224,752,691
Loans to retail customers		
Uncollateralised consumer loans	299,436,789	269,122,585
Car loans	188,681,361	167,638,429
Mortgage loans	8,877,471	11,637,155
Non-program loans on individual terms	6,565,039	6,381,350
Loans for individual entrepreneurship	3,236,875	3,311,473
Loans used under <i>Business Auto</i> Program	4,494,794	2,501,937
Total loans to retail customers	511,292,329	460,592,929
Loans to customers measured at amortised cost before allowance for expected credit losses	796,639,341	685,345,620
Allowance for expected credit losses	(161,301,018)	(127,521,016)
Loans to customers measured at amortised cost net of allowance for expected credit losses	635,338,323	557,824,604
Loans to customers measured at fair value through profit or loss		
Loans to corporate customers		
Loans to large corporates	-	4,608,253
Total loans to customers measured at fair value through profit or loss	-	4,608,253
Total loans to customers	635,338,323	562,432,857

Movements in the impairment allowance for expected credit losses by classes of loans to customers for the year ended 31 December 2021 are as follows:

KZT'000	Stage 1	Stage 2	Stage 3	POCI	Total
Loans to customers at amortised cost					
Loss allowance for expected credit losses at the beginning of the year	16,730,121	10,053,242	100,047,970	689,683	127,521,016
Transfer to Stage 1	6,585,593	(2,562,952)	(4,022,641)	-	-
Transfer to Stage 2	(684,546)	6,912,184	(6,227,638)	-	-
Transfer to Stage 3	(841,983)	(10,702,123)	11,544,106	-	-
Net remeasurement of loss allowance*	(16,295,221)	(730,238)	31,253,216	(581,807)	13,645,950
New financial assets originated or purchased	18,232,024	-	-	-	18,232,024
(Write-offs of loans)/recovery of previously written off loans	-	-	(8,202,941)	1,062,963	(7,139,978)
Unwinding of discount on present value of expected credit losses	-	-	9,743,294	31,829	9,775,123
Recognition of POCI-assets	-	-	(948,676)	-	(948,676)
Foreign exchange and other movements	451,518	(496)	(235,463)	-	215,559
Loss allowance for expected credit losses at the end of the year	24,177,506	2,969,617	132,951,227	1,202,668	161,301,018

* Includes changes in models/risk parameters, effect of repayments (including early repayments).

KZT'000	Stage 1	Stage 2	Stage 3	POCI	Total
Loans to customers at amortised cost – corporate customers					
Loss allowance for expected credit losses at the beginning of the year	1,715,971	5,992,250	49,238,585	551,087	57,497,893
Transfer to Stage 1	1,931	(1,931)	-	-	-
Transfer to Stage 2	(715)	715	-	-	-
Transfer to Stage 3	(6,400)	(8,424,985)	8,431,385	-	-
Net remeasurement of loss allowance*	988,467	3,418,744	20,986,752	(86,324)	25,307,639
New financial assets originated or purchased	1,197,592	-	-	-	1,197,592
(Write-offs of loans)/recovery of previously written off loans	-	-	(7,969,815)	369,746	(7,600,069)
Unwinding of discount on present value of expected credit losses	-	-	4,962,986	21,939	4,984,925
Recognition of POCI-assets	-	-	(19,374)	-	(19,374)
Foreign exchange and other movements	1,357	(149)	(56,399)	-	(55,191)
Loss allowance for expected credit losses at the end of the year	3,898,203	984,644	75,574,120	856,448	81,313,415
Loans to customers at amortised cost – retail customers					
Loss allowance for expected credit losses at the beginning of the year	15,014,150	4,060,992	50,809,385	138,596	70,023,123
Transfer to Stage 1	6,583,662	(2,561,021)	(4,022,641)	-	-
Transfer to Stage 2	(683,831)	6,911,469	(6,227,638)	-	-
Transfer to Stage 3	(835,583)	(2,277,138)	3,112,721	-	-
Net remeasurement of loss allowance*	(17,283,688)	(4,148,982)	10,266,464	(495,483)	(11,661,689)
New financial assets originated or purchased	17,034,432	-	-	-	17,034,432
(Write-offs of loans)/recovery of previously written off loans	-	-	(233,126)	693,217	460,091
Unwinding of discount on present value of expected credit losses	-	-	4,780,308	9,890	4,790,198
Recognition of POCI-assets	-	-	(929,302)	-	(929,302)
Foreign exchange and other movements	450,161	(347)	(179,064)	-	270,750
Loss allowance for expected credit losses at the end of the year	20,279,303	1,984,973	57,377,107	346,220	79,987,603

* Includes changes in models/risk parameters, effect of repayments (including early repayments).

Movements in the impairment allowance for expected credit losses by classes of loans to customers for the year ended 31 December 2020 are as follows:

KZT'000	Stage 1	Stage 2	Stage 3	POCI	Total
Loans to customers at amortised cost					
Loss allowance for expected credit losses at the beginning of the year	19,895,077	1,801,229	102,952,832	419,846	125,068,984
Transfer to Stage 1	5,787,213	(2,541,684)	(3,245,529)	-	-
Transfer to Stage 2	(3,221,445)	6,462,876	(3,241,431)	-	-
Transfer to Stage 3	(1,161,651)	(6,016,439)	7,178,090	-	-
Net remeasurement of loss allowance*	(15,792,986)	9,531,477	39,753,192	534,521	34,026,204
New financial assets originated or purchased	11,403,117	-	-	-	11,403,117
(Write-offs of loans)/recovery of previously written off loans	-	-	(44,788,749)	(419,581)	(45,208,330)
Unwinding of discount on present value of expected credit losses	-	-	1,970,152	154,897	2,125,049
Recognition of POCI-assets	-	-	(266,517)	-	(266,517)
Disposal of subsidiary	(11)	(795)	(11,705)	-	(12,511)
Foreign exchange and other movements	(179,193)	816,578	(252,365)	-	385,020
Loss allowance for expected credit losses at the end of the year	16,730,121	10,053,242	100,047,970	689,683	127,521,016

* Includes changes in models/risk parameters, effect of repayments (including early repayments).

KZT'000	Stage 1	Stage 2	Stage 3	POCI	Total
Loans to customers at amortised cost – corporate customers					
Loss allowance for expected credit losses at the beginning of the year	1,781,217	548,741	49,464,179	419,846	52,213,983
Transfer to Stage 1	516	(516)	-	-	-
Transfer to Stage 2	-	-	-	-	-
Transfer to Stage 3	(65,293)	(138,693)	203,986	-	-
Net remeasurement of loss allowance*	(712,086)	5,510,188	16,280,805	439,851	21,518,758
New financial assets originated or purchased	317,137	-	-	-	317,137
Write-offs of loans	-	-	(18,005,837)	(462,633)	(18,468,470)
Unwinding of discount on present value of expected credit losses	-	-	1,612,908	154,023	1,766,931
Recognition of POCI-assets	-	-	(1,162)	-	(1,162)
Disposal of subsidiary	(11)	(795)	(11,705)	-	(12,511)
Foreign exchange and other movements	394,491	73,325	(304,589)	-	163,227
Loss allowance for expected credit losses at the end of the year	1,715,971	5,992,250	49,238,585	551,087	57,497,893

KZT'000	Stage 1	Stage 2	Stage 3	POCI	Total
Loans to customers at amortised cost – retail customers					
Loss allowance for expected credit losses at the beginning of the year	18,113,860	1,252,488	53,488,653	-	72,855,001
Transfer to Stage 1	5,786,697	(2,541,168)	(3,245,529)	-	-
Transfer to Stage 2	(3,221,445)	6,462,876	(3,241,431)	-	-
Transfer to Stage 3	(1,096,358)	(5,877,746)	6,974,104	-	-
Net remeasurement of loss allowance*	(15,080,900)	4,021,289	23,472,387	94,670	12,507,446
New financial assets originated or purchased	11,085,980	-	-	-	11,085,980
(Write-offs of loans)/recovery of previously written off loans	-	-	(26,782,912)	43,052	(26,739,860)
Unwinding of discount on present value of expected credit losses	-	-	357,244	874	358,118
Recognition of POCI-assets	-	-	(265,355)	-	(265,355)
Foreign exchange and other movements	(573,684)	743,253	52,224	-	221,793
Loss allowance for expected credit losses at the end of the year	15,014,150	4,060,992	50,809,385	138,596	70,023,123

* Includes changes in models/risk parameters, effect of repayments (including early repayments).

During 2021, the Group has written off loans of KZT 7,139,978 thousand, which resulted in decrease in loss allowance for expected credit on loans referred to as Stage 3 and POCI-assets for the same amount (2020: KZT 45,208,330 thousand).

The high volume of loans to customers originated during the year has caused increase in the gross book value of the loan portfolio by KZT 641,526,999 thousand, (2020: KZT 359,931,646 thousand), with a corresponding increase of loss allowance assessed on a 12-month basis by KZT 18,232,024 thousand (2020: KZT 11,403,117 thousand).

The high volume of loans repaid during the year has caused decrease in the gross carrying amount of the loan portfolio by KZT 628,615,340 thousand, including accrued interest (2020: KZT 507,207,288 thousand) with a corresponding decrease in the loss allowance by KZT 33,252,526 thousand (2020: KZT 26,003,556 thousand).

As at 31 December 2021, no allowance was recognised for expected credit losses for loans with a net carrying amount of KZT 16,429,356 thousand due to the availability of collateral.

The following table provides information by types of loan products for loans measured at amortised cost as at 31 December 2021:

	Gross amount KZT'000	Loss allowance for expected credit losses KZT'000	Carrying amount KZT'000
Loans to corporate customers			
Loans to large corporates	267,538,980	(76,493,453)	191,045,527
Loans to small- and medium-size companies	17,808,032	(4,819,962)	12,988,070
Loans to retail customers			
Uncollateralised consumer loans	299,436,789	(65,544,171)	233,892,618
Car loans	188,681,361	(10,307,231)	178,374,130
Mortgage loans	8,877,471	(1,188,959)	7,688,512
Non-program loans on individual terms	6,565,039	(1,554,783)	5,010,256
Loans for individual entrepreneurship	3,236,875	(1,160,110)	2,076,765
Loans used under <i>Business Auto</i> Program	4,494,794	(232,349)	4,262,445
Total loans to customers	796,639,341	(161,301,018)	635,338,323

The following table provides information by types of loan products as at 31 December 2020:

	Gross amount	Loss allowance for expected credit losses	Carrying amount
	KZT'000	KZT'000	KZT'000
Loans to corporate customers			
Loans to large corporates	211,498,310	(53,158,956)	158,339,354
Loans to small- and medium-size companies	13,254,381	(4,338,937)	8,915,444
Loans to retail customers			
Uncollateralised consumer loans	269,122,585	(58,207,915)	210,914,670
Car loans	167,638,429	(7,318,294)	160,320,135
Mortgage loans	11,637,155	(1,593,826)	10,043,329
Non-program loans on individual terms	6,381,350	(1,352,974)	5,028,376
Loans for individual entrepreneurship	3,311,473	(1,347,446)	1,964,027
Loans used under <i>Business Auto</i> Program	2,501,937	(202,668)	2,299,269
Total loans to customers	685,345,620	(127,521,016)	557,824,604

(a) Credit quality of loans to customers

The following table provides information on the credit quality of loans to customers measured at amortised cost as at 31 December 2021.

KZT'000	12-month expected credit losses	Life-time expected credit losses for not credit-impaired assets	Life-time expected credit losses for credit impaired assets	Credit- impaired assets at initial recognition	Total
Loans to customers at amortised cost – corporate customers					
Not externally rated:					
Standard	37,388,543	-	-	-	37,388,543
Low risk	111,114,704	333,755	-	-	111,448,459
Medium risk	9,133,120	5,465,781	3,249,693	798,080	18,646,674
Increased risk	-	-	62,978,039	-	62,978,039
Problem	-	-	5,567,675	-	5,567,675
High risk	-	-	30,519,141	990,449	31,509,590
Total loans to large corporates	157,636,367	5,799,536	102,314,548	1,788,529	267,538,980
Loss allowance	(3,859,519)	(984,644)	(70,792,968)	(856,322)	(76,493,453)
Carrying amount	153,776,848	4,814,892	31,521,580	932,207	191,045,527

KZT'000	12-month expected credit losses	Life-time expected credit losses for not credit-impaired assets	Life-time expected credit losses for credit impaired assets	Credit- impaired assets on initial recognition	Total
Loans to customers at amortised cost – small- and medium-size companies					
Not externally rated:					
Standard	5,819,167	41,747	-	-	5,860,914
Low risk	3,148,100	336,892	-	-	3,484,992
Medium risk	-	-	361,814	379,687	741,501
Problem	-	-	145,920	-	145,920
High risk	-	-	5,045,448	-	5,045,448
Not rated	181,238	-	36,968	-	218,206
Not rated (secured with cash)	2,311,051	-	-	-	2,311,051
Total loans to small- and medium-size companies	11,459,556	378,639	5,590,150	379,687	17,808,032
Loss allowance	(38,684)	-	(4,781,152)	(126)	(4,819,962)
Carrying amount	11,420,872	378,639	808,998	379,561	12,988,070

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KZT'000	12-month expected credit losses	Life-time expected credit losses for not credit impaired assets	Life-time expected credit losses for credit impaired assets	Credit- impaired assets at initial recognition	Total
Car loans					
Not overdue	169,793,464	2,047,639	3,459,021	79,290	175,379,414
Overdue less than 30 days	4,134,452	697,245	1,439,661	6,996	6,278,354
Overdue 30-89 days	-	808,293	600,618	-	1,408,911
Overdue 90-179 days	-	14,925	835,791	-	850,716
Overdue 180-360 days	-	-	1,036,910	136	1,037,046
Overdue more than 360 days	-	-	3,726,920	-	3,726,920
	173,927,916	3,568,102	11,098,921	86,422	188,681,361
Loss allowance	(2,175,590)	(276,388)	(7,798,004)	(57,249)	(10,307,231)
Net car loans	171,752,326	3,291,714	3,300,917	29,173	178,374,130
Uncollateralised consumer loans					
Not overdue	233,446,109	3,057,782	8,722,944	91,360	245,318,195
Overdue less than 30 days	7,497,846	1,012,623	2,443,646	11,917	10,966,032
Overdue 30-89 days	674	2,898,343	1,756,773	2,833	4,658,623
Overdue 90-179 days	-	18,828	3,509,979	1,676	3,530,483
Overdue 180-360 days	-	-	12,613,352	209	12,613,561
Overdue more than 360 days	-	-	22,349,895	-	22,349,895
	240,944,629	6,987,576	51,396,589	107,995	299,436,789
Loss allowance	(17,765,064)	(1,678,013)	(46,004,437)	(96,657)	(65,544,171)
Carrying amount	223,179,565	5,309,563	5,392,152	11,338	233,892,618
Non-program loans on individual terms					
Not overdue	4,633,391	-	258,732	41,008	4,933,131
Overdue less than 30 days	-	-	3,132	52,930	56,062
Overdue 180-360 days	-	-	71,724	-	71,724
Overdue more than 360 days	-	-	1,504,122	-	1,504,122
	4,633,391	-	1,837,710	93,938	6,565,039
Loss allowance	(2,007)	-	(1,489,223)	(63,553)	(1,554,783)
Carrying amount	4,631,384	-	348,487	30,385	5,010,256
Mortgage loans					
Not overdue	6,445,681	196,803	370,882	138,680	7,152,046
Overdue less than 30 days	111,043	46,355	80,020	-	237,418
Overdue 30-89 days	-	69,675	88,474	-	158,149
Overdue 90-179 days	-	-	87,791	88	87,879
Overdue 180-360 days	-	-	36,238	16,143	52,381
Overdue more than 360 days	-	-	1,147,764	41,834	1,189,598
	6,556,724	312,833	1,811,169	196,745	8,877,471
Loss allowance	(65,567)	(12,864)	(1,007,499)	(103,029)	(1,188,959)
Carrying amount	6,491,157	299,969	803,670	93,716	7,688,512
Loans for individual entrepreneurship					
Not overdue	1,813,006	147,260	6,067	28,126	1,994,459
Overdue less than 30 days	12,329	2,107	7,641	-	22,077
Overdue 30-89 days	-	3,670	2,049	-	5,719
Overdue 90-179 days	-	-	4,951	472	5,423
Overdue 180-360 days	-	-	7,542	-	7,542
Overdue more than 360 days	-	-	1,201,069	586	1,201,655
	1,825,335	153,037	1,229,319	29,184	3,236,875
Loss allowance	(50,820)	(5,614)	(1,077,944)	(25,732)	(1,160,110)
Carrying amount	1,774,515	147,423	151,375	3,452	2,076,765
Loans used under Business Auto Program					
Not overdue	4,406,297	69,223	-	-	4,475,520
Overdue less than 30 days	7,671	-	-	-	7,671
Overdue 30-89 days	-	11,603	-	-	11,603
	4,413,968	80,826	-	-	4,494,794
Loss allowance	(220,255)	(12,094)	-	-	(232,349)
Carrying amount	4,193,713	68,732	-	-	4,262,445

The following table provides information on the credit quality of loans to customers measured at amortised cost as at 31 December 2020.

KZT'000	12-month expected credit losses	Life-time expected credit losses for not credit-impaired assets	Life-time expected credit losses for credit impaired assets	Credit- impaired assets at initial recognition	Total
Loans to customers at amortised cost – corporate customers					
Not externally rated:					
Standard	14,754,098	-	-	-	14,754,098
Low risk	54,724,978	-	-	-	54,724,978
Medium risk	-	26,055,297	5,126,146	264,442	31,445,885
Increased risk			68,288,429		68,288,429
Problem	-	-	3,139,521	227,963	3,367,484
High risk	-	-	36,057,321	457,252	36,514,573
Not rated (secured with cash)	2,402,863	-	-	-	2,402,863
Total loans to large corporates	71,881,939	26,055,297	112,611,417	949,657	211,498,310
Loss allowance	(1,686,934)	(5,992,250)	(44,928,685)	(551,087)	(53,158,956)
Carrying amount	70,195,005	20,063,047	67,682,732	398,570	158,339,354

KZT'000	12-month expected credit losses	Life-time expected credit losses for not credit-impaired assets	Life-time expected credit losses for credit impaired assets	Credit- impaired assets on initial recognition	Total
Loans to customers at amortised cost – small- and medium-size companies					
Not externally rated:					
Standard	3,226,628	-	-	-	3,226,628
Low risk	3,397,723	-	-	-	3,397,723
Medium risk	-	-	526,866	-	526,866
Problem	-	-	47,793	-	47,793
High risk	-	-	5,238,022	-	5,238,022
Not rated	479,169	-	42,640	-	521,809
Not rated (secured with cash)	295,540	-	-	-	295,540
Total loans to small- and medium-size companies	7,399,060	-	5,855,321	-	13,254,381
Loss allowance	(29,037)	-	(4,309,900)	-	(4,338,937)
Carrying amount	7,370,023	-	1,545,421	-	8,915,444

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KZT'000	12-month expected credit losses	Life-time expected credit losses for not credit impaired assets	Life-time expected credit losses for credit impaired assets	Credit- impaired assets at initial recognition	Total
Car loans					
Not overdue	142,088,181	5,915,738	7,929,520	46	155,933,485
Overdue less than 30 days	3,243,008	1,653,132	1,049,700	-	5,945,840
Overdue 30-89 days	-	498,102	434,810	-	932,912
Overdue 90-179 days	-	-	1,284,827	-	1,284,827
Overdue 180-360 days	-	-	590,150	-	590,150
Overdue more than 360 days	-	-	2,951,215	-	2,951,215
	145,331,189	8,066,972	14,240,222	46	167,638,429
Loss allowance	(1,598,338)	(555,586)	(5,164,324)	(46)	(7,318,294)
Net car loans	143,732,851	7,511,386	9,075,898	-	160,320,135
Uncollateralised consumer loans					
Not overdue	190,771,309	10,013,294	20,864,352	-	221,648,955
Overdue less than 30 days	6,886,775	3,130,975	1,658,332	-	11,676,082
Overdue 30-89 days	-	2,632,761	865,869	-	3,498,630
Overdue 90-179 days	-	46,363	10,439,400	-	10,485,763
Overdue 180-360 days	-	-	4,297,627	-	4,297,627
Overdue more than 360 days	-	-	17,515,528	-	17,515,528
	197,658,084	15,823,393	55,641,108	-	269,122,585
Loss allowance	(13,199,150)	(3,406,523)	(41,602,242)	-	(58,207,915)
Carrying amount	184,458,934	12,416,870	14,038,866	-	210,914,670
Non-program loans on individual terms					
Not overdue	3,677,554	-	170,430	234,903	4,082,887
Overdue 30-89 days	-	-	53,242	-	53,242
Overdue more than 360 days	-	-	2,245,221	-	2,245,221
	3,677,554	-	2,468,893	234,903	6,381,350
Loss allowance	(12,597)	-	(1,288,883)	(51,494)	(1,352,974)
Carrying amount	3,664,957	-	1,180,010	183,409	5,028,376
Mortgage loans					
Not overdue	8,128,428	554,251	472,988	121,602	9,277,269
Overdue less than 30 days	109,023	83,841	159,258	7,028	359,150
Overdue 30-89 days	-	37,831	181,375	37,115	256,321
Overdue 90-179 days	-	-	132,552	-	132,552
Overdue 180-360 days	-	-	166,599	-	166,599
Overdue more than 360 days	-	-	1,445,264	-	1,445,264
	8,237,451	675,923	2,558,036	165,745	11,637,155
Loss allowance	(84,016)	(34,742)	(1,388,266)	(86,802)	(1,593,826)
Carrying amount	8,153,435	641,181	1,169,770	78,943	10,043,329
Loans for individual entrepreneurship					
Not overdue	1,106,996	182,523	585,818	424	1,875,761
Overdue less than 30 days	528	44,521	54,295	-	99,344
Overdue 30-89 days	-	5,895	42,836	-	48,731
Overdue 90-179 days	-	3,160	4,487	-	7,647
Overdue 180-360 days	-	-	41,265	-	41,265
Overdue more than 360 days	-	-	1,238,725	-	1,238,725
	1,107,524	236,099	1,967,426	424	3,311,473
Loss allowance	(16,723)	(61,963)	(1,268,506)	(254)	(1,347,446)
Carrying amount	1,090,801	174,136	698,920	170	1,964,027
Loans used under Business Auto Program					
Not overdue	2,083,443	13,171	399,860	-	2,496,474
Overdue less than 30 days	5,463	-	-	-	5,463
	2,088,906	13,171	399,860	-	2,501,937
Loss allowance	(103,326)	(2,178)	(97,164)	-	(202,668)
Carrying amount	1,985,580	10,993	302,696	-	2,299,269

(b) Key assumptions and judgments used in estimation of expected credit losses

(i) Loans to corporate customers

In determining the loss allowance for expected credit losses on loans to corporate customers, management makes the following key assumptions:

- a discount of between 30% and 60% to the originally appraised value if the property pledged is sold;
- exclusion from collateral value of unstable collaterals;
- a delay of up to 36 months in obtaining proceeds from the foreclosure of collateral;
- PD for loans referred to as Stage 1 in terms of credit quality was 0.88-26.06%, referred to as Stage 2 in terms of credit quality - 2.83-32.61%, depending on the borrower's internal rating;
- LGD for loans referred to as Stages 1, 2 and 3, with gross carrying amount of less than 0.2% of equity but not more than KZT 180 million, was from 0% to 79.20%. LGD for loans referred to as Stage 3, with gross carrying amount exceeding 0.2% of equity, was from 0% to 100%.

Changes in the above estimates may impact a loss allowance for expected credit losses. For example, to the extent that the net present value of the estimated cash flows differs by plus/minus one percent, loss allowance for expected credit losses on loans to corporate customers as at 31 December 2021 would be KZT 2,040,336 thousand lower/higher.

(ii) Loans to retail customers and other loans measured on a collective basis

The Group estimates loss allowance for expected credit losses for loans to retail customers based on its past historical loss experience on each type of loan. The significant assumptions used by management in determining the loss allowance for expected credit losses for loans to retail customers include:

- migration rates are constant and can be estimated based on historic loss migration pattern for the past 5-8 years; a 12-month PD for groups of products referred to as Stage 1 in terms of credit quality was 0.86-14.69% (minimum value of 0.86% relates to the product "SME" and maximum value of 14.69% relates to the product "UnCL" ("Uncollateralised consumer loans")); lifetime PD referred to as Stage 2 in terms of credit quality was 8.24-47.02%, depending on the group of products of homogeneous retail portfolio (minimum value of 8.24% relates to the product "SME" and maximum value of 47.02% relates to the product "UnCL" ("Uncollateralised consumer loans"));
- recovery rates for uncollateralised loans are estimated based on historical cash recovery rates for the past 5-8 years; LGD for products of homogeneous portfolio referred to as Stage 1 and Stage 2 was 15.06% for the product "SME" to 69.64% for the product "POS" (Uncollateralised consumer loans); Recovery rate for products of homogeneous portfolio referred to as Stage 3 varied from 32.54% for the "Business Car SME" product to 100% for the "Uncollateralised consumer loans" product;
- a delay of up to 24 months in obtaining proceeds from the sale of foreclosed collateral;
- there are no significant legal impediments for foreclosure of cars pledged as collateral that could extend realisation period beyond expected time;
- the cars will either be foreclosed without significant damages or the damages will be reimbursed by insurance companies and the sales will be made at market prices prevailing at the reporting date less reasonable handling expenses and liquidity discounts.

Changes in the above estimates may impact a loss allowance for expected credit losses. For example, to the extent that the net present value of the estimated cash flows differs by plus/minus three percent, loss allowance for expected credit losses on loans to retail customers as at 31 December 2021 would be KZT 12,939,142 thousand lower/higher.

(c) Analysis of collateral

(i) Loans to corporate customers

The following table provides information on collateral and other credit enhancements securing loans to corporate customers, by types of collateral:

31 December 2021 KZT'000	Carrying amount of loans to customers	Fair value of collateral - for collateral assessed as of reporting date	Fair value of collateral - for collateral assessed as at loan inception date	Fair value of collateral not determined
Loans measured at amortised cost				
Loans not credit-impaired				
Vehicles	58,640,209	58,589,481	50,728	-
Corporate guarantees and guarantees of individuals	31,401,844	-	-	31,401,844
Real estate	23,629,428	19,347,554	4,281,874	-
Insurance	10,321,776	-	-	10,321,776
Cash and deposits	8,107,814	8,107,814	-	-
Equipment	2,802,059	2,802,059	-	-
Goods in turnover	1,676,383	1,676,383	-	-
Mineral rights	287,142	287,142	-	-
Property/money in the future	17,692	17,692	-	-
Other collateral	1,526,701	1,526,701	-	-
No collateral and other credit enhancements	31,980,203	-	-	31,980,203
Total unimpaired loans	170,391,251	92,354,826	4,332,602	73,703,823
31 December 2021 KZT'000	Carrying amount of loans to customers	Fair value of collateral: for collateral assessed as of the reporting date	Fair value of collateral: for collateral assessed as of loan inception date	Fair value of collateral not determined
Credit-impaired loans				
Real estate	33,466,707	33,466,707	-	-
Equipment	115,068	115,068	-	-
Cash and deposits	43,606	43,606	-	-
Corporate guarantees and guarantees of individuals	12,387	-	-	12,387
Vehicles	3,578	3,578	-	-
No collateral or other credit enhancement	1,000	-	-	1,000
Total credit-impaired loans	33,642,346	33,628,959	-	13,387
Total loans to corporate customers at amortised cost	204,033,597	125,983,785	4,332,602	73,717,210

31 December 2020 KZT'000	Carrying amount of loans to customers	Fair value of collateral: □ for collateral assessed as of the reporting date	Fair value of collateral: for collateral assessed as of loan inception date	Fair value of collateral not determined
Loans at amortised cost				
Loans not credit-impaired				
Real estate	43,077,940	41,813,820	1,264,120	-
Vehicles	19,581,524	19,567,155	14,369	-
Corporate guarantees and guarantees of individuals	5,513,711	-	-	5,513,711
Construction-in-progress	-	-	-	-
Cash and deposits	5,663,102	5,663,102	-	-
Insurance	3,526,072	-	-	3,526,072
Goods in turnover	2,538,151	2,538,151	-	-
Equipment	1,657,282	1,657,282	-	-
Mineral rights	354,181	354,181	-	-
Property/money in the future	65,398	65,398	-	-
Other collateral	4,781	4,781	-	-
No collateral or other credit enhancement	15,645,933	-	-	15,645,933
Total unimpaired loans	97,628,075	71,663,870	1,278,489	24,685,716
Credit-impaired loans				
Real estate	62,857,708	62,645,188	212,520	-
Construction-in-progress	4,794,464	4,794,464	-	-
Equipment	942,039	942,039	-	-
Corporate guarantees and guarantees of individuals	474,720	-	-	474,720
Vehicles	163,043	163,029	14	-
Other collateral	71,281	71,281	-	-
Cash and deposits	9,809	9,809	-	-
No collateral or other credit enhancement	313,659	-	-	313,659
Total credit-impaired loans	69,626,723	68,625,810	212,534	788,379
Total loans to corporate customers at amortised cost	167,254,798	140,289,680	1,491,023	25,474,095
Loans at fair value				
Real estate	4,608,253	4,608,253	-	-
Total loans to corporate customers at fair value	4,608,253	4,608,253	-	-
	171,863,051	144,897,933	1,491,023	25,474,095

The tables above exclude overcollateralisation.

The key assumptions with respect to Stage 3 impaired loans is the valuation of underlying real estate collateral. This is valued at the reporting date, by using a combination of income approach and comparative sales method. The Group engages third-party appraisers to value more significant and specialised items of collateral.

The Group also has loans, for which the fair value of collateral was assessed at the loan inception date and it was not updated for further changes, and loans for which the fair value of collateral was not determined. For certain loans the fair value of collateral is updated as at the reporting date. Information on the valuation of collateral is based on when this estimate was made, if any. For loans secured by multiple types of collateral, collateral that is most relevant for impairment assessment is disclosed. Sureties and collateral received from individuals, such as shareholders of small- and medium-sized borrowers, are not considered for impairment assessment purposes. Accordingly, such loans and unsecured portions of partially secured exposures are presented as loans without collateral or other credit enhancement.

The recoverability of loans to corporate customers which are neither past due nor impaired primarily depends on the creditworthiness of borrowers rather than the value of collateral, and the Group does not necessarily update the valuation of collateral as at each reporting date.

(ii) Loans to retail customers

Mortgage loans are secured by the underlying housing real estate. Small business loans are secured by real estate and movable property. Auto loans are secured by the underlying cars. Cash loans are collateralised by cash. Uncollateralised consumer loans are not secured.

Mortgage loans

Included in mortgage loans are loans with a net carrying amount of KZT 576,478 thousand (31 December 2020: KZT 1,097,395 thousand), which are secured by collateral with a fair value of less than the net carrying amount of the individual loans. The fair value of collateral for these loans amounts to KZT 82,501 thousand (31 December 2020: KZT 263,014 thousand).

Management believes that fair value of collateral for mortgage loans with a net carrying amount of KZT 7,112,034 thousand (31 December 2020: KZT 8,945,934 thousand), is at least equal to the carrying amount of individual loans at the reporting date.

The Group updates the appraised collateral values obtained at inception of the loan to the present value considering the approximate changes in the value of properties. The Group obtains specific individual valuation of collateral for individual loans once a half-year in case there are indications of impairment.

The fair value of collateral for mortgage loans with a net carrying amount of KZT 1,690,793 thousand (31 December 2020: KZT 2,982,828 thousand) was estimated at inception of the loans and was not adjusted for subsequent changes to the reporting date.

Loans for individual entrepreneurship

Included in loans for individual entrepreneurship are loans with a net carrying amount of KZT 381,119 thousand (31 December 2020: KZT 248,142 thousand), which are secured by collateral with a fair value of less than the net carrying amount of the individual loans. The fair value of collateral for these loans amounts to KZT 0.00 (31 December 2020: KZT 38,335 thousand).

Management believes that the fair value of collateral for loans for individual entrepreneurship with a net carrying amount of KZT 1,695,646 thousand (31 December 2020: KZT 1,715,885 thousand) is at least equal to the carrying amount of individual loans at the reporting date.

The Group updates the appraised collateral values obtained at inception of the loan to the present value considering the approximate changes in the value of properties. The Group obtains specific individual valuation of collateral for individual loans once a half-year in case there are indications of impairment.

The fair value of collateral for loans for individual entrepreneurship with a net carrying amount of KZT 40,252 thousand (31 December 2020: KZT 153,467 thousand) was estimated at inception of the loans and was not adjusted for subsequent changes to the reporting date.

Non-programme loans issued on individual terms

Included in non-programme loans on individual terms are loans with a net carrying amount of KZT 1,650 thousand (31 December 2020: KZT 233,012 thousand), which are secured by collateral with a fair value of less than the net carrying amount of the individual loans. The fair value of collateral for these loans amounts to KZT 440 thousand (31 December 2020: KZT 137,826 thousand).

Management believes that the fair value of collateral for non-programme loans on individual terms with a net carrying amount of KZT 5,008,606 thousand (31 December 2020: KZT 4,795,364 thousand) is at least equal to the carrying amount of individual loans at the reporting date.

The Group updates the appraised collateral values obtained at inception of the loan to the present value considering the approximate changes in the value of properties. The Group obtains specific individual valuation of collateral for individual loans once a half-year in case there are indications of impairment.

The fair value of collateral for non-programme loans on individual terms with a net carrying amount of KZT 260,525 thousand (31 December 2020: KZT 34,667 thousand) was estimated at inception of the loans and was not adjusted for subsequent changes to the reporting date.

Car loans

Included in car loan portfolio are loans with a net carrying amount of KZT 2,692,508 thousand (31 December 2020: KZT 2,166,208 thousand), which are secured by collateral with a fair value of less than the net carrying amount of the individual loans. The fair value of collateral for these loans amounts to KZT 244,524 thousand (31 December 2020: KZT 253,637 thousand).

Management believes that fair value of collateral for car loans with a net carrying amount of KZT 175,681,622 thousand (31 December 2020: KZT 158,153,927 thousand), is at least equal to the carrying amount of individual loans at the reporting date.

(d) Industry and geographical analysis of the loan portfolio

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

	31 December 2021	31 December 2020
	KZT'000	KZT'000
Loans to customers at amortised cost		
Construction	56,726,589	50,393,008
Machinery manufacturing	55,918,298	2,328,479
Wholesale trade	45,281,034	44,243,107
Retail trade	34,162,571	19,283,173
Services	19,530,790	9,266,209
Financial intermediation	17,080,261	19,134,592
Food production	15,279,496	9,421,832
Real estate	14,778,756	23,019,058
Textile manufacturing	9,713,407	9,506,188
Agriculture, forestry and timber industry	6,764,147	6,756,255
Industrial manufacturing	5,508,174	26,475,208
Mining and metals industry	2,304,695	2,130,720
Transport	912,245	1,976,777
Lease, rental, and leasing	351,724	295,928
Medical and social care	328,349	62,929
Electrical power generation and supply	30,122	30,122
Research activities	-	3,072
Other	676,354	426,034
Loans to retail customers at amortised cost		
Unsecured consumer loans	299,436,789	269,122,585
Car loans	188,681,361	167,638,429
Mortgage loans	8,877,471	11,637,155
Non-programme loans issued on individual terms	6,565,039	6,381,350
Loans for individual entrepreneurship	3,236,875	3,311,473
Loans under Business Auto Programme	4,494,794	2,501,937
	796,639,341	685,345,620
Allowance for expected credit losses	(161,301,018)	(127,521,016)
Total loans to customers at amortised cost	635,338,323	557,824,604
Loans to corporate customers at fair value		
Mining and metals industry	-	4,608,253
Total loans to customers at fair value	-	4,608,253
	635,338,323	562,432,857

As at 31 December 2021, the Group has 5 borrowers or groups of related borrowers (31 December 2020: 6) whose loan balances exceed 10% of equity. The gross value of these balances (before allowance for expected credit losses) as at 31 December 2021 is KZT 148,578,479 thousand (31 December 2020: KZT 111,442,376 thousand).

(e) Loan maturities

The maturity of the loan portfolio as at the reporting date is presented in Note 30(d), which shows the remaining period from the reporting date to the contractual maturity of the loans.

(f) Transfer of financial assets

In 2020, as part of its participation in the state mortgage programmes ‘7-20-25’ and Market Mortgage Product (“Baspana Hit”) the Group transferred to Kazakhstan Sustainability Fund JSC the mortgage loans of KZT 1,282,955 thousand (2020: KZT 1,917,990 thousand). The Group determined that it has not transferred risks and rewards to the buyer of the assets and therefore, retains control and continues recognising loans in its consolidated statement of financial position. The liability from continuing involvement with the asset is included in ‘other liabilities’ and amounts to KZT 3,619,095 thousand (2020: KZT 3,437,654 thousand).

During 2021, the Group did not sell other consumer loans to third parties (during 2020: the Group did not sell other consumer loans to third parties).

In December 2013 and in June 2014, the Group sold to another third party a portfolio of mortgage loans with a carrying value of KZT 3,820,407 thousand for KZT 3,969,928 thousand and provided an option to the buyer to purchase individual loans back or exchange them for other individual loans if loans become delinquent for more than sixty days. The amount that will be repurchased or exchanged is limited to 20% of transferred financial assets at the date of sale. The net gain recognised in the consolidated statement of profit or loss and other comprehensive at the date of transfer was KZT 149,521 thousand. The Group has determined that it has transferred some but not substantially all of the risks and rewards to the transferee; as such, the Group retains control and continues to recognise the loans to the extent of its continuing involvement in those mortgage loans.

As at 31 December 2021, the Group’s continuing involvement with the transferred portfolio is recorded in the consolidated statement of financial position in other assets (Note 19) in the amount of KZT 18,048 thousand (31 December 2020: KZT 18,583 thousand) with corresponding liability on continuing involvement included in other liabilities of KZT 16,911 thousand (31 December 2020: KZT 13,131 thousand) (Note 26) and the guarantee with the fair value of KZT 0.00 (31 December 2020: KZT 0.00 thousand) recognised in other liabilities. This asset includes also an interest strip receivable of KZT 0.00 (31 December 2020: KZT 0.00) which represents the right to withhold from the loan buyer a portion of interest receivable on mortgage loan portfolio sold. The Group has a right to receive 1.7% p.a. of the mortgage loan portfolio sold on a monthly basis.

(g) Loans issued under the Government programmes

During 2021, the Group provided financing to 147 borrowers from the funds of DBK JSC totalling KZT 1,896,096 thousand; to 164 borrowers from the funds of DAMU JSC totalling KZT 9,564,713 thousand, and to 2 borrowers from the funds of KSF JSC totalling KZT 5,971,242 thousand (2020: DBK JSC – funding to 598 borrowers totalling KZT 4,989,589 thousand, DAMU JSC – funding to 241 borrowers totalling KZT 10,124,568 thousand, and KSF JSC – funding to 2 borrowers totalling KZT 2,180,153 thousand). These amounts include funds used within the open credit facility limits, including those on a revolving basis.

As at 31 December 2021, the balance of principal debt and interest on loans financed using the funds provided for under the state programs amounted to KZT 28,752,071 thousand (31 December 2020: KZT 27,720,503 thousand).

17 Investments at amortised cost

	31 December 2021	31 December 2020
	KZT'000	KZT'000
Held by the Group		
Treasury notes of the Ministry of Finance of the Republic of Kazakhstan	51,344,422	46,823,460
The NBRK discount notes	54,779,698	71,354,909
Bonds of Eurasian Development Bank	12,825,999	6,537,391
Bonds of Development Bank of Kazakhstan	14,287,973	2,224,218
Corporate bonds rated from BBB- to BBB+	37,128,796	8,384,092
Corporate bonds rated from BB- to BB+	-	8,604,037
	170,366,888	143,928,107
Pledged under sale and repurchase agreements		
Bonds of Eurasian Development Bank	-	1,201,924
	-	1,201,924
	170,366,888	145,130,031
Allowance for expected credit losses	(75,947)	(27,672)
Investments at amortised cost	170,290,941	145,102,359

The credit ratings are presented by reference to the credit ratings of Fitch rating agency or analogues of similar international rating agencies.

As at 31 December 2021 and 31 December 2020, all investment measured at amortised cost are categorised into Stage 1 financial instruments.

None of the NBRK discount notes and bonds are overdue or impaired as at 31 December 2021 and 31 December 2020.

18 Property, plant and equipment and intangible assets, and right-of-use assets

KZT'000	Land and buildings	Computers and banking equipment	Vehicles	Office furniture	Construction in progress and equipment to be installed	Leasehold improvements	Trademarks	Software and other intangible assets	Total
<i>Cost</i>									
Balance at 1 January 2021	11,830,093	16,394,300	554,658	856,961	2,098	787,305	1,075,716	18,347,513	49,848,644
Additions	-	1,736,007	100,885	60,360	30	489	-	1,216,259	3,114,030
Disposals	(104,186)	(2,043,045)	(45,742)	(23,734)	-	-	-	(404,225)	(2,620,932)
Balance at 31 December 2021	11,725,907	16,087,262	609,801	893,587	2,128	787,794	1,075,716	19,159,547	50,341,742
<i>Depreciation and amortisation</i>									
Balance at 1 January 2021	(2,426,780)	(12,881,455)	(537,106)	(623,278)	-	(784,934)	(937,984)	(11,551,463)	(29,743,000)
Depreciation and amortisation for the year	(149,022)	(1,116,764)	(18,057)	(70,042)	-	(1,928)	(137,732)	(1,300,010)	(2,793,555)
Disposals	6,917	2,029,255	45,742	22,877	-	-	-	404,180	2,508,971
Balance at 31 December 2021	(2,568,885)	(11,968,964)	(509,421)	(670,443)	-	(786,862)	(1,075,716)	(12,447,293)	(30,027,584)
<i>Carrying amount</i>									
At 31 December 2021	9,157,022	4,118,298	100,380	223,144	2,128	932	-	6,712,254	20,314,158

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KZT'000	Land and buildings	Computers and banking equipment	Vehicles	Office furniture	Construction in progress and equipment to be installed	Leasehold improvements	Trademarks	Software and other intangible assets	Total
Cost									
Balance at 1 January 2020	11,830,093	15,715,284	590,297	861,425	461	787,305	1,075,716	16,991,900	47,852,481
Additions	-	1,590,686	15,939	44,583	1,637	46,985	-	2,226,550	3,926,380
Disposals	-	(898,672)	(50,581)	(47,612)	-	(46,858)	-	(844,903)	(1,888,626)
Effect of movements in exchange rates	-	(12,998)	(997)	(1,435)	-	(127)	-	(26,034)	(41,591)
Balance at 31 December 2020	11,830,093	16,394,300	554,658	856,961	2,098	787,305	1,075,716	18,347,513	49,848,644
Depreciation and amortisation									
Balance at 1 January 2020	(2,276,702)	(12,561,656)	(540,726)	(594,931)	-	(777,078)	(834,573)	(10,519,264)	(28,104,930)
Depreciation and amortisation for the year	(150,078)	(1,185,711)	(34,549)	(72,709)	-	(7,856)	(103,411)	(1,388,697)	(2,943,011)
Disposals	-	854,871	37,208	42,945	-	-	-	341,440	1,276,464
Effect of movements in exchange rates	-	11,041	961	1,417	-	-	-	15,058	28,477
Balance at 31 December 2020	(2,426,780)	(12,881,455)	(537,106)	(623,278)	-	(784,934)	(937,984)	(11,551,463)	(29,743,000)
Carrying amount									
31 December 2020	9,403,313	3,512,845	17,552	233,683	2,098	2,371	137,732	6,796,050	20,105,644

Capitalised borrowing costs related to the acquisition or construction of property, plant and equipment during 2021 and 2020 were nil.

	31 December 2021	31 December 2020
	KZT'000	KZT'000
Right-of-use assets		
<i>Cost</i>		
Balance at 1 January	4,206,698	4,661,580
Additions	1,033,794	1,659,715
Disposals	(493,488)	(1,040,319)
Disposal of the subsidiary	-	(1,025,485)
Foreign exchange difference	-	(48,793)
Balance at 31 December	4,747,004	4,206,698
 <i>Depreciation and amortisation</i>		
Balance at 1 January	(1,763,262)	(1,311,805)
Depreciation and amortisation for the year	(1,320,225)	(1,647,512)
Disposals	493,488	1,001,528
Disposal of the subsidiary	-	173,213
Foreign exchange difference	-	21,314
Balance at 31 December	(2,589,999)	(1,763,262)
 <i>Carrying amount</i>		
At 31 December	2,157,005	2,443,436

19 Other assets

	31 December 2021	31 December 2020
	KZT'000	KZT'000
Plastic cards settlement	12,845,184	9,255,098
Guarantee coverage provided	7,164,330	-
Settlements with professional participants of securities market	6,520,180	1,725,578
Debtors on loan operations	3,339,537	2,254,439
Finance lease receivables	3,210,524	2,974,741
Debtors on guarantees and letters of credit	1,115,462	1,115,462
Fee and commission income accrued	765,772	444,046
Asset from continuing involvement in transferred assets (Note 16 (f))	18,048	18,583
Other	963,202	1,368,464
Allowance for expected credit losses	(3,939,747)	(3,856,793)
Total other financial assets	32,002,492	15,299,618
Collateral carried on balance sheet	4,003,959	5,695,030
Non-current assets held for sale	1,868,378	2,541,229
Prepayments	1,160,742	1,009,832
Taxes prepaid other than income tax	865,118	1,640,251
Capital expenditure advances	526,459	259,811
Raw materials and supplies	292,851	242,587
Precious metals	93,688	85,508
Total other non-financial assets	8,811,195	11,474,248
Total other assets	40,813,687	26,773,866

An asset from continuing involvement in transferred assets of KZT 18,048 thousand (31 December 2020: KZT 18,583 thousand) originated as a result of the sale of loans to a mortgage company in June 2014 and December 2013 (Note 15).

Analysis of movements in the loss allowance for expected credit losses

Movements in a loss allowance for expected credit losses for the years ended 31 December are as follows:

	31 December 2021	31 December 2020
	KZT'000	KZT'000
Balance at the beginning of the year	3,856,793	10,366,460
Net (recovery) /charge of ECL allowance	(2,580,787)	1,486,588
Write-off of bad debt	(169,536)	(8,091,746)
Recovery of assets previously written-off	2,830,915	76,127
Disposal of the subsidiary	-	(6,937)
Effect of movements in exchange rates	2,362	26,301
Balance at the end of the year	3,939,747	3,856,793

As at 31 December 2021, included in other assets are overdue receivables of KZT 1,168,858 thousand (31 December 2020: KZT 57,587 thousand) of which the receivables of KZT 10,093 thousand are overdue for more than 90 days but less than one year (31 December 2020: KZT 10,366 thousand) and KZT 1,151,739 thousand are overdue for more than one year (31 December 2020: KZT 40,136 thousand).

20 Deposits and balances from banks

	31 December 2021	31 December 2020
	KZT'000	KZT'000
Vostro accounts	566,311	862,012
	566,311	862,012

21 Amounts payable under repurchase agreements

Securities pledged

As at 31 December 2021, the amounts payable under repurchase agreements are nil (31 December 2020: KZT 1,139,662 thousand). The fair value of assets transferred as collateral under repurchase agreements was KZT 1,204,349 thousand as at 31 December 2020.

As at 31 December 2021, the Group has no securities pledged as collateral under repurchase agreements (31 December 2020: the Group has securities pledged as collateral under repurchase agreements).

22 Current accounts and deposits from customers

	31 December 2021	31 December 2020
	KZT'000	KZT'000
Current accounts and demand deposits		
- Retail	94,532,593	81,140,220
- Corporate	139,019,643	260,378,109
Term deposits		
- Retail	397,590,199	390,322,933
- Corporate	505,238,164	221,033,132
	1,136,380,599	952,874,394

As at 31 December 2021, the current accounts and deposits from the Group customers of KZT 15,780,259 thousand (31 December 2020: KZT 10,995,595 thousand) serve as security for loans and unrecognised credit instruments granted by the Bank.

As at 31 December 2021, the Group has 13 customers (31 December 2020: 12 customers) whose balances exceed 10% of equity. The gross value of these balances as at 31 December 2021 is KZT 417,078,636 thousand (31 December 2020: KZT 287,936,042 thousand).

As at 31 December 2021, current accounts and demand deposits from retail customers of KZT 10,860,628 thousand (31 December 2020: KZT 7,380,634 thousand) are prepayments for loans. Prepayments for loans comprise payments made by retail borrowers ahead of schedule. These payments are settled against the loan balance at the date the instalments fall due.

23 Debt securities issued

	31 December 2021 KZT'000	31 December 2020 KZT'000
Nominal value	16,058,713	10,118,890
Discount	(161,438)	(268,420)
Accrued interest	564,882	296,825
	16,462,157	10,147,295

A summary of bond issues as at 31 December 2021 and 2020 is as follows:

	The first issue registration date	Maturity date	Coupon rate	Effective interest rate	Carrying amount	
					31 December 2021 KZT'000	31 December 2020 KZT'000
Bonds of the fifth issue	24-Oct-08	01-Sep-23	Inflation rate +1%	10.34%	8,180,566	8,064,559
Bonds of the eighteenth issue	15-Aug-19	15-Aug-26	10.95%	10.91%	8,281,591	2,082,736
					16,462,157	10,147,295

In December 2021, the Group placed the unsecured coupon bonds with a total nominal value of KZT 5,939,823 thousand, maturing in August 2026 and bearing a fixed interest rate of 10.95% p.a., as part of a state program aimed at financing of the priority sectors of the economy. Funds received from placement of the bonds are used exclusively for granting loans to the private business entities operating in the processing industry and service sector, in accordance with the terms approved by Decree of the Government of the Republic of Kazakhstan No. 820 dated 11 December 2018 "On certain issues of ensuring a long-term liquidity in KZT to address the problem of affordable lending".

24 Subordinated debt securities issued

	31 December 2021 KZT'000	31 December 2020 KZT'000
Nominal value	167,469,550	167,469,550
Discount	(98,759,623)	(102,398,804)
Accrued interest	1,599,289	1,558,733
	70,309,216	66,629,479

As at 31 December 2021 and 31 December 2020, subordinated debt securities issued comprise unsecured obligations of the Group. In case of bankruptcy, the subordinated debt securities is repaid once all other liabilities of the Group are repaid in full.

A summary of subordinated debt securities issues at 31 December 2021 and 2020 is as follows:

	The first issue registration date	Maturity date	Coupon rate	Effective interest rate	Carrying amount	
					31 December 2021 KZT'000	31 December 2020 KZT'000
Bonds of the seventeenth issue	18-Oct-17	18-Oct-32	4.00%	18.00%	53,920,089	50,945,334
Bonds of the eighth issue	21-Aug-09	15-Oct-23	Inflation +1%	14.98%	13,994,320	13,372,141
Bonds of the thirteenth issue	25-Aug-16	10-Jan-24	9.00%	13.81%	2,394,807	2,312,004
					70,309,216	66,629,479

Embedded derivatives represented by inflation-indexed coupon payments are considered to be closely related to the host debt instruments as the inflation index is commonly used for this purpose in the KZT economic environment and it is not leveraged.

Participation in the Programme of Strengthening Financial Stability of Banking Sector in the Republic of Kazakhstan

By the Resolution of the NBRK No.183 dated 27 September 2017, the Bank was approved to participate in the Programme of Strengthening Financial Stability of the Banking Sector in the Republic of Kazakhstan (the “Programme”).

In accordance with the terms of the Programme, the Bank received cash from the NBRK subsidiary – Kazakhstan Sustainability Fund JSC – by means of issue of registered coupon subordinated bonds of the Bank (the “Bonds”) convertible into the Bank’s ordinary shares on the terms provided for in the Issue Prospectus.

The Bank is subject to restrictions (covenants) in its activities valid for 5 years from the Bonds’ issue date, breach of any of each will result in exercising by the Bonds’ holders of their right of Bonds being converted into the Bank’s ordinary shares:

- the Bank undertakes to comply with capital adequacy ratios set by the authorised body for the second-tier banks of the Republic of Kazakhstan.
- the Bank undertakes not to commit action intended to withdraw the Bank’s assets; at that, summary of activities to be considered the withdrawal of assets is set out in the Bond Issue Prospectus.

As part of its participation in the Programme, on 18 October 2017 the Bank placed Bonds at Kazakhstan Stock Exchange JSC for the amount of KZT 150,000,000 thousand; Bonds bear a coupon rate of 4.00 % p.a. and mature in 15 years. The result of discounting Bonds using a market interest rate of 18.00%, which was recognised as income in the consolidated statement of profit and loss and other comprehensive income on initial recognition of Bonds, amounted to KZT 106,961,607 thousand.

25 Other borrowed funds

	31 December 2021 KZT'000	31 December 2020 KZT'000
Loans from government financial institutions	25,636,285	26,754,175
Loans from the Ministry of Finance of the Republic of Kazakhstan	393,287	581,043
	26,029,572	27,335,218

As at 31 December 2021, terms and repayment schedule of outstanding borrowings are as follows:

	Currency	Average interest rate	Year of maturity	Carrying amount KZT'000
Damu Entrepreneurship Development Fund JSC	KZT	1.00-8.50%	2022-2035	12,898,069
Development Bank of Kazakhstan JSC	KZT	1.00-2.00%	2034-2037	12,738,216
The Ministry of Finance of the Republic of Kazakhstan	KZT	The NBRK refinancing rate	2023	202,927
The Ministry of Finance of the Republic of Kazakhstan	USD	Libor +1%	2023	190,360
				26,029,572

As at 31 December 2020, terms and repayment schedule of outstanding borrowings are as follows:

	Currency	Average interest rate	Year of maturity	Carrying amount KZT'000
Damu Entrepreneurship Development Fund JSC	KZT	1.00-8.50%	2021-2035	13,954,592
Development Bank of Kazakhstan JSC	KZT	1.00-2.00%	2034-2037	12,799,583
The Ministry of Finance of the Republic of Kazakhstan	KZT	The NBRK refinancing rate	2023	304,414
The Ministry of Finance of the Republic of Kazakhstan	USD	Libor +1%	2023	276,629
				27,335,218

Borrowed funds from KazAgro National Management Holding JSC (“KazAgro”) were received in accordance with the KazAgro Rules under the programme for financial recovery of companies operating in the agriculture industry. Borrowed funds from Agrarian Credit Corporation JSC (“ACC”) were received under the financing programme for agricultural entities. Borrowed funds from EDF DAMU JSC and DBK JSC were received under the Government financing programme (“the Programme”) for large corporates, and small- and medium-size enterprises (SMB) operating in certain industries.

Under the loan agreements between KazAgro and the Group, the Group is responsible to extend loans to companies operating in agricultural sector aimed to support their financial recovery. Under the loan agreements between ACC JSC and the Group, the Group is responsible to extend loans to companies operating in the agricultural sector.

Under the loan agreements with EDF DAMU JSC and DBK JSC, the Group is responsible to extend loans to large corporates and SME borrowers, eligible to participate in the Programme, with maximum maturity up to 10 years and at a 6% p.a. Management of the Group believes that due to their specific nature, loans from KazAgro, ACC JSC, EDF DAMU JSC and DBK JSC represent a separate segment of lending market providing financing from state companies to support entities operating in certain industries. As a result, loans from KazAgro, ACC JSC, EDF DAMU JSC and DBK JSC were received in an ‘arm’s length’ transaction and, as such, the amount received under the loans represents the fair value of the loans on initial recognition.

The Group is liable for compliance with covenants of loan agreements stated above. The Group was in compliance with all covenants as at 31 December 2021 and 2020.

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liabilities				Total
	Other borrowed funds	Subordinated debt securities issued	Debt securities issued	Lease liabilities	
KZT'000					
Balance as at 1 January 2021	27,335,218	66,629,479	10,147,295	2,782,926	106,894,918
Changes from financing cash flows					
Repayment of other borrowed funds	(1,287,009)	-	-	-	(1,287,009)
Proceeds from debt securities issued	-	-	6,160,840	-	6,160,840
Payments under lease agreements	-	-	-	(1,260,347)	(1,260,347)
Total changes from financing cash flows	(1,287,009)	-	6,160,840	(1,260,347)	3,613,484
The effect of changes in foreign exchange rates	6,630	-	-	-	6,630
Other changes					
Interest expense	731,118	11,117,226	1,022,533	258,852	13,129,729
Interest paid	(756,385)	(7,437,489)	(868,511)	(252,484)	(9,314,869)
Recognition of lease liabilities	-	-	-	1,033,794	1,033,794
Balance as at 31 December 2021	26,029,572	70,309,216	16,462,157	2,562,741	115,363,686

	Liabilities				Total
	Other borrowed funds	Subordinated debt securities issued	Debt securities issued	Lease liabilities	
KZT'000					
Balance as at 1 January 2020	33,571,380	63,437,257	32,043,765	3,557,051	132,609,453
Changes from financing cash flows					
Repayment of other borrowed funds	(6,137,646)	-	-	-	(6,137,646)
Repayment /repurchase of debt securities issued	-	-	(22,111,429)	-	(22,111,429)
Payments under lease agreements	-	-	-	(1,447,713)	(1,447,713)
Total changes from financing cash flows	(6,137,646)	-	(22,111,429)	(1,447,713)	(29,696,788)
The effect of changes in foreign exchange rates	35,029	-	-	(28,600)	6,429
Other changes					
Interest expense	868,802	10,375,143	2,114,971	317,914	13,676,830
Interest paid	(1,002,347)	(7,182,921)	(1,900,012)	(321,051)	(10,406,331)
Recognition of lease liabilities	-	-	-	1,659,718	1,659,718
Disposal of the subsidiary	-	-	-	(954,393)	(954,393)
Balance as at 31 December 2020	27,335,218	66,629,479	10,147,295	2,782,926	106,894,918

26 Other liabilities

	31 December 2021 KZT'000	31 December 2020 KZT'000
Payment cards settlement	13,782,381	9,086,289
Liability from continuing involvement (Note 16 (f))	3,636,006	3,450,785
Payables to borrowers under loan transactions	805,301	319,695
Liabilities on electronic money issued	797,152	1,340,681
Accrued administrative expenses	750,400	340,581
Due to depositors of Bank of Astana JSC	383,234	432,643
Payables to insurance company	360,790	369,952
Assigned receivables payable	280,012	1,388,393
Due to depositors of Tengri Bank JSC	255,715	809,328
Due to depositors of Capital Bank JSC	155,025	-
Due to depositors of AsiaCredit Bank JSC	116,161	-
Borrowers' subsidies payable	33,526	-
Other financial liabilities	2,606,336	2,020,340
Total other financial liabilities	23,962,039	19,558,687
Payables to employees	3,322,737	1,616,095
Vacation reserve	1,036,313	633,298
Deferred income	585,407	285,397
Other taxes payable	397,379	239,099
Loss allowance for contingent liabilities	171,877	17
Other non-financial liabilities	479,223	423,577
Total other non-financial liabilities	5,992,936	3,197,483
Total other liabilities	29,954,975	22,756,170

27 Share capital

(a) Issued capital and share premium

The authorised share capital of the Bank comprises 2,096,038,900 ordinary shares (31 December 2020: 2,096,038,900 ordinary shares) and 3,000,000 non-redeemable cumulative preference shares (2020: 3,000,000 preference shares).

During 2021, no ordinary shares were issued (in 2020: 612,314 ordinary shares were issued and paid at the price of KZT 6,532.60 per share).

Issued and outstanding share capital as at 31 December comprised fully paid ordinary shares as follows:

	2021	2020
	Shares	Shares
Issued at KZT 955.98	8,368,300	8,368,300
Issued at KZT 1,523.90	2,631,500	2,631,500
Issued at KZT 1,092.00	2,930,452	2,930,452
Issued at KZT 6,532.60	7,030,137	7,030,137
Total issued and outstanding shares	20,960,389	20,960,389

As at 31 December 2021, charter capital of the Bank amounted to KZT 61,135,197 thousand (31 December 2020: KZT 61,135,197 thousand).

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at annual and general meetings of the Bank.

(b) Dividends

In accordance with Kazakhstan legislation and the Bank's charter documents, distributable reserves are subject to the rules and regulations of the Republic of Kazakhstan.

During the year ended 31 December 2021, no dividends were declared or paid (2020: no dividends were declared or paid).

(c) Book value per share

Under the listing rules of the Kazakhstan Stock Exchange the Group should present book value per ordinary share in its consolidated financial statements.

The book value per share is calculated by dividing net assets, less intangible assets by the number of outstanding ordinary shares. As at 31 December 2021, the book value per share was KZT 5,372.84 (31 December 2020: KZT 4,871.89).

(d) Nature and purpose of reserves

Reserve for general banking risks

Until 2013, in accordance with amendments to the Resolution No.196 "On establishment of minimum limit on reserve capital of second-tier banks" issued by the Board of the Agency of the Republic of Kazakhstan on the Regulation and Supervision of Financial Markets and Financial Organisations (the "ASFM") introduced on 31 January 2011 (that became invalid in 2013), the Bank had to establish reserve capital by transferring an amount from retained earnings to a non-distributable reserve.

From 2013, the Bank's management decides on its own how to establish these reserves. During the annual periods ended 31 December 2021 and 31 December 2020, no transfers to/from general reserve were made by the Bank to cover general banking risks.

28 Earnings per share

The calculation of earnings per share is based on the net consolidated earnings, and a weighted average number of ordinary shares outstanding during the period. The Group has no potential diluted ordinary shares.

	2021	2020
	KZT'000	KZT'000
Net profit	13,048,451	6,787,780
A weighted average number of ordinary shares	20,960,389	20,781,379
Basic earnings per share (KZT)	622.53	326.63

29 Analysis by segment

The Group has five reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the chief operating decision maker, the Chairman of the Management Board, reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the reportable segments.

- Corporate banking- includes loans, deposits and other transactions with corporate customers;
- Retail banking – includes loans, deposits and other transactions with retail customers;
- Assets and Liabilities management – includes maintaining of liquid assets portfolio (cash, nostro accounts with the NBRK and other banks, interbank financing (up to 1 month), investments in liquid assets and bonds issue management);
- Small- and medium-size companies banking - includes loans, deposits and other transactions with small- and medium-size companies;
- Treasury – includes Group financing via interbank borrowings and using derivatives for hedging market risks and investments in liquid securities (corporate bonds).

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit after income tax as included in the internal management reports that are reviewed by the Chairman of the Management Board. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to others who operate within these industries. Inter-segment pricing is determined on an arm's length basis.

	2021 KZT'000	2020 KZT'000
ASSETS		
Retail banking	432,140,024	392,998,515
Assets and liabilities management	674,733,725	585,296,280
Corporate banking	207,523,914	171,676,195
Treasury	52,244,181	23,363,875
Small- and medium-sized companies banking	22,806,954	14,825,658
Unallocated assets	28,750,898	29,705,695
Total assets	1,418,199,696	1,217,866,218
LIABILITIES		
Retail banking	481,366,529	468,585,436
Corporate banking	545,876,759	356,985,785
Small- and medium-sized companies banking	129,687,278	110,325,784
Assets and liabilities management	79,056,092	76,695,712
Treasury	2,349,226	3,164,872
Unallocated liabilities	62,045,857	94,354,964
Total liabilities	1,300,381,741	1,110,112,553

Reconciliation of reportable segment total assets and total liabilities is presented below:

	2021 KZT'000	2020 KZT'000
Total assets of reportable segments	1,418,199,696	1,217,866,218
The effect of consolidation	3,058,299	1,015,393
Gross presentation of foreign currency swaps	(6,044,050)	(18,949,464)
Other adjustments	(1,869,874)	(242,884)
Total assets	1,413,344,071	1,199,689,263
	2021 KZT'000	2020 KZT'000
Total liabilities of reportable segments	1,300,381,741	1,110,112,553
The effect of consolidation	(141,284)	(168,155)
Gross presentation of foreign currency swaps	(6,044,050)	(18,949,464)
Other adjustments	(181,432)	(356,071)
Total liabilities	1,294,014,975	1,090,638,863

Segment information for the main reportable segments for the year ended 31 December 2021 is presented below:

KZT'000	Corporate banking	Small- and medium-sized companies banking	Retail banking	Treasury	Assets and liabilities management	Unallocated assets and liabilities	Total
Interest income	23,310,885	2,155,580	84,189,546	4,175,334	16,720,146	-	130,551,491
Fee and commission income	1,057,700	2,378,547	25,646,369	67,142	-	-	29,149,758
Net gain on securities, dealing and translation differences	2,454,343	885,389	679,638	5,460,754	376,318	-	9,856,442
Other (expenses)/income	(103,841)	-	19,224	6,781	-	(225,633)	(303,469)
Funds transfer pricing	19,364,548	8,766,476	36,539,079	13,403	22,918,083	-	87,601,589
Revenue	46,083,635	14,185,992	147,073,856	9,723,414	40,014,547	(225,633)	256,855,811
Interest expense	(12,969,634)	(4,502,593)	(33,684,818)	-	(12,355,907)	-	(63,512,952)
Fee and commission expense	(323,571)	(22,204)	(13,079,550)	(213,712)	(95,931)	(48,215)	(13,783,183)
Impairment losses	(27,902,563)	(153,261)	(6,605,333)	-	(72,624)	(217,575)	(34,951,356)
Funds transfer pricing	(16,474,967)	(1,069,629)	(50,242,754)	(3,150,608)	(16,663,630)	-	(87,601,588)
Operating costs (direct)	(2,290,748)	(1,033,213)	(10,473,812)	(503,234)	(37,503)	(11,933,377)	(26,271,887)
Operating costs (indirect)	(1,025,586)	(1,383,388)	(7,103,487)	(305,597)	(4,133)	(2,540,283)	(12,362,474)
Corporate income tax	-	(705,265)	(3,031,561)	(650,050)	(1,263,124)	-	(5,650,000)
Segment result	(14,903,434)	5,316,439	22,852,541	4,900,213	9,521,695	(14,965,083)	12,722,371
Other segment items							
Additions of property and equipment	-	-	-	-	-	3,114,030	3,114,030
Depreciation and amortisation	(9,636)	(11,118)	(514,318)	(1,360)	(285)	(3,577,063)	(4,113,780)

In 2021 the Group changed its approach to allocation of operating expenses in the segment reporting and excluded expenses of those business units whose operations are related to performance of the administrative and control functions and fulfilling regulatory and legal requirements, from the allocation by segments.

Segment information for the main reportable segments for the year ended 31 December 2020 is presented below:

KZT'000	Corporate banking	Small- and medium-sized companies banking	Retail banking	Treasury	Assets and liabilities management	Unallocated assets and liabilities	Total
Interest income	15,086,688	1,501,583	99,254,585	318,782	14,928,832	-	131,090,470
Fee and commission income	1,099,551	2,157,934	22,181,329	38,490	-	-	25,477,304
Net gain/(loss) on securities, dealing and translation differences	1,760,274	822,707	1,060,658	3,629,878	(1,774,160)	-	5,499,357
Other income	-	-	57,754	-	-	188,067	245,821
Funds transfer pricing	17,045,433	9,270,717	36,810,575	11,109	24,648,210	-	87,786,044
Revenue	34,991,946	13,752,941	159,364,901	3,998,259	37,802,882	188,067	250,098,996
Interest expense	(11,609,492)	(5,033,197)	(30,992,133)	-	(12,465,150)	-	(60,099,972)
Fee and commission expense	(395,312)	(23,456)	(11,921,911)	(216,848)	(132,450)	-	(12,689,977)
Impairment losses	(24,277,807)	(1,413,908)	(28,174,145)	-	226,146	(220,180)	(53,859,894)
Funds transfer pricing	(12,129,469)	(719,639)	(59,762,920)	(220,163)	(14,851,570)	(102,283)	(87,786,044)
Operating costs (direct)	(749,272)	(940,287)	(9,631,978)	(362,107)	(30,303)	(1,673,141)	(13,387,088)
Operating costs (indirect)	(1,462,097)	(1,832,197)	(13,571,276)	(456,952)	(36,044)	(613,851)	(17,972,417)
Corporate income tax	-	(43,940)	(61,564)	(32,068)	(121,603)	-	(259,175)
Segment result	(15,631,503)	3,746,317	5,248,974	2,710,121	10,391,908	(2,421,388)	4,044,429
Other segment items							
Additions of property and equipment	-	-	-	-	-	3,783,988	3,783,988
Depreciation and amortisation	(12,776)	(14,642)	(558,890)	(1,150)	(392)	(3,605,755)	(4,193,605)

Reconciliation of reportable segment revenues and profit or loss is as follows:

	2021 KZT'000	2020 KZT'000
Reportable segments revenue	256,855,811	250,098,996
The effect of consolidation	(101,835)	2,803,758
Funds transfer pricing	(87,601,588)	(87,786,044)
Other adjustments	(12,905,716)	(10,088,855)
Total revenue	156,246,672	155,027,855
	2021 KZT'000	2020 KZT'000
Reportable segments profit	12,722,371	4,044,429
Other adjustments	(1,689,955)	112,979
The effect of consolidation	2,016,035	2,630,372
Total profit	13,048,451	6,787,780

The effect of consolidation arises as management of the Chairman reviews internal reports on unconsolidated basis.

Other adjustments: these adjustments mostly represent netting of other assets and other liabilities, income and expenses. Other adjustments occur due to the fact that the Chairman of the Management Board reviews internal management reports prepared on a gross-up basis whereas for IFRS consolidated financial statements purposes netting is made for certain other assets/liabilities included in unallocated assets/liabilities.

Funds transfer pricing: for the purpose of internal management reporting, transfer pricing represents the allocation of income and expense between segments that raise cash resources and to segments that create interest income generating assets using cash resources.

Information about major customers and geographical areas

During the year ended 31 December 2021, the Group has no large corporate customers revenues from which individually exceed 10% of total revenue (31 December 2020: none).

A major part of revenues from external customers relates to transactions with residents of the Republic of Kazakhstan. The majority of non-current assets are located in the Republic of Kazakhstan.

30 Risk management

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

(a) Risk management policies and procedures

The risk management policies aim to identify, analyse and manage the risks faced by the Group, to set appropriate risk limits and controls, and to continuously monitor risk levels and adherence to limits. Risk management policies and procedures are reviewed regularly to reflect changes in market conditions and emerging best practice.

The Board of Directors has overall responsibility for the oversight of the risk management framework, overseeing the management of key risks and reviewing risk management policies and procedures as well as approving significantly large exposures. The Risk and Internal Controls Committee preliminary reviews these matters and seeks consideration and/or approval thereof by the Board of Directors.

The Management Board is responsible for monitoring and implementation of risk mitigation measures and making sure that the Group operates within established risk parameters. Risk management executives are responsible for the overall risk management and compliance functions, ensuring the implementation of common principles and methods for identifying, measuring, managing and reporting both financial and non-financial risks. Risk management executives report directly to the Chairman and indirectly, through the Risk and Internal Controls Committee to the Board of Directors.

Credit, market and liquidity risks both at the portfolio and transactional levels are managed and controlled through a system of Credit Committees, Market Risk and Liquidity Management Committee (MRLMC). To improve decision-making process, the Group established a hierarchy of credit committees, depending on the type and amount of the exposure.

Both external and internal risk factors are identified and managed throughout the Group. Particular attention is given to identifying the full range of risk factors and determining the level of assurance over current risk mitigation procedures. Apart from the standard credit and market risk analysis, the Risk Management Business Units monitor financial and non-financial risks by holding regular meetings with operational units in order to obtain expert judgments in their respective areas of expertise.

(b) Market risk

Market risk is a probability that financial losses arise on balance sheet and off-balance sheet items because of unfavourable changes in market situation, which comprise movements in interest rates, foreign exchange rates, market value of financial instruments and goods. The Group manages its market risk (currency risk, interest risk and price risk) at the portfolio level. Market risk arises from open positions in interest rate and equity financial instruments, which are exposed to general and specific market movements and changes in the level of volatility of market prices and foreign currency rates.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Overall authority for market and liquidity risk is vested in MRLMC. MRLMC performs review of the market risk limits based on recommendations of the Risk Management Block and submits it to the Management Board and Board of Directors for approval.

The Group manages its market risk by setting open position limits in relation to financial instruments, interest rate maturity and currency positions and stop-loss limits. These are monitored on a regular basis and reviewed and approved by the Management Board the Board of Directors.

In addition, the Group uses a wide range of stress tests to model the potential financial impact of a variety of exceptional market scenarios on individual trading portfolios and the Group's overall position. Stress tests provide an indication of the potential size of losses that could arise in extreme conditions. The stress tests carried out by the Group include risk factor stress testing, where stress movements are applied to each risk category and ad hoc stress testing, which includes applying possible stress events to specific positions.

The management of the interest rate risk by monitoring the interest rate gap, is supplemented by monitoring the sensitivity of the Group's net interest margin to various standard and non-standard interest rate scenarios.

The Group also utilises Value-at-Risk ("VaR") methodology to monitor market risk of its trading positions.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to the effects of fluctuations in the prevailing levels of market interest rates on its consolidated financial position and cash flows. Interest margins may increase as a result of such changes but may also reduce or create losses in the event that unexpected movements occur.

Interest rate gap analysis

Interest rate risk is managed principally through monitoring and forecasting interest rate gaps, reduction in time gaps of interest-bearing assets and liabilities. A summary of the interest gap position as at 31 December 2021 and 2020 for major interest bearing financial instruments is as follows:

Eurasian Bank JSC
Consolidated Statement of Changes in Equity for the year ended 31 December 2021

KZT'000	Less than 3 months	3-6 months	6-12 months	1 - 5 years	More than 5 years	Non-interest bearing	Carrying amount
31 December 2021							
ASSETS							
Cash and cash equivalents	240,765,774	-	-	-	-	172,353,270	413,119,044
Financial instruments at fair value through profit or loss	-	-	-	-	-	18,900	18,900
Financial assets at fair value through other comprehensive income	15,539,215	2,088,023	8,403,720	75,982,944	21,986,114	-	124,000,016
Deposits and balances with banks	4,203,389	649,493	-	-	-	2,081,871	6,934,753
Loans to customers	120,313,235	41,259,409	133,179,372	311,350,487	29,235,820	-	635,338,323
Investments at amortised cost	37,794,301	34,089,656	39,573,121	58,833,863	-	-	170,290,941
	418,615,914	78,086,581	181,156,213	446,167,294	51,221,934	174,454,041	1,349,701,977
LIABILITIES							
Financial instruments at fair value through profit or loss	-	-	-	-	-	1,871	1,871
Deposits and balances from banks	-	-	-	-	-	566,311	566,311
Current accounts and deposits from customers	302,007,127	220,502,306	306,154,034	132,809,743	23,704,172	151,203,217	1,136,380,599
Debt securities issued	326,029	-	8,180,566	7,955,562	-	-	16,462,157
Subordinated debt securities issued	106,038	-	15,194,319	2,288,770	52,720,089	-	70,309,216
Other borrowed funds	1,444,687	416,484	660,093	4,087,899	19,420,409	-	26,029,572
Lease liabilities	14,963	33,061	207,671	2,307,046	-	-	2,562,741
	303,898,844	220,951,851	330,396,683	149,449,020	95,844,670	151,771,399	1,252,312,467
	114,717,070	(142,865,270)	(149,240,470)	296,718,274	(44,622,736)	22,682,642	97,389,510

Eurasian Bank JSC
Consolidated Statement of Changes in Equity for the year ended 31 December 2021

KZT'000	Less than 3 months	3-6 months	6-12 months	1 - 5 years	More than 5 years	Non-interest bearing	Carrying amount
31 December 2020							
ASSETS							
Cash and cash equivalents	103,939,291	-	-	-	-	201,954,318	305,893,609
Financial instruments at fair value through profit or loss	-	-	-	-	-	2,058	2,058
Financial assets at fair value through other comprehensive income	1,313,009	16,341,515	2,869,615	72,907,267	653,171	-	94,084,577
Deposits and balances with banks	3,789,570	-	-	1,707,699	-	37,349,936	42,847,205
Loans to customers	122,927,644	41,290,040	98,314,341	273,970,801	25,930,031	-	562,432,857
Investments at amortised cost	59,237,647	33,452,797	-	52,411,915	-	-	145,102,359
	291,207,161	91,084,352	101,183,956	400,997,682	26,583,202	239,306,312	1,150,362,665
LIABILITIES							
Deposits and balances from banks	-	-	-	-	-	862,012	862,012
Amounts payable under repurchase agreements	1,139,662	-	-	-	-	-	1,139,662
Current accounts and deposits from customers	247,873,224	107,832,918	218,392,552	93,422,966	15,197,994	270,154,740	952,874,394
Debt securities issued	82,125	-	8,064,558	-	2,000,612	-	10,147,295
Subordinated debt securities issued	106,038	-	14,572,141	2,205,966	49,745,334	-	66,629,479
Other borrowed funds	631,023	622,460	508,261	5,797,837	19,775,637	-	27,335,218
Lease liabilities	11,692	41,227	243,829	2,486,178	-	-	2,782,926
	249,843,764	108,496,605	241,781,341	103,912,947	86,719,577	271,016,752	1,061,770,986
	41,363,397	(17,412,253)	(140,597,385)	297,084,735	(60,136,375)	(31,710,440)	88,591,679

Average effective interest rates

The table below displays average effective interest rates for interest-bearing assets and liabilities as at 31 December 2021 and 2020. These interest rates are an approximation of the yields to maturity of these assets and liabilities.

	2021 Average effective interest rates, %			2020 Average effective interest rates, %		
	KZT	USD	Other currencies	KZT	USD	Other currencies
Interest-bearing assets						
Cash and cash equivalents	8.83	0.24	1.87	7.88	0.21	0.57
Financial assets at fair value through other comprehensive income	9.76	2.19	1.57	10.37	2.74	2.58
Deposits and balances with banks	-	0.34	9.25	-	0.1	5.25
Loans to customers	20.53	6.04	11.53	20.41	5.86	14.98
Investments at amortised cost	9.87	1.76	-	10.05	3.27	-
Interest-bearing liabilities						
Amounts payable under repurchase agreements	-	-	-	-	-	4.30
Current accounts and deposits from customers						
- Corporate	6.28	0.48	1.28	6.67	0.48	0.11
- Retail	8.47	2.22	0.71	9.98	2.06	0.33
Debt securities issued	10.47	-	-	9.78	-	-
Subordinated debt securities issued	16.42	-	-	16.17	-	-
Other borrowed funds						
- Loans from government financial institutions	2.64	-	-	2.81	-	-
- Loans from the Ministry of Finance of the Republic of Kazakhstan	9.75	1.96	-	9.00	2.41	-

Interest rate sensitivity analysis

The management of interest rate risk based on interest rate gap analysis is supplemented by monitoring the sensitivity of financial assets and liabilities. An analysis of the sensitivity of profit or loss and equity (net of taxes) to changes in interest rates (repricing risk), based on a simplified scenario of a 100 basis point (bp) symmetrical fall or rise in all yield curves and positions of interest-bearing assets and liabilities existing as at 31 December 2021 and 2020, is as follows:

	2021		2020	
	Profit or loss KZT'000	Equity KZT'000	Profit or loss KZT'000	Equity KZT'000
100 bp parallel fall	209,788	209,788	78,712	78,712
100 bp parallel rise	(209,788)	(209,788)	(78,712)	(78,712)

An analysis of the sensitivity of profit or loss and equity as a result of changes in the fair value of debt securities at FVOCI and loans issued measured at fair value due to changes in the interest rates, based on positions existing as at 31 December 2021 and 2020 and a simplified scenario of a 100 bp symmetrical fall or rise in all yield curves, is as follows:

	2021		2020	
	Profit or loss KZT'000	Equity KZT'000	Profit or loss KZT'000	Equity KZT'000
100 bp parallel fall	-	4,858,624	41,397	2,304,071
100 bp parallel rise	-	(4,858,624)	(40,631)	(2,303,303)

(ii) Currency risk

The Group has assets and liabilities denominated in several foreign currencies.

Currency risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in foreign currency exchange rates. The Group hedges its exposure to currency risk. The Group manages its foreign currency position through the limits established for each currency and net foreign currency position limits.

The following table shows the foreign currency exposure structure of financial assets and liabilities as at 31 December 2021:

	USD KZT'000	RUB KZT'000	EUR KZT'000	Other currencies KZT'000	Total KZT'000
ASSETS					
Cash and cash equivalents	282,211,624	8,775,928	14,815,321	2,764,471	308,567,344
Financial assets at fair value through other comprehensive income	36,871,014	-	2,062,371	-	38,933,385
Deposits and balances with banks	4,741,861	111,022	-	-	4,852,883
Loans to customers	40,176,768	4,357,407	3,487,635	-	48,021,810
Investments at amortised cost	94,469,110	-	-	-	94,469,110
Other financial assets	13,741,017	3,023	5,347	-	13,749,387
Total assets	472,211,394	13,247,380	20,370,674	2,764,471	508,593,919
LIABILITIES					
Deposits and balances from banks	486,597	-	669	823	488,089
Current accounts and deposits from customers	450,605,937	12,209,292	19,234,303	2,587,518	484,637,050
Other borrowed funds	190,360	-	-	-	190,360
Other financial liabilities	13,793,054	36,977	705,191	1,921	14,537,143
Total liabilities	465,075,948	12,246,269	19,940,163	2,590,262	499,852,642
Net position at 31 December 2021	7,135,446	1,001,111	430,511	174,209	8,741,277
The effect of derivative financial instruments held for risk management purposes**	(8,204,200)	-	(63,583)	-	(8,267,783)
Net position as at 31 December 2021 with the effect of derivatives held for risk management	(1,068,754)	1,001,111	366,928	174,209	473,494

** including spot transactions

The following table shows the foreign currency exposure structure of financial assets and liabilities as at 31 December 2020:

	USD KZT'000	RUB KZT'000	EUR KZT'000	Other currencies KZT'000	Total KZT'000
ASSETS					
Cash and cash equivalents	236,974,337	8,973,512	18,404,010	457,978	264,809,837
Financial assets at fair value through other comprehensive income	39,427,921	-	655,095	-	40,083,016
Deposits and balances with banks	3,789,570	1,707,699	-	-	5,497,269
Loans to customers	75,249,739	3,359,058	1,437,958	-	80,046,755
Investments at amortised cost	42,038,234	-	-	-	42,038,234
Other financial assets	761,455	562	87	-	762,104
Total assets	398,241,256	14,040,831	20,497,150	457,978	433,237,215
LIABILITIES					
Deposits and balances from banks	703,824	398	132,826	12,378	849,426
Amounts payable under repurchase agreements	-	1,139,662	-	-	1,139,662
Current accounts and deposits from customers	386,659,019	10,906,562	19,737,195	346,176	417,648,952
Other borrowed funds	276,629	-	-	-	276,629
Other financial liabilities	10,326,733	66,039	607,926	52	11,000,750
Total liabilities	397,966,205	12,112,661	20,477,947	358,606	430,915,419
Net position at 31 December 2020	275,051	1,928,170	19,203	99,372	2,321,796
The effect of derivative financial instruments held for risk management purposes**	(7,997,290)	-	-	-	(7,997,290)
Net position as at 31 December 2020 with the effect of derivatives held for risk management	(7,722,239)	1,928,170	19,203	99,372	(5,675,494)

** including spot transactions

A weakening of the KZT, as indicated below, against the following currencies at 31 December 2021 and 2020 would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis is on a net of tax basis and is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant.

	2021 KZT'000		2020 KZT'000	
	Profit or loss KZT'000	Equity KZT'000	Profit or loss KZT'000	Equity KZT'000
20% appreciation of USD against KZT	(171,001)	(171,001)	(1,235,558)	(1,235,558)
20% appreciation of RUR against KZT	160,178	160,178	308,507	308,507
20% appreciation of EUR against KZT	58,708	58,708	3,072	3,072
20% appreciation of other currencies against KZT	27,873	27,873	15,900	15,900

A strengthening of the KZT against the above currencies at 31 December 2021 and 31 December 2020 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

(iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. Other price risk arises when the Group takes a long or short position in a financial instrument.

(iv) Value at Risk estimates

The Group also utilises Value-at-Risk (“VaR”) methodology to monitor market risk its currency positions.

VAR is a technique that estimates the potential losses that could occur on risk positions as a result of movements in market rates and prices over a specified time horizon and to a given level of confidence. The VaR model used by the Group is based on a 99 percent confidence level and assumes a 1-day holding period depending on the type of positions. The VaR model used is mainly based on historical simulation. The model derives plausible future scenarios based on historical market rate time series, taking into account inter-relationships between different markets and rates. Potential market price movements are determined with reference to market data from at least the most recent 12 months.

Although VaR is a valuable tool in measuring market risk exposures, it has a number of limitations, especially in less liquid markets as follows:

- the use of historical data as a basis for determining future events may not encompass all possible scenarios, particularly those that are of an extreme nature;
- a 1-day holding period assumes that all positions can be liquidated or hedged within that period. This is considered to be a realistic assumption in almost all cases, but may not be the case in situations in which there is severe market illiquidity for an extended period;
- the use of a 99% confidence level does not take into account losses that may occur beyond this level. There is a one percent probability that the loss could exceed the VaR estimate.
- VaR is only calculated on the end-of-day balances and does not necessarily reflect exposures that may arise on positions during the trading day;
- the VaR measure is dependent on the position and the volatility of market prices. The VaR of an unchanged position reduces if market volatility declines and vice versa.

The Group does not solely rely on its VAR calculations in its market risk measurement due to inherent risk of usage of VAR as described above. The limitations of the VaR methodology are recognised by supplementing VaR limits with other position and sensitivity limit structures, including limits to address potential concentration risks within each trading portfolio, and gap analysis.

A summary of the VaR estimates in respect of foreign currency risk of the Group at 31 December is as follows:

	2021	2020
	KZT'000	KZT'000
Foreign exchange risk	46,931	128,311

(c) Credit risk

Credit risk is the risk of financial loss occurring as a result of default by a borrower or counterparty on their obligation to the Group. The Group has policies and procedures in place to manage credit exposures (both for recognised financial assets and unrecognised contractual commitments), including guidelines to limit portfolio concentration and the establishment of a Credit Committee to actively monitor credit risk. The credit policy is reviewed and approved by the Board of Directors.

The credit policy establishes:

- procedures for review and approval of loan credit applications;
- methodology for the credit assessment of borrowers (corporate and retail);
- methodology for the credit assessment of counterparties, issuers and insurance companies;
- methodology for the evaluation of collateral;
- credit documentation requirements;
- procedures for the ongoing monitoring of loans and other credit exposures.

Corporate loan credit applications are sent by the relevant client managers and are then passed on to the Corporate Business Block, which is responsible for the corporate loan portfolio. Analysis reports are based on a structured analysis focusing on the customer's business and financial performance. The loan credit application and the reports are then independently reviewed by the Corporate Credit Risks Unit and a second opinion is given accompanied by verification that credit policy requirements are met. The Credit Committee makes decisions based on opinions of the Bank's internal business units. Prior to final approval by the Credit Committee, individual transactions are also reviewed by the Bank's Legal, Accounting and Tax departments subject to the specific risks.

The Group continuously monitors the performance of individual credit exposures and regularly reassesses the creditworthiness of its borrowers. The review is based on the customer's most recent financial statements and other information submitted by the borrower, or otherwise obtained by the Group. The current market value of collateral is regularly assessed by either independent appraisal companies or internal specialists, and in the event of negative movements in market prices the borrower is usually requested to put up additional security.

Retail loan credit applications are reviewed through the use of scoring models and application data verification procedures developed by the Retail Business Block together with the General Banking Risk Block.

Apart from individual customer analysis by the Bank's Credit Risk and Collateral Valuation Department, the credit portfolio is assessed also by the Risk Management Block with regard to credit concentration and market risks.

Loan approvals and credit card limits can be cancelled at anytime.

The maximum exposure to credit risk is generally reflected in the carrying amounts of financial assets on the consolidated statement of financial position and unrecognised contractual commitment amounts. The impact of possible netting of assets and liabilities to reduce potential credit exposure is not significant.

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

	2021	2020
	KZT'000	KZT'000
ASSETS		
Cash and cash equivalents	380,620,815	275,794,713
Financial instruments measured at fair value through profit or loss	18,900	2,058
Financial assets measured at fair value through other comprehensive income	124,000,016	94,084,577
Deposits and balances with banks	6,934,753	42,847,205
Loans to customers	635,338,323	562,432,857
Investments measured at amortised cost	170,290,941	145,102,359
Other financial assets	32,002,492	15,299,618
Total maximum exposure	1,349,206,240	1,135,563,387

For the analysis of concentration of credit risk in respect of loans to customers refer to Note 16.

The maximum exposure to credit risk from unrecognised contractual commitments at the reporting date is presented in Note 32.

As at 31 December 2021 the Group has one debtor (the NBRK) (31 December 2020: one debtor), where credit risk exposure exceeded 10% maximum credit risk exposure. The gross value of this balance as at 31 December 2021 is KZT 357,472,125 thousand (31 December 2020: KZT 349,805,002 thousand).

Offsetting financial assets and liabilities

The disclosures set out in the tables below include financial assets and financial liabilities that:

- are offset in the Group's consolidated statement of financial position, or
- are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments, irrespective of whether they are offset in the consolidated statement of financial position.

Similar financial instruments include derivatives, sales and repurchase agreements, reverse sale and repurchase agreements and securities borrowing and lending agreements.

The Group conducts derivative transactions that are not transacted on the exchange through a central counterparty. Management believes that such settlements are, in effect, equivalent to net settlement and that, the Group meets the net settlement criterion as this gross settlement mechanism has features that eliminate or result in insignificant credit and liquidity risk, and that the Group will process receivables and payables in a single settlement process or cycle.

The Group receives and accepts collateral in the form of cash and marketable securities in respect of the following transactions:

- derivatives;
- sale and repurchase, and reverse sale and repurchase agreements, and
- securities lending and borrowing.

Such collateral is subject to the standard industry terms of the International Swaps and Derivatives Association ("ISDA") Credit Support Annex. This means that securities received/given as collateral can be pledged or sold during the term of the transaction but must be returned on maturity of the transaction. The terms also give each counterparty the right to terminate the related transitions upon the counterparty's failure to post collateral.

The following table provides information on financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar arrangements as at 31 December 2020:

KZT'000	Gross amounts of recognised financial assets/liabilities			Related amounts not offset in the consolidated statement of financial position		
	Net amount of financial assets/liabilities presented in the consolidated statement of financial position					
Types of financial assets/liabilities	Gross amounts of recognised financial assets/liabilities	offset in the consolidated statement of financial position	consolidated statement of financial position	Financial instruments	Cash collateral received	Net amount
Investments measured at amortised cost	1,201,924	-	1,201,924	(1,139,662)	-	62,262
Total financial assets	1,201,924	-	1,201,924	(1,139,662)	-	62,262
Accounts payable under repurchase agreements	(1,139,662)	-	(1,139,662)	1,139,662	-	-
Total financial liabilities	(1,139,662)	-	(1,139,662)	1,139,662	-	-

The gross amounts of financial assets and financial liabilities and their net amounts as presented in the consolidated statement of financial position that are disclosed in the above tables are measured in the consolidated statement of financial position on the following basis:

assets and liabilities resulting from sale and repurchase agreements, reverse sale and repurchase agreements and securities lending and borrowing – amortised cost.

The securities pledged under repurchased agreements (Note 17) represent the transferred financial assets that are not derecognised in their entirety. The securities lent or sold under agreements to repurchase are transferred to a third party and the Group receives cash in exchange. These financial assets may be repledged or resold by counterparties in the absence of any default by the Group, but the counterparty has an obligation to return the securities when the contract matures. The Group has determined that it retains substantially all the risks and rewards related to these securities and therefore has not derecognised them. Because the Group sells the contractual rights to the cash flows on the securities, it cannot use the transferred assets during the term of the agreement.

(d) Liquidity risk

Liquidity risk is a probability of financial losses if the Group is unable to meet its financial liabilities when they fall due. Liquidity risk exists when the maturities of assets and liabilities do not match. The matching and/or controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to liquidity management. It is unusual for financial institutions ever to be completely matched since business transacted is often of an uncertain term and of different types. An unmatched position potentially enhances profitability, but can also increase the risk of losses.

The Group maintains liquidity management with the objective of ensuring that funds will be available at all times to honour all cash flow obligations as they become due. The liquidity management regulation is reviewed and approved by the Management Board.

The Group seeks to support a diversified and stable funding base comprising debt securities in issue, long- and short-term loans from other banks, core corporate and retail customer deposits, accompanied by diversified portfolios of highly liquid assets, in order to be able to respond quickly and efficiently to unforeseen liquidity requirements.

The daily liquidity position is monitored by the ALM unit and regular liquidity stress testing under a variety of scenarios covering both normal and more severe market conditions is performed by the Risk Management Block. The ALM unit receives information from business units regarding the liquidity structure of their financial assets and liabilities and projected cash flows arising from projected future business. Forecasting is performed on a short-term and medium-term horizon, and tactical steps are stipulated at each planning interval, subject to possibility of using various sources of funding, including external borrowings and different ways of placing temporarily free funds. Based on the forecast of expected inflows and outflows of funds, the ALM estimates the deficit/excess of liquidity and provides an operational forecast of liquidity ratios.

The Group's management regularly receives information on the liquidity position. Frequency of information submission depends on the Group's liquidity position at each specific point of time. Under normal market conditions, liquidity reports covering the liquidity position are presented to senior management on a weekly basis. The information submitted is sufficient to assess adequately the Group's liquidity position as a whole and in individual areas (currencies, customers, etc.) that also enables the Group's collective bodies and business units to make informed decision on the Group's ability to satisfy its liquidity needs and perform its obligations in time and in full scope.

The following tables show the undiscounted cash flows on financial liabilities and unrecognised credit-related commitments on the basis of their earliest possible contractual maturity. The total gross inflow and outflow disclosed in the tables is the contractual, undiscounted cash flow on the financial asset, liability or commitment.

The maturity analysis for financial liabilities as at 31 December 2021 is as follows:

KZT'000	Demand and less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	More than 1 year	Total gross amount outflow/ (inflow)	Carrying amount
Non-derivative financial liabilities							
Deposits and balances from banks	566,311	-	-	-	-	566,311	566,311
Current accounts and deposits from customers	267,685,677	196,750,332	228,611,166	316,235,104	175,142,874	1,184,425,153	1,136,380,599
Debt securities issued	-	795,996	-	795,996	20,258,936	21,850,928	16,462,157
Subordinated debt securities issued	112,275	-	703,804	6,816,079	229,213,983	236,846,141	70,309,216
Other borrowed funds	115	1,499,289	187,040	1,048,117	27,483,079	30,217,640	26,029,572
Lease liabilities	119,208	233,214	336,032	566,693	1,448,945	2,704,092	2,562,741
Other financial liabilities	23,715,780	-	246,240	19	-	23,962,039	23,962,039
Derivative financial liabilities*							
- Inflow	(20,375,052)	-	-	-	-	(20,375,052)	(18,019)
- Outflow	20,357,033	-	-	-	-	20,357,033	-
Total liabilities	292,181,347	199,278,831	230,084,282	325,462,008	453,547,817	1,500,554,285	1,276,254,616
Credit related commitments	122,783,475	-	-	-	-	122,783,475	122,783,475

* including SPOT transactions.

The maturity analysis for financial liabilities as at 31 December 2020 was as follows:

KZT'000	Demand and less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	More than 1 year	Total gross amount outflow/ (inflow)	Carrying amount
Non-derivative financial liabilities							
Deposits and balances from banks	862,011	-	-	-	-	862,011	862,012
Accounts payable under repurchase agreements	1,139,662	-	-	-	-	1,139,662	1,139,662
Current accounts and deposits from customers	371,108,836	156,687,575	113,758,660	225,667,755	129,710,070	996,932,896	952,874,394
Debt securities issued	-	434,256	-	434,256	12,512,912	13,381,424	10,147,295
Subordinated debt securities issued	112,276	-	606,469	6,718,744	236,456,802	243,894,291	66,629,479
Other borrowed funds	172	696,393	210,726	971,679	30,385,194	32,264,164	27,335,218
Lease liabilities	111,431	212,887	302,144	508,739	1,871,688	3,006,889	2,782,926
Other financial liabilities	19,432,670	-	118,720	7,099	-	19,558,489	19,558,687
Derivative financial liabilities*							
- Inflow	(27,372,168)	-	-	-	-	(27,372,168)	(4,504)
- Outflow	27,367,664	-	-	-	-	27,367,664	-
Total liabilities	392,762,554	158,031,111	114,996,719	234,308,272	410,936,666	1,311,035,322	1,081,325,169
Credit related commitments	78,965,152	-	-	-	-	78,965,152	78,965,152

* including SPOT transactions.

In accordance with legislation of the Republic of Kazakhstan, legal entities and individuals can withdraw their term deposits at any time, losing in most of the cases the accrued interest. These deposits are classified in accordance with their stated maturity dates. The maturities of the total amount of term deposits are as follows:

- KZT 34,206,811 thousand are categorised to ‘demand deposits’ and those which mature within less than one month (31 December 2020: KZT 30,317,424 thousand);
- KZT 196,746,170 thousand are categorised to deposits, which mature within one to three months (31 December 2020: KZT 156,278,567 thousand);
- KZT 228,542,873 thousand are categorised to deposits, which mature within three to six months (31 December 2020: KZT 113,534,638 thousand);
- KZT 316,235,104 thousand are categorised to deposits, which mature within six to twelve months (31 December 2020: KZT 225,665,313 thousand);
- KZT 175,141,959 thousand are categorised to deposits, which mature within the period of more than one year (31 December 2020: KZT 129,587,107 thousand).

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

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

The table below shows an analysis, by expected maturities, of the amounts recognised in the consolidated statement of financial position, excluding derivative instruments, as at 31 December 2021:

KZT'000	Demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	More than 5 years	No maturity	Overdue	Total
Cash and cash equivalents	413,119,044	-	-	-	-	-	-	413,119,044
Securities measured at fair value through other comprehensive income	6,625,497	8,913,718	10,491,743	75,982,944	21,986,114	-	-	124,000,016
Deposits and balances with banks	2,012,871	84,734	649,493	-	4,187,655	-	-	6,934,753
Loans to customers	37,584,927	64,309,247	175,521,648	313,168,545	30,080,648	-	14,673,308	635,338,323
Securities measured at amortised cost	25,228,665	12,565,636	73,662,777	58,833,863	-	-	-	170,290,941
Current tax asset	357,244	-	-	-	-	-	-	357,244
Property, plant and equipment and intangible assets	-	-	-	-	-	20,314,158	-	20,314,158
Right-of-use assets	-	-	-	-	-	2,157,005	-	2,157,005
Other assets	30,779,324	437,063	134,206	73,021	3,218,123	6,165,188	6,762	40,813,687
Total assets	515,707,572	86,310,398	260,459,867	448,058,373	59,472,540	28,636,351	14,680,070	1,413,325,171
Deposits and balances from banks	566,311	-	-	-	-	-	-	566,311
Current accounts and deposits from customers	263,619,221	189,584,097	526,657,446	132,814,443	23,705,392	-	-	1,136,380,599
Debt securities issued	-	564,883	-	15,897,274	-	-	-	16,462,157
Subordinated debt securities issued	106,038	-	1,493,251	15,989,838	52,720,089	-	-	70,309,216
Other borrowed funds	117	1,444,570	882,712	4,281,764	19,420,409	-	-	26,029,572
Lease liabilities	6,277	11,855	237,563	2,307,046	-	-	-	2,562,741
Deferred tax liabilities	-	-	-	-	-	11,747,533	-	11,747,533
Other liabilities	29,688,216	-	246,259	20,500	-	-	-	29,954,975
Total liabilities	293,986,180	191,605,405	529,517,231	171,310,865	95,845,890	11,747,533	-	1,294,013,104
Net position	221,721,392	(105,295,007)	(269,057,364)	276,747,508	(36,373,350)	16,888,818	14,680,070	119,312,067
Accumulated net position	221,721,392	116,426,385	(152,630,979)	124,116,529	87,743,179	104,631,997	119,312,067	119,312,067

The table below shows an analysis, by expected maturities, of the amounts recognised in the consolidated statement of financial position, excluding derivative instruments, as at 31 December 2020:

KZT'000	Demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	More than 5 years	No maturity	Overdue	Total
Cash and cash equivalents	305,893,609	-	-	-	-	-	-	305,893,609
Securities measured at fair value through other comprehensive income	938,276	374,733	19,211,130	72,907,267	653,171	-	-	94,084,577
Deposits and balances with banks	37,283,936	-	-	1,707,699	3,855,570	-	-	42,847,205
Loans to customers	54,838,205	36,598,377	137,616,871	273,362,651	25,360,604	-	34,656,149	562,432,857
Securities measured at amortised cost	8,721,209	50,516,438	33,452,797	52,411,915	-	-	-	145,102,359
Current tax asset	3,652	-	-	-	-	-	-	3,652
Property, plant and equipment and intangible assets	-	-	-	-	-	20,105,644	-	20,105,644
Right-of-use assets	-	-	-	-	-	2,443,436	-	2,443,436
Other assets	17,236,104	219,269	302,256	5,789,805	2,974,741	242,587	9,104	26,773,866
Total assets	424,914,991	87,708,817	190,583,054	406,179,337	32,844,086	22,791,667	34,665,253	1,199,687,205
Deposits and balances from banks	862,012	-	-	-	-	-	-	862,012
Accounts payable under repurchase agreements	1,139,662	-	-	-	-	-	-	1,139,662
Current accounts and deposits from customers	367,662,817	150,358,864	326,227,937	93,424,713	15,200,063	-	-	952,874,394
Debt securities issued	-	296,825	-	7,849,859	2,000,611	-	-	10,147,295
Subordinated debt securities issued	106,038	-	1,452,696	15,325,412	49,745,333	-	-	66,629,479
Other borrowed funds	137	630,886	747,718	6,180,840	19,775,637	-	-	27,335,218
Lease liabilities	1,478	15,260	280,010	2,486,178	-	-	-	2,782,926
Deferred tax liabilities	-	-	-	-	-	6,111,707	-	6,111,707
Other liabilities	22,630,351	-	125,819	-	-	-	-	22,756,170
Total liabilities	392,402,495	151,301,835	328,834,180	125,267,002	86,721,644	6,111,707	-	1,090,638,863
Net position	32,512,496	(63,593,018)	(138,251,126)	280,912,335	(53,877,558)	16,679,960	34,665,253	109,048,342
Accumulated net position	32,512,496	(31,080,522)	(169,331,648)	111,580,687	57,703,129	74,383,089	109,048,342	109,048,342

Management believes that the following factors provide decrease in the liquidity gap up to 1 year:

- Management's analysis of behaviour of holders of term deposits during the past three years indicates that offering of competitive interest rates provides for high level of renewals.
- As at 31 December 2021 the balance of accounts and deposits from related parties, which fall due within 1 year, is KZT 406,388,901 thousand (2020: KZT 235,953,312 thousand). Management believes that the term deposits will be extended when they fall due and withdrawals of significant customer accounts, if required, will be coordinated with the Group's liquidity management objectives.

(e) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks, such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group's operations.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and innovation. In all cases, the Group policy requires compliance with all applicable legal and regulatory requirements.

The Group manages operational risk by establishing internal controls that management determines to be necessary in each area of its operations.

31 Capital management

The NBRK sets and monitors capital requirements for the Bank.

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

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

Tier 2 capital comprises subordinated debt in KZT less investments in subordinated debt of financial institutions which the Bank holds 10% and more issued shares in, not consolidated in the Group with certain limitations.

Total capital is the sum of tier 1 and tier 2 capital as at 31 December 2021 (as at 31 December 2020, total capital is the sum of tier 1 and tier 2 capital).

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

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

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

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

As at 31 December 2021 and 2020, the minimum level of ratios as applicable to the Bank are as follows:

	Including capital conservation buffer		Net of capital conservation buffer	
	2021	2020	2021	2020
k1 – not less than	0.075	0.065	0.055	0.055
k1-2 – not less than	0.085	0.075	0.065	0.065
k2 – not less than	0.010	0.090	0.080	0.080

On 1 October 2019, NBRK introduced a new regulatory capital buffer for the capitalisation ratios. A regulatory buffer is calculated as a ratio of a positive difference between the provisions calculated in accordance with the “Guidance on establishing provisions for impairment of the Bank assets in the form of loans and accounts receivable to the Statutory Ratios”, and the provisions formed and recorded in the Bank accounts in accordance with IFRS and the requirements of the law of the Republic of Kazakhstan on accounting and financial reporting (hereinafter - “a positive difference”), to the sum of credit risk-weighted assets and contingent liabilities.

Since 1 June 2020, the Agency of the Republic of Kazakhstan for Regulation and Development of the Financial Market has lowered the capital conservation buffer requirement to 1% for a period until 1 June 2021 as part of measures to ensure socioeconomic stability.

The Bank complied with all prudential capital adequacy ratios k1, k1-2 and k2 as at 31 December 2021. The Bank’s actual coefficients are as follows: k1 – 0.122, k1-2 – 0.122 and k2 – 0.287 (31 December 2020: k1 - 0.121, k1-2 – 0.121 and k2 – 0.302).

The Bank’s capital position as at 31 December 2021 calculated in accordance with the requirements established by the Resolution of the Board of the National Bank of the Republic of Kazakhstan of 13 September 2017, No. 170 “On establishment of normative values and techniques of calculations of prudential standard rates and other regulations, obligatory to observance, and limits of the size of the capital of bank for the certain date and Rules of calculation and limits of the open foreign exchange position of bank” amounted to KZT 262,409,243 thousand (31 December 2020: KZT 252,512,250 thousand). Tier 1 capital as at 31 December 2021 amounted to KZT 111,062,292 thousand (31 December 2020: KZT 100,775,697 thousand).

32 Credit related commitments

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

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

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

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

	2021 KZT'000	2020 KZT'000
Contracted amount		
Loan and credit line commitments	95,658,028	61,179,984
Financial guarantees	24,454,056	17,379,675
Letters of credit	2,671,391	405,493
Total	122,783,475	78,965,152
Loss allowance	(171,877)	(17)

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

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

As at 31 December 2021 the Group has 1 customer whose balances exceed 10% of total commitments (31 December 2020: 1 customer). The value of these commitments as at 31 December 2021 amounted to KZT 12,553,276 (31 December 2020: KZT 13,177,966 thousand).

As at 31 December 2021 and 31 December 2020, the companies with state participation account for 20% of the customers for credit related commitments, with the remaining part comprising the large corporates operating in various sectors of the economy.

The table below shows movement in loss allowance on credit related commitments for the year ended 31 December 2021.

KZT'000				
Credit related commitments	Stage 1	Stage 2	Stage 3	Total
Loss allowance for expected credit losses at the beginning of the year	17	-	-	17
Transfer to Stage 2	(1,881)	1,881	-	-
Net remeasurement of loss allowance	131,004	710	752	132,466
New financial assets originated or purchased	38,110	-	1,303	39,413
Foreign exchange and other movements	(19)	-	-	(19)
Loss allowance for expected credit losses at the end of the year	167,231	2,591	2,055	171,877

The table below shows movement in loss allowance on credit related commitments for the year ended 31 December 2020.

KZT'000				
Credit related commitments	Stage 1	Stage 2	Stage 3	Total
Loss allowance for expected credit losses at the beginning of the year	234,670	-	65,531	300,201
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	45,265	(45,265)	-
Net remeasurement of loss allowance	(205,164)	(45,265)	(20,266)	(270,695)
New financial assets originated or purchased	60	-	-	60
Disposal of subsidiary	(13,343)	-	-	(13,343)
Foreign exchange and other movements	(16,206)	-	-	(16,206)
Loss allowance for expected credit losses at the end of the year	17	-	-	17

During 2021, the Group issued guarantees for the total amount of KZT 19,676,126 thousand (in 2020: KZT 6,886,099 thousand), including those that were subsequently classified to Stage 1 of credit quality in the amount of KZT 19,074,624 thousand, to Stage 2 - of KZT 388,329 thousand, to Stage 3 - of KZT 213,173 thousand (in 2020: to Stage 1 of credit quality in the amount of KZT 6,881,053 thousand, to Stage 2 - of KZT 0 and to Stage 3 - of KZT 5,046 thousand). During 2021, the Group derecognised credit related commitments on guarantees for the total amount of KZT 12,948,971 thousand (in 2020: KZT 13,321,973 thousand), including those that were classified to Stage 1 of credit quality in the amount of KZT 12,931,056 thousand, to Stage 2 - of KZT 0, to Stage 3 - of KZT 17,915 thousand (in 2020: to Stage 1 of credit quality in the amount of KZT 11,018,860 thousand, to Stage 2 - of KZT 2,048,204 thousand and to Stage 3 - of KZT 254,909 thousand).

33 Contingencies

(a) Insurance

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

(b) Litigation

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

(c) Taxation contingencies

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

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

34 Related party transactions

(a) Control relationships

The Group's parent company is Eurasian Financial Company JSC (the "Parent company"). The Parent Company is controlled by the group of individuals, Mr A.A. Mashkevich, Mr P.K. Chodiyev, Mrs M.N. Ibragimova (31 December 2020: Mr A.A. Mashkevich, Mr P.K. Chodiyev, Mr A.R. Ibragimov), each one owns 33.3%. Publicly available consolidated financial statements are produced by the Bank's Parent Company.

(b) Transactions with members of the Board of Directors, the Management Board and other key management personnel

Total remuneration included in personnel expenses for the year ended 31 December is as follows:

	2021 KZT'000	2020 KZT'000
Members of the Board of Directors	393,079	355,225
Members of the Management Board	917,779	881,560
Other key management personnel	1,799,032	1,116,480
	3,109,890	2,353,265

These amounts include non-cash benefits in respect of members of the Board of Directors, the Management Board and other key management personnel.

The outstanding balances and average effective interest rates as at 31 December 2021 and 2020 for transactions with members of the Board of Directors, the Management Board and other key management personnel are as follows:

	2021 KZT'000	Average contractual interest rate, %	2020 KZT'000	Average contractual interest rate, %
Consolidated Statement of Financial Position				
ASSETS				
Loans to customers	100,226	7.90	30,956	8.33
Loans to customers (loss allowance for expected credit losses)	(1,638)		(818)	
LIABILITIES				
Current accounts and deposits from customers	29,979,309	6.82	25,140,822	6.63

Amounts included in profit or loss in relation to transactions with the members of the Board of Directors, the Management Board and other key management personnel for the year ended 31 December are as follows:

	2021 KZT'000	2020 KZT'000
Profit or loss		
Interest income under the effective interest method	3,110	1,195
Interest expense	(2,059,763)	(973,993)
Fee and commission income	705	771
Impairment losses on debt financial assets	(478)	(373)

(c) Transactions with other related parties

The outstanding balances and the related average contractual interest rates as at 31 December 2021 and related profit or loss amounts of transactions for the year ended 31 December 2021 with other related parties are as follows:

31 December 2021	Parent Company		Other subsidiaries of the Parent Company		Other related parties*		
	KZT'000	Average contractual interest rate, %	KZT'000	Average contractual interest rate, %	KZT'000	Average contractual interest rate, %	Total KZT'000
Consolidated statement of financial position							
ASSETS							
Loans to customers							
- in KZT	-	-	-	-	3,402,748	15.01	3,402,748
- in USD	-	-	-	-	36,711,638	4.21	36,711,638
Loans to customers (loss allowance for expected credit losses)	-	-	-	-	(13,877,316)	-	(13,877,316)
Other assets							
- in KZT	-	-	37,473	-	19,588	-	57,061
LIABILITIES							
Current accounts and deposits from customers							
- in KZT	178,495	8.18	422,131	7.97	120,564,338	6.17	121,164,964
- in USD	-	-	7,875,345	0.50	255,814,264	0.43	263,689,609
- in other currencies	-	-	1,389,209	0.32	5,268,605	2.00	6,657,814
Debt securities issued							
- in KZT	-	-	27,512	8.90	-	-	27,512
Subordinated debt securities issued							
- in KZT	-	-	32,933	9.40	-	-	32,933
Other liabilities							
- in KZT	-	-	342,965	-	188,900	-	531,865
- in USD	-	-	-	-	3,269	-	3,269

31 December 2021

	<u>Parent Company</u>		<u>Other subsidiaries of the Parent Company</u>		<u>Other related parties*</u>		<u>Total KZT'000</u>
	<u>KZT'000</u>	<u>Average contractual interest rate, %</u>	<u>KZT'000</u>	<u>Average contractual interest rate, %</u>	<u>KZT'000</u>	<u>Average contractual interest rate, %</u>	
Items not recognised in the consolidated statement of financial position							
Loan and credit line commitments	-	-	-	-	2,361	-	2,361
Guarantees issued	-	-	-	-	45,427	-	45,427
Guarantees received	-	-	-	-	5,261,550	-	5,261,550
Letters of credit	-	-	-	-	3,932	-	3,932
Profit/(loss)							
Interest income under the effective interest method	-	-	-	-	1,044,730	-	1,044,730
Other interest income	-	-	-	-	145,650	-	145,650
Interest expense	(143,028)	-	(489,031)	-	(3,497,069)	-	(4,129,128)
Fee and commission income	689	-	12,169,525	-	609,341	-	12,779,555
Fee and commission expense	-	-	(2,880)	-	(194,612)	-	(197,492)
Net gain on financial instruments measured at fair value through profit or loss	-	-	-	-	1,433,376	-	1,433,376
Net foreign exchange gain/(loss)	-	-	67,044	-	(4,500,707)	-	(4,433,663)
Other operating expenses	-	-	-	-	(331,418)	-	(331,418)
Impairment losses on debt financial assets	-	-	-	-	(15,402,271)	-	(15,402,271)
Other general and administrative expenses	-	-	(80,365)	-	(181,944)	-	(262,309)

The outstanding balances and the related average contractual interest rates as at 31 December 2020 and related profit or loss amounts of transactions for the year ended 31 December 2020 with other related parties are as follows:

31 December 2020	Parent Company		Other subsidiaries of the Parent Company		Other related parties*		Total KZT'000
	KZT'000	Average contractual interest rate, %	KZT'000	Average contractual interest rate, %	KZT'000	Average contractual interest rate, %	
Consolidated statement of financial position							
ASSETS							
Loans to customers							
- in KZT	-	-	-	-	3,656,119	15.04	3,656,119
- in USD	-	-	-	-	45,955,849	4.61	45,955,849
Loans to customers (loss allowance for expected credit losses)	-	-	-	-	(685,300)		(685,300)
Other assets							
- in KZT	-	-	89,860	-	1,806	-	91,666
LIABILITIES							
Current accounts and deposits from customers							
- in KZT	135,284	8,50	2,583,175	10.94	17,379,601	4.04	20,098,060
- in USD	-	-	8,736,069	1.50	193,708,716	0.22	202,444,785
- in other currencies	-	-	1,788,728	0.02	1,700,687	0.04	3,489,415
Debt securities issued							
- in KZT	-	-	27,122	8.00	-	-	27,122
Subordinated debt securities issued							
- in KZT			27,227	8.10	-		27,227
Other liabilities	-	-				-	
- in KZT	-	-	376,577	-	188,724	-	565,301
- in USD	-	-	-	-	-	-	-

31 December 2020

	Parent Company		Other subsidiaries of the Parent Company		Other related parties*		
		Average contractual interest rate,		Average contractual interest rate,		Average contractual interest rate,	Total
	KZT'000	%	KZT'000	%	KZT'000	%	KZT'000
Items not recognised in the consolidated statement of financial position							
Guarantees issued	-		-		45,427		45,427
Guarantees received	-		-		11,982,469		11,982,469
Letters of credit	-		-		405,493		405,493
Profit/(loss)							
Interest income under the effective interest method	-		-		1,387,657		1,387,657
Other interest income	-		-		634,549		634,549
Interest expense	(74,246)		(1,162,004)		(2,432,426)		(3,668,676)
Fee and commission income	874		3,337,156		530,064		3,868,094
Fee and commission expense	-		(2,888)		(22,088)		(24,976)
Net gain on financial instruments measured at fair value through profit or loss	-		-		18,089		18,089
Net foreign exchange gain/(loss)	2		(160,375)		(8,921,878)		(9,082,251)
Impairment losses on debt financial assets	-		-		(2,649,994)		(2,649,994)
Other general and administrative expenses	-		(66,865)		(191,930)		(258,795)

*Other related parties are the entities that are controlled by the Parent Company's shareholders.

Loans to related parties with net carrying amount of KZT 26,328,159 thousand (31 December 2020: KZT 51,710,866 thousand) are secured by land plots, real estate, guarantees, movable property and other types of collateral, whose value mostly covers the carrying amount of these loans excluding overcollateralization. The remaining amount of loans to related parties is not secured.

The term of expiry of the guarantees received to secure the loans issued is determined by the terms of repayment of these loans.

35 Financial assets and liabilities: fair values and accounting classification

(a) Accounting classifications and fair values

The table below sets out the carrying amounts and fair values of financial assets and financial liabilities as at 31 December 2021:

KZT'000	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Total carrying amount	Fair value
Cash and cash equivalents	-	-	413,119,044	413,119,044	413,119,044
Financial instruments measured at fair value through profit or loss	18,900	-	-	18,900	18,900
Financial assets measured at fair value through other comprehensive income	-	124,000,016	-	124,000,016	124,000,016
Deposits and balances with banks	-	-	6,934,753	6,934,753	6,934,753
Loans to customers	-	-	-	-	-
Loans to corporate customers	-	-	204,033,597	204,033,597	205,150,381
Loans to retail customers	-	-	431,304,726	431,304,726	415,520,421
Investments measured at amortised cost	-	-	-	-	-
Government bonds	-	-	106,124,120	106,124,120	106,953,512
Development bank bonds	-	-	27,081,053	27,081,053	27,070,092
Corporate bonds	-	-	37,085,768	37,085,768	36,920,328
Other financial assets	-	-	32,002,492	32,002,492	32,002,492
	18,900	124,000,016	1,257,685,553	1,381,704,469	1,367,689,939
Financial instruments measured at fair value through profit or loss	1,871	-	-	1,871	1,871
Deposits and balances from banks	-	-	566,311	566,311	566,311
Current accounts and deposits from customers	-	-	1,136,380,599	1,136,380,599	1,143,718,375
Debt securities issued	-	-	16,462,157	16,462,157	15,450,333
Subordinated debt securities issued	-	-	70,309,216	70,309,216	85,517,357
Other borrowed funds	-	-	26,029,572	26,029,572	26,029,572
Other financial liabilities	-	-	23,962,039	23,962,039	23,962,039
	1,871	-	1,273,709,894	1,273,711,765	1,295,245,858

The table below sets out the carrying amounts and fair values of financial assets and financial liabilities as at 31 December 2020:

KZT'000	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Total carrying amount	Fair value
Cash and cash equivalents	-	-	305,893,609	305,893,609	305,893,609
Financial instruments measured at fair value through profit or loss	2,058	-	-	2,058	2,058
Financial assets measured at fair value through other comprehensive income	-	94,084,577	-	94,084,577	94,084,577
Deposits and balances with banks	-	-	42,847,205	42,847,205	42,847,205
Loans to customers	-	-	-	-	-
Loans to corporate customers	4,608,253	-	167,254,798	171,863,051	173,076,424
Loans to retail customers	-	-	390,569,806	390,569,806	370,643,810
Investments measured at amortised cost	-	-	-	-	-
Government bonds	-	-	118,178,369	118,178,369	120,153,076
Development bank bonds	-	-	9,951,123	9,951,123	10,067,027
Corporate bonds	-	-	16,972,867	16,972,867	17,041,852
Other financial assets	-	-	15,299,618	15,299,618	15,299,618
	4,610,311	94,084,577	1,066,967,395	1,165,662,283	1,149,109,256
Deposits and balances from banks	-	-	862,012	862,012	862,012
Accounts payable under repurchase agreements	-	-	1,139,662	1,139,662	1,204,349
Current accounts and deposits from customers	-	-	952,874,394	952,874,394	963,174,618
Debt securities issued	-	-	10,147,295	10,147,295	9,522,658
Subordinated debt securities issued	-	-	66,629,479	66,629,479	67,037,076
Other borrowed funds	-	-	27,335,218	27,335,218	27,335,218
Other financial liabilities	-	-	19,558,687	19,558,687	19,558,687
	-	-	1,078,546,747	1,078,546,747	1,088,694,618

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

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

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

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

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

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

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

- discount rates of 4.50 – 14.90% and 6.00 – 26.81% are used for discounting future cash flows from loans to corporate customers and loans to retail customers, respectively (31 December 2020: 4.70 – 12.20% and 14.90 – 27.65%, respectively);
- discount rates of 0.40 – 7.30% and 0.80 – 7.80% are used for discounting future cash flows from current accounts and deposits of corporate and retail customers, respectively (31 December 2020: 0.40 – 7.30% and 1.00 – 9.20%, respectively);
- quoted market price is used for determination of fair value of debt securities issued.

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

(b) Fair value hierarchy

The Group measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements:

- Level 1: quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

- Level 3: valuation techniques using unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect difference between the instruments.

The table below analyses financial instruments measured at fair value at 31 December 2021, by the level in the fair value hierarchy into which the fair value measurement is categorised.

KZT'000	Level 1	Level 2	Level 3	Total
Financial instruments at fair value through profit or loss				
- Derivative assets	18,900	-	-	18,900
- Derivative liabilities	(1,871)	-	-	(1,871)
Financial assets measured at fair value through other comprehensive income				
- Debt and other fixed-income instruments	82,445,226	41,554,790	-	124,000,016
	82,462,255	41,554,790	-	124,017,045

The table below analyses financial instruments measured at fair value at 31 December 2020, by the level in the fair value hierarchy into which the fair value measurement is categorised.

KZT'000	Level 1	Level 2	Level 3	Total
Financial instruments at fair value through profit or loss				
- Derivative assets	-	2,058	-	2,058
Financial assets measured at fair value through other comprehensive income				
- Debt and other fixed-income instruments	40,083,015	54,001,562	-	94,084,577
Loans to customers	-	-	4,608,253	4,608,253
	40,083,015	54,003,620	4,608,253	98,694,888

Due to low market liquidity, management considers that quoted prices in active markets are not available, including for government securities listed on the Kazakhstan Stock Exchange. Accordingly, as at 31 December 2021 and 2020 the estimated fair value of these financial instruments is based on the results of valuation techniques involving the use of observable market inputs.

Unobservable valuation differences on initial recognition

In many cases all significant inputs into the valuation techniques are wholly observable, for example by reference to information from similar transactions in the currency market. In cases where all inputs are not /observable, for example because there are no observable trades in a similar risk at the reporting date, the Group uses valuation techniques that rely on unobservable inputs – e.g. volatilities of certain underlying, expectations of termination periods. When fair value at initial recognition is not evidenced by a quoted price in an active market or based on a valuation technique that uses data only from observable markets, any difference between the fair value at initial recognition and the transaction price is not recognised in profit or loss immediately, but is deferred (see note 3(d)(v)).

The following table shows a reconciliation for the years ended 31 December 2021 and 31 December 2020 for fair value measurements in Level 3 of the fair value hierarchy:

	Level 3	
	Financial instruments at fair value through profit or loss	
	Loans to customers	
KZT'000	2021	2020
Balance at the beginning of the year	4,608,253	8,089,980
Net gain on financial instruments measured at fair value through profit or loss	1,433,376	13,968
Interest income accrued	145,650	634,549
Foreign exchange and other movements	97,404	710,606
Repayments	(6,284,683)	(4,840,850)
Balance at the end of the year	-	4,608,253

Management used interest rate of 7.48% in respect of USD cash flows to determine the fair value of loans to customers for the year ended 31 December 2020.

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

As at 31 December 2020 if the interest rate applied to cash flows had increased/(decreased) by 1%, the fair value of loans to customers in Level 3 of the fair value hierarchy would have (decreased)/increased by (KZT 40,631 thousand)/KZT 41,397 thousand.

36 Subsequent events

On 2 January 2022 protests started in Western Kazakhstan related to an increase in the liquefied natural gas price from 60 tenge to 120 tenge per litre. These protests spread to other cities and resulted in looting and loss of life. On 5 January 2022 the government declared a state of emergency. As a result of the above protests and state of emergency the President of Kazakhstan has made certain public announcements regarding possible measures including amendments to the tax legislation.

As at the date of signing of these financial statements the state of emergency has been lifted. The preliminary amount of damage caused to the Group's property as a result of the actions of the looters is about KZT 200 million.

The Group currently is unable to quantify what the impact, if any, may be on the financial position of the Group of any new measures the government may take.

In February 2022, against the background of aggravation of the global geopolitical situation as a result of Russian-Ukrainian relations, major Russian financial institutions were subject to international sanctions, including second-tier banks - Sberbank of Russia, VTB Bank and Alfa-Bank, which have subsidiaries in Kazakhstan. The imposed restrictions may result in downgrading of the international ratings for these financial institutions and in possible increase in expected credit losses on deposits in these second-tier banks.

Due to the current global events, the exchange rate of the national currency - tenge - against the currencies of other countries is unstable, and therefore the management of the Group does not rule out the possibility that the subsequent negative effect on the economic environment will have an unfavorable effect on the Group.

The Group responded to the international rating agencies' leaving the Russian market, disconnection of certain counterparties-residents of the Russian Federation ('RF') from SWIFT and inclusion of the RF issuers in the sanctions lists by establishing, on a timely basis, by the required provisions, which helped to avoid significant financial losses in the context of business continuity as the Group continues working with the RF issuers and the regulatory authorities of the RF and RK in terms of settlement of liabilities related to the Russian issuers' bonds, and as the Russian side explained, proceeds from settlements will be credited to the ordinary bank accounts, which provide no blocking. Currently it is not possible to determine reliably the effect of further reduction of solvency of the Russian issuers, and the Group's management is in the process of its assessment.

As at 1 January 2022 the Group held securities of the Russian issuers denominated in US dollars with a carrying amount of KZT 48.3 billion.

The Group continues monitoring the current situation on the global market to respond in time to possible adverse impacts.