



**“Otbasy Bank” house construction savings bank JSC**

**Condensed Interim Financial Information  
(unaudited)**

**30 June 2023**

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## Report on Review of Condensed Interim Financial Information

To the Shareholder and the Board of Directors of "Otbasy Bank" house construction savings bank JSC

### Introduction

We have reviewed the accompanying condensed interim statement of financial position of "Otbasy Bank" house construction savings bank JSC (the "Bank") as at 30 June 2023 and the related condensed interim statements of profit or loss and other comprehensive income for three-month and six-month periods then ended, condensed interim statements of changes in equity and cash flows for the six-month period then ended, and the related explanatory notes. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

### Scope of Review

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

### Conclusion

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

*PricewaterhouseCoopers LLP.*

1 August 2023

Almaty, Kazakhstan




**“Otbasy Bank” house construction savings bank JSC**  
**Condensed Interim Statement of Financial Position**

<i>(in thousands of Kazakhstani Tenge)</i>	Note	30 June 2023 (unaudited)	31 December 2022 (audited)
<b>ASSETS</b>			
Cash and cash equivalents	7	501,492,625	327,515,241
Due from other banks	8	94,406,491	75,434,625
Investments in debt securities	9	151,957,659	138,325,012
Investments in equity securities		1,747	1,747
Loans and advances to customers	10	2,966,493,200	2,877,313,730
Other financial assets	11	2,607,129	8,851,935
Other assets	11	747,232	331,252
Intangible assets		6,033,304	6,711,795
Premises and equipment and right of use assets		6,497,894	5,286,760
Non-current assets held for sale		249,493	249,493
<b>TOTAL ASSETS</b>		<b>3,730,486,774</b>	<b>3,440,021,590</b>
<b>LIABILITIES</b>			
Customer accounts	12	2,451,280,892	2,300,445,036
Debt securities in issue	13	197,330,173	193,469,370
Borrowed funds	14	130,554,377	108,542,872
Due to other banks		78,105,139	76,739,163
Other financial liabilities	16	75,225,227	4,536,445
Current income tax liabilities		5,663,285	387,342
Deferred income tax liabilities		30,016,848	29,022,900
Other liabilities	16	4,023,294	3,127,732
Government grants	17	276,305,630	261,489,488
<b>TOTAL LIABILITIES</b>		<b>3,248,504,865</b>	<b>2,977,760,348</b>
<b>EQUITY</b>			
Share capital	18	78,300,000	78,300,000
Additional paid-in-capital		150,964,474	148,298,334
Revaluation reserve for investment securities measured at fair value through other comprehensive income		(3,990,294)	(4,530,906)
Other reserves		2,283,335	2,283,335
Retained earnings		254,424,394	237,910,479
<b>TOTAL EQUITY</b>		<b>481,981,909</b>	<b>462,261,242</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>3,730,486,774</b>	<b>3,440,021,590</b>

\* Hereinafter in the condensed interim financial information of “Otbasy Bank” house construction savings bank JSC and notes to it, 30 June of any year shall be understood as 24.00 of Almaty time of 30 June of that year.

01 August 2023



  
 Zhanerke A. Kiltbayeva  
Chief Accountant

The accompanying notes on pages 5 to 63 are an integral part of these financial statements.



**“Otbasy Bank” house construction savings bank JSC**  
**Condensed Interim Statement of Profit or Loss and Other Comprehensive Income**

<i>(in thousands of Kazakhstani Tenge)</i>	Note	For three months ended 30 June		For six months ended 30 June	
		2023 (unaudited)	2022 (unaudited)	2023 (unaudited)	2022 (unaudited)
Interest income calculated using effective interest rate method	19	78,613,255	64,116,505	151,552,471	121,090,607
Interest and other similar expense	19	(25,967,512)	(21,161,329)	(50,862,454)	(39,582,420)
<b>Net margin on interest and similar income</b>		<b>52,645,743</b>	<b>42,955,176</b>	<b>100,690,017</b>	<b>81,508,187</b>
Expenses on credit loss	7,8,9,10	14,978,478	(211,576)	16,318,074	1,549,458
<b>Net margin on interest and similar income after credit loss allowance</b>		<b>67,624,221</b>	<b>42,743,600</b>	<b>117,008,091</b>	<b>83,057,645</b>
Income from government grants	17	2,403,415	4,164,347	3,944,043	9,638,790
Fee and commission income		1,488,959	761,777	2,069,055	1,241,997
Fee and commission expense		(1,451,534)	(1,992,455)	(2,810,198)	(3,737,648)
Loss on initial recognition of assets at rates below market		(3,688,030)	(6,123,264)	(7,109,671)	(12,727,222)
Expenses from modifying financial assets measured at amortized cost that do not result in derecognition		(383,548)	-	(738,118)	-
Gains less losses from trading securities measured at fair value through other comprehensive income	19	52	401	501	
Gains less losses from trading in foreign currencies		(415)	4,726	(3,103)	31,481
Other net operating expenses		(719,515)	(711,314)	(1,311,143)	(1,202,786)
Administrative expenses		(5,964,010)	(5,457,234)	(13,267,183)	(11,828,324)
<b>Profit before tax</b>		<b>59,309,562</b>	<b>33,390,235</b>	<b>97,782,174</b>	<b>64,474,434</b>
Income tax expense	20	(8,237,450)	(4,202,093)	(14,043,559)	(8,112,178)
<b>Profit for the period</b>		<b>51,072,112</b>	<b>29,188,142</b>	<b>83,738,615</b>	<b>56,362,256</b>
<b>Other comprehensive income/(loss):</b>					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Net (losses)/gains from investments in debt securities at fair value through other comprehensive income		(146,557)	(138,909)	541,013	(3,407,844)
Net (losses)/gains from investments in debt securities at fair value through the comprehensive income carried into profit and loss statement		(19)	(52)	(401)	(501)
<b>Other comprehensive (loss)/gain</b>		<b>(146,576)</b>	<b>(138,961)</b>	<b>540,612</b>	<b>(3,408,345)</b>
<b>Total comprehensive income for the period</b>		<b>50,925,536</b>	<b>29,049,181</b>	<b>84,279,227</b>	<b>52,953,911</b>
<b>Earnings per share for profit attributable to the Bank shareholder, basic and diluted</b>	26	<b>6,523</b>	<b>3,728</b>	<b>10,695</b>	<b>7,198</b>
<i>(in Kazakhstani Tenge per share)</i>					

The accompanying notes on pages 5 to 63 are an integral part of these financial statements.

**“Otbasy Bank” house construction savings bank JSC**  
**Condensed Interim Statement of Changes in Equity**

<i>(in thousands of Kazakhstani Tenge)</i>	Note	Share capital	Additional paid-in capital	Revaluation reserve for securities at FVOCI	Other reserves	Retained earnings	Total equity
<b>Balance at 1 January 2022</b>	18	<b>78,300,000</b>	<b>127,470,774</b>	<b>(1,703,462)</b>	<b>2,283,335</b>	<b>174,752,814</b>	<b>381,103,461</b>
Profit for six months		-	-	-	-	56,362,256	56,362,256
Other comprehensive income		-	-	(3,408,345)	-	-	(3,408,345)
<b>Total comprehensive income for the period</b>		-	-	<b>(3,408,345)</b>	-	<b>56,362,256</b>	<b>52,953,911</b>
Recognition of discount on loans from local executives' authorities of the Republic of Kazakhstan, less deferred tax effect in the amount of 1,079,029 thousand tenge	4	-	4,316,116	-	-	-	4,316,116
Dividends declared		-	-	-	-	(32,877,465)	(32,877,465)
<b>Balance at 30 June 2022 (unaudited)</b>		<b>78,300,000</b>	<b>131,786,890</b>	<b>(5,111,807)</b>	<b>2,283,335</b>	<b>198,237,605</b>	<b>405,496,023</b>
<b>Balance at 1 January 2023</b>		<b>78,300,000</b>	<b>148,298,334</b>	<b>(4,530,906)</b>	<b>2,283,335</b>	<b>237,910,479</b>	<b>462,261,242</b>
Profit for six months		-	-	-	-	83,738,615	83,738,615
Other comprehensive income		-	-	540,612	-	-	540,612
<b>Total comprehensive income for the period</b>		-	-	<b>540,612</b>	-	<b>83,738,615</b>	<b>84,279,227</b>
Recognition of discount on loans from local executives' authorities of the Republic of Kazakhstan, less deferred tax effect in the amount of 666,535 thousand tenge	4	-	2,666,140	-	-	-	2,666,140
Dividends declared		-	-	-	-	(67,224,700)	(67,224,700)
<b>Balance at 30 June 2023 (unaudited)</b>	18	<b>78,300,000</b>	<b>150,964,474</b>	<b>(3,990,294)</b>	<b>2,283,335</b>	<b>254,424,394</b>	<b>481,981,909</b>

The accompanying notes on pages 5 to 63 are an integral part of these financial statements.



**“Otbasy Bank” house construction savings bank JSC**  
**Condensed Interim Statement of Cash Flows**

<i>(in thousands of Kazakhstani Tenge)</i>	Note	For six months ended	
		30 June 2023 (unaudited)	30 June 2022 (unaudited)
<b>Cash flows from operating activities</b>			
Interest income calculated using the effective interest method received		140,712,324	117,761,866
Interest paid calculated using the effective interest method		(21,515,784)	(19,415,259)
Fees and commissions received		2,063,073	1,238,414
Fees and commissions paid		(3,261,331)	(4,143,658)
Staff costs paid		(7,297,491)	(6,353,531)
Administrative and other operating expenses paid		(5,011,281)	(4,678,723)
<b>Net cash used in operating activities before income tax paid</b>		<b>105,689,510</b>	<b>84,409,109</b>
Income tax paid		(8,440,203)	(6,781,746)
<b>Cash flows from operating activities before changes in operating assets and liabilities</b>		<b>97,249,307</b>	<b>77,627,363</b>
<i>Net (decrease)/increase in:</i>			
- due from other financial institutions		(2,000)	(11,000)
- loans and advances to customers		(86,955,457)	(399,350,189)
- other financial assets		(509,720)	(2,905)
- other assets		(515,064)	(108,923)
<i>Net increase/(decrease) in:</i>			
- customer accounts		137,520,987	176,242,289
- other financial liabilities		4,132,951	3,054,839
- other liabilities		35,856	861
<b>Net cash used in operating activities</b>		<b>150,956,860</b>	<b>(142,547,665)</b>
<b>Cash flows from investing activities</b>			
Acquisition of premises and equipment		(1,746,019)	(413,774)
Acquisition of intangible assets		(132,690)	(584,740)
Proceeds from disposal of premises and equipment		243	73,318
Acquisition of debt securities at fair value through other comprehensive income		(2,000,000)	-
Acquisition of investments in debt securities carried at amortised cost		(27,740,862)	(63,497,565)
Proceeds from disposal of debt securities at fair value through other comprehensive income		5,126,691	28,643,488
Proceeds from redemption of debt securities carried at amortised cost		9,652,238	53,000,000
<b>Net (used in)/cash from investing activities</b>		<b>(16,840,399)</b>	<b>17,220,727</b>
<b>Cash flows from financing activities</b>			
Loan received from the Government of the Republic of Kazakhstan	14	20,000,000	51,000,000
Loan received from local executive bodies of the Republic of Kazakhstan	14	4,540,000	7,050,000
Repayment of loan received from local executive bodies of the Republic of Kazakhstan	14	(2,000)	(1,000)
Loan received from the Asian Development Bank	14	15,600,000	14,000,000
Loans received from other organizations	14	-	116,000
Dividends paid	18	-	(32,877,465)
Long-term lease	16	(273,603)	(244,542)
<b>Net cash from financing activities</b>		<b>39,864,397</b>	<b>39,042,993</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>		<b>(3,474)</b>	<b>30,915</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>173,977,384</b>	<b>(86,253,030)</b>
Cash and cash equivalents at the beginning of the year	7	327,515,241	595,066,321
<b>Cash and cash equivalents at the end of the period</b>		<b>501,492,625</b>	<b>508,813,291</b>

The accompanying notes on pages 5 to 63 are an integral part of these financial statements.



## **1 Introduction**

These condensed financial statements of “Otbasy Bank” house construction savings bank JSC (hereinafter referred to as the “Bank”) have been prepared in accordance with International Financial Reporting Standards for the six months ended 30 June 2023.

The Bank was established on the basis of the Resolution of the Government of the Republic of Kazakhstan No. 364 dated 16 April 2003 with a 100% state participation in the charter capital for the purpose of development of housing construction savings system in the Republic of Kazakhstan.

In accordance with Decree of the President of the Republic of Kazakhstan No. 571 dated 22 May 2013 and Resolution of Government of the Republic of Kazakhstan No.516 dated 25 May 2013, shares of the Bank held by the Government were transferred for payment of outstanding shares of “National managing holding “Baiterek” JSC.

National Managing Holding “Baiterek” JSC is a sole shareholder (the “Parent” or the “Shareholder”) of the Bank.

The Bank is ultimately controlled by the Government of the Republic of Kazakhstan. Information on transactions with related parties is presented in Note 25.

The Bank is the only bank in the country that implements the system of housing construction savings.

The Bank is a member of the European Federation of Building Savings Banks and the International Union for Housing Finance.

### ***Principal activity***

In accordance with license No. 1.2.109/48 dated 3 March 2023, issued by the Agency of the Republic of Kazakhstan for the regulation and development of the financial market (hereinafter - ARRF), the Bank has the right to carry out activities for: accepting deposits (deposits) in housing construction savings, opening and maintenance of depositors' accounts; providing depositors with housing, intermediate housing and preliminary housing loans for carrying out measures to improve housing conditions; accepting deposits, opening and maintaining bank accounts of depositors, accumulating funds for the overhaul of the common property of the condominium object and providing them with housing loans; on opening and maintaining current bank accounts of individuals for crediting lump-sum pension payments in order to improve housing conditions; on opening and maintaining current bank accounts of individuals for crediting payments and subsidies in order to pay for rented housing in private housing stock, cash transactions (acceptance and issuance of cash, including their exchange, exchange, recalculation, sorting, packaging and storage); transfer operations (execution of instructions of individuals and legal entities for payments and money transfers); exchange operations with foreign currency; accepting deposits, opening and maintaining bank accounts for legal entities; on opening and maintaining current bank accounts of individuals for crediting lump-sum pension payments in order to pay for treatment; issue of own securities (except for shares); trust operations (management of the rights of claims for bank loans in the interests and on behalf of the principal), trust operations of money management in the interests and on behalf of the principal for crediting payments and subsidies in order to pay for rented housing in a private housing stock and providing social support measures to specialists in the field health care, education, social security, culture, sports and agro-industrial complex, civil servants of the administrations of akims of villages, towns, rural districts, who arrived to work and live in rural settlements. The Bank also carries out dealer activities in the securities market without the right to maintain customer accounts.

The mission of the Bank is to provide Kazakhstani families with their own housing and strengthen the sense of the Motherland.

The audited financial statements of the Bank for the year ended 31 December 2022 are posted on the official website of the Bank, in the section "About the Bank" - Reports.

For further development and sustainable growth, the Bank is constantly working on the availability of its products, improving the quality of customer service, expanding alternative channels for accepting payments and developing IT infrastructure.



## **1 Introduction (Continued)**

The Bank is working on the centralization of accounting, placement and distribution of housing to receive the existing system of priority from local executive bodies to the "Housing Center" subdivision, which plans to work on the principle of "one window" for all citizens in need of housing. Thus, the procedure for obtaining housing for citizens who need it will be simplified. The developed infrastructure of the Bank, information and technological resources will accelerate the process of providing housing to citizens, primarily from socially vulnerable segments of the population, will expand the possibility of managing the queue, while the Bank will continue its main activities within the framework of the housing savings system.

According to the decree of the President of the Republic of Kazakhstan Tokayev K.K. allowing Kazakhstanis to exercise the right to early withdrawal of pension savings, for the period from 2021 to 1 July 2023, through the enpf-otbasy.kz platform to improve living conditions and pay for treatment, 943,053 Kazakhstanis used pension savings for a total amount of more than 4,799 billion tenge. As of 1 July 2023, 327 thousand Kazakhstanis became homeowners, over 153 thousand more paid off their mortgage loans, over 171 thousand Kazakhstanis replenished the HSS deposit for further savings and obtaining a loan, and about 292 thousand used pension savings for treatment. Of these, 38% are women (356,026 people) and 62% are men (583,800 people). As of 1 July 2023, 24,172 Kazakhstanis used their lump-sum pension payments to obtain a housing mortgage loan in the secondary market through the Bank. The remaining 5,703 Kazakhstanis preferred to buy in the primary housing market.

On behalf of the President of the Republic of Kazakhstan, a reform of the current housing policy was carried out, within the framework of which, from 2022, funds are allocated from the budget to pay compensations (subsidies) in order to pay for housing rent in a private housing stock for citizens recognized as needing housing, whose income is less than 1 subsistence minimum for each family member, including socially vulnerable segments of the population belonging to the categories of large families, disabled people of groups 1 and 2, orphans and children left without parental care, families with or raising children with disabilities. As part of this state support, the Bank is a financial operator and carries out the appointment, termination and resumption of payments to recipients.

In accordance with the Order of the Ministry of National Economy of the Republic of Kazakhstan dated 23 February 2023 No. 66 for the implementation of the republican budget program 034 "Budget loans to local executive bodies for the implementation of measures of social support for specialists" (hereinafter - the program "With a diploma to the village!"), the Bank is determined trusted agent. As of 1 April 2023, in accordance with the concluded Transfer Agreement dated 31 March 2023 between the Bank and Agrarian Credit Corporation JSC, the balances of debt on loans, the loan portfolio, credit files and valid commission agreements with an authorized agent for program "With a diploma to the village!".

Against the background of increased geopolitical risks and volatility in the financial markets, in 2022, in order to ensure the stability of the financial market and maintain the attractiveness of tenge deposits, the NBRK jointly with the Government of the Republic of Kazakhstan implemented the Tenge Deposit Protection Program, which provides for the accrual of compensation (premiums) on deposits of individuals at the expense of the budget. Compensation (premium) in the amount of 10% is accrued to 1 person in each bank 1 time on the specified deposits in the total amount within the balances at the end of the day on 23 February 2022, but not more than 20 million tenge (not more than the actual amount of the deposit, if it does not exceed 20 million tenge) 12 months after the start of the Program. Compensation (premium) is not subject to personal income tax. Compensation (premium) was credited in March of this year to the accounts of 854,093 depositors in the amount of 115,147 million tenge.

Since the beginning of its operation, the Bank has issued 465,931 loans in the amount of 5,393 billion tenge, and concluded 4,252 thousand contracts, with a contractual amount of 15,382 billion tenge.

For 6 months of 2023, the Bank implemented the following projects to improve the quality of service and provide the general population with their own housing:

- amendments and additions to the Product line were approved in terms of: interest rates on bridge loans depending on the estimated indicator within the framework of compensation payments; reflection of the condition on the conclusion of title insurance contracts with clients for a period of up to three years before issuing a loan; changes in the interest rate for lending to women in the framework of the bank's cooperation with the Asian Development Bank (under the "Umai" Program); setting a waiting period (minimum EI) for receiving bridging housing loans.



## **1 Introduction (Continued)**

- automation of the transition to a housing loan on a daily basis for bridging loans.
- launch of regional programs "Temirtau Youth", "Karaganda Youth", "Ulytau Youth", "Shubarkol Komir".

**Registered address and place of business.** The Bank’s registered address is: 91 Abylaikhan Avenue, Almaty city, A05A2X0, Republic of Kazakhstan.

As of 30 June 2023, the Bank has 19 regional branches and 18 service centers and 3 service points in Kazakhstan (in 2022: 18 regional branches and 19 service centers in Kazakhstan and 3 service points).

As of the date of issue of these financial statements, the Bank has a developed network of consultants (agent network), as well as video banking, through which customers can receive consulting services on the products and services of the Bank, open deposits online without visiting the Bank, receive a list of services remotely.

The Bank is a member of the obligatory retail deposit insurance system in accordance with Certificate No.25 issued by “Kazakhstan Deposit Insurance Fund” JSC. Insurance covers the Bank’s liabilities to individual depositors for the amount of up to 10,000 thousand tenge for each individual in case of business failure and revocation of the banking license.

According to the Resolution of the Board of the Agency of the Republic of Kazakhstan for the regulation and supervision of the financial market and financial organizations (hereinafter referred to as the "Agency") No. 162 dated 25 June 2007, the Bank was assigned the status of a financial agency.

In accordance with the status of the Agency, borrowed funds from the republican budget are attracted by the Bank without providing collateral in accordance with the Decree of the Government of the Republic of Kazakhstan No. 1844 dated 16 November 2009.

As at 30 June 2023:

Moody's rating agency assigned the following ratings to the Bank:

- Long-term rating on deposits in national currency: Baa2 (Stable)
- Short-term rating on deposits in national currency: Prime-2 (Stable)
- Baseline Credit Assessment (BCA): ba2 (Stable).

Fitch Ratings assigned the following ratings to the Bank:

- Long-term issuer default rating (IDR) in national currency: BBB/Stable;
- Short-term IDR in national currency: F2/(Stable).

As at 31 December 2022:

Moody's rating agency assigned the following ratings to the Bank:

- Long-term rating on deposits in national currency: Baa2 (Stable)
- Short-term rating on deposits in national currency: Prime-2 (Stable)
- Baseline Credit Assessment (BCA): ba2 (Stable).

Fitch Ratings assigned the following ratings to the Bank:

- Long-term issuer default rating (IDR) in national currency: BBB/Stable;
- Short-term IDR in national currency: F2 (Stable).

**Presentation currency.** This condensed interim financial information is presented in Kazakhstani Tenge.

**Functional currency.** The Bank's functional and presentation currency is the national currency of the Republic of Kazakhstan, Kazakhstani Tenge.



## **2 Economic environment in which the Bank operates**

On 5 July 2023, the Monetary Policy Committee of the National Bank of the Republic of Kazakhstan (hereinafter referred to as the NB RK) decided to keep the base rate at 16,75% per annum with a corridor of +/- 1 p.p.

Global inflationary pressures are easing, but inflation is still robust in a number of countries. Against this background, the central banks of developed countries continue to tighten monetary conditions. Inflation is also slowing down in Kazakhstan both in annual and monthly terms.

Annual inflation is forming within the forecast range and in June 2023 amounted to 14,6%. Prices for food products increased by 14,6% over the year, non-food products - by 15,8%, paid services - by 13,3%. Monthly inflation resumed its downward trend in May and slowed to 0,5% in June. Indirect effects from the increase in prices for fuels and lubricants have not yet been observed. However, a weak slowdown in core inflation indicates continued robust demand in the economy.

As a result of trades on 1 July, the market rate of the tenge was 449.33 tenge per US dollar. According to the data of the National Bank of the Republic of Kazakhstan, in the second quarter, the average tenge exchange rate amounted to 448.82 tenge per US dollar, and compared to the results of the first quarter of 2023, it strengthened by - 6.11 tenge.

As of 1 July 2023, there are 21 banks operating in the Republic of Kazakhstan, of which 12 are banks with foreign participation, including 8 second-tier subsidiary banks, 2 banks with 100% state participation.

In the structure of household loans, the growth of mortgage loans slowed down significantly against the background of a high base last year. Consumer lending accelerated somewhat, including against the backdrop of a low base in 2022. The change in the policy on bridging loans from the Bank at the end of 2022, as well as the introduction of limits under the 7-20-25 program from the beginning of 2023, led to an increase in the cost of mortgage loans. After the end of major marketing campaigns in the first quarter of 2023, the consumer loan rate showed a slight increase.

For the year (June 2023 to June 2022), the prices of apartments in the secondary market increased by 1,9%, and the average price in the republic per 1 square meter was 503,185 tenge, sales of new housing - by 5% and the average price per 1 square meter amounted to 486,880 tenge. The rent for comfortable housing in June 2023 increased by 26,8% compared to the same month last year and amounted to 633 tenge per 1 square meter.

In the regional context, prices in the primary housing market in annual terms rose significantly in the cities of Pavlodar - by 18,1%, Aktau - by 18%, Semey - by 16%. In the secondary housing market, the leaders in price growth were the cities of Semey (29,9%), Aktobe (22,4%), Kyzylorda (19%) and Kostanay (18,8%), and in the housing rental market - Kokshetau (45,5%), Petropavlovsk (41,5%), Aktau (41,1%), and Almaty (38,8%).

The number of housing purchase and sale transactions in January-June 2023 amounted to 159,598 and decreased by 39% compared to the same period last year, then 261,782 transactions were registered. The largest decline is observed in Karaganda (63,5%) and East Kazakhstan regions (by 63,2%). So, for the specified period, a negative indicator was registered in all regions of the country.

In order to implement the social tasks of the state to provide the population with housing, the Bank is working with local executive bodies (hereinafter referred to as MISDs). From January to June 2023, the Bank entered into loan agreements with the local authorities of the Burlinsky district of the West Kazakhstan region, Ulytau region, Karaganda region (for lending to employees of Shubarkol Komir JSC, ArcelorMittal Temirtau JSC and youth of this region), Temirtau, Astana, Almaty city, Shymkent city and Zhambyl region within which funds were allocated to the Bank to provide preliminary housing loans on preferential terms to the Bank's depositors. The total amount of allocated funds from the MISD from January to June 2023 amounted to 4,54 billion tenge. The Bank also plans to raise funds from the MISDs of Pavlodar region, Kostanay region, Kyzylorda region, Almaty and Atyrau regions. The total amount of planned funds raised is 29 billion tenge.

On 26 May 2023, Fitch Ratings affirmed Kazakhstan's sovereign credit rating at “BBB”, with a “stable” outlook. A strong fiscal position and significant external reserves, which provide resilience to external shocks, remain the key drivers for maintaining the credit rating.



### 3 Summary of Significant Accounting Policies

**Basis of preparation.** This condensed interim financial information has been prepared in accordance with IAS 34 “Interim Financial Reporting” and it should be read in conjunction with the annual financial information for the year ended 31 December 2022, which had been prepared in accordance with International Financial Reporting Standards (IFRS).

The same accounting policies and accounting methods of computation were followed in the preparation of these condensed interim financial information as compared with the annual financial information for the year ended 31 December 2022. The Bank’s operations are not characterized by seasonality or periodicity.

**Interim period tax measurement.** Interim period income tax expense is accrued using the effective tax rate that would be applicable to expected income for the whole financial year, that is, the weighted average annual effective income tax rate is applied to the pre-tax income of the interim period.

**Presentation of the items in the statement of financial position in order of liquidity.** The Bank does not have a clearly defined operating cycle and therefore the Bank does not present separately current and non-current assets and liabilities in the statement of financial position. Instead, assets and liabilities are presented by expected maturities in Note 21.

The table below provides information on the amounts expected to be recovered or settled before or after 12 months after the end of the reporting period for items not included in the analysis presented in Note 21.

	30 June 2023 (unaudited)			31 December 2022 (audited)		
	Amounts expected to be recovered or settled			Amounts expected to be recovered or settled		
	within 12 months after the end of the reporting period	12 months after the end of the reporting period	Total	within 12 months after the end of the reporting period	12 months after the end of the reporting period	Total
<i>(in thousands of Kazakhstani Tenge)</i>						
<b>ASSETS</b>						
Intangible assets	-	6,033,304	6,033,304	-	6,711,795	6,711,795
Premises and equipment	-	6,172,629	6,172,629	-	4,756,831	4,756,831
Right-of-Use assets	-	325,265	325,265	-	529,929	529,929
Other assets	747,232	-	747,232	331,252	-	331,252
Non-current assets held for sale	249,493	-	249,493	249,493	-	249,493
<b>Total:</b>	<b>996,725</b>	<b>12,531,198</b>	<b>13,527,923</b>	<b>580,745</b>	<b>11,998,555</b>	<b>12,579,300</b>
<b>LIABILITIES</b>						
Current income tax liability	5,663,285	-	5,663,285	387,342	-	387,342
Deferred income tax liability	(652,396)	30,669,244	30,016,848	(645,687)	29,668,587	29,022,900
Other liabilities	4,023,294	-	4,023,294	3,127,732	-	3,127,732
Government grant	5,196,137	271,109,493	276,305,630	4,739,377	256,750,111	261,489,488
<b>Total:</b>	<b>14,230,320</b>	<b>301,778,737</b>	<b>316,009,057</b>	<b>7,608,764</b>	<b>286,418,698</b>	<b>294,027,462</b>



#### **4 Critical Accounting Estimates and Judgments in Applying Accounting Policies**

The Bank makes estimates and make assumptions that affect the reported amounts and the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year. Estimates and judgments are continually evaluated based on management's experience and other factors, including expectations of future events which management believes to be reasonable under the circumstances. In the process of applying the accounting policies, management also uses judgment and estimates. Judgments that have the most significant effect on the amounts recognized in the financial statements and estimates that can cause a significant adjustment to the carrying amounts of assets and liabilities within the next financial year include:

**ECL measurement.** Measurement of expected credit losses (ECLs) is a significant estimate that involves determination of methodology, models and data inputs same as at 31 December 2022. There were no changes in the ECL measurement methodology for the previous period. The following components have a major impact on credit loss allowance: definition of default, SICR, probability of default (“PD”), exposure at default (“EAD”), and loss given default (“LGD”), as well as models of macro-economic scenarios. The Bank regularly reviews and validates the models and inputs to the models to reduce any differences between expected credit loss estimates and actual credit loss experience.

The Bank used supportable forward-looking information for measurement of ECL, primarily an outcome of its own macro-economic forecasting model. The Bank reassesses macro-economic functions on an annual basis, as macro-economic dependence may vary in due course.

The analysis of macroeconomic variables was carried out as of 1 July 2022. According to the results of the analysis, the existence of a relationship between the level of default and macroeconomic factors was not confirmed, in connection with this, the macroeconomic factor was approved at the level of 100% (which indicates the absence of influence).

The Bank at least once a year calculates the minimum value of LGD (an estimate of losses arising from default, used in the calculation of expected credit losses) in accordance with the Methodology for calculating reserves (provisions) of Otbasy Bank JSC. In May 2022, an increase was approved the minimum LGD to 30% from the previous value of 29%. The calculation was made in accordance with the "Methodology for calculating reserves (provisions) of Otbasy Bank JSC", the change in the indicator is associated with changes in the input data (average discount when collateral is sold). This did not result in a significant change in the total allowance for expected credit losses.

When analyzing the impact of the macroeconomic situation on expected credit losses, the Bank evaluates the consequences of major social and economic events, takes into account existing expert opinions, and identifies relationships between economic parameters and the behavior of the loan portfolio.

The amount of debt written off and forgiven as of 30 June 2023 is 224,005 thousand tenge (53 loans).

**Significant increase in credit risk.** In order to determine whether there has been a significant increase in credit risk, the Bank compares the risk of a default occurring over the life of a financial instrument at the end of the reporting date with the risk of default at the date of initial recognition. The assessment considers relative increase in credit risk rather than achieving a specific level of credit risk at the end of the reporting period. The Bank considers all reasonable and supportable forward-looking information available without undue cost and effort, which includes a range of factors, including behavioural aspects of particular customer portfolios. The Bank identifies behavioural indicators of increases in credit risk prior to delinquency and incorporated appropriate forward-looking information into the credit risk assessment, either at an individual instrument, or on a portfolio level.

If the expected credit losses on all loans and advances to customers were measured as lifetime expected credit losses (that is, including loans and borrowings that are in Stage 1 at the reporting date and are measured as 12-month expected credit losses), all other factors remained unchanged, the allowance for expected credit losses as at 30 June 2023 would have been 8,851,463 thousand tenge more, before income tax (as at 31 December 2022 it would have been 8,809,405 thousand tenge more, before income tax).



#### 4 Critical Accounting Estimates and Judgments in Applying Accounting Policies (Continued)

If the loss at default (LGD) on impaired loans were 100%, with all other factors held constant, the allowance for expected credit losses would increase by 3,640,522 thousand tenge (31 December 2022: 5,388,651 thousand tenge). All other factors unchanged.

*The fair value of financial instruments at below market rates.* According to the current tariff programs of the Bank, housing loans, preliminary housing loans and interim housing loans offered to the population have a remuneration rate from 2% to 12%, for housing loans from 2% to 5%. Housing loans are issued subject to the presence of 50% of the savings from the agreed amount in the savings account of the potential borrower, upon reaching the estimated indicator and observing the minimum accumulation period of at least three years. Interim housing loans are issued subject to early accumulation or a one-time payment of the minimum required amount (at least 50% of the contractual amount) with subsequent lending within the contractual amount. The preliminary housing loan is issued without the condition of repayment of the principal debt until the receipt of the contractual amount, the balance of which is repaid at the expense of the contractual amount. At the same time, the interest rate on savings is 2%.

The bank concluded that both loans and savings are unique and there are no similar products on the market. Consequently, the transaction price, being the current price for the main or most advantageous market, does not need to be further adjusted for transaction costs. The exception is loans issued at preferential rates, including loans issued under government programs. For these loans, upon initial recognition, the Bank adjusts the fair value at the weighted average rate calculated for loans issued at not preferential rates (according to the Fair Value Methodology). This rate is calculated once a month for the current loan portfolio separately for intermediate and preliminary loans and is applied to newly issued loans in the next month at preferential rates.

Financial instruments raised for the implementation of government programs and programs of local executive bodies, upon initial recognition, are recognized at fair value, taking into account transaction costs, determined as the current present value of all cash flows on them using the weighted average interest rate of borrowing for similar financial instruments. At the same time, the difference between the nominal value and the determined fair value from related parties is attributed to "Additional paid-in capital", from other legal entities, financial market participants in the form of a financial services provider with non-market terms, is attributed to the Bank's income or expenses, financial instruments received for lending to clients under the "Baqytty Otbasy" and "Shanyrak" programs is accounted for as a government grant. The difference in accounting is explained by the fact that these programs do not provide sufficient interest margin to cover the Bank's non-interest expenses, and as such, the programs are loss-making for the Bank and cannot be treated as an equity contribution.

Expenses net of income arising from the initial recognition of financial instruments at below market rates for the six months of 2023 amounted to 7,109,671 thousand tenge (for the six months of 2022: 12,727,222 thousand tenge).

The table below shows borrowings/placements under contract terms that differ significantly from the average market rates for borrowing with similar terms in terms of term and interest rate, and were recognized in the financial statements at fair value.



**“Otbasy Bank” house construction savings bank JSC**  
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**4 Critical Accounting Estimates and Judgments in Applying Accounting Policies (Continued)**

*(in thousands of Kazakhstani Tenge)*

Debitor/Creditor	The amount of the deal	Contract term (years)	Nominal market rate (%)	Amount of discount/state subsidy	Note
"Bereke Bank" JSC	100,000,000	1,5	10 / 20,01	(8,620,512)	*Method of calculation; issued funds: additional capital
Ministry of Finance of the Republic of Kazakhstan	158,500,000	11-20	0,15-1 / 4,5656-12,54	99,466,456	*Method of calculation; issued funds: additional capital
	240,000,000	25	0,01 / 9,4056-13,38	223,456,034	* Method of calculation; borrowed funds: government grant
Akimat of Almaty	41,862,160	8-25	0,01 / 8,4304-13,38	28,918,924	*Method of calculation; issued funds: additional capital
	8,848,000	25	0,01 / 8,7015-12,10	7,159,644	* Method of calculation; borrowed funds: government grant
JSC NMH Baiterek (Parent Company)	22,000,000	20	0,15 / 7,9694	13,541,732	*Method of calculation; issued funds: additional capital
	210,000,000	20	4,05 / 10,99-13,7	123,114,513	* Method of calculation; borrowed funds: government grant
JSC "Development Bank of Kazakhstan"	80,000,000	1,5	10 / 14,27	3,454,780	*Method of calculation; issued funds: additional capital
Akimat/Administration of Astana	4,000,000	8	0,01 - 0,15 / 10,4401 - 13,90	1,943,186	*Method of calculation; issued funds: additional capital
Akimat/Administration of Karaganda region	3,400,000	8-15	0,01 / 12,81-13,67	1,941,695	*Method of calculation; issued funds: additional capital
State Institution "Apparatus of the Akim of Uralsk	50,000	8	0,01 / 13,51	24,644	*Method of calculation; issued funds: additional capital
KSU "Apparatus of akim of Zhambyl region	1,500,000	8	0,01 / 13,38-13,75	759,217	*Method of calculation; issued funds: additional capital
State Institution "Akim's Office of Kostanay	350,000	8	0,01 / 13,38	176,561	*Method of calculation; issued funds: additional capital
State Institution "Apparatus of the Akim of Almaty Region"	600,000	8	0,01 / 13,49	303,512	*Method of calculation; issued funds: additional capital
State Institution "Apparatus of the Akim of the city of Taldykorgan	400,000	8	0,01 / 13,66	204,023	*Method of calculation; issued funds: additional capital
State Institution "Apparatus of Akim of Aktobe region"	300,000	8	0,01 / 13,66	152,877	*Method of calculation; issued funds: additional capital
State Institution "Apparatus of the Akim of the city of Atyrau"	1,000,000	8	0,01 / 13,90	513,764	*Method of calculation; issued funds: additional capital
State Institution "Apparatus of Akim of Semey city of Abai region"	663,000	8	0,01 / 13,90	341,537	*Method of calculation; issued funds: additional capital
State Institution "Apparatus of Akim of Burlinsky District"	440,000	8	0,01 / 14,43	234,327	*Method of calculation; issued funds: additional capital
State Institution "Apparatus of Akim of Temirtau"	200,000	15	0,01 / 13,67	136,016	*Method of calculation; issued funds: additional capital
State Institution "Apparatus of Akim of Ulytau Region"	500,000	15	0,01 / 12,86	333,955	*Method of calculation; issued funds: additional capital
JSC "Karazhanbasmunai	1,316,432	4	2 / 11,54	383,153	* Method of calculation; issued securities: P&L
AOO "NIS	334,900	8	0,01 / 10,72-13,31	197,033	* Method of calculation; issued securities: P&L

<sup>1</sup> The rate of return on government securities with the same maturity period;

<sup>2</sup> The rate of return on government securities denominated in Tenge by linearising the specified dependence using a linear function;

<sup>3</sup> A multi-component methodology for fair value measurement including, in a particular, the Nelson-Siegel parametric model and used by NMH "Baiterek" and subsidiaries.

\* According to the Methodology for determining the fair value of financial assets and financial liabilities of Otbasy Bank JSC. The methodology has been developed in accordance with the legislation of the Republic of Kazakhstan, International Financial Reporting Standards, the Bank's Accounting Policy, and the Parent Company's General Methodology for Determining the Fair Value of Financial Assets and Financial Liabilities. The Bank may revise its judgment regarding the valuation method used if such a change results in the most accurate estimate under the circumstances. When events occur (described in the Methodology), the Bank uses an adjusted valuation method for each group/type of assets/liabilities in accordance with this Methodology.



## **5 Transition to new or revised standards and interpretations**

A number of new standards and clarifications have been published and are effective as of 1 January 2023.

- IFRS 17 "Insurance Contracts" (issued on 18 May 2017 and effective for annual periods beginning on or after 1 January 2023)
- Amendments to IFRS 17 and an amendment to IFRS 4 (issued on 25 June 2020 and effective for annual periods beginning on or after 1 January 2023).
- A transition option for insurers applying IFRS 17 – Amendments to IFRS 17 (issued on 9 December 2021 and effective for annual periods beginning on or after 1 January 2023).
- Amendments to IAS 1 and Statement of Practice IFRS 2: Disclosures of Accounting Policies (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023). The Bank is currently assessing the impact of these amendments on the financial statements.
- Amendment to IAS 8 Determination of Accounting Estimates (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023).
- Deferred taxes relating to assets and liabilities arising from a single transaction – Amendment to IAS 12 (issued on 7 May 2021 and effective for annual periods beginning on or after 1 January 2023).
- Amendments to IAS 12 Income Taxes: International Tax Reform – Second Pillar Model Rules (issued on 23 May 2023).
- Amendments to IAS 1 and Statement of Practice IFRS 2: Disclosures of Accounting Policies (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023). The Bank is currently assessing the impact of these amendments on the financial statements.

The application of the amendments did not have a significant impact on the financial statements of the Bank.

## **6 New accounting pronouncements**

A number of new standards and interpretations have been published that are mandatory for annual periods beginning on or after 1 January 2024 and which the Bank has not yet adopted early.

- Amendments to IFRS 16 “Leases: Lease Liabilities on Sale and Leaseback” (issued on 22 September 2022 and effective for annual periods beginning on or after 1 January 2024).
- Classification of liabilities as current or non-current – amendments to IAS 1 (originally issued on 23 January 2020 and subsequently amended on 15 July 2020 and 31 October 2022) are effective for annual periods beginning 1 January 2024 or after this date).
- Amendments to IAS 7 “Statement of Cash Flows” and IFRS 7 “Financial Instruments: Disclosures: Financial Arrangements with Suppliers” (issued on 25 May 2023).

Unless otherwise noted above, these new standards and interpretations are not expected to have a significant impact on the Bank's financial statements.



**“Otbasy Bank” house construction savings bank JSC**  
**Notes to Condensed Interim Financial Statement – 30 June 2023**

**7 Cash and Cash Equivalents**

<i>(in thousands of Kazakhstani Tenge)</i>	<b>30 June 2023 (unaudited)</b>	<b>31 December 2022 (audited)</b>
Cash balances with the NBRK (other than mandatory reserve deposits)	249,659,617	203,269,913
NBRK notes with a maturity of less than three months	218,479,751	79,059,436
Reverse sale and repurchase agreements with original maturities of less than three months	14,312,927	16,286,908
Correspondent accounts in other banks	8,879,535	189,779
Mandatory cash balances with the NBRK	4,143,698	25,218,430
Current accounts	4,099,731	1,487,013
Cash on hand	1,933,462	2,009,473
Less credit loss allowance	(16,096)	(5,711)
<b>Total cash and cash equivalents</b>	<b>501,492,625</b>	<b>327,515,241</b>

The Bank places temporarily free funds of clients in the National Bank of the Republic of Kazakhstan in securities with a maturity of less than three months.

The table below discloses the credit quality of cash and cash equivalents balances at 30 June 2023 (unaudited):

<i>(in thousands of Kazakhstani Tenge)</i>	<b>Cash balances with the NBRK, including mandatory reserves</b>	<b>NBRK notes with a maturity of less than three months</b>	<b>Reverse sale and repurchase agreements with original maturities of less than three months</b>	<b>Correspondent accounts in other banks</b>	<b>Current accounts</b>	<b>Total</b>
<i>Neither past due nor impaired</i>						
- National Bank of Republic of Kazakhstan (BBB rated)	253,797,968	218,469,592	-	-	4,099,570	476,367,130
- BBB- to BBB+ rated	-	-	14,312,563	99,440	-	14,412,003
- BB- to BB+ rated	-	-	-	8,779,941	89	8,780,030
<b>Total cash and cash equivalents, excluding cash on hand</b>	<b>253,797,968</b>	<b>218,469,592</b>	<b>14,312,563</b>	<b>8,879,381</b>	<b>4,099,659</b>	<b>499,559,163</b>

**“Otbasy Bank” house construction savings bank JSC**  
**Notes to Condensed Interim Financial Statement – 30 June 2023**

**7 Cash and Cash Equivalents (Continued)**

The table below presents an analysis of cash and cash equivalents by credit quality as at 31 December 2022 (audited):

<i>(in thousands of Kazakhstani Tenge)</i>	Cash balances with the NBRK, including mandatory reserves	NBRK notes with a maturity of less than three months	Reverse sale and repurchase agreements with original maturities of less than three months	Correspon- dent accounts in other banks	Current accounts	Total
<i>Neither past due nor impaired</i>						
- National Bank of Republic of Kazakhstan (BBB- rated)	228,486,398	79,058,034	-	-	1,486,924	309,031,356
- BBB- to BBB+ rated	-	-	16,286,628	-	-	16,286,628
- BB- to BB+ rated	-	-	-	187,695	89	187,784
<b>Total cash and cash equivalents, excluding cash on hand</b>	<b>228,486,398</b>	<b>79,058,034</b>	<b>16,286,628</b>	<b>187,695</b>	<b>1,487,013</b>	<b>325,505,768</b>

The credit rating is based on the rating agency S&P (if available) or the rating agencies Moody's and Fitch, which are converted to the nearest equivalent value on the S&P rating scale.

As at 30 June 2023, the Bank held NBRK notes with maturities of less than three months for a total amount of 218,479,751 thousand tenge (2022: 79,059,436 thousand tenge), as well as balances on accounts with the National Bank of the Republic of Kazakhstan, including required reserves in the amount of 253,797,968 thousand tenge (2022: 228,486,398 thousand tenge).

For reverse repurchase transactions, securities of NMH Baiterek, KazAgroFinance JSC and NWF Samruk Kazyna JSC with a fair value of 14,312,563 thousand tenge (2022: securities of NMH Baiterek, KazAgroFinance JSC) act as collateral and JSC NWF Samruk Kazyna with a fair value of 16,286,908 thousand tenge).

<i>(in thousands of Kazakhstani Tenge)</i>	30 June 2023 (unaudited)		31 December 2022 (audited)	
	Carrying amount of REPO	Fair value of collateral	Carrying amount of REPO	Fair value of collateral
With B- to BBB+ rated collateral	14,312,563	14,312,927	16,286,628	16,286,908
<b>Total</b>	<b>14,312,563</b>	<b>14,312,927</b>	<b>16,286,628</b>	<b>16,286,908</b>

As at 30 June 2023, the Bank had balances on correspondent accounts with 2 counterparty banks, except for the National Bank of the Republic of Kazakhstan (2022: 2 counterparty banks). The aggregate amount of these balances was 8,879,535 thousand tenge (2022: 189,779 thousand tenge).

As at 30 June 2023 and 31 December 2022, cash and cash equivalent balances are included in Stage 1 for ECL purposes. Refer to Note 21 for the measurement of expected credit losses. Refer to Note 25 for related party transactions.



**“Otbasy Bank” house construction savings bank JSC**  
**Notes to Condensed Interim Financial Statement – 30 June 2023**

**7 Cash and Cash Equivalents (Continued)**

As at 30 June 2023, netting financial instruments subject to an enforceable master netting agreement or similar agreement were (unaudited):

<i>(in thousands of Kazakhstani Tenge)</i>	Gross amounts before offsetting in the statement of financial position (a)	Gross offsets in the statement of financial position (b)	Net amount after offsetting as shown in the statement of financial position (c) = (a) - (b)	Amounts subject to master netting agreement or similar arrangements recognized in the statement of financial position		Net amount of risk (c) - (d) - (e)
				Financial instruments (d)	Received collateral (e)	
<b>ASSETS</b>						
"Reverse repo"	14,312,563	-	14,312,563	14,312,563	-	-
<b>Total netting assets subject to a master netting agreement or similar arrangement</b>	<b>14,312,563</b>	<b>-</b>	<b>14,312,563</b>	<b>14,312,563</b>	<b>-</b>	<b>-</b>

As at 31 December 2022, netting financial instruments subject to an enforceable master netting agreement or similar agreement were:

<i>(in thousands of Kazakhstani Tenge)</i>	Gross amounts before offsetting in the statement of financial position (a)	Gross offsets in the statement of financial position (b)	Net amount after offsetting as shown in the statement of financial position (c) = (a) - (b)	Amounts subject to master netting agreement or similar arrangements recognized in the statement of financial position		Net amount of risk (c) - (d) - (e)
				Financial instruments (d)	Received collateral (e)	
<b>ASSETS</b>						
"Reverse repo"	16,286,628	-	16,286,628	16,286,628	-	-
<b>Total netting assets subject to a master netting agreement or similar arrangement</b>	<b>16,286,628</b>	<b>-</b>	<b>16,286,628</b>	<b>16,286,628</b>	<b>-</b>	<b>-</b>

Interest rate analysis of cash and cash equivalents is presented in Note 21. Information on transactions with related parties is presented in Note 25.



**“Otbasy Bank” house construction savings bank JSC**  
**Notes to Condensed Interim Financial Statement – 30 June 2023**

**8 Due from other banks**

<i>(in thousands of Kazakhstani Tenge)</i>	<b>30 June 2023</b>	<b>31 December 2022</b>
Placements with other banks	95,079,956	91,668,071
Less credit loss allowance	(673,465)	(16,233,446)
<b>Total due from other banks</b>	<b>94,406,491</b>	<b>75,434,625</b>

Upon initial recognition, the Bank recorded the above funds at fair value (Note 4).

The decrease in provisions for expected credit losses is associated with the assignment of a long-term rating of "BB" (Stable) to Bereke Bank JSC.

The table below provides an analysis of funds due to financial institutions by credit quality:

<i>(in thousands of Kazakhstani Tenge)</i>	<b>30 June 2023</b>	<b>31 December 2022</b>
<i>Not past due and not impaired</i>		
- without rating	-	75,406,625
- with rating from BBB- to BBB+	30,000	28,000
- with rating from BB- to BB+	94,376,491	-
<b>Total due from other banks</b>	<b>94,406,491</b>	<b>75,434,625</b>

As at 30 June 2023 and 31 December 2022, for the purposes of measuring expected credit losses, balances with financial institutions are included in Stage 1. The approach to measuring expected credit losses is disclosed in Note 21. Information on transactions with related parties is presented in Note 25.

**9 Investments in Debt Securities**

<i>(in thousands of Kazakhstani Tenge)</i>	<b>30 June 2023</b> <b>(unaudited)</b>	<b>31 December 2022</b> <b>(audited)</b>
Debt securities at FVOCI	52,496,605	56,032,000
Debt securities at AC	99,461,054	82,293,012
<b>Total investments in debt securities</b>	<b>151,957,659</b>	<b>138,325,012</b>



**“Otbasy Bank” house construction savings bank JSC**  
**Notes to Condensed Interim Financial Statement – 30 June 2023**

**9 Investments in Debt Securities (Continued)**

The table below discloses investments in debt securities at 30 June 2022 by measurement categories and classes (unaudited).

<i>(in thousands of Kazakhstani Tenge)</i>	<b>Debt securities at FVOCI</b>	<b>Debt securities at AC</b>	<b>Total</b>
Government securities of the Ministry of Finance of RK	26,701,898	49,189,987	75,891,885
Bonds of Kazakhstani non-bank financial institutions	7,137,854	21,839,046	28,976,900
Corporate bonds	14,658,228	20,820,454	35,478,682
Bonds issued by international financial organizations	1,435,194	7,735,724	9,170,918
Akimat Shymkent	2,642,045	-	2,642,045
<b>Total investments in debt securities at 30 June 2023 (fair value or gross carrying amount)</b>	<b>52,575,219</b>	<b>99,585,211</b>	<b>152,160,430</b>
Credit loss allowance	(78,614)	(124,157)	(202,771)
<b>Total investments in debt securities at 30 June 2023 (carrying amount)</b>	<b>52,496,605</b>	<b>99,461,054</b>	<b>151,957,659</b>

The table below discloses investments in debt securities at 31 December 2022 by measurement categories and classes.

<i>(in thousands of Kazakhstani Tenge)</i>	<b>Debt securities at FVOCI</b>	<b>Debt securities at AC</b>	<b>Total</b>
Government securities of the Ministry of Finance of RK	25,792,066	50,964,208	76,756,274
Bonds of Kazakhstani non-bank financial institutions	11,787,205	9,014,997	20,802,202
Corporate bonds	14,471,981	19,224,982	33,696,963
Bonds issued by international financial organizations	1,390,416	3,150,906	4,541,322
Akimat Shymkent	2,645,220	-	2,645,220
<b>Total investments in debt securities at 31 December 2022 (fair value or gross carrying amount)</b>	<b>56,086,888</b>	<b>82,355,093</b>	<b>138,441,981</b>
Credit loss allowance	(54,888)	(62,081)	(116,969)
<b>Total investments in debt securities at 31 December 2022 (carrying amount)</b>	<b>56,032,000</b>	<b>82,293,012</b>	<b>138,325,012</b>

**“Otbasy Bank” house construction savings bank JSC**  
**Notes to Condensed Interim Financial Statement – 30 June 2023**

**9 Investments in Debt Securities (Continued)**

**(a) Investments in debt securities at FVOCI**

The table below presents an analysis of credit risk for debt securities at fair value through other comprehensive income as at 30 June 2023, for which an expected credit loss allowance is recognized based on levels of credit risk. A description of the Bank's classification system for credit risk levels and the approach to measuring expected credit losses, including the definition of default and significant increases in credit risk in relation to debt securities at fair value through other comprehensive income, is provided in Note 21.

<i>(in thousands of Kazakhstani Tenge)</i>	<b>30 June 2023 (unaudited)</b>	<b>31 December 2022 (audited)</b>
<i>Government securities of the Ministry of Finance of RK</i>		
- BBB- rated	26,701,898	25,792,066
<b>Gross carrying amount</b>	<b>26,701,898</b>	<b>25,792,066</b>
Less credit loss allowance	(19,325)	(5,320)
<b>Carrying amount (fair value)</b>	<b>26,682,573</b>	<b>25,786,746</b>
<i>Corporate bonds</i>		
- BBB+ to BBB- rated	14,066,032	13,900,396
- B+ to B- rated	592,196	571,585
<b>Gross carrying amount</b>	<b>14,658,228</b>	<b>14,471,981</b>
Less credit loss allowance	(40,722)	(33,820)
<b>Carrying amount (fair value)</b>	<b>14,617,506</b>	<b>14,438,161</b>
<i>Bonds issued by international financial organizations</i>		
- BBB- rated	1,435,194	1,390,416
<b>Gross carrying amount</b>	<b>1,435,194</b>	<b>1,390,416</b>
Less credit loss allowance	(1,490)	(320)
<b>Carrying amount (fair value)</b>	<b>1,433,704</b>	<b>1,390,096</b>
<i>Bonds of Kazakhstani non-bank financial institutions</i>		
- BBB+ to BBB- rated	7,137,854	4,197,684
- BB+ to BB- rated	-	7,589,521
<b>Gross carrying amount</b>	<b>7,137,854</b>	<b>11,787,205</b>
Less credit loss allowance	(13,986)	(14,831)
<b>Carrying amount (fair value)</b>	<b>7,123,868</b>	<b>11,772,374</b>
<i>Akimat Shymkent</i>		
- BBB- rated	2,642,045	2,645,220
<b>Carrying amount (fair value)</b>	<b>2,642,045</b>	<b>2,645,220</b>
Less credit loss allowance	(3,091)	(597)
<b>Carrying amount (fair value)</b>	<b>2,638,954</b>	<b>2,644,623</b>

The gross carrying amount of investments measured at fair value through other comprehensive income as at 30 June 2023 was 52,575,219 thousand tenge (31 December 2022: 56,086,888 thousand tenge), credit loss allowance was 78,614 thousand tenge (2022: 54,888 thousand tenge). During the six months ended 30 June 2023 there were no transfers from one credit quality Stage to another.



**9 Investments in Debt Securities (Continued)**

Debt securities measured at fair value through other comprehensive income are not secured. Debt securities at fair value through other comprehensive income as at 30 June 2023 and 31 December 2022 are included in Stage 1. The credit rating is based on Standard & Poor's (if available) or Moody's and Fitch, which are converted to the nearest equivalent value on the Standard & Poor's rating scale.

**(6) Investments in debt securities at AC**

The table below analyzes the credit quality of debt securities measured at amortized cost as at 30 June 2023 based on levels of credit risk and discloses them in three stages for the purposes of measuring expected credit losses. A description of the Bank's credit risk grading system and approach to measuring expected credit losses, including the definition of default and significant increase in credit risk for debt securities measured at amortized cost, is provided in Note 21. The table below contains the carrying amount of debt securities securities measured at amortized cost as at 30 June 2023 also reflects the Bank's maximum exposure to credit risk on these assets.

<i>(in thousands of Kazakhstani Tenge)</i>	<b>30 June 2023</b>	<b>31 December 2022</b>
	<b>(unaudited)</b>	<b>(audited)</b>
<i>Government securities of the Ministry of Finance of RK</i>		
- BBB- rated	49,189,987	50,964,208
<b>Gross carrying amount</b>	<b>49,189,987</b>	<b>50,964,208</b>
Less credit loss allowance	(55,483)	(9,944)
<b>Carrying amount</b>	<b>49,134,504</b>	<b>50,954,264</b>
<i>Corporate bonds</i>		
- BBB- rated	20,820,454	19,224,982
<b>Gross carrying amount</b>	<b>20,820,454</b>	<b>19,224,982</b>
Less credit loss allowance	(49,908)	(46,091)
<b>Carrying amount</b>	<b>20,770,546</b>	<b>19,178,891</b>
<i>Bonds of Kazakhstani non-bank financial institutions</i>		
- BBB rated	21,839,046	9,014,997
<b>Gross carrying amount</b>	<b>21,839,046</b>	<b>9,014,997</b>
Less credit loss allowance	(16,022)	(5,698)
<b>Carrying amount</b>	<b>21,823,024</b>	<b>9,009,299</b>
<i>Bonds issued by international financial organizations</i>		
- AAA rated	6,253,755	1,681,213
- BBB- rated	1,481,969	1,469,693
<b>Gross carrying amount</b>	<b>7,735,724</b>	<b>3,150,906</b>
Less credit loss allowance	(2,744)	(348)
<b>Carrying amount</b>	<b>7,732,980</b>	<b>3,150,558</b>

The gross carrying amount of investments measured at amortized cost as at 30 June 2023 was 99,585,211 thousand tenge (31 December 2022: 82,355,093 thousand tenge), credit loss allowance was 124,157 thousand tenge (2022: 62,081 thousand tenge). During the six months ended June 30, 2023, there were no transitions from one credit quality Stage to another. Debt securities measured at amortized cost as at 30 June 2023 are included in Stage 1. As at 30 June 2023, debt securities measured at amortized cost are unsecured (2022: unsecured).

**“Otbasy Bank” house construction savings bank JSC**  
**Notes to Condensed Interim Financial Statement – 30 June 2023**

**10 Loans and Advances to Customers**

<i>(in thousands of Kazakhstani Tenge)</i>	<b>30 June 2023 (unaudited)</b>	<b>31 December 2022 (audited)</b>
Interim housing loans	1,564,588,911	1,619,171,862
Preliminary housing loans	814,819,640	814,705,497
Housing loans	592,102,925	449,303,776
Less credit loss allowance	(5,018,276)	(5,867,405)
<b>Total Loans and Advances to Customers</b>	<b>2,966,493,200</b>	<b>2,877,313,730</b>

As at 30 June 2023, the Bank has no loan concentrations. The concentration of the amount on the 10 largest borrowers is less than 10% of the share of loans.

The table below discloses the gross carrying amount and the amount of the allowance for credit losses for loans and advances to customers, measured at amortized cost, by type at 30 June 2023 and 31 December 2022:

<i>(in thousands of Kazakhstani Tenge)</i>	<b>30 June 2023 (unaudited)</b>			<b>31 December 2022 (audited)</b>		
	<b>Gross carrying amount</b>	<b>Credit loss allowance</b>	<b>Carrying amount</b>	<b>Gross carrying amount</b>	<b>Credit loss allowance</b>	<b>Carrying amount</b>
Interim housing loans	1,564,588,911	(1,885,052)	<b>1,562,703,859</b>	1,619,171,862	(2,103,878)	<b>1,617,067,984</b>
Preliminary housing loans	814,819,640	(2,129,650)	<b>812,689,990</b>	814,705,497	(2,784,776)	<b>811,920,721</b>
Housing loans	592,102,925	(1,003,574)	<b>591,099,351</b>	449,303,776	(978,751)	<b>448,325,025</b>
<b>Total loans and advances to customers at AC</b>	<b>2,971,511,476</b>	<b>(5,018,276)</b>	<b>2,966,493,200</b>	<b>2,883,181,135</b>	<b>(5,867,405)</b>	<b>2,877,313,730</b>



**“Otbasy Bank” house construction savings bank JSC**  
**Notes to Condensed Interim Financial Statement – 30 June 2023**

**10 Loans and Advances to Customers (Continued)**

The table below discloses changes in the credit loss allowance and the gross carrying amount of interim loans and advances to customers measured at amortized cost between the beginning and end of the reporting period.

<i>(in thousands of Kazakhstani Tenge)</i>	For the three months ended 30 June 2023 (unaudited)				For the six months ended 30 June 2023 (unaudited)			
	Credit loss allowance							
	Stage 1 (12- months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit im- paired)	Total	Stage 1 (12- months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit im- paired)	Total
<b>Interim loans</b>								
<b>At the beginning of period</b>	<b>(1,040,398)</b>	<b>(110,208)</b>	<b>(896,255)</b>	<b>(2,046,861)</b>	<b>(1,077,305)</b>	<b>(109,063)</b>	<b>(917,510)</b>	<b>(2,103,878)</b>
<i>Movements with impact on credit loss allowance charge for the period:</i>								
Transfers:								
- to lifetime (from Stage 1 to Stage 2)	8,263	(8,263)	-	-	14,202	(14,202)	-	-
- to lifetime (from Stage 3 to Stage 2)	-	(177,341)	177,341	-	-	(156,642)	156,642	-
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	418	2,449	(2,867)	-	613	2,448	(3,061)	-
- to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)	(43,599)	12,018	31,581	-	(56,558)	18,682	37,876	-
New originated or purchased	(162,258)	-	-	(162,258)	(285,376)	-	-	(285,376)
New originated or purchased, moved to Stage 2 and Stage 3	4,600	(4,600)	-	-	22,912	(12,992)	(9,920)	-
Partial and full repayment during the period	105,433	204,608	104,500	414,541	150,655	189,424	174,459	514,538
Changes to ECL measurement model assumptions	(14,108)	(41,070)	(248,564)	(303,742)	(26,486)	(48,152)	(330,153)	(404,791)
Transfer to housing loans	129,277	10,577	73,414	213,268	244,971	18,667	130,817	394,455
<b>Total movements with impact on credit loss allowance charge for the period</b>	<b>62,944</b>	<b>169,515</b>	<b>(70,650)</b>	<b>161,809</b>	<b>106,676</b>	<b>146,947</b>	<b>(34,797)</b>	<b>218,826</b>
<b>At the period end (unaudited)</b>	<b>(1,012,372)</b>	<b>(111,830)</b>	<b>(760,850)</b>	<b>(1,885,052)</b>	<b>(1,012,372)</b>	<b>(111,830)</b>	<b>(760,850)</b>	<b>(1,885,052)</b>

**“Otbasy Bank” house construction savings bank JSC**  
**Notes to Condensed Interim Financial Statement – 30 June 2023**

**10 Loans and Advances to Customers (Continued)**

The table below discloses changes in the credit loss allowance and the gross carrying amount of preliminary loans and advances to customers measured at amortized cost between the beginning and end of the reporting period.

<i>(in thousands of Kazakhstani Tenge)</i>	For the three months ended 30 June 2023 (unaudited)				For the six months ended 30 June 2023 (unaudited)			
	Credit loss allowance							
	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit im- paired)	Total	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit im- paired)	Total
<b>Preliminary loans</b>								
<b>At the beginning of period</b>	(924,572)	(619,874)	(678,283)	(2,222,729)	(932,761)	(591,097)	(1,260,918)	(2,784,776)
<i>Movements with impact on credit loss allowance charge for the period:</i>								
Transfers:								
- to lifetime (from Stage 1 to Stage 2)	14,581	(14,581)	-	-	31,288	(31,288)	-	-
- to lifetime (from Stage 3 to Stage 2)		(172,651)	172,651	-	-	(165,177)	165,177	-
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	177	16,587	(16,764)	-	412	20,646	(21,058)	-
- to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)	(75,324)	40,991	34,333	-	(777,267)	117,253	660,014	-
New originated or purchased	(42,567)	-	-	(42,567)	(97,551)	-	-	(97,551)
New originated or purchased, moved to Stage 2 and Stage 3	17,559	(16,077)	(1,482)	-	52,175	(41,556)	(10,619)	-
Partial and full repayment during the period	95,352	316,553	89,496	501,401	810,603	309,686	73,382	1,193,671
Changes to ECL measurement model assumptions	(19,031)	(159,043)	(236,539)	(414,613)	(40,263)	(230,659)	(311,508)	(582,430)
Transfer to housing loans	22,521	3,174	23,163	48,858	42,060	7,271	92,105	141,436
<b>Total movements with impact on credit loss allowance charge for the period</b>	<b>73,834</b>	<b>144,607</b>	<b>(125,362)</b>	<b>93,079</b>	<b>767,024</b>	<b>44,742</b>	<b>(156,640)</b>	<b>655,126</b>
<b>At the period end (unaudited)</b>	<b>(911,304)</b>	<b>(604,921)</b>	<b>(613,425)</b>	<b>(2,129,650)</b>	<b>(911,304)</b>	<b>(604,921)</b>	<b>(613,425)</b>	<b>(2,129,650)</b>



**“Otbasy Bank” house construction savings bank JSC**  
**Notes to Condensed Interim Financial Statement – 30 June 2023**

**10 Loans and Advances to Customers (Continued)**

The table below discloses changes in the credit loss allowance and the gross carrying amount of home loans and advances to customers measured at amortized cost between the beginning and the end of the reporting period.

<i>(in thousands of Kazakhstani Tenge)</i>	For the three months ended 30 June 2023 (unaudited)				For the six months ended 30 June 2023 (unaudited)			
	Credit loss allowance							
	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit im- paired)	Total	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit im- paired)	Total
<b>Housing loans</b>								
<b>At the beginning of period</b>	(373,439)	(156,705)	(450,698)	(980,842)	(344,534)	(183,212)	(451,005)	(978,751)
<i>Movements with impact on credit loss allowance charge for the period:</i>								
<i>Transfers:</i>								
- to lifetime (from Stage 1 to Stage 2)	18,937	(18,937)	-	-	37,919	(37,919)	-	-
- to lifetime (from Stage 3 to Stage 2)	-	(179,177)	179,177	-	-	(272,267)	272,267	-
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	181	4,916	(5,097)	-	349	4,359	(4,708)	-
- to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)	(54,121)	15,328	38,793	-	(170,763)	65,484	105,279	-
New originated or purchased	(29,873)	-	-	(29,873)	(41,938)	-	-	(41,938)
New originated or purchased, moved to Stage 2 and Stage 3	5,017	(5,017)	-	-	9,680	(6,808)	(2,872)	-
Partial and full repayment during the period	168,208	217,537	52,205	437,950	383,168	329,325	98,955	811,448
Changes to ECL measurement model assumptions	(8,455)	(34,759)	(125,469)	(168,683)	(12,194)	(43,590)	(202,658)	(258,442)
Transfer to housing loans	(151,800)	(13,751)	(96,575)	(262,126)	(287,032)	(25,937)	(222,922)	(535,891)
<b>Total movements with impact on credit loss allowance charge for the period</b>	<b>(16,903)</b>	<b>164,010</b>	<b>(169,839)</b>	<b>(22,732)</b>	<b>51,684</b>	<b>252,990</b>	<b>(329,497)</b>	<b>(24,823)</b>
<b>At the period end (unaudited)</b>	<b>(425,345)</b>	<b>(170,565)</b>	<b>(407,664)</b>	<b>(1,003,574)</b>	<b>(425,345)</b>	<b>(170,565)</b>	<b>(407,664)</b>	<b>(1,003,574)</b>

**“Otbasy Bank” house construction savings bank JSC**  
**Notes to Condensed Interim Financial Statement – 30 June 2023**

**10 Loans and Advances to Customers (Continued)**

The table below discloses changes in the credit loss allowance and the gross carrying amount of interim residential loans and advances to customers measured at amortized cost between the beginning and the end of the same prior reporting period.

<i>(in thousands of Kazakhstani Tenge)</i>	For the three months ended 30 June 2022 (unaudited)				For the six months ended 30 June 2022 (unaudited)			
	Credit loss allowance							
	Stage 1 (12- months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit im- paired)	Total	Stage 1 (12- months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit im- paired)	Total
<b>Interim loans</b>								
<b>At the beginning of period</b>	(679,331)	(170,709)	(672,732)	(1,522,772)	(622,682)	(130,969)	(611,888)	(1,365,539)
<b>Movements with impact on credit loss allowance charge for the period:</b>								
<b>Transfers:</b>								
- to lifetime (from Stage 1 to Stage 2)	100,964	(100,964)	-	-	18,167	(18,167)	-	-
- to lifetime (from Stage 3 to Stage 2)	-	(147,671)	147,671	-	-	(156,885)	156,885	-
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	190	2,980	(3,170)	-	451	2,712	(3,163)	-
- to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)	(87,505)	52,790	34,715	-	(99,428)	59,965	39,463	-
New originated or purchased	(499,909)	-	-	(499,909)	(953,444)	-	-	(953,444)
New originated or purchased, moved to Stage 2 and Stage 3	413,921	(413,921)	-	-	825,718	(813,822)	(11,896)	-
Partial and full repayment during the period	87,032	163,598	54,617	305,247	134,049	172,150	93,022	399,221
Changes to ECL measurement model assumptions	(12,325)	(325,057)	(220,954)	(558,336)	(24,959)	(58,335)	(324,167)	(407,461)
Write-offs	-	(1,135)	(5,475)	(6,610)	-	(1,135)	(12,231)	(13,366)
Transfer to housing loans	47,445	5,506	19,557	72,508	92,610	9,903	28,204	130,717
<b>Total movements with impact on credit loss allowance charge for the period</b>	<b>36,164</b>	<b>(571,009)</b>	<b>(152,255)</b>	<b>(687,100)</b>	<b>73,974</b>	<b>(691,239)</b>	<b>(227,068)</b>	<b>(844,333)</b>
<b>At the period end (unaudited)</b>	<b>(629,518)</b>	<b>(934,583)</b>	<b>(645,771)</b>	<b>(2,209,872)</b>	<b>(629,518)</b>	<b>(934,583)</b>	<b>(645,771)</b>	<b>(2,209,872)</b>



**“Otbasy Bank” house construction savings bank JSC**  
**Notes to Condensed Interim Financial Statement – 30 June 2023**

**10 Loans and Advances to Customers (Continued)**

The table below discloses the changes in the credit loss allowance and the gross carrying amount of residential home loans and advances to customers measured at amortized cost between the beginning and the end of the same prior reporting period.

<i>(in thousands of Kazakhstani Tenge)</i>	For the three months ended 30 June 2022 (unaudited)				For the six months ended 30 June 2022 (unaudited)			
	Credit loss allowance							
	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit im- paired)	Total	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit im- paired)	Total
<b>Preliminary loans</b>								
<b>At the beginning of period</b>	(424,550)	(2685,524)	(2,629,719)	(5,739,793)	(289,445)	(3443,423)	(3,727,049)	(7,459,917)
<i>Movements with impact on credit loss allowance charge for the period:</i>								
Transfers:								
- to lifetime (from Stage 1 to Stage 2)	28,904	(28,904)	-	-	27,118	(27,118)	-	-
- to lifetime (from Stage 3 to Stage 2)	-	(170,031)	170,031	-	-	(180,824)	180,824	-
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	126	15,085	(15,211)	-	347	12,935	(13,282)	-
- to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)	(451,052)	432,331	18,721	-	(1,097,726)	1,023,195	74,531	-
New originated or purchased	(263,586)	-	-	(263,586)	(424,690)	-	-	(424,690)
New originated or purchased, moved to Stage 2 and Stage 3	233,139	(228,440)	(4,699)	-	365,601	(360,902)	(4,699)	-
Partial and full repayment during the period	386,679	399,361	636,009	1,422,049	935,263	681,328	1,632,110	3,248,701
Changes to ECL measurement model assumptions	(33,219)	(304,363)	(210,329)	(547,911)	(50,105)	(300,673)	(269,260)	(620,038)
Transfer to housing loans	7,595	9,620	24,148	41,363	17,673	34,617	115,776	168,066
<b>Total movements with impact on credit loss allowance charge for the period</b>	<b>330,608</b>	<b>(123,822)</b>	<b>445,129</b>	<b>651,915</b>	<b>843,742</b>	<b>54,370</b>	<b>1,473,927</b>	<b>2,372,039</b>
<b>At the period end (unaudited)</b>	<b>(515,964)</b>	<b>(2,560,865)</b>	<b>(2,011,049)</b>	<b>(5,087,878)</b>	<b>(515,964)</b>	<b>(2,560,865)</b>	<b>(2,011,049)</b>	<b>(5,087,878)</b>

**“Otbasy Bank” house construction savings bank JSC**  
**Notes to Condensed Interim Financial Statement – 30 June 2023**

**10 Loans and Advances to Customers (Continued)**

The table below discloses changes in the credit loss allowance and the gross carrying amount of home loans and advances to customers measured at amortized cost between the beginning and the end of the same prior reporting period.

<i>(in thousands of Kazakhstani Tenge)</i>	For the three months ended 30 June 2022 (unaudited)				For the six months ended 30 June 2022 (unaudited)			
	Credit loss allowance							
	Stage 1 (12- months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit im- paired)	Total	Stage 1 (12- months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit im- paired)	Total
<b>Housing loans</b>								
<b>At the beginning of period</b>	(276,258)	(200,997)	(464,937)	(942,192)	(240,080)	(365,050)	(539,829)	(1,144,959)
<i>Movements with impact on credit loss allowance charge for the period:</i>								
Transfers:								
- to lifetime (from Stage 1 to Stage 2)	54,316	(54,316)	-	-	40,158	(40,158)	-	-
- to lifetime (from Stage 3 to Stage 2)	-	(69,917)	69,917	-	-	(111,402)	111,402	-
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	226	4,326	(4,552)	-	417	4,624	(5,041)	-
- to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)	(41,489)	24,205	17,284	-	(120,796)	81,496	39,300	-
New originated or purchased	(56,365)	-	-	(56,365)	(83,430)	-	-	(83,430)
New originated or purchased, moved to Stage 2 and Stage 3	41,896	(32,111)	(9,785)	-	58,090	(47,673)	(10,417)	-
Partial and full repayment during the period	82,924	110,757	112,792	306,473	199,390	216,472	308,021	723,883
Changes to ECL measurement model assumptions	(16,925)	(140,324)	(164,354)	(321,603)	(10,181)	(66,086)	(246,797)	(323,064)
Write-offs	-	-	-	-	-	(1,205)	-	(1,205)
Transfer to housing loans	(55,039)	(15,127)	(43,704)	(113,870)	(110,282)	(44,522)	(143,978)	(298,782)
<b>Total movements with impact on credit loss allowance charge for the period</b>	<b>(3,509)</b>	<b>(76,805)</b>	<b>(105,051)</b>	<b>(185,365)</b>	<b>53,587</b>	<b>56,986</b>	<b>(93,171)</b>	<b>17,402</b>
<b>At the period end (unaudited)</b>	<b>(266,714)</b>	<b>(373,504)</b>	<b>(487,339)</b>	<b>(1,127,557)</b>	<b>(266,714)</b>	<b>(373,504)</b>	<b>(487,339)</b>	<b>(1,127,557)</b>



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**10 Loans and Advances to Customers (Continued)**

Below is an analysis of loans by credit quality as of 30 June 2023 (unaudited):

<i>(in thousands of Kazakhstani Tenge)</i>	Stage 1 (12-month ECL)	Stage 2 lifetime ECL	Stage 3 lifetime ECL	Total
<b>Interim loans</b>	<b>1,516,542,354</b>	<b>44,693,617</b>	<b>1,467,888</b>	<b>1,562,703,859</b>
- LTV less than 25%	13,980,023	354,660	29,592	14,364,275
- LTV from 25% to 50%	204,675,041	4,058,335	398,460	209,131,836
- LTV from 51% to 75%	1,198,463,455	24,665,161	747,880	1,223,876,496
- LTV from 76% to 100%	40,307,029	1,181,618	64,967	41,553,614
- LTV more than 100%	57,011,035	592,515	77,136	57,680,686
- unsecured	-	-	-	-
- less than 30 days overdue	-	-	12,358	12,358
- 31 to 60 days overdue	3,118,143	9,537,489	94,434	12,750,066
- 61 to 90 days overdue	-	3,177,366	44,105	3,221,471
- 91 to 180 days overdue	-	1,238,303	-	1,238,303
- 181 to 360 days overdue	-	-	343,414	343,414
- over 360 days overdue	-	-	150,417	150,417
Credit loss allowance	(1,012,372)	(111,830)	(760,850)	(1,885,052)
<b>Preliminary loans</b>	<b>731,768,155</b>	<b>79,652,662</b>	<b>1,269,173</b>	<b>812,689,990</b>
- LTV less than 25%	1,209,294	220,935	7,667	1,437,896
- LTV from 25% to 50%	120,916,538	19,517,526	126,983	140,561,047
- LTV from 51% to 75%	502,934,837	35,438,255	502,731	538,875,823
- LTV from 76% to 100%	83,808,348	5,728,388	151,224	89,687,960
- LTV more than 100%	19,905,417	235,529	9,027	20,149,973
- unsecured	-	-	-	-
- less than 30 days overdue	-	-	25,837	25,837
- 31 to 60 days overdue	3,905,025	14,685,556	132,683	18,723,264
- 61 to 90 days overdue	-	3,318,655	16,051	3,334,706
- 91 to 180 days overdue	-	1,112,739	-	1,112,739
- 181 to 360 days overdue	-	-	652,694	652,694
- over 360 days overdue	-	-	146,738	146,738
Credit loss allowance	(911,304)	(604,921)	(613,425)	(2,129,650)
<b>Housing loans</b>	<b>531,708,599</b>	<b>58,487,291</b>	<b>903,461</b>	<b>591,099,351</b>
- LTV less than 25%	151,325,264	13,454,901	191,387	164,971,552
- LTV from 25% to 50%	359,394,820	38,461,222	455,004	398,311,046
- LTV from 51% to 75%	19,574,137	642,104	8,424	20,224,665
- LTV from 76% to 100%	46,991	3,415	-	50,406
- LTV more than 100%	63,682	2,330	-	66,012
- unsecured	8,153	-	-	8,153
- less than 30 days overdue	1,720,453	4,407,282	76,689	6,204,424
- 31 to 60 days overdue	444	1,294,474	25,306	1,320,224
- 61 to 90 days overdue	-	392,128	23,853	415,981
- 91 to 180 days overdue	-	-	295,260	295,260
- 181 to 360 days overdue	-	-	98,454	98,454
- over 360 days overdue	-	-	136,748	136,748
Credit loss allowance	(425,345)	(170,565)	(407,664)	(1,003,574)
<b>Gross carrying amount</b>	<b>2,782,368,129</b>	<b>183,720,886</b>	<b>5,422,461</b>	<b>2,971,511,476</b>
Credit loss allowance	(2,349,021)	(887,316)	(1,781,939)	(5,018,276)
<b>Carrying amount</b>	<b>2,780,019,108</b>	<b>182,833,570</b>	<b>3,640,522</b>	<b>2,966,493,200</b>

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**Notes to Condensed Interim Financial Statement – 30 June 2023**

**10 Loans and Advances to Customers (Continued)**

Below is an analysis of loans by credit quality as of 31 December 2022 (audited):

<i>(in thousands of Kazakhstani Tenge)</i>	Stage 1 (12-month ECL)	Stage 2 lifetime ECL	Stage 3 lifetime ECL	Total
<b>Interim loans</b>	<b>1,574,486,900</b>	<b>40,831,905</b>	<b>1,749,179</b>	<b>1,617,067,984</b>
- LTV less than 25%	14,121,835	280,255	-	14,402,090
- LTV from 25% to 50%	209,601,326	3,893,945	278,042	213,773,313
- LTV from 51% to 75%	1,218,456,303	24,182,522	908,007	1,243,546,832
- LTV from 76% to 100%	46,746,196	1,106,122	194,281	48,046,599
- LTV more than 100%	84,943,187	865,749	43,252	85,852,188
- unsecured	-	-	14,271	14,271
- less than 30 days overdue	1,695,358	6,961,801	102,455	8,759,614
- 31 to 60 days overdue	-	2,849,613	137,489	2,987,102
- 61 to 90 days overdue	-	800,961	-	800,961
- 91 to 180 days overdue	-	-	592,668	592,668
- 181 to 360 days overdue	-	-	151,466	151,466
- over 360 days overdue	-	-	244,758	244,758
Credit loss allowance	<b>(1,077,305)</b>	<b>(109,063)</b>	<b>(917,510)</b>	<b>(2,103,878)</b>
<b>Preliminary loans</b>	<b>734,543,217</b>	<b>74,691,998</b>	<b>2,685,506</b>	<b>811,920,721</b>
- LTV less than 25%	1,059,046	79,322	9,887	1,148,255
- LTV from 25% to 50%	105,511,455	12,645,619	513,126	118,670,200
- LTV from 51% to 75%	488,456,879	38,576,724	2,480,598	529,514,201
- LTV from 76% to 100%	113,303,204	8,400,624	110,397	121,814,225
- LTV more than 100%	25,758,436	695,740	23,700	26,477,876
- unsecured	-	-	20,190	20,190
- less than 30 days overdue	1,386,958	10,970,976	35,785	12,393,719
- 31 to 60 days overdue	-	2,975,030	77,442	3,052,472
- 61 to 90 days overdue	-	939,060	9,430	948,490
- 91 to 180 days overdue	-	-	434,323	434,323
- 181 to 360 days overdue	-	-	91,049	91,049
- over 360 days overdue	-	-	140,497	140,497
Credit loss allowance	<b>(932,761)</b>	<b>(591,097)</b>	<b>(1,260,918)</b>	<b>(2,784,776)</b>
<b>Housing loans</b>	<b>383,851,591</b>	<b>63,519,469</b>	<b>953,965</b>	<b>448,325,025</b>
- LTV less than 25%	108,795,481	14,568,598	273,925	123,638,004
- LTV from 25% to 50%	249,516,358	43,323,651	546,942	293,386,951
- LTV from 51% to 75%	16,567,374	970,173	33,724	17,571,271
- LTV from 76% to 100%	49,482	12,413	-	61,895
- LTV more than 100%	8,395,351	283,243	28,400	8,706,994
- unsecured	11,755	-	-	11,755
- less than 30 days overdue	860,324	3,389,049	56,434	4,305,807
- 31 to 60 days overdue	-	783,123	14,962	798,085
- 61 to 90 days overdue	-	372,431	19,359	391,790
- 91 to 180 days overdue	-	-	222,497	222,497
- 181 to 360 days overdue	-	-	170,972	170,972
- over 360 days overdue	-	-	37,755	37,755
Credit loss allowance	<b>(344,534)</b>	<b>(183,212)</b>	<b>(451,005)</b>	<b>(978,751)</b>
<b>Gross carrying amount</b>	<b>2,695,236,308</b>	<b>179,926,744</b>	<b>8,018,083</b>	<b>2,883,181,135</b>
Credit loss allowance	(2,354,600)	(883,372)	(2,629,433)	(5,867,405)
<b>Carrying amount</b>	<b>2,692,881,708</b>	<b>179,043,372</b>	<b>5,388,650</b>	<b>2,877,313,730</b>



**10 Loans and Advances to Customers (Continued)**

For a description of the credit risk classification system used in the tables above, see Note 21.

The main factors that the Bank considers when considering whether a loan is impaired are its overdue status and the realizability of collateral, if any. Based on this, the Bank presents above a maturity analysis of loans that are individually determined to be impaired. The LTV (Loan-to-value) ratio is the ratio of the total balance amount of loans as of the reporting date to the value of collateral, which consists of real estate and cash collateral in the form of deposits. All loans were issued to individuals.

Below is information on collateral as of 30 June 2023 (unaudited):

<i>(in thousands of Kazakhstani Tenge)</i>	<b>Interim loans</b>	<b>Preliminary loans</b>	<b>Housing loans</b>	<b>Total</b>
Unsecured loans	-	-	8,133	8,133
Loans guaranteed by other individuals	49,175	2,093	2,345,022	2,396,290
Loans collateralised by:				
- residential real estate	1,501,335,845	791,953,504	581,613,732	2,874,903,081
- land	1,627,310	11,583	1,146,401	2,785,294
- other real estate	1,859,920	-	363,847	2,223,767
- cash deposits	56,658,483	20,334,229	48,538	77,041,250
- residential real estate, deposits and guarantees (multi-pledged)	30,217	376,477	-	406,694
Loans secured by other assets	1,142,909	12,104	5,573,678	6,728,691
<b>Total loans and advances to customers (unaudited)</b>	<b>1,562,703,859</b>	<b>812,689,990</b>	<b>591,099,351</b>	<b>2,966,493,200</b>

Loans secured by commercial real estate are categorized as other real estate. Loans secured in the form of a property right are categorized as other. Loans and advances to customers are classified by type of collateral depending on the highest value of the type of collateral, that is, a loan falls into a certain category if it is secured by collateral, except for loans secured by a property right and a deposit. These loans are categorized as secured by cash deposits.

The amount of deposits held as collateral for loans issued as at 30 June 2023 was 1,116,350,583 thousand tenge (2022: 1,095,850,116 thousand tenge).

Below is information on collateral as at 31 December 2022 (audited):

<i>(in thousands of Kazakhstani Tenge)</i>	<b>Interim loans</b>	<b>Preliminary loans</b>	<b>Housing loans</b>	<b>Total</b>
Unsecured loans	-	-	11,724	11,724
Loans guaranteed by other individuals	14,626	13,487	2,493,022	2,521,135
Loans collateralised by:				
- residential real estate	1,526,822,379	784,896,320	438,401,202	2,750,119,901
- land	1,884,157	7,927	911,945	2,804,029
- other real estate	1,992,408	-	263,944	2,256,352
- cash deposits	86,294,582	26,640,136	35,001	112,969,719
- residential real estate, deposits and guarantees (multi-pledged)	59,832	351,155	-	410,987
Loans secured by other assets	-	11,696	6,208,187	6,219,883
<b>Total loans and advances to customers</b>	<b>1,617,067,984</b>	<b>811,920,721</b>	<b>448,325,025</b>	<b>2,877,313,730</b>

**10 Loans and Advances to Customers (Continued)**

The financial impact of the collateral is presented by separately disclosing its value for (i) assets whose collateral and other credit enhancements are equal to or greater than the carrying amount of the asset (“over-collateralized assets”) and (ii) assets whose collateral and other credit enhancements are less than the carrying amount of the asset (“Assets with insufficient collateral”). The fair value of collateral includes solid pledges of real estate and cash deposits.

The effect of collateral on impaired assets of Stage 3 at 30 June 2023 (unaudited):

<i>(in thousands of Kazakhstani Tenge)</i>	Over-collateralised assets		Under-collateralised assets	
	Carrying amount of the assets	Fair value of collateral	Carrying amount of the assets	Fair value of collateral
Housing loans	1,435,738	4,177,771	32,150	34,416
Preliminary housing loans	1,269,173	3,172,209	-	-
Interim housing loans	903,461	4,885,400	-	-

The effect of collateral on impaired assets of Stage 3 at 31 December 2022:

<i>(in thousands of Kazakhstani Tenge)</i>	Over-collateralised assets		Under-collateralised assets	
	Carrying amount of the assets	Fair value of collateral	Carrying amount of the assets	Fair value of collateral
Housing loans	1,714,424	4,288,608	34,755	34,755
Preliminary housing loans	2,666,444	6,740,402	19,062	23,084
Interim housing loans	953,970	5,236,096	(5)	-

The fair value of real estate collateral at the end of the reporting period was determined through a semiannual revaluation. The amount of cash deposits was deducted from the book value of the portfolio. An estimate of the fair value of each category of loans and advances to customers is disclosed in Note 23. An analysis of interest rates on loans and advances to customers is disclosed in Note 21. Information on transactions with related parties is disclosed in Note 25.



**“Otbasy Bank” house construction savings bank JSC**  
**Notes to Condensed Interim Financial Statement – 30 June 2023**

**11 Other Financial Assets and Other Assets**

The following is information on other financial assets:

<i>(in thousands of Kazakhstani Tenge)</i>	<b>30 June 2023 (unaudited)</b>	<b>31 December 2022 (audited)</b>
Requirement for payment service providers	2,100,892	8,850,502
Other	527,467	22,663
Less allowance for credit losses	(21,230)	(21,230)
<b>Total other financial assets</b>	<b>2,607,129</b>	<b>8,851,935</b>

The following is an analysis of other financial assets by credit quality:

<i>(in thousands of Kazakhstani Tenge)</i>	<b>30 June 2023 (unaudited)</b>	<b>31 December 2022 (audited)</b>
Requirement for payment service providers		
<i>Neither past due nor impaired</i>		
- BBB- to BBB+ rated	962	-
- BB- to BB+ rated	2,024,414	8,544,401
- B- to B+ rated	62,991	306,091
- unrated	12,525	10
Other		
<i>Neither past due nor impaired</i>		
- unrated	506,237	1,433
<i>Impaired</i>		
- unrated	21,230	21,230
Gross book value	2,628,359	8,873,165
Less allowance for credit losses	(21,230)	(21,230)
<b>Book value</b>	<b>2,607,129</b>	<b>8,851,935</b>

Non-paid and non-impaired other financial assets as at 30 June 2023 amounted to 2,607,129 thousand tenge (31 December 2022: 8,851,935 thousand tenge) and are included in Stage 1, due to the short-term nature of these assets, the Bank does not create an allowance for credit losses for them.

Impaired other assets for ECL purposes are included in Stage 3 and a 100% allowance has been created.

Below is information on other assets:

<i>(in thousands of Kazakhstani Tenge)</i>	<b>30 June 2023 (unaudited)</b>	<b>31 December 2022 (audited)</b>
Prepayments for services	568,514	32,004
Other	83,127	11,166
Inventories and other materials	63,922	71,795
Prepayments for taxes excluding income tax	33,329	222,080
Less allowance for credit losses	(1,660)	(5,793)
<b>Total other assets</b>	<b>747,232</b>	<b>331,252</b>

## 12 Customer accounts

Customer accounts include amounts on current accounts and term deposits of individuals and presented as follows:

<i>(in thousands of Kazakhstani Tenge)</i>	<b>30 June 2023 (unaudited)</b>	<b>31 December 2022 (audited)</b>
<b>Legal entities</b>		
Current accounts		
Long-term deposits	127,223,494	112,735,683
<b>Individuals</b>	570	110,989
Long-term deposits		
Current accounts	1,147,768,647	1,045,114,446
	49,822,877	46,633,802
<b>Customer accounts</b>	<b>1,324,815,588</b>	<b>1,204,594,920</b>
Held as collateral for loans issued	1,126,465,304	1,095,850,116
<b>Total customer accounts</b>	<b>2,451,280,892</b>	<b>2,300,445,036</b>

Customer funds are classified as long-term deposits over one year. However, individuals have the right to withdraw funds from accounts before maturity.

As at 30 June 2023, customer accounts of 127,665,604 thousand tenge (5% of customer accounts) represented tenge accounts of the top ten customers, of which 127,095,637 thousand tenge were due to legal entities and 569,967 thousand tenge were due to individuals. As at 31 December 2022, customer accounts of 113,236,748 thousand tenge (5% of customer accounts) were due to the top ten customers, of which 112,665,152 thousand tenge were due to legal entities and 571,596 thousand tenge were due to individuals.

Under the terms of the Agreement on Housing Construction Savings, the Bank's depositors are entitled to receive a housing loan in an amount equal to the difference between the contractual amount and their accumulated deposits, accrued remuneration and state bonus by decision of the state, provided that they fully comply with the terms of the agreement concluded with them on housing construction savings. Thus, the Bank has contingent liabilities to depositors to issue a housing loan (Note 24).

Every year, the state allocates premiums on housing construction savings of contributors from the state budget, including remuneration accrued on it in an amount not exceeding 20% of 200 monthly calculation indices per contributor to stimulate housing construction savings in Kazakhstan. The monthly calculation index for calculating the state premium for 2023 will be 3,450 tenge (2022: 3,063 tenge).

Accounting and crediting the amounts of the state premium to the accounts of contributors is made only after they are actually received from the administrator of the budget program. The Bank is not liable to depositors if the administrator of the budget program does not transfer the state premium to the accounts of the Bank's depositors.

In case of insufficient funds in the republican budget, the missing amount of the state bonus is credited to the accounts of depositors at the expense of funds to be returned to the budget and (or) the Bank's own funds after approval by the administrator of the budget program. For the missing amount, a receivable is created for the administrator of the budget program.

Information on the fair value measurement of each category of customer accounts is provided in Note 23. Interest rate analysis of customer accounts is presented in Note 21. Information on transactions with related parties is presented in Note 25.

Current accounts represent current accounts of legal entities, including subsidiaries under the common control of the Parent Company. The Bank accrues interest on the balances of current accounts of subsidiaries of the Parent Company.



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**13 Debt Securities in Issue**

<i>(in thousands of Kazakhstani Tenge)</i>	<b>30 June 2023 (unaudited)</b>	<b>31 December 2022 (audited)</b>
Bonds issued on the domestic market	197,330,173	193,469,370
<b>Total debt securities in issue</b>	<b>197,330,173</b>	<b>193,469,370</b>

At initial recognition, the Bank recognized debt securities in issue at fair value (Note 4).

The table below summarizes the movements in debt securities in issue arising from financing activities for each period presented. Debt items are shown in the cash flow statement as financing activities.

<i>(in thousands of Kazakhstani Tenge)</i>	<b>Debt securities</b>
<b>As of 1 January 2022</b>	<b>191,456,190</b>
Cash flow from financing activities	-
Changes not related to cash flows from financing activities	949,062
<b>As of 30 June 2022 (unaudited)</b>	<b>192,405,252</b>
<b>As of 1 January 2023</b>	<b>193,469,370</b>
Cash flow from financing activities	-
Changes not related to cash flows from financing activities	3,860,803
<b>As of 30 June 2023 (unaudited)</b>	<b>197,330,173</b>

Changes not related to cash flows from financing activities include discounts on bonds and their subsequent amortization, as well as changes in accrued interest.

As at 30 June 2023 the Bank had debt securities in issue held by 20 counterparties (2022: 20 counterparties).

Information on the fair value measurement of each category of debt securities in issue is disclosed in Note 23. Information on transactions with related parties in debt securities in issue is disclosed in Note 25.

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**14 Borrowed funds**

<i>(in thousands of Kazakhstani Tenge)</i>	<b>30 June 2023 (unaudited)</b>	<b>31 December 2022 (audited)</b>
Ministry of Finance of the Republic of Kazakhstan	68,646,136	64,745,577
Asian Development Bank	38,920,275	23,037,665
Loans from MISD	14,265,157	12,348,784
Parent company	8,551,110	8,248,281
“Nazarbayev Intellectual Schools” AEO	171,699	162,565
<b>Total borrowed funds</b>	<b>130,554,377</b>	<b>108,542,872</b>

At initial recognition, the Bank recognized the above loans at fair value (Note 4).

In April 2023, the Bank received funds from the third tranche from the Asian Development Bank in the amount of 15,600,000 thousand tenge under the Loan Agreement for the implementation of women's mortgage.

As of 30 June 2023 and 31 December 2022, all borrowing covenants were observed, including financial covenants in accordance with the requirements of the Loan Agreement with the Asian Development Bank.

The table below sets out the changes in the Bank's borrowings arising from financing activities for each period presented. Debt items are reflected in the cash flow statement as financing activities.

<i>(in thousands of Kazakhstani Tenge)</i>	<b>Borrowed funds</b>
<b>Balance at 1 January 2022</b>	<b>78,910,328</b>
Cash flows from financing activities	72,165,000
Changes not related to cash flows from financing activities	(50,830,386)
<b>Balance at 30 June 2022 (unaudited)</b>	<b>100,244,942</b>
<b>Balance at 1 January 2023</b>	<b>108,542,872</b>
Cash flows from financing activities	40,138,000
Other changes not related to cash flows from financing activities	(18,126,495)
<b>Balance at 30 June 2023 (unaudited)</b>	<b>130,554,377</b>

Changes not related to cash flows from financing activities include discounts on borrowings and their subsequent amortization, as well as changes in accrued interest.

Information on the fair value measurement of each category of other borrowings is disclosed in Note 23. Interest rate analysis of other borrowings is disclosed in Note 21. Information on transactions with related parties is disclosed in Note 25.



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**15 Due to other banks**

<i>(in thousands of Kazakhstani Tenge)</i>	<b>30 June 2023</b>	<b>31 December 2022</b>
Due to other banks	78,105,139	76,739,163
<b>Due to other banks</b>	<b>78,105,139</b>	<b>76,739,163</b>

Upon initial recognition, the Bank recorded the above funds at fair value (Note 4). Information on transactions with related parties is presented in Note 25.

**16 Other financial liabilities and other liabilities**

<i>(in thousands of Kazakhstani Tenge)</i>	<b>30 June 2023 (unaudited)</b>	<b>31 December 2022 (audited)</b>
Obligations to pay declared dividends	67,224,700	-
Government budget money	4,309,739	384,130
Deferred commission income	1,608,086	1,684,784
Other accrued liabilities	719,654	1,071,627
Transition accounts	649,159	3,128
Long term rental	398,899	626,653
Accrued commission expenses	314,990	766,123
<b>Total other financial liabilities</b>	<b>75,225,227</b>	<b>4,536,445</b>
Accrued employee benefit costs	2,252,028	1,500,016
Accrued expenses for administrative and economic activities	691,509	957,099
Taxes payable other than income tax	638,786	552,598
Other	440,971	118,019
<b>Total other liabilities</b>	<b>4,023,294</b>	<b>3,127,732</b>

The state budget funds include: 1) in the amount of 3,245,559 thousand tenge to pay compensation (subsidies) for the payment of housing rent in the private housing stock to socially vulnerable groups of the population. Payments for housing rented in private housing stock are made on a parity basis 50% from the budget and 50% by the recipient. At the same time, 50% of payments from budgetary funds are 80% from the republican budget and 20% from the local budget; 2) 1,064,180 thousand tenge for the issuance and repayment of loans under the program "With a diploma to the village!" and payment of agency fees.

Deferred fee income represents a portion of the 50% fee received for entering into the Housing Construction Savings Agreement and amending the terms of the Housing Construction Savings Agreement, which is transferred to the loan discount account at the time the loan is received and amortized against fees associated with the issuance of loan for the entire term of the loan received at the effective interest rate.

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**Notes to Condensed Interim Financial Statement – 30 June 2023**

**16 Other financial liabilities and other liabilities (Continued)**

The table below shows the changes in the Bank's long-term leases arising from financing activities as at 30 June 2023 and 30 June 2022. Debt items are reflected in the cash flow statement as financing activities.

<i>(in thousands of Kazakhstani Tenge)</i>	<b>Long term rental</b>
<b>Balance at 1 January 2022</b>	<b>636,304</b>
Cash flows from financing activities	(244,542)
Changes not related to cash flows from financing activities	362,157
<b>Balance at 30 June 2022 (unaudited)</b>	<b>753,919</b>
<b>Balance at 1 January 2023</b>	<b>626,653</b>
Cash flows from financing activities	(273,603)
Changes not related to cash flows from financing activities	45,849
<b>Balance at 30 June 2023 (unaudited)</b>	<b>398,899</b>

Changes not related to cash flows from financing activities include the present value of lease payments and changes in accrued interest.

**17 Government grants**

**Government grants.** The Bank recognized as a government grant the amounts of benefits provided through a low interest rate on funds received from the Government of the Republic of Kazakhstan and the Parent Company for the implementation of the state programs "Bakytty Otbasy" and "Shanyrak" (Note 4).

<i>(in thousands of Kazakhstani Tenge)</i>	<b>30 June 2023 (unaudited)</b>	<b>31 December 2022 (audited)</b>
Government grant received under the government program “Bakytty Otbasy” from the Government of the Republic of Kazakhstan by obtaining a loan	176,204,093	160,849,737
Government grant received under the government program “Shanyrak” from the Parent Company through the debt securities issue	95,062,796	95,062,796
Government grant received under the government program “Bakytty Otbasy” from local executive bodies by obtaining a loan	5,038,741	5,576,955
<b>Total government grants</b>	<b>276,305,630</b>	<b>261,489,488</b>

For the first half of 2023, the amount of government subsidies received is 18,760,185 thousand tenge (for the first half of 2022: 48,653,013 thousand tenge).



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**17 Government grants (Continued)**

The table below shows income from government grants transferred to profit or loss after loans to the Bank's customers:

<i>(in thousands of Kazakhstani Tenge)</i>	For the three months ended		For the six months ended	
	30 June		30 June	
	(unaudited)		(unaudited)	
	2023	2022	2023	2022
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Government grant received under the government program “Bakytty Otbasy” from the Government of the Republic of Kazakhstan by obtaining a loan	1,941,915	1,427,738	3,405,828	3,056,162
Government grant received under the government program “Shanyrak” from the Parent Company through the debt securities issue	-	2,540,151	-	6,238,833
Government grant received under the government program “Bakytty Otbasy” from local executive bodies by obtaining a loan	461,500	196,458	538,215	343,795
<b>Total income from government grants</b>	<b>2,403,415</b>	<b>4,164,347</b>	<b>3,944,043</b>	<b>9,638,790</b>

After initial recognition, the Bank recognized in profit or loss an amount corresponding to the net income/expenses on loans to customers from borrowed funds and the amount of the amortized discount on borrowed funds. The Bank has an obligation to distribute benefits to end borrowers through a low interest rate on loans.

**18 Share capital**

<i>(in thousands of Kazakhstani Tenge except for number of shares)</i>	Shares (thousands of units)	Ordinary shares	Total
<b>At 1 January 2022</b>	7,830	78,300,000	78,300,000
New shares issued	-	-	-
<b>At 30 June 2022 (unaudited)</b>	<b>7,830</b>	<b>78,300,000</b>	<b>78,300,000</b>
<b>At 1 January 2023</b>	7,830	78,300,000	78,300,000
New shares issued	-	-	-
<b>At 30 June 2023 (unaudited)</b>	<b>7,830</b>	<b>78,300,000</b>	<b>78,300,000</b>

The nominal value of shares is 10,000.00 tenge per 1 ordinary share.

On 22 May 2023, at the shareholders' meeting, the Bank declared dividends for 2022 in the total amount of 67,224,700 thousand tenge. The amount of dividend per ordinary share was 8,585.53 tenge. Dividends for 2022 are scheduled to be paid by 20 August 2023. (2022: On 26 May 2022, at the shareholders' meeting, the Bank declared dividends for 2021 in the total amount of 32,877,465 thousand tenge. Dividend per ordinary share was 4,198.91 tenge. Dividends were paid on 17 June 2022).

Based on the decision of the Parent Company, the Bank's authorized shares issue prospectus was amended to increase the number of authorized shares of the Bank by 4,990 thousand units to a total number of 12,820 thousand units. Changes to the prospectus for the issue of authorized shares were registered with the ARFR in January 2023. As of 30 June 2023, no announced shares were placed.

**“Otbasy Bank” house construction savings bank JSC**  
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**19 Interest Income and Expense**

	For the three months ended 30 June (unaudited)		For the six months ended 30 June (unaudited)	
	2023 (unaudited)	2022 (unaudited)	2023 (unaudited)	2022 (unaudited)
<i>(in thousands of Kazakhstani Tenge)</i>				
<b>Interest income calculated using the effective interest method</b>				
Loans and advances to customers at AC	54,735,416	41,601,950	109,198,480	79,534,719
Debt securities at AC	14,485,400	13,384,949	22,720,071	19,480,263
Due from other credit institutions at AC	6,048,046	2,567,883	12,008,404	4,674,135
Due from National Bank of the Republic of Kazakhstan	2,071,989	4,819,756	5,032,955	13,607,316
Debt securities at FVOCI	1,272,404	1,741,967	2,592,561	3,794,174
<b>Total interest income calculated using the effective interest method</b>	<b>78,613,255</b>	<b>64,116,505</b>	<b>151,552,471</b>	<b>121,090,607</b>
<b>Interest expenses</b>				
Customer accounts				
- <i>Individuals</i>	(15,108,763)	(13,862,975)	(29,712,865)	(25,430,355)
- <i>Legal entities</i>	(11,141,322)	(9,196,275)	(22,190,320)	(17,072,725)
Due to other banks	(3,967,441)	(4,666,700)	(7,522,545)	(8,357,630)
Bonds in issue	(2,732,404)	-	(5,410,420)	-
Borrowed funds	(5,095,082)	(5,034,604)	(10,180,466)	(10,032,556)
	(3,018,842)	(2,243,876)	(5,530,626)	(4,076,042)
<b>Total interest expenses</b>	<b>(25,955,091)</b>	<b>(21,141,455)</b>	<b>(50,834,377)</b>	<b>(39,538,953)</b>
<b>Other similar expense</b>				
Lease liabilities	(12,421)	(19,874)	(28,077)	(43,467)
<b>Total interest and similar expense</b>	<b>(25,967,512)</b>	<b>(21,161,329)</b>	<b>(50,862,454)</b>	<b>(39,582,420)</b>
<b>Net margin on interest and similar income</b>	<b>52,645,743</b>	<b>42,955,176</b>	<b>100,690,017</b>	<b>81,508,187</b>

Interest income includes interest income in the amount of 74,174 thousand tenge (for the six months of 2022: 38,307 thousand tenge) recognized on impaired non-performing loans to customers.

Interest income increased due to growth in customer lending and the application of a differentiated rate on newly originated interim housing loans (Note 10).



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**20 Income taxes**

Income tax expense recognized in profit or loss for the period comprises the following components:

<i>(in thousands of Kazakhstani Tenge)</i>	For the three months ended 30 June (unaudited)		For the six months ended 30 June (unaudited)	
	2023 (unaudited)	2022 (unaudited)	2023 (unaudited)	2022 (unaudited)
Current income tax expense	(7,944,837)	(4,644,234)	(13,716,146)	(8,445,127)
Deferred tax savings	(292,613)	442,141	(327,413)	332,949
<b>Deferred income tax expenses</b>	<b>(8,237,450)</b>	<b>(4,202,093)</b>	<b>(14,043,559)</b>	<b>(8,112,178)</b>

The income tax rate applicable to most of the Bank's income is 20% (2022: 20%).

**21 Financial Risk Management**

**Limits.** The Bank structures the levels of credit risk by placing limits, but not limited to the following limits: limits on the aggregate amount of lending to one borrower, on products, on quality of collateral, on authority of the Credit Committee of the Bank's branches, on authority of the Credit Committee of the “Decision Making Centre” of the Bank (the “DMC”), on volume of loans guaranteed by an individual, maximum rate of non-performing loans in the loan portfolio.

**Expected credit loss (ECL) measurement.** ECL is a probability-weighted estimate of the present value of future cash shortfalls (i.e., the weighted average of credit losses, with the respective risks of default occurring in a given time period used as weights). An ECL measurement is unbiased and is determined by evaluating a range of possible outcomes. ECL measurement is based on four components used by the Bank: Probability of Default (“PD”), Exposure at Default (“EAD”), Loss Given Default (“LGD”) and Discount Rate.

EAD is an estimate of exposure at a future default date, taking into account expected changes in the exposure after the reporting period, including repayments of principal and interest, and expected drawdowns on committed facilities. Probability of Default (PD) is an estimate of the likelihood of default to occur over a given time period. Loss Given Default (LGD) is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from any collateral. It is usually expressed as a percentage of the EAD.

The expected losses are discounted to present value at the end of the reporting period. The discount rate represents the effective interest rate (“EIR”) for the financial instrument or an approximation thereof.

Expected credit losses are modelled over instrument’s *lifetime* period. The lifetime period is equal to the remaining contractual period to maturity of debt instruments, adjusted for expected prepayments, if any.

Management models *Lifetime ECL*, that is, losses that result from all possible default events over the remaining lifetime period of the financial instrument. The 12-month ECL, represents a portion of lifetime ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting period, or remaining lifetime period of the financial instrument if it is less than a year.



## **21 Financial Risk Management (Continued)**

The ECLs that are estimated by management for the purposes of these financial statements are point-in-time estimates, rather than through-the-cycle estimates that are commonly used for regulatory purposes. The estimates consider *forward-looking information*, that is, ECLs reflect probability weighted development of key macroeconomic variables that have an impact on credit risk.

The ECL modelling does not differ for Purchased or Originated Credit Impaired (“POCI”) financial assets, except that (a) gross carrying value and discount rate are based on cash flows that were recoverable at initial recognition of the asset, rather than based on contractual cash flows, and (b) the ECL is always a lifetime ECL. POCI assets are financial assets that are credit-impaired upon initial recognition, such as impaired loans acquired in a past business combination.

### ***ECL measurement for loans***

For the ECL measurement, the Bank uses assessment on an individual basis and on a portfolio basis (homogenous loans):

- **individual loan** is a loan meeting one/several of the following criteria: carrying amount of loan as of the reporting date exceeds 0,2% of equity according to the financial statement as of the end of the reporting year, but not less than 50 (fifty) million tenge; a loan represents a claim to a related party;
- **homogenous loans** is a group of loans with similar characteristics of credit risk;

ECL assessment on an individual basis is performed by weighting the estimates of credit losses for different possible outcomes against the probabilities of each outcome. The Bank defines at least two possible outcomes for each assessed loan, one of which leads to a credit loss even if the probability of such a scenario may be very low.

When assessment is performed on a portfolio basis, the Bank determines the staging of the exposures and measures the loss allowance on a collective basis. The Bank analyses its loan portfolio by segments determined on the basis of shared credit risk characteristics, such that exposures within a group have homogeneous or similar risks.

The criteria used to identify an SICR are monitored and reviewed periodically for appropriateness by the Bank. The presumption, being that there have been significant increases in credit risk since initial recognition when financial assets are more than 30 days past due, has not been rebutted.

***Significant increase in credit risk (SICR).*** The Bank identifies a SICR based on three-factor analysis: backstop indicator – over 30 days past due, qualitative and quantitative analysis.

***Quantitative analysis.*** In identifying SICR since initial recognition, the Bank applies relative approach based on calculation of the weighted average probability of default (APD) from the reporting date till the end of maturity.

The Bank uses the following qualitative criteria:

- multiple overdue for the last 12 months;
- loans, which were subject to restructuring. Such loans will remain in Stage 2 for 3 months from the date of transfer from Stage 3;
- loans, which were subject to payment request-orders;
- loans, for which there was a decrease in the market cost of real estate property upon revaluation results by 40% and more.



## **21 Financial Risk Management (Continued)**

**The key principles of calculating the credit risk parameters.** The EADs are determined based on the expected payment profile, that varies by product type. EAD is based on the contractual repayments owed by the borrower over a 12-month or lifetime basis for amortising products and bullet repayment loans. This will also be adjusted for any expected overpayments made by a borrower. Early repayment or refinancing assumptions are also incorporated into the calculation.

Two types of PDs are used for calculating ECLs: 12-month and lifetime PD. An assessment of a 12-month PD is based on the latest available historic default data and adjusted for supportable forward-looking information when appropriate. Lifetime PDs represent the estimated probability of a default occurring over the remaining life of the financial instrument and it is a sum of the 12 months PDs over the life of the instrument. The Bank uses different statistical approaches depending on the segment and product type to calculate lifetime PDs, such as developing lifetime PD curves based on the historical default data.

The Bank calculates LGD based on specific characteristics of the collateral, such as projected collateral values, historical discounts on sales and other factors for loans secured by real estate, cash and liquid securities. LGD is calculated on a collective basis based on the latest available recovery statistics for the remainder of loan portfolio.

According to the Methodology for calculating provisions (reserves), the following indicators were revised and approved by the decision of the Board №74 dated 26 May 2022: the minimum LGD for Stage 1 and Stage 2 at the level of 30% and the minimum ECL for Stage 3 at the level of 30%. The increase in indicators from 29% to 30% did not have a significant impact on the amount of expected credit losses.

For the six months of 2023, the amount of income from the breakdown of the allowance amounted to 854,681 thousand tenge (for the six months of 2022: income of 1,535,195 thousand tenge). The decrease in income compared to the same period last year is explained by significant releases of reserves in 2022, caused by the commissioning of collateral for loans (“Bagystan” residential complex). Since the beginning of the year, the allowance was disbanded for the following reasons: a decrease in the estimated probability of default on the portfolio caused by a low level of defaults, a decrease in the amount of impaired loans due to an improvement in their quality.

There were no other significant changes in calculation methods or significant assumptions during the reporting period.

**Forward-looking information incorporated in the ECL models.** The assessment of a significant increase in credit risk and the calculation of expected credit losses involve the inclusion of supportable forward-looking information. The Bank has identified a number of key economic variables that correlate with changes in credit risk and expected credit losses. Risk parameters are predictable, i.e. include the impact of expected economic conditions on the following macroeconomic factors: inflation rate, average monthly wage, unemployment rate, GDP. The Bank does not forecast future macroeconomic conditions over the entire expected life of the loan. The degree of judgment required to estimate expected credit losses depends on the availability of the necessary information. As the forecast period increases, the availability of detailed information decreases and the judgment required to estimate expected credit losses increases. Thus, in its calculations, the Bank uses the influence of predictive macroeconomic factors only for a period of not more than three years, after which a linear extrapolation of data up to one is applied. The impact of these economic variables on the probability of default, debt at default, and loss at default is determined using statistical regression analysis to understand the impact that these variables have on the historical default rate and on the components of loss at default and debt at default.

In addition to the base economic scenario, the Bank also provides other possible scenarios along with the weights assigned to the scenarios. The Bank weights the scenarios equally, at least on an annual basis or when conditions change significantly from previous assumptions.



## **21 Financial Risk Management (Continued)**

### ***ECL measurement for other financial assets***

ECL measurement for other financial assets includes further assessments of PD, corresponding loss coefficients and default ratios between counterparties. The Bank assesses credit risk using PD, EAD and LGD.

In calculating PD, migration matrix based on external data is applied. The Bank uses data provided by Moody’s credit agency as detailed information. If such information is unavailable, data provided by Standard and Poor’s or Fitch agencies is used. Migration matrix represents the probability of changes in credit rating during a definite period of time.

For the purposes of calculating provisions, the Bank disaggregates financial assets by state, corporate and financial institutions. For each category, the Bank uses individual migration matrix based on Moody’s data, or data provided by Standard and Poor’s or Fitch.

Default on interbank deposits, securities, correspondent accounts and REPO transactions is an event of non-performance by a counterparty of obligations towards the Bank.

Obtained MPD result is applied as probability of default in calculating ECLs. Minimum default level cannot be lower than 0,03% set by Basel Committee.

If the official credit rating of a counterparty does not reflect the last counterparty-related information that in its turn increases credit risk, the Bank based on expert opinion decreases counterparty’s credit rating. In such cases, maximum rating decrease by the Bank will be between 2 ratings with a possibility of using interim values of default probability proportionally between the official credit rating of a counterparty and its lower border. In making such a decrease, the Bank considers rating of other counterparties operating in this sector as an additional factor.

***LGD measurement.*** LGD varies in time depending on payments and cost of collateral. Key elements of LGD coefficient are as follows:

- Time aspect (division of EAD parameter by secured and unsecured portions) and
- Changes in the cost of collateral over time (in the event of such pledges as real estate property, cost can remain unchanged).

If there is no collateral on a financial instrument and sufficient historical default data, the Bank applies expert assessment. Depending on circumstances and data integrity as of the reporting date, the Bank applies one of the following approaches to measure LGD ratio on a stage-by-stage basis:

- a) Historical data. This approach is based on historical data of defaults and based on historical level of loss recovery by applying an expert judgment. In the event of unavailability of historical data and non-representativeness of statistical data on recovered funds and/or investments, the Bank applies an approach described in Clause b).
- b) Approach based on historical data from external sources such as Moody's, Standard & Poor's, or Fitch rating agencies that provide data on recovery rate based on databases for similar portfolios. LGD is based on data available as of the reporting date. If no data is available, the Bank applies an approach described in Clause c).
- c) IRB-Foundation approach defined by the Basel Committee on Banking Supervision, within which a minimum LGD value for subordinated debts is assigned in the amount of 75%, and for other instruments – in the amount of 45%.

***EAD measurement.*** The Bank calculates EAD as of future reporting date by the end of contractual maturity at each reporting date using the following:

- Contractual maturity;
- Contractual debt repayment schedule.



## 21 Financial Risk Management (Continued)

At the end of each months between the reporting date and maturity of a financial asset, the expected EAD is calculated based on contractual schedule. The Bank assumes that current EAD will be repaid proportionally to planned contractual payments as follows:

EAD at reporting date = Principal Debt + Accrued interest + Unamortised amount of premium/discount

EAD at future reporting date = Principal Debt + Accrued Interest + Unamortised amount of premium/discount – contractual payments according to schedule.

*Significant increase in credit rating.* In assessing securities (including REPO transactions) and receivables for impairment, the Bank uses a three-stage model of impairment accounting.

Financial assets as of recognition date are included in Stage 1, except for credit impaired assets that are classified into Stage 3.

As of the reporting period, the Bank assesses significant increase in credit risk on each financial asset. If credit risk increases, the Bank transfers an asset to the next Stage. The Bank identifies significant increase in credit risk based on three-factor analysis:

- Quantitative analysis. Comparison of PD ratio as of the reporting date to PD ratio as of the asset recognition date;
- Qualitative analysis;
- Backstop indicator. The over 30 days overdue is considered as an indicator for the transfer to Stage 2, and the over 90 days overdue is considered as an indicator for the transfer to Stage 3.

*Market risk.* The Bank is exposed to market risk arising from open positions in (a) currency, (b) interest and (c) equity instruments, which are exposed to general and specific market movements. Management sets limits on the value of risk that may be accepted, which is monitored on a daily basis. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

*Interest rate risk.* The Bank takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest margins may increase as a result of such changes, but may reduce or create losses in the event that unexpected movements arise. Management monitors on a daily basis and sets limits on the level of mismatch of interest rate repricing that may be undertaken.

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**21 Financial Risk Management (Continued)**

As of 30 June 2023, and 31 December 2022 assets with floating exchange rate are absent. The Bank monitors interest rates for its financial instruments. All financial instruments are denominated in Kazakhstani Tenge, except for correspondent accounts in other banks denominated in foreign currency.

The table below summarises average effective interest rates (EIR) at 30 June 2023 and 31 December 2022 (Note 4):

<i>(in % p.a)</i>	<b>30 June 2023 (unaudited)</b>	<b>31 December 2022 (audited)</b>
<b>Assets</b>		
Cash and cash equivalents	12.17%	10.44%
Due from other banks	20.01%	20.01%
Debt securities at FVOCI	9.17%	9.04%
Debt securities at AC	10.46%	9.31%
Loans and advances to customers	7.28%	7.25%
<b>Liabilities</b>		
Due to other banks	15.09%	15.09%
Customer accounts	1.99%	1.98%
Corporate clients funds	7.00%	7.00%
Borrowed funds from the Government of RK	10.73%	10.68%
Borrowings from NMH Baiterek	7.97%	7.97%
Borrowings from Asian Development Bank	12.41%	11.22%
Borrowings from Administration of Almaty	11.47%	11.47%
Borrowings from Administration of Astana	12.63%	12.23%
Borrowings from Administration of Almaty region	13.41%	13.49%
Borrowings from Administration of Karaganda region	13.20%	13.16%
Borrowings from Administration of Uralsk	13.51%	13.51%
Borrowings from Administration of Taldykorgan	13.66%	13.66%
Borrowings from Administration of Semey	13.90%	13.90%
Borrowings from Administration of Kostanay	13.38%	13.38%
Borrowings from Administration of Atyrau	13.90%	13.90%
Borrowings from Administration of Zhambyl region	13.63%	13.38%
Borrowings from Administration of Aktobe region	13.66%	13.66%
Borrowings from Administration of Burlinsky district	14.43%	-
Borrowings from Administration of Temirtau	13.67%	-
Borrowings from Administration of Ulytau region	12.86%	-
Borrowings from "Nazarbayev Intellectual Schools" AEO	11.83%	11.83%
Issued bonds	11.46%	11.46%

**Other price risk.** In 2023, the Bank did not conduct operations with shares. There were no active operations and transactions that would indicate a potential decrease in value.

The Bank is exposed to prepayment risk through providing fixed rate loans, which give the borrower the right to repay the loans early. The Bank’s current year profit and equity at the end of the current reporting period would not have been significantly impacted by changes in prepayment rates because such loans are carried at amortized cost and the prepayment right is at, or close to, the amortized cost of the loans and advances to customers (2022: no material impact).



## 21 Financial Risk Management (Continued)

**Other risk concentrations.** Management monitors and discloses concentrations of credit risk by obtaining reports listing exposures to borrowers with aggregated loan balances in excess of 10% of net assets (Note 10). The Bank did not have any such significant risk concentrations at 30 June 2023 and 31 December 2022.

**Liquidity risk.** Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Bank is exposed to daily calls on its available cash resources from overnight deposits, current accounts, maturing deposits, loan draw-downs, guarantees and from margin and other calls on cash-settled derivative instruments. The Bank does not maintain cash resources to meet all of these needs as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty. Liquidity risk is managed by the Asset/Liability Committee of the Bank.

The Bank seeks to maintain a stable funding base primarily consisting of funds received from the Government and deposits (housing construction savings of individuals). The Bank invests the funds in diversified portfolios of liquid assets, in order to be able to respond quickly and smoothly to unforeseen liquidity requirements.

The liquidity management of the Bank requires consideration of the level of liquid assets necessary to settle obligations as they fall due; maintaining access to a range of funding sources; maintaining funding contingency plans; and monitoring liquidity ratios against regulatory requirements. The Bank calculates liquidity ratios on a monthly basis in accordance with the requirement of the National Bank of the Republic of Kazakhstan. These ratios include:

- Current liquidity coefficient (k4), which is calculated as the average monthly value of highly liquid assets of the Bank to the average monthly value of demand liabilities considering accrued interest. At 30 June 2023 this coefficient was 2.901 (2022: 1.757);
- Acid-test coefficient (k4-1), which is calculated as the average monthly value of highly liquid assets to the average monthly value of term liabilities with remaining maturity of up to seven days inclusive. At 30 June 2023 this coefficient was 190.663 (2022: 118.467);
- Acid-test coefficient (k4-2), which is calculated as the average monthly value of liquid assets with remaining maturity of up to one month (inclusive), including highly liquid assets, to the average monthly value of term liabilities with the remaining maturity of up to one month inclusive. At 30 June 2023 this coefficient was 38.007 (2022: 41.193);
- Acid-test coefficient (k4-3), which is calculated as the average monthly value of liquid assets with remaining maturity of up to three months (inclusive), including highly liquid assets, to the average monthly value of term liabilities with remaining maturity of up to three months inclusive. At 30 June 2023 this coefficient was 6.948 (2022: 22.044)

The Bank provides for an adequate portfolio of short-term liquid assets, largely made up of short-term liquid trading securities, deposits with banks and other inter-bank facilities, to ensure that sufficient liquidity is maintained within the Bank as a whole.

The Bank monitors the daily liquidity position and regularly conducts liquidity stress testing, under a variety of scenarios covering both normal and more severe market conditions.



**“Otbasy Bank” house construction savings bank JSC**  
**Notes to Condensed Interim Financial Statement – 30 June 2023**

**21 Financial Risk Management (Continued)**

The table below shows liabilities at 30 June 2022 by their remaining contractual maturity. The amounts of liabilities disclosed in the maturity table are the contractual undiscounted cash flows, including gross finance lease obligations (before deducting future finance charges), gross loan commitments and financial guarantees. Such undiscounted cash flows on financial liabilities and financial assets differ from the amounts included in the statement of financial position because the amount in the statement of financial position is based on discounted cash flows.

Impaired loans are included at their carrying amounts net of impairment provisions and based on the expected timing of cash inflows.

When the amount payable is not fixed, the amount disclosed is determined by reference to the conditions existing at the end of the reporting period. Foreign currency payments are translated using the spot exchange rate at the end of the reporting period.

The maturity analysis of financial instruments at 30 June 2023 is as follows (unaudited):

<i>(in thousands of Kazakhstani Tenge)</i>	<b>On demand and less than 1 month</b>	<b>From 1 to 6 months</b>	<b>From 6 to 12 months</b>	<b>From 12 months to 5 years</b>	<b>Over 5 years</b>	<b>Total</b>
<b>Assets</b>						
Cash and cash equivalents	503,453,059	-	-	-	-	503,453,059
Due from other banks	863,333	4,250,000	101,750,000	-	-	106,863,333
Investment securities at FVOCI	1,244,783	5,062,380	16,149,498	24,281,880	19,954,199	66,692,740
Investment securities at AC	15,078,752	7,478,970	14,020,240	15,763,919	109,496,694	161,838,575
Loans and advances to customers	189,792	3,517,416	8,137,426	728,582,827	4,987,064,189	5,727,491,650
Other financial assets	2,607,129	-	-	-	-	2,607,129
<b>Total assets</b>	<b>523,436,848</b>	<b>20,308,766</b>	<b>140,057,164</b>	<b>768,628,626</b>	<b>5,116,515,082</b>	<b>6,568,946,486</b>
<b>Liabilities</b>						
Customer accounts	180,658,765	25,177,609	66,179,515	634,480,466	2,040,740,347	2,947,236,702
Bonds in issue	3,876,500	5,206,994	9,083,494	107,730,236	406,844,630	532,741,854
Borrowed funds	12,208,133	1,168,757	63	2,269,268	547,961,992	563,608,213
Due to other banks	-	4,066,667	81,400,000	-	-	85,466,667
Other financial liabilities	75,225,227	-	-	-	-	75,225,227
<b>Total potential future payments for financial liabilities</b>	<b>271,968,625</b>	<b>35,620,027</b>	<b>156,663,072</b>	<b>744,479,970</b>	<b>2,995,546,969</b>	<b>4,204,278,663</b>
<b>Contingent liabilities</b>						
Irrevocable loan commitments	13,376,767	16,883,836	13,507,069	-	-	43,767,673

The total amount of contractual loan commitments included in the table above does not necessarily represent the amount of cash that will be required in the future, as many of these commitments may be unclaimed or terminated before their expiration date.



**“Otbasy Bank” house construction savings bank JSC**  
**Notes to Condensed Interim Financial Statement – 30 June 2023**

**21 Financial Risk Management (Continued)**

The maturity analysis of financial instruments at 31 December 2022 is as follows (audited):

<i>(in thousands of Kazakhstani Tenge)</i>	<b>On demand and less than 1 month</b>	<b>From 1 to 6 months</b>	<b>From 6 to 12 months</b>	<b>From 12 months to 5 years</b>	<b>Over 5 years</b>	<b>Total</b>
<b>Assets</b>						
Cash and cash equivalents	328,758,275	-	-	-	-	328,758,275
Due from other banks	716,889	3,355,555	4,066,667	101,400,000	-	109,539,111
Investment securities at FVOCI	8,873,371	3,644,599	6,253,324	1,656,171	110,942,622	131,370,087
Investment securities at AC	3,459,686	3,897,815	4,351,432	40,376,972	20,297,998	72,383,903
Loans and advances to customers	263,621	4,349,765	11,837,269	652,089,372	4,887,199,094	5,555,739,121
Other financial liabilities	8,851,933	-	-	-	-	8,851,933
<b>Total assets</b>	<b>350,923,775</b>	<b>15,247,734</b>	<b>26,508,692</b>	<b>795,522,515</b>	<b>5,018,439,714</b>	<b>6,206,642,430</b>
<b>Liabilities</b>						
Customer accounts	164,902,234	20,340,423	30,383,362	621,033,434	1,943,256,595	2,779,916,048
Issued bonds	3,876,500	5,206,994	9,083,494	109,797,401	413,860,960	541,825,349
Borrowed funds	-	-	12,269,133	2,191,401	493,583,476	508,044,010
Due to other bank	-	4,044,444	4,066,667	81,400,000	-	89,511,111
Other financial liabilities	4,536,445	-	-	-	-	4,536,445
<b>Total potential future payments for financial liabilities</b>	<b>173,315,179</b>	<b>29,591,861</b>	<b>55,802,656</b>	<b>814,422,236</b>	<b>2,850,701,031</b>	<b>3,923,832,963</b>
<b>Contingent liabilities</b>						
Irrevocable commitments to provide loans and deposits	53,261,090	16,305,450	13,044,360	-	-	82,610,900

**“Otbasy Bank” house construction savings bank JSC**  
**Notes to Condensed Interim Financial Statement – 30 June 2023**

**21 Financial Risk Management (Continued)**

The Bank does not use the above maturity analysis based on undiscounted contractual maturities of liabilities to manage liquidity. Instead, the Bank monitors expected maturities and the resulting expected liquidity gap as follows:

<i>(in thousands of Kazakhstani Tenge)</i>	<b>On demand and less than 1 month</b>	<b>From 1 to 6 months</b>	<b>From 6 to 12 months</b>	<b>From 12 months to 5 years</b>	<b>Over 5 years</b>	<b>Total</b>
<b>At 30 June 2023</b>						
Financial assets	583,104,824	10,255,020	119,742,735	582,496,906	2,421,359,366	3,716,958,851
Financial liabilities	272,402,295	26,501,706	143,087,211	649,721,309	1,838,019,458	2,929,731,979
<b>Net liquidity gap based on expected maturities</b>	<b>310,702,529</b>	<b>(16,246,686)</b>	<b>(23,344,476)</b>	<b>(67,224,403)</b>	<b>583,339,908</b>	<b>787,226,872</b>
<b>Accumulated liquidity gap based on expected maturities</b>	<b>310,702,529</b>	<b>294,455,843</b>	<b>271,111,367</b>	<b>203,886,964</b>	<b>787,226,872</b>	-
<b>At 31 December 2022</b>						
Financial assets	422,383,949	7,735,324	16,356,581	585,551,409	2,395,415,024	3,427,442,287
Financial liabilities	172,976,049	22,139,224	41,880,326	711,169,033	1,735,568,252	2,683,732,884
<b>Net liquidity gap based on expected maturities</b>	<b>249,407,900</b>	<b>(14,403,900)</b>	<b>(25,523,745)</b>	<b>(125,617,624)</b>	<b>659,846,772</b>	<b>743,709,403</b>
<b>Accumulated liquidity gap based on expected maturities</b>	<b>249,407,900</b>	<b>235,004,000</b>	<b>209,480,255</b>	<b>83,862,631</b>	<b>743,709,403</b>	-

The net gap at terms up to 6 months, up to 12 months and up to 5 years was due to the contractual maturities of deposits in these periods for periods of 25 billion tenge (up to 6 months), 65 billion tenge (up to 12 months) and 607 billion tenge (up to 5 years). The cumulative liquidity gap is positive.

The entire portfolio of securities is classified as “on demand and less than one month” in accordance with management’s assessment of the liquidity of this portfolio.

The Bank’s management believes that matching and/or controlled mismatching of the terms of placement and maturity and interest rates of assets and liabilities is fundamental to the successful management of the Bank. In banks, as a rule, there is no complete match for these positions, since transactions often have indefinite maturities and a different nature. The mismatch of these positions potentially increases the profitability of the activity, along with this, at the same time, the risk of incurring losses increases. The maturities of assets and liabilities and the ability to replace interest-bearing liabilities at an acceptable cost as they fall due are important factors in assessing the Bank’s liquidity and its exposure to changes in interest rates and foreign exchange rates.

The Bank’s management believes that, despite a significant share of client funds with the status of “on demand”, the diversification of such funds by the number and type of depositors, as well as the experience gained by the Bank over previous periods, indicate that these funds form a long-term and stable source of financing for the Bank’s activities.



## 22 Segment Analysis

Operating segments are those components of an entity that engage in financial and economic activities that generate a profit or incur expenses, whose results of operations are reviewed on a regular basis by chief operating decision makers, and for which separate financial information is available. The Board of the Bank is responsible for making operational decisions of the Bank. For the purpose of making operational decisions and allocating resources, the Management Board uses financial information based on IFRS

In 2022, the Bank changed the presentation by segments in accordance with the internal reporting provided to the Bank's management, which makes operational decisions.

### (a) Description of products and services that generate revenue for the reportable segments

The Bank's operations are organized into two main business segments:

– mortgage housing loans - this segment includes housing loans, preliminary and intermediate housing loans issued on market terms, as well as their sources of funds (deposits of individuals, investment debt securities, borrowed funds, issued bonds);

– mortgage housing loans issued at a below market rate - this segment consists of preliminary and intermediate housing loans, including those issued under government programs, as well as their sources of funds (borrowed funds, issued bonds, government subsidies).

### (b) Information about reportable segment profit or loss, assets and liabilities

Segment information for the reportable segments for six months ended 30 June 2023 is set out below (unaudited):

<i>(in thousands of Kazakhstani Tenge)</i>	Note	Mortgage housing loan	Mortgage housing loans given below market rate	Unallocated	Total
Cash and cash equivalents	7	-	120,605,806	380,886,819	501,492,625
Due from other banks	8	-	-	94,406,491	94,406,491
Investments in debt securities	9	151,957,659	-	-	151,957,659
Investments in equity securities	9	-	-	1,747	1,747
Loans and advances to customers	10	2,445,147,144	521,346,056	-	2,966,493,200
Other financial assets	11	2,585,899	-	21,230	2,607,129
Other assets	11	-	-	747,232	747,232
Intangible assets		-	-	6,033,304	6,033,304
Fixed assets and right-of-use assets		-	-	6,497,894	6,497,894
Long-term assets held for sale		-	-	249,493	249,493
<b>Total assets of operating segments</b>		<b>2,599,690,702</b>	<b>641,951,862</b>	<b>488,844,210</b>	<b>3,730,486,774</b>
Customer accounts	12	2,274,233,951	-	177,046,941	2,451,280,892
Debt securities in issue	13	41,575,321	155,754,852	-	197,330,173
Borrowed funds	14	38,920,275	91,634,102	-	130,554,377
Due to other banks	15	-	-	78,105,139	78,105,139
Other financial liabilities	16	-	-	75,225,227	75,225,227
Income tax liabilities		-	-	5,663,285	5,663,285
Deferred tax liabilities	20	-	-	30,016,848	30,016,848
Other liabilities	16	-	-	4,023,294	4,023,294
Government grant	17	-	276,305,630	-	276,305,630
<b>Total liabilities of operating segments</b>		<b>2,354,729,547</b>	<b>523,694,584</b>	<b>370,080,734</b>	<b>3,248,504,865</b>

**“Otbasy Bank” house construction savings bank JSC**  
**Notes to Condensed Interim Financial Statement – 30 June 2023**

**22 Segment Analysis (Continued)**

The table below summarizes segment information by reportable segments for the six months ended 30 June 2023 (unaudited):

<i>(in thousands of Kazakhstani Tenge)</i>	Note	For the three months ended 30 June 2023 (unaudited)				For the six months ended 30 June 2023 (unaudited)			
		Mortgage housing loan	Mortgage housing loans given below market rate	Unallocated	Total	Mortgage housing loan	Mortgage housing loans given below market rate	Unallocated	Total
<b>Segment revenues</b>									
Interest income on loans to customer	19	50,055,198	4,680,218	-	54,735,416	100,075,087	9,123,393	-	109,198,480
Interest income on securities and due from the National Bank of the Republic of Kazakhstan and other credit institutions	19	1,272,404	-	22,605,435	23,877,839	2,592,561	-	39,761,430	42,353,991
Interest expense on customer accounts	19	(11,141,322)	-	(3,967,441)	(15,108,763)	(22,190,320)	-	(7,522,545)	(29,712,865)
Interest expense on other financial institutions	19	-	-	(2,732,404)	(2,732,404)	-	-	(5,410,420)	(5,410,420)
Interest expense on bonds in issue	19	(1,050,575)	(4,044,507)	-	(5,095,082)	(2,092,283)	(8,088,183)	-	(10,180,466)
Interest expense on borrowed funds	19	(1,013,751)	(2,005,091)	-	(3,018,842)	(1,641,980)	(3,888,646)	-	(5,530,626)
Interest expense on other financial liabilities	19	-	-	(12,421)	(12,421)	-	-	(28,077)	(28,077)
<b>Net interest income</b>		<b>38,121,954</b>	<b>(1,369,380)</b>	<b>15,893,169</b>	<b>52,645,743</b>	<b>76,743,065</b>	<b>(2,853,436)</b>	<b>26,800,388</b>	<b>100,690,017</b>
Credit loss allowance	7,8,9,10	196,223	37,285	14,744,970	14,978,478	704,343	150,339	15,463,392	16,318,074
<b>Net interest income after credit loss allowance</b>		<b>38,318,177</b>	<b>(1,332,095)</b>	<b>30 638 139</b>	<b>67,624,221</b>	<b>77,447,408</b>	<b>(2,703,097)</b>	<b>42,263,780</b>	<b>117,008,091</b>
Fee and commission income		1,183,131	248,535	57,293	1,488,959	1,627,892	347,492	93,671	2,069,055
Fee and commission expense		(710,784)	(145,605)	(595,145)	(1,451,534)	(1,388,356)	(296,361)	(1,125,481)	(2,810,198)
Income from government grant	17	-	2,403,415	-	2,403,415	-	3,944,043	-	3,944,043
Losses on initial recognition of assets at rates below market	4	-	(3,688,030)	-	(3,688,030)	-	(7,109,671)	-	(7,109,671)
Income from modification of financial assets, valued at amortized cost		(383,548)	-	-	(383,548)	(738,118)	-	-	(738,118)
Gains less losses on debt securities at fair value through other comprehensive income		19	-	-	19	401	-	-	401
Income net of expenses from operations with foreign currency		-	-	(415)	(415)	-	-	(3,103)	(3,103)
Other operating expenses net of income		-	-	(719,515)	(719,515)	-	-	(1,311,143)	(1,311,143)
Administrative expenses		-	-	(5,964,010)	(5,964,010)	-	-	(13,267,183)	(13,267,183)
<b>Segment results</b>		<b>38,406,995</b>	<b>(2,513,780)</b>	<b>23,416,347</b>	<b>59,309,562</b>	<b>76,949,227</b>	<b>(5,817,594)</b>	<b>26,650,541</b>	<b>97,782,174</b>
Expenses on income tax	20	-	-	(8,237,450)	(8,237,450)	-	-	(14,043,559)	(14,043,559)
<b>Net income</b>		<b>38,406,995</b>	<b>(2,513,780)</b>	<b>15,178,897</b>	<b>51,072,112</b>	<b>76,949,227</b>	<b>(5,817,594)</b>	<b>12,606,982</b>	<b>83,738,615</b>



**“Otbasy Bank” house construction savings bank JSC**  
**Notes to Condensed Interim Financial Statement – 30 June 2023**

**22 Segment Analysis (Continued)**

The table below shows segment information by reportable segments for the year ended 31 December 2022:

<i>(in thousands of Kazakhstani Tenge)</i>	Note	Mortgage housing loan	Mortgage housing loans given below market rate	Unallocated	Total
Cash and cash equivalents	7	-	87,921,433	239,593,808	327,515,241
Due from other banks	8	-	-	75,434,625	75,434,625
Investments in debt securities	9	138,325,012	-	-	138,325,012
Investments in equity securities	9	-	-	1,747	1,747
Loans and advances to customers	10	2,356,713,020	520,600,710	-	2,877,313,730
Other financial assets	11	8,091,366	-	760,569	8,851,935
Other assets	11	-	-	331,252	331,252
Intangible assets		-	-	6,711,795	6,711,795
Fixed assets and right-of-use assets		-	-	5,286,760	5,286,760
Long-term assets held for sale		-	-	249,493	249,493
<b>Total assets of operating segments</b>		<b>2,503,129,398</b>	<b>608,522,143</b>	<b>328,370,049</b>	<b>3,440,021,590</b>
Customer accounts	12	2,140,964,562	-	159,480,474	2,300,445,036
Debt securities in issue	13	41,537,036	151,932,334	-	193,469,370
Borrowed funds	14	23,037,665	85,505,207	-	108,542,872
Due to other banks	15	-	-	76,739,163	76,739,163
Other financial liabilities	16	-	-	4,536,445	4,536,445
Income tax liabilities		-	-	387,342	387,342
Deferred tax liabilities	20	-	-	29,022,900	29,022,900
Other liabilities	16	-	-	3,127,732	3,127,732
Government grant	17	-	261,489,488	-	261,489,488
<b>Total liabilities of operating segments</b>		<b>2,205,539,263</b>	<b>498,927,029</b>	<b>273,294,056</b>	<b>2,977,760,348</b>

**“Otbasy Bank” house construction savings bank JSC**  
**Notes to Condensed Interim Financial Statement – 30 June 2023**

**22 Segment Analysis (Continued)**

The table below summarizes segment information by reportable segments for the six months ended 30 June 2022 (unaudited):

<i>(in thousands of Kazakhstani Tenge)</i>	Note	For the three months ended 30 June 2022 (unaudited)				For the six months ended 30 June 2022 (unaudited)			
		Mortgage housing loan	Mortgage housing loans given below market rate	Unallocated	Total	Mortgage housing loan	Mortgage housing loans given below market rate	Unallocated	Total
<b>Segment revenues</b>									
Interest income on loans to customer	19	37,708,529	3,893,421	-	41,601,950	71,782,831	7,751,888	-	79,534,719
Interest income on securities and due from the National Bank of the Republic of Kazakhstan and other credit institutions	19	1,741,967	20,772,588	-	22,514,555	3,794,174	37,761,714	-	41,555,888
Interest expense on customer accounts	19	(9,196,275)	-	(4,666,700)	(13,862,975)	(17,072,725)	-	(8,357,630)	(25,430,355)
Interest expense on bonds in issue	19	(1,048,638)	(3,985,966)	-	(5,034,604)	(2,088,459)	(7,944,097)	-	(10,032,556)
Interest expense on borrowed funds	19	(628,268)	(1,615,608)	-	(2,243,876)	(996,188)	(3,079,854)	-	(4,076,042)
Interest expense on other financial liabilities	19	-	-	(19,874)	(19,874)	-	-	(43,467)	(43,467)
<b>Net interest income</b>		<b>28,577,315</b>	<b>19,064,435</b>	<b>(4,686,574)</b>	<b>42,955,176</b>	<b>55,419,633</b>	<b>34,489,651</b>	<b>(8,401,097)</b>	<b>81,508,187</b>
Credit loss allowance	7,8,9,10	(159,368)	(66,398)	14,190	(211,576)	1,233,376	301,819	14,263	1,549,458
<b>Net interest income after credit loss allowance</b>		<b>28,417,947</b>	<b>18,998,037</b>	<b>(4,672,384)</b>	<b>42,743,600</b>	<b>56,653,009</b>	<b>34,791,470</b>	<b>(8,386,834)</b>	<b>83,057,645</b>
Fee and commission income		1,266,678	316,835	(821,736)	761,777	917,673	224,564	99,760	1,241,997
Fee and commission expense		(1,183,679)	(270,109)	(538,667)	(1,992,455)	(2,177,381)	(532,827)	(1,027,440)	(3,737,648)
Income from government grant	17	-	4,164,347	-	4,164,347	-	9,638,790	-	9,638,790
Losses on initial recognition of assets at rates below market	4	-	(6,123,264)	-	(6,123,264)	-	(12,727,222)	-	(12,727,222)
Gains less losses from securities measured at FVOCI		52	-	-	52	501	-	-	501
Income net of expenses from operations with foreign currency		-	-	4,726	4,726	-	-	31,481	31,481
Other (expenses)/income		-	-	(711,314)	(711,314)	-	-	(1,202,786)	(1,202,786)
Administrative expenses		-	-	(5,457,234)	(5,457,234)	-	-	(11,828,324)	(11,828,324)
<b>Segment results</b>		<b>28,500,998</b>	<b>17,085,846</b>	<b>(12,196,609)</b>	<b>33,390,235</b>	<b>55,393,802</b>	<b>31,394,775</b>	<b>(22,314,143)</b>	<b>64,474,434</b>
Expenses on income tax	20	-	-	(4,202,093)	(4,202,093)	-	-	(8,112,178)	(8,112,178)
<b>Net income</b>		<b>28,500,998</b>	<b>17,085,846</b>	<b>(16,398,702)</b>	<b>29,188,142</b>	<b>55,393,802</b>	<b>31,394,775</b>	<b>(30,426,321)</b>	<b>56,362,256</b>

The Bank receives all of its income in Kazakhstan. The Bank does not have significant external clients in foreign countries. The Bank receives more than ten percent of total income from the NBRK, which for the six months of 2023 is 22,771,759 thousand tenge (six months of 2022: from the NBRK - 29,134,495 thousand tenge).



## 23 Fair Value Disclosures

Fair value measurements are analyzed by level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on observable market data (that is, unobservable inputs). Management applies judgment in categorizing financial instruments using the fair value hierarchy. If a fair value measurement uses observable inputs that require significant adjustment, that measurement is a Level 3 measurement. The significance of a valuation input is assessed against the fair value measurement in its entirety.

### (a) Recurring fair value measurements

Recurring fair value measurements are those that IFRS require or permit in the statement of financial position at the end of each reporting period. The levels in the fair value hierarchy, into which the recurring fair value measurements are categorized, are as follows:

<i>(in thousands of Kazakhstani Tenge)</i>	30 June 2023 (unaudited)			31 December 2022 (audited)		
	Level 1	Level 2	Total	Level 1	Level 2	Total
<b>Assets measured at fair value</b>						
<b>Financial assets</b>						
<b>Investments in debt securities</b>						
- Treasury bonds of the Ministry Finance of the Republic of Kazakhstan	-	26,682,573	26,682,573	-	25,786,746	25,786,746
- Administration of Shymkent	-	2,638,954	2,638,954	-	2,644,623	2,644,623
- Corporate bonds	-	14,617,506	14,617,506	-	14,438,161	14,438,161
- Bonds issued by international financial organizations	-	1,433,704	1,433,704	-	1,390,096	1,390,096
- Bonds of Kazakhstani non-banking financial institutions	5,166,447	1,957,421	7,123,868	7,599,148	4,173,226	11,772,374
<b>Investments in equity securities</b>						
- Ordinary shares	-	1,747	1,747	-	1,747	1,747
<b>Total assets measured at fair value multiple times</b>	<b>5,166,447</b>	<b>47,331,905</b>	<b>52,498,352</b>	<b>7,599,148</b>	<b>48,434,599</b>	<b>56,033,747</b>

The fair value of investment securities was assessed using the rates of Kazakhstan Stock Exchange JSC. Due to insignificant trade volumes of similar instruments, these investment securities are defined at Level 2.

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**23 Fair Value Disclosures (Continued)**

*(b) Assets and liabilities not measured at fair value but for which fair value is disclosed*

Fair values analyzed by level in the fair value hierarchy and the carrying value of assets not measured at fair value are as follows:

<i>(in thousands of Kazakhstani Tenge)</i>	30 June 2023 (unaudited)			31 December 2022 (audited)		
	Level 2 Fair value	Level 3 Fair value	Carrying value	Level 2 Fair value	Level 3 Fair value	Carrying value
<b>Financial assets</b>						
Cash and cash equivalents	501,492,625	-	501,492,625	327,515,241	-	327,515,241
Due from other banks	30,000	95,963,978	94,406,491	28,000	89,650,247	75,434,625
Securities valued at amortized value	96,204,215	-	99,461,054	75,140,843	-	82,293,012
Loans and advances securities	-	2,948,422,858	2,966,493,200	-	2,860,346,182	2,877,313,730
Other financial assets	-	2,607,129	2,607,129	-	8,851,935	8,851,935
<b>Total</b>	<b>597,726,840</b>	<b>3,046,993,965</b>	<b>3,664,460,499</b>	<b>402,684,084</b>	<b>2,958,848,364</b>	<b>3,371,408,543</b>

Fair values analysed by level in the fair value hierarchy and the carrying value of liabilities not measured at fair value are as follows:

<i>(in thousands of Kazakhstani Tenge)</i>	30 June 2023 (unaudited)			31 December 2022 (audited)		
	Level 2 Fair Value	Level 3 Fair Value	Carrying value	Level 2 Fair Value	Level 3 Fair Value	Carrying value
<b>Financial liabilities</b>						
Customer accounts	-	2,451,280,892	2,451,280,892	-	2,300,445,036	2,300,445,036
Debt securities in issue	165,406,998	-	197,330,173	176,905,475	-	193,469,370
Borrowed funds	-	87,900,717	130,554,377	-	83,154,247	108,542,872
Due from other banks	-	77,539,501	78,105,139	-	75,640,056	76,739,163
Other financial liabilities	-	75,225,227	75,225,227	-	4,536,445	4,536,445
<b>Total</b>	<b>165,406,998</b>	<b>2,691,946,337</b>	<b>2,932,495,808</b>	<b>176,905,475</b>	<b>2,463,775,784</b>	<b>2,683,732,886</b>



### 23 Fair Value Disclosures (Continued)

**Cash and cash equivalents.** Cash is measured at amortised cost and classified at Level 2. The fair value of these funds is equal to their carrying amount.

**Loans and customer funds.** The estimated fair value of all loans and advances to customers/customer accounts approximates their carrying value due to the fact that they are unique in the market due to the lack of similar products. Thus, the transaction price, being the current price of the main or most profitable market, does not need to be subsequently adjusted to take into account the costs of the transaction. The exception is loans issued at preferential rates, including loans issued under government programs. For these loans, the Bank adjusts the fair value at initial recognition using the weighted average rate calculated for loans issued at non-concessional rates in accordance with the Fair Value Methodology. This rate is calculated once a month for the current loan portfolio separately for intermediate and preliminary loans and is applied to newly issued loans in the next month at preferential rates. Such loans and customer accounts have been classified by the Bank's management as Level 3 of the fair value hierarchy (A).

**Investment securities measured at amortized cost.** Due to the inactivity of trading on the KASE secondary market, investment securities valued at amortized cost are referred to Level 2 (B).

**Due from credit institutions and borrowed funds and issued debt securities.** The estimated fair value of due from other banks is based on expected future cash flows calculated at current interest rates for new instruments with similar credit risk and maturity. For loans and debt securities in issue, determined by discounting contractual future cash flows using a market rate of interest. The following assumptions are used in determining the market interest rate at the date of initial recognition:

- the yield curve for government bonds of Kazakhstan in tenge with the corresponding maturity on the specified date;
- the yield curve of US Treasury bonds with the corresponding maturity on the specified date;
- the Bank's premium for credit risk (B).

**Other financial assets and other financial liabilities.** All other financial assets and other financial liabilities are carried at amortized cost and categorized under Level 3. The fair value of these assets and liabilities approximates their carrying amounts due to their short duration.

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**23 Fair Value Disclosures (Continued)**

The following table lists the valuation models and inputs used to measure the fair value of Level 3 financial assets and financial liabilities whose fair values differ from their carrying amounts as at 30 June 2023 and 31 December 2022:

<i>(in thousands of Kazakhstani Tenge)</i>	Fair value	Evaluation model	Input date	Range of initial data (weighted average)	
				30 June 2023 (unaudited)	31 December 2022 (audited)
<b>Financial assets</b>					
Due from other banks	95,963,978	Discounted cash flow method	B	18,37%	22,52%
Loans and advances valued at AC		Discounted cash flow method			
- Interim housing loans	1,562,674,489	Discounted cash flow method	A	7,79%	7,60%
- Preliminary housing loan	794,649,017	Discounted cash flow method	A	8,35%	8,21%
<b>Financial liabilities</b>					
Borrowed funds		Discounted cash flow method			
- Ministry of finance of the Republic of Kazakhstan	40,042,710	Discounted cash flow method	B	14,26% - 17,07%	12,60% - 17,32%
- Asian Development Bank	32,641,525	Discounted cash flow method	B	12,72%	11,86% - 12,05%
- Parent company	4,129,792	Discounted cash flow method	B	14,49%	13,24%
- AOS “Nazarbayev Intellectual Schools”	151,558	Discounted cash flow method	B	14,75%-14,78%	14% - 14,28%
- Loans from MISD	10,935,132	Discounted cash flow method	B	14,30%-16,11%	12,53% - 15,48%
Due to other banks	77,539,501	Discounted cash flow method	B	16,53%	16,67%
<b>Total fair value measurements at Level 3</b>	<b>2,618,727,702</b>				



## 24 Contingencies and Commitments

**Legal proceedings.** In the ordinary course of business, the Bank 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 condition or the results of future operations of the Bank.

**Tax legislation.** The tax environment in the Republic of Kazakhstan is subject to change and inconsistent application and interpretations. Non-compliance with Kazakhstani law and regulations as interpreted by the Kazakhstani authorities may lead to the assessment of additional taxes, penalties and interest.

Kazakhstani tax laws and practices are in a state of constant development and are therefore subject to varying interpretations and frequent changes, which may be retroactive. In some cases, tax laws refer to the provisions of IFRS for the purposes of determining the tax base, and the interpretation of the relevant IFRS provisions by the Kazakhstan tax authorities may differ from the accounting policies, judgments and estimates applied by management in preparing these separate financial statements, which may give rise to additional tax liabilities of Bank. The tax authorities may conduct a retrospective audit within five years after the end of the tax year.

The Bank's management believes that the interpretation of the relevant legislation is correct and that the Bank's tax position is reasonable. The Bank assesses the likelihood of significant liabilities arising from specific circumstances and makes provisions in its financial statements only when it is probable that the events giving rise to the liability will occur and the amount of the liability can be estimated with reasonable certainty.

The Bank's contingent liabilities are the Bank's contingent liabilities to issue a housing loan in the amount stipulated by the savings housing construction agreement, arising upon reaching the calculated indicator for the attracted deposit, the accumulation period is at least 3 years, the depositor providing the necessary collateral for the housing loan, confirmation of the borrower's solvency to repay the housing loan. The contingent liability is written off from the accounts of the memorandum when a housing loan is issued or when the depositor refuses to receive a housing loan. The issuance of a housing loan is made only after the underwriting procedure of the application and the adoption of a decision by the Authorized body. Accordingly, these contingent liabilities do not entail any credit risk for the Bank. As at 30 June 2023 and 2022 due to no need, the Bank did not create a provision for contingent liabilities.

**Credit related commitments.** The agreement on the obligation to place deposits with the National Bank of the Republic of Kazakhstan provides for the condition of concluding a transaction with a settlement date of T+.

Loan Commitment Agreements represent a contingent commitment by the Bank to provide loans to depositors subject to all terms and conditions of the Housing Construction Savings Agreement (Note 3).

The Bank's financial and contingent liabilities include:

<i>(in thousands of Kazakhstani Tenge)</i>	<b>30 June 2023 (unaudited)</b>	<b>31 December 2022 (audited)</b>
Deposit commitments	10,000,000	50,000,000
Loan commitments	33,767,673	32,610,900
<b>Financial and contingent liabilities</b>	<b>43,767,673</b>	<b>82,610,900</b>

The decrease in obligations to place deposits with the National Bank of the Republic of Kazakhstan compared to 2022 is due to a decrease in free cash due to an increase in lending. Also with a reduction in the volume of receipts of lump-sum pension payments associated with an increase in the established thresholds for the possible withdrawal of pension savings by citizens, which the Bank placed on a short-term basis before they were used for their intended purpose. term deposits with the NBRK.

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**25 Related Party Transactions**

Parties are considered to be related if they are under common control, or one of them has the ability to control the other or can exercise significant influence over the other in making financial and operational decisions. When considering relationships with all related parties, the economic substance of such relationships is taken into account, and not just their legal form.

In these financial statements, the Bank discloses information about transactions and balance sheets with government entities and parties related to the entity because the government of Kazakhstan has control or joint control over or has significant influence over that party.

The Bank purchases goods and services from a large number of state-owned enterprises. Such purchases individually amount to insignificant amounts and are usually carried out on a commercial basis. Transactions with government bodies also include tax settlements, which are disclosed in Note 20.

Other entities under the control and significant influence of the Government of the Republic of Kazakhstan include entities controlled by the state and other related parties.

Below are the balances as at 30 June 2023 for transactions with related parties and contractual rates (unaudited):

<i>(in thousands of Kazakhstani Tenge)</i>	Parent company	Companies under common control and significant influence of Parent company	Government companies (Ministry of Finance)	Key management personnel	Other entities under the control and significant influence of the Government of the Republic of Kazakhstan
Cash and cash equivalents (effective rate 16.75%)	-	-	-	-	476,367,131
Credit to customers (contractual interest rate: 4.2%-10.5%)	-	-	-	311,146	186,892
Due from other banks (contractual interest rate: 10%)	-	94,376,491	-	-	-
Investments in debt securities (contractual interest rate: 5%-18.9%)	7,288,171	32,688,426	75,817,077	-	26,997,298
Other financial assets	-	-	962	-	-
Other assets	-	-	33,329	324	-
Borrowing funds (contractual interest rate: (0.01%-1.00%))	8,551,110	-	68,646,136	-	14,436,855
Debt securities in issue (4.05%-10.27%)	154,587,675	-	-	-	17,440,306
Customer accounts (contractual interest rate: 2%-16.75 %)	-	127,035,916	-	134,199	146,900
Due to other banks (contractual interest rate: 10%)	-	78,105,139	-	-	-
Government grants	95,062,796	-	176,204,093	-	-
Other financial liabilities	67,224,700	-	-	-	-
Other liabilities	-	14,572	6,409,982	-	5,742,226
Additional paid in capital	13,541,732	(5,165,732)	99,466,457	-	43,122,017



**“Otbasy Bank” house construction savings bank JSC**  
**Notes to Condensed Interim Financial Statement – 30 June 2023**

**25 Related Party Transactions (continued)**

Below are the aggregate amounts advanced and repaid by related parties:

<i>(in thousands of Kazakhstani Tenge)</i>	For the three months ended 30 June 2023 (unaudited)					For the six months ended 30 June 2023 (unaudited)				
	Parent company	Companies under common control and significant influence of Parent company	Government companies (Ministry of Finance)	Key management personnel	Other entities under the control and significant influence of the Government of the Republic of Kazakhstan	Parent company	Companies under common control and significant influence of Parent company	Government companies (Ministry of Finance)	Key management personnel	Other entities under the control and significant influence of the Government of the Republic of Kazakhstan
Interest income calculated using the effective interest method	223,750	5,237,632	1,753,464	6,430	14,586,635	447,500	10,284,924	3,491,382	16,616	24,089,353
Interest and similar expenses	(4,174,784)	(6,699,845)	(1,458,082)	(331)	(716,531)	(8,344,905)	(12,932,964)	(2,839,324)	(954)	(725,800)
Provision for impairment	(7,123)	16,291,252	(59,503)	(228)	(448,603)	(7,123)	15,555,945	(59,563)	(560)	(456,811)
Income from government grants	-	-	1,794,804	-	449,707	-	-	3,405,828	-	538,215
Expenses net of gain from initial recognition of financial instruments at below market rate	-	-	-	-	(750,776)	-	-	-	-	(1,406,970)
Gains net of losses from operations with securities at FVOCI	-	-	20	-	162	-	-	20	-	162
Other operating expenses, net of income	-	(43,718)	-	-	-	-	(87,436)	-	-	-
Administrative expenses	-	(43,718)	-	-	-	-	(87,436)	-	-	-
Income tax expense	-	-	-	-	(8,237,450)	-	-	-	-	(14,043,559)

**“Otbasy Bank” house construction savings bank JSC**  
**Notes to Condensed Interim Financial Statement – 30 June 2023**

**25 Related Party Transactions (continued)**

Below are the aggregate amounts advanced and repaid by related parties:

<i>(in thousands of Kazakhstani Tenge)</i>	For the three months ended 30 June (unaudited)		For the six months ended 30 June (unaudited)	
	2023 (unaudited)	2022 (unaudited)	2023 (unaudited)	2022 (unaudited)
<b>Other related parties</b>				
Amounts lent to related parties during the period	92,592	31,337	211,992	101,460
Amounts repaid by related parties during the period	128,219	9,527	176,243	54,519

The balances as at 31 December 2022 with related parties are as follows:

<i>(in thousands of Kazakhstani Tenge)</i>	Parent company	Companies under common control and significant influence of Parent company	Government companies (Ministry of Finance)	Key management personnel	Other entities under the control and significant influence of the Government of the Republic of Kazakhstan
Cash and cash equivalents (effective rate 15.75%-16.75%)	-	-	-	-	308,964,136
Loans and advances to customers (contractual interest rate: 4.2%-10.5%)	-	-	-	458,704	30,083
Due from other banks (contractual interest rate 10%)	-	75,406,625	-	-	-
Investments in debt securities (contractual interest rate: 5%-11.9%)	7,417,192	33,219,615	76,741,009	-	16,406,542
Other financial assets	-	-	331	-	-
Other assets	-	-	32,004	-	-
Borrowing funds (contractual interest rate: 0.01%-1.00%)	8,248,281	-	64,745,577	-	12,511,348
Debt securities in issue (contractual interest rate 4.05%-10.27%)	150,814,600	-	-	-	17,439,642
Customer accounts (contractual interest rate: 2%-15.25 %)	-	112,476,206	-	301,483	127,558
Due to other banks (contractual interest rate 10%)	-	76,739,163	-	-	-
Government grants	95,062,796	-	160,849,739	-	-
Other liabilities	-	10,695	1,038,314	-	6,233,150
Other financial liabilities	-	-	-	-	-
Additional paid in capital	13,541,732	(5,165,732)	99,466,457	-	40,455,876



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**Notes to Condensed Interim Financial Statement – 30 June 2023**

**25 Related Party Transactions (continued)**

The items of income and expenses from transactions with related parties are as follows:

<i>(in thousands of Kazakhstani Tenge)</i>	For the three months ended 30 June 2022 (unaudited)					For the six months ended 30 June 2022 (unaudited)				
	Parent company	Companies under common control and significant influence of Parent company	Government companies (Ministry of Finance)	Key management personnel	Other entities under the control and significant influence of the Government of the Republic of Kazakhstan	Parent company	Companies under common control and significant influence of Parent company	Government companies (Ministry of Finance)	Key management personnel	Other entities under the control and significant influence of the Government of the Republic of Kazakhstan
Interest income calculated using the effective interest method	335,400	912,202	1,854,232	6,092	16,593,482	702,700	1,824,237	3,863,186	15,006	29,824,890
Interest and similar expenses	(4,107,479)	(4,666,700)	(1,197,781)	(1,207)	(205,156)	(8,183,867)	(8,357,630)	(2,346,745)	(2,580)	(374,448)
Provision for impairment	318	4,874	(160)	2	(2,873)	633	9,367	588	(351)	(525)
Income from government grants	2,540,151	-	1,427,738	-	196,458	6,238,833	-	3,056,161	-	343,796
Expenses net of gain from initial recognition of financial instruments at below market rate	-	-	-	-	73,286	-	-	-	-	73,286
Gains net of losses from operations with securities at FVOCI	-	-	-	-	-	-	-	361	-	-
Other operating expenses, net of income	-	-	-	-	(724,996)	-	-	-	-	(1,252,212)
Administrative expenses	-	(4,948)	-	-	-	-	(9,896)	-	-	-
Income tax expense	-	-	-	-	(5,185,093)	-	-	-	-	(8,122,178)

**“Otbasy Bank” house construction savings bank JSC**  
**Notes to Condensed Interim Financial Statement – 30 June 2023**

**25 Related Party Transactions (continued)**

Below is information about the remuneration of key management:

<i>(in thousands of Kazakhstani Tenge)</i>	For the three months ended 30 June		For the six months ended 30 June	
	2023 (unaudited)	2022 (unaudited)	2023 (unaudited)	2022 (unaudited)
Short-term benefits for key management	99,531	70,630	205,717	174,093

**26 Earnings per share**

Basic earnings per share is calculated by dividing the net income attributable to the owners of the Parent Company by the number of ordinary shares outstanding during the 6 months of 2023. The Bank has no dilutive potential ordinary shares. Therefore, diluted earnings per share equals basic earnings per share. Earnings per share is calculated as follows:

<i>(in thousands of Kazakhstani Tenge)</i>	Note	For the three months ended 30 June		For the six months ended 30 June	
		2023 (unaudited)	2022 (unaudited)	2023 (unaudited)	2022 (unaudited)
Profit for the year attributable to ordinary shareholders		51,072,112	29,188,142	83,738,615	56,362,256
Number of ordinary shares in issue (thousands)	18	7,830	7,830	7,830	7,830
<b>Basic and diluted earnings per ordinary share (expressed in Tenge per share)</b>		<b>6,523</b>	<b>3,728</b>	<b>10,695</b>	<b>7,198</b>

The book value of one share is calculated in accordance with the Rules for Disclosing Information by Securities Admission Initiators (Appendix 2 to the Rules) approved by the decision of the Board of Directors of Kazakhstan Stock Exchange JSC (Minutes dated 10 March 2021 №14).

Below is the calculation of the book value of one ordinary share at the reporting date:

<i>(in thousands of tenge, except for the number of shares)</i>	30 June 2023 (unaudited)	31 December 2022 (audited)
Number of ordinary shares (thousand shares)	7,830	7,830
Total assets	3,730,486,774	3,440,021,590
Minus intangible assets	6,033,304	6,711,795
Minus liabilities	3,248,504,865	2,977,760,348
<b>Total net assets</b>	<b>475,948,605</b>	<b>455,549,447</b>
<b>Book value of one ordinary share, tenge</b>	<b>60,785</b>	<b>58,180</b>

**27 Events after the End of the Reporting Period**

There are no events after the reporting date.