



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

**Condensed Interim Financial Information  
(unaudited)**

**30 June 2021**

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### REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

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## Report on Review of Condensed Interim Financial Information

To the Shareholder, the Board of Directors and the Management Board 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 2021 and the related condensed interim statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and 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.*

2 August 2021

Almaty, Kazakhstan

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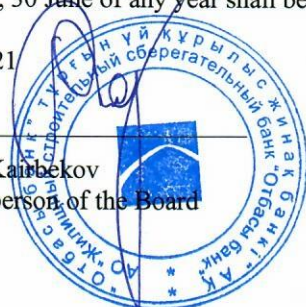
**“Otbasy Bank” house construction savings bank JSC**  
**Condensed Interim Statement of Financial Position**

<i>(in thousands of Kazakhstani Tenge)</i>	<u>Note</u>	<b>30 June 2021 (unaudited)</b>	<b>31 December 2020</b>
<b>ASSETS</b>			
Cash and cash equivalents	<u>6</u>	605,001,770	138,257,892
Funds in financial institutions		17,000	17,000
Loans and advances to customers	<u>7</u>	1,515,127,561	1,319,681,125
Investments in debt securities	<u>8</u>	178,869,376	232,210,452
Investments in equity securities		1,747	1,747
Premises and equipment and right of use assets		5,134,595	5,462,232
Intangible assets		5,713,488	5,684,660
Current income tax prepayment		-	196,015
Other financial assets		9,271,525	5,417,469
Other assets		632,325	268,023
Non-current assets held for sale		272,678	191,476
<b>TOTAL ASSETS</b>		<b>2,320,042,065</b>	<b>1,707,388,091</b>
<b>LIABILITIES</b>			
Customer accounts	<u>9</u>	1,445,976,845	1,097,659,295
Borrowed funds	<u>10</u>	82,616,038	67,614,055
Debt securities in issue	<u>11</u>	191,643,686	113,680,020
Government grants	<u>12</u>	223,923,903	121,753,860
Deferred income tax liabilities		24,774,991	18,324,890
Current income tax liabilities		3,257,777	-
Other financial liabilities		3,349,050	3,563,068
Other liabilities		2,860,605	2,009,583
<b>TOTAL LIABILITIES</b>		<b>1,978,402,895</b>	<b>1,424,604,771</b>
<b>EQUITY</b>			
Share capital	<u>13</u>	78,300,000	78,300,000
Additional paid-in-capital		122,324,374	95,406,389
Revaluation reserve for investment securities measured at fair value through other comprehensive income		(1,770,492)	(2,204,346)
Other reserves		2,283,335	2,283,335
Retained earnings		140,501,953	108,997,942
<b>TOTAL EQUITY</b>		<b>341,639,170</b>	<b>282,783,320</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>2,320,042,065</b>	<b>1,707,388,091</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.

02 August 2021

Islambek U. Kairbekov  
Acting Chairperson of the Board



Zhanerke A. Kiltbayeva  
Chief Accountant

The accompanying notes on pages 5 to 58 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 six months ended	
		30 June 2021 (unaudited)	30 June 2020 (unaudited, restated)
Interest income calculated using effective interest rate method	<u>14</u>	80,156,805	52,533,640
Interest and other similar expense	<u>14</u>	(24,335,400)	(16,834,462)
<b>Net margin on interest and similar income</b>		<b>55,821,405</b>	<b>35,699,178</b>
Credit loss allowance	<u>6,7,8</u>	(2,138,977)	(1,422,437)
<b>Net margin on interest and similar income after credit loss allowance</b>		<b>53,682,428</b>	<b>34,276,741</b>
Income from government grants	<u>12</u>	8,410,498	4,909,672
Fee and commission income		899,486	555,105
Fee and commission expense		(2,925,135)	(2,209,047)
Losses from modification of financial assets measured at amortised cost, that did not lead to derecognition		-	(5,754,051)
Loss on initial recognition of assets at rates below market		(11,453,619)	(5,937,997)
Gains less losses from trading securities measured at fair value through other comprehensive income		18,842	-
Gains less losses from trading in foreign currencies		7,771	32,953
Other net operating expenses		(999,732)	(720,549)
Administrative expenses		(11,605,705)	(9,126,754)
<b>Profit before tax</b>		<b>36,034,834</b>	<b>16,026,073</b>
Income tax expense	<u>15</u>	(4,530,823)	(410,600)
<b>Profit for the period</b>		<b>31,504,011</b>	<b>15,615,473</b>
<b>Other comprehensive income/(loss):</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Gains less losses on investments in debt securities at fair value through other comprehensive income		422,725	(957,623)
Gains less losses on investments in debt securities at fair value through other comprehensive income carried into profit and loss statement		11,129	-
<i>Items that will not be reclassified to profit or loss:</i>			
Gains less losses on investments in equity securities at fair value through other comprehensive income		-	(67)
<b>Other comprehensive gain/(loss)</b>		<b>433,854</b>	<b>(957,690)</b>
<b>Total comprehensive income for the period</b>		<b>31,937,865</b>	<b>14,657,783</b>
<b>Earnings per share for profit attributable to the Bank shareholder, basic and diluted</b> (in Kazakhstani Tenge per share)	<u>21</u>	4,024	1,994

The accompanying notes on pages 5 to 58 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>	Share capital	Additional paid- in capital	Revaluation reserve for securities at FVOCI	Other reserves	Retained earnings	Total equity
<b>Balance at 1 January 2020</b>	<b>78,300,000</b>	<b>80,980,344</b>	<b>(3,077,553)</b>	<b>2,283,335</b>	<b>86,215,681</b>	<b>244,701,807</b>
Voluntary changes in accounting policies	-	-	-	-	(294,984)	(294,984)
<b>Restated balance at 1 January 2020</b>	<b>78,300,000</b>	<b>80,980,344</b>	<b>(3,077,553)</b>	<b>2,283,335</b>	<b>85,920,697</b>	<b>244,406,823</b>
Profit for six months (restated)	-	-	-	-	15,615,473	15,615,473
Other comprehensive income	-	-	(957,690)	-	-	(957,690)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>(957,690)</b>	<b>-</b>	<b>15,615,473</b>	<b>14,657,783</b>
Fair value adjustment for borrowed funds, net of deferred tax	-	2,055,988	-	-	-	2,055,988
Dividends declared	-	-	-	-	(8,292,597)	(8,292,597)
<b>Balance at 30 June 2020 (unaudited, restated)</b>	<b>78,300,000</b>	<b>83,036,332</b>	<b>(4,035,243)</b>	<b>2,283,335</b>	<b>93,243,573</b>	<b>252,827,997</b>
<b>Balance at 1 January 2021</b>	<b>78,300,000</b>	<b>95,406,389</b>	<b>(2,204,346)</b>	<b>2,283,335</b>	<b>108,997,942</b>	<b>282,783,320</b>
Profit for six months	-	-	-	-	31,504,011	31,504,011
Other comprehensive income	-	-	433,854	-	-	433,854
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>433,854</b>	<b>-</b>	<b>31,504,011</b>	<b>31,937,865</b>
Fair value adjustment for borrowed funds, net of deferred tax	-	26,917,985	-	-	-	26,917,985
<b>Balance at 30 June 2021 (unaudited)</b>	<b>78,300,000</b>	<b>122,324,374</b>	<b>(1,770,492)</b>	<b>2,283,335</b>	<b>140,501,953</b>	<b>341,639,170</b>

The accompanying notes on pages 5 to 58 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 2021 (unaudited)	30 June 2020 (unaudited)
<b>Cash flows from operating activities</b>			
Interest income calculated using the effective interest method received		78,148,853	46,129,478
Interest paid calculated using the effective interest method		(9,645,238)	(7,364,990)
Fees and commissions received		899,486	555,105
Fees and commissions paid		(3,206,071)	(2,394,702)
Staff costs paid		(5,946,975)	(5,213,199)
Administrative and other operating expenses paid		(4,183,828)	(3,289,150)
<b>Net cash from operating activities before income tax paid</b>		<b>56,066,227</b>	<b>28,422,542</b>
Income tax paid		(1,356,426)	(1,002,565)
<b>Cash flows from operating activities before changes in operating assets and liabilities</b>		<b>54,709,801</b>	<b>27,419,977</b>
<i>Net (decrease)/increase in:</i>			
- loans and advances to customers		(205,131,680)	(66,861,083)
- other financial assets		3,387,474	1,558,217
- other assets		(324,892)	(407,246)
<i>Net decrease/(increase) in:</i>			
- customer accounts		331,091,261	46,833,350
- other financial liabilities		(115,033)	(97,333)
- other liabilities		9,083	(57,692)
<b>Net cash used in operating activities</b>		<b>183,626,014</b>	<b>8,388,190</b>
<b>Cash flows from investing activities</b>			
Acquisition of premises and equipment		(380,943)	(1,125,883)
Acquisition of intangible assets		(727,787)	(1,563,250)
Proceeds from disposal of premises and equipment		89	5,672
Acquisition of debt securities at fair value through other comprehensive income		(7,761,778)	(12,713,135)
Acquisition of investments in debt securities carried at amortised cost		(17,012,342)	(101,941,761)
Proceeds from disposal of debt securities at fair value through other comprehensive income		22,008,970	18,901,000
Proceeds from redemption of debt securities carried at amortised cost		54,750,000	39,750,000
<b>Net cash from/ (used in) investing activities</b>		<b>50,876,209</b>	<b>(58,687,357)</b>
<b>Cash flows from financing activities</b>			
Loan received from the Government of the Republic of Kazakhstan		82,000,000	49,000,000
Loan received from local executive bodies of the Republic of Kazakhstan		7,000,000	3,000,000
Repayment of loan received from local executive bodies of the Republic of Kazakhstan		(1,000)	-
Repayment of loan received from NWF “Samruk-Kazyna”		(5,003,790)	-
Loan received from the Asian Development Bank		8,400,000	-
Repayment of loans received from other organizations		(9,100)	-
Proceeds from issue of debt securities	11	140,000,000	-
Dividends paid		-	(8,292,597)
Long-term lease		(152,116)	(172,770)
<b>Net cash from financing activities</b>		<b>232,233,994</b>	<b>43,534,633</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>		<b>7,661</b>	<b>33,566</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>466,743,878</b>	<b>(6,730,968)</b>
Cash and cash equivalents at the beginning of the year	6	138,257,892	151,024,879
<b>Cash and cash equivalents at the end of the period</b>		<b>605,001,770</b>	<b>144,293,911</b>

The accompanying notes on pages 5 to 58 are an integral part of these financial statements.

**Notes to the Condensed Interim Financial Information of “Otbasy Bank” house construction savings bank JSC for 6 months ended on 30 June 2021:**

**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 2021.

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 20.

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. 1.2.102 / 47 dated 20 April 2021, issued by the Agency of the Republic of Kazakhstan for Regulation and Development of the Financial Market, the Bank has the right to carry out activities on: accepting deposits in housing construction savings, opening and maintaining accounts of depositors; providing depositors with housing, interim housing and preliminary housing loans for measures to improve housing conditions; accepting deposits, opening and maintaining bank accounts of depositors, accumulating funds for capital repairs of the common property of the condominium facility and providing them with housing loans; operations for opening and maintaining current bank accounts of individuals for the transfer of lump-sum pension payments in order to improve housing conditions; cash operations (acceptance and delivery of cash, including their change, exchange, counting, sorting, packaging and storage); transfer operations (execution of orders of individuals and legal entities for payments and money transfers); exchange operations with foreign currency; accepting deposits, opening and maintaining bank accounts of 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); fiduciary operations (management of the rights of claims for bank loans in the interests and on behalf of the principal). 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 2021 are posted on the official website of the Bank, in the section "About the Bank" - Reports.



## **1 Introduction (Continued)**

The expansion of the Bank's presence in the financial services market and an increase in its competitiveness in the market is evidenced by the growth of the Bank's main indicators, including for the first half of 2021, such as the number of concluded contracts on housing construction savings (HCS) and the volume of loans issued. As of 30 June 2021, 261,751 HCS contracts were concluded with a contractual amount of 879.2 billion Tenge, 33,529 loans were provided in the amount of 494.9 billion Tenge (30 June 2020: 160,501 HCS contracts were concluded with a contractual amount of 499.4 billion Tenge, 15,394 were provided loans in the amount of 172.3 billion Tenge). The current loan portfolio is 1.573 billion Tenge.

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.

Since 2021, the Bank has become a full-fledged institution that centrally carries out accounting, query and distribution of housing. To this end, work is underway to transfer the existing priority system 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 in need of housing 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 ability to manage priority, while the Bank will continue its main activities within the system of housing construction savings.

The Bank expanded its banking license with a new type of activity - opening and maintaining current bank accounts of individuals for crediting lump-sum pension payments in order to improve living conditions and (or) pay for medical treatment.

On 2 January 2021 President of the Republic of Kazakhstan Tokayev K.K. signed a law allowing Kazakhstan citizens to exercise the right for early withdrawal of pension savings.

Pension payments can be used exclusively for the purposes stipulated by the legislation of the Republic of Kazakhstan (improvement of housing conditions, payment for medical treatment), by transferring them from a special current account for their intended purpose.

A special account for lump-sum pension payments is a current bank account opened by the recipient of lump-sum pension payments with an authorized operator, determined by the Government of the Republic of Kazakhstan, for crediting lump-sum pension payments from the unified accumulative pension fund in order to improve housing conditions and (or) pay for medical treatment.

To ensure the protection of lump-sum pension payments, appropriate amendments and additions were made to the civil, civil procedure, criminal, criminal procedure codes, the family and marriage code, the law of the Republic of Kazakhstan on enforcement proceedings and the status of bailiffs. These changes allowed an ordinary pension fund contributor to be confident in the safety of their pension savings after transferring them to a special current account. The funds are maximally protected, those cannot be written off within the framework of some other debt obligations of the depositor to any creditor. Those cannot be withdrawn for tax arrears and are protected even from confiscation of property within the framework of court sentences.

Over the six months since the rules for the use of pension payments to improve housing conditions and payment for medical treatment came into force, over 222,000 Kazakhstanis have used pension payments totaling over 1 trillion 281 billion Tenge through the enpf-otbasy.kz platform. To date, 137 thousand Kazakhstanis have become homeowners, about 70 thousand have paid off mortgage loans and over 14 thousand have used pension surpluses for treatment. Of these, one third are women (70,372), and two thirds are men (151,809).

## **1 Introduction (Continued)**

The majority of Kazakhstanis, 10,698 people, who made an initial contribution to obtain a mortgage housing loan at Otbasy Bank using the pension funds, preferred secondary housing. The rest, 1,950 people, preferred primary housing. Over 100 people used their pension surpluses for construction, renovation and refinancing purposes.

In the first half of 2021, the Bank implemented the following projects to improve the quality of service and provide the general population with their own housing:

1. Approved the terms of lending to women in the framework of cooperation between the Bank and the Asian Development Bank.
2. The possibility of partial loan repayment through Internet banking and a mobile application has been introduced.
3. The possibility of prequalification and acceptance of a loan application through a video service has been introduced.

To carry out its activities, the Bank has a license from the National Bank of the Republic of Kazakhstan to conduct banking and other operations and activities in the securities market dated 18 August 2016 No. 1.2.44/42.

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

At 30 June 2021 the Bank has 18 regional branches, 19 service centers throughout Kazakhstan and 3 service points throughout Kazakhstan (2020:18 regional branches, 20 service centers, and 3 service points).

As of the date of issue of these reports, the Bank has a developed network of consultants (agent network), as well as video banking, through which customers can receive consulting services on the Bank's products and services, open online deposits without visiting the Bank, and 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 Tenge 10,000 thousand for each individual in case of business failure and revocation of the banking license.

In accordance with Regulation of the Management Board of Agency of the Republic of Kazakhstan on Regulation and Supervision of Financial Market and Financial Organizations No. 162 dated 25 June 2007, the Bank was registered in the capacity of a financial agency.

In accordance with Government decision of the Republic of Kazakhstan dated 16 November 2009 No. 1844 ‘On identifying the list of financial agencies’, publicly funded loans from the Central Government Budget are allocated without ensuring fulfilment of obligations.

At 30 June 2021:

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

- Long-term rating on deposits in national currency: Baa3 (Positive);
- Short-term rating on deposits in national currency: Prime-3 (Positive);
- Baseline Credit Assessment (BCA): ba2 (Positive);

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);

## **1 Introduction (Continued)**

At 31 December 2020:

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

- Long-term rating on deposits in national currency: Baa3 (Positive);
- Short-term rating on deposits in national currency: Prime-3 (Positive);
- Baseline Credit Assessment (BCA): ba2 (Positive);

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: F3 (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 Operating Environment of the Bank**

The Bank's operations are primarily located in Kazakhstan. Consequently, the Bank is exposed to economic and financial risks in the markets of Kazakhstan, which display characteristics of an emerging market. It is particularly sensitive to fluctuations in the price of oil and gas and other minerals, which make up the bulk of the country's exports. These features also include but are not limited to the existence of a national currency that is not freely convertible outside the country, and a low level of liquidity in the securities market.

It is assumed that the growth rate of real GDP in Kazakhstan in 2021 will be 3,1%. The main drivers of Kazakhstan's economic recovery in 2021 will be manufacturing, construction and agriculture - sectors that were least affected by the COVID-19 pandemic in 2020.

According to analysts at S&P Global Ratings (hereinafter - "S&P"), growth is expected in the banking sector of Kazakhstan in 2021. The agency predicts that the aggregate loan portfolio will increase by 8-10% in nominal, which will correspond to an increase of 1,5-3,5% in real terms, amid increased economic activity, pension reform and government support programs.

The dynamics of the portfolio of mortgage loans of Kazakhstani banks so far appears to be balanced. According to S&P estimates, about 22,5% of applications for the use of excess pension savings since the beginning of the reform were aimed at paying off existing mortgage loans. At the same time, volatile real estate prices could lead to credit risks for banks in the future in the event of a decrease in prices and the value of collateral, if the demand for real estate is no longer maintained at the same level as at present.

According to the forecast, the share of problem loans in 2021 will remain broadly at the level of the previous year. This will counterbalance the pressure caused by the lengthy process of recognizing bad loans associated with the COVID-19 pandemic, on the one hand, and the positive effect caused by the ongoing clearing of problem assets from the banking sector accumulated in previous years, on another hand.

By May of this year, the loan portfolio of Kazakhstani banks reached 16.04 trillion Tenge – 7,8% more than a year earlier. The quality of the loan portfolio has changed markedly over the years. So, by May of this year, the volume of loans with payments overdue for more than 90 days (NPL 90+) amounted to 1.21 trillion Tenge, this is 7,6% of the loan portfolio of second-tier banks of the Republic of Kazakhstan, while the maximum allowable by the regulator NPL 90+ in the loan portfolio is 10%. We note that the Bank has the best NPL indicator among the banks of the Republic of Kazakhstan – 0,12%.

## **2 Operating Environment of the Bank (Continued)**

The international rating agency Fitch has changed the outlook for the banking system of Kazakhstan from “negative” to “stable”. Kazakhstan banks, which have accumulated large reserves of liquidity, have become more stable, the agency said. The improved outlook was driven by high profitability of Kazakhstan banks before impairment charges, a robust structure of their assets, as well as a large capital and liquidity cushion. The resilience of the Kazakhstan banking sector to risks associated with the country's cyclical and emerging economy has generally improved significantly over the past few years, Fitch said. This is due to higher pre-impairment rates and a significant reduction in leverage, which translates into greater loss absorption capacity and reduces banks' vulnerability.

In March 2021, the international rating agency S&P confirmed the rating of the economy of Kazakhstan at the level of "BBB- / A-3", the outlook is "stable". In accordance with the updated estimates, the credit rating is in line with the pre-pandemic indicators at the level of "BBB- / A-3", the outlook is "stable", despite the persistent uncertainty of the economic situation in the world and the region. As noted by S&P Global Ratings, the measures of the Government of the Republic of Kazakhstan to contain the manifestations of the pandemic on the economy, as well as a high level of stability of state institutions due to the continuity of power, became the factors of the stability of credit ratings. In addition, according to the agency, Kazakhstan's rating is supported by a stable fiscal position of the country and a low level of external debt. The rating agency, along with other leading international financial institutions, predicts a sharp recovery of the national economy in the short term.

## **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 2020, 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 2020. Management prepared these financial statements on a going concern basis. 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.

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

**Reclassification of comparatives.** Comparative figures have been restated due to the changes in the Bank's accounting policy on initial recognition and subsequent measurement of funds raised and loans issued under the “Bakytty Otbasy” program.

The objective of “Bakytty Otbasy” program is to provide large, single-parent families, families raising children with disabilities, especially those in the lower income group, with loans for the purchase of housing at a rate of 2% per annum through funds raised from the government at a rate of 0,01% per annum. The loan interest rate does not fully cover the risk premium and operating expenses incurred by the Bank for these loans.

Under IFRS 9, all financial assets and financial liabilities measured at amortised cost to be measured initially at fair value. IFRS 13 defines fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date on the principal market or, if unavailable, in the most advantageous market.

### 3 Summary of Significant Accounting Policies (Continued)

In 2020, the Bank revised its judgments and accounting policies in terms of loans issued and loans received under the “Bakytty Otbasy” program in order to bring the accounting of the program in compliance with the Group accounting. The accounting changes were applied retrospectively.

According to the Group Accounting Policy of National Managing Holding “Baiterek” JSC (parent company of the Bank), adjustments to the fair value of funds raised from the government to address social issues are accounted for in line with IAS 20 “Accounting for Government Grants and Disclosure of Government Assistance”. Under this accounting, any difference between the nominal and fair value (based on market rates) of the loan is recognised as deferred income from government grants and amortised to income over the life of the loan, offsetting the loss from the program.

Also, due to the change in the accounting for loans received, the Bank changed the accounting for loans issued since there is a relationship between loans received and loans issued. The Bank has calculated the fair value of loans issued under the “Bakytty Otbasy” program by reference to market rates calculated on the basis of the weighted average rate on loans issued under the Bank’s other lending programs.

Actually, the same carrying amount for loans issued would result from the separation of loan commitments from the government grant and allocation of the cost of these commitments using the effective interest rate method for loans issued. Loan commitments have not been separately accounted for as they are an integral part of the government grant. Government grants are defined as government assistance in return for compliance with certain conditions related to the Bank’s operations in the past or future periods.

The above-mentioned changes result in unified accounting and prevent discrepancies in accounting policies and financial statements prepared by the Bank and group reporting forms of the Parent Company of the Bank. Therefore, the Bank considered that the revised accounting policy is more relevant to the primary users of the financial statements.

As a result of the above changes, the comparative financial statements have been restated by the Bank. The effect of the restatement on the statement of profit or loss and other comprehensive income for the six months of 2020 is presented below:

<i>In thousands of Kazakhstan Tenge</i>	<b>As originally presented</b>	<b>Restatement</b>	<b>Restated</b>
Interest income calculated using the effective interest method	51,778,944	754,696	52,533,640
Interest and similar expense	(16,556,636)	(277,826)	(16,834,462)
<b>Net margin on interest and similar income</b>	<b>35,222,308</b>	<b>476,870</b>	<b>35,699,178</b>
Income from government grants	-	4,909,672	4,909,672
Losses on initial recognition of assets at rates below market	(1,028,325)	(4,909,672)	(5,937,997)
<b>Profit before tax</b>	<b>15,549,203</b>	<b>476,870</b>	<b>16,026,073</b>
Income tax expense	(315,226)	(95,374)	(410,600)
<b>PROFIT FOR THE YEAR</b>	<b>15,233,977</b>	<b>381,496</b>	<b>15,615,473</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>14,276,287</b>	<b>381,496</b>	<b>14,657,783</b>
<b>BASIC AND DILUTED EARNINGS PER SHARE</b>			
<b>(EXPRESSED IN KAZAKHSTANI TENGE PER SHARE)</b>	<b>1,946</b>	<b>-</b>	<b>1,994</b>

Corresponding adjustments were made to the Statement of Changes in Equity (in the lines “Profit for the year” (referring to 6 month 2020), “Total comprehensive income for 2020”, “Balance at 30 June 2020”).

#### **4 New Accounting Pronouncements**

The following amended standards and interpretations became effective for the Bank from 1 January 2021, but did not have any material impact on the Bank:

- IFRS 17 "Insurance Contracts" (issued on 18 May 2017 and effective for annual periods beginning on or after 1 January 2021).
- 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).
- Amendments to IFRS 10 and IAS 28 (issued on 11 September 2014 and effective for annual periods beginning on or after a date to be determined by the IASB).
- Classification of liabilities as current or non-current – Amendments to IAS 1 (issued on 23 January 2020 and effective for annual periods beginning on or after 1 January 2022).
- Classification of liabilities as current or non-current, deferral of effective date – Amendments to IAS 1 (issued on 15 July 2020 and effective for annual periods beginning on or after 1 January 2023).
- Proceeds before intended use, Onerous contracts – cost of fulfilling a contract, Reference to the Conceptual Framework – narrow scope amendments to IAS 16, IAS 37 and IFRS 3, and Annual Improvements to IFRSs 2018-2020 – amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41 (issued on 14 May 2020 and effective for annual periods beginning on or after 1 January 2022).
- Interest rate benchmark (IBOR) reform – phase 2 amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (issued on 27 August 2020 and effective for annual periods beginning on or after 1 January 2021).

The requirements of these amended standards have not been taken into account in the preparation of this condensed interim financial information. The Bank plans to apply these standards from the moment they come into force. In the opinion of the Bank's management, these amendments will not have a material impact on the financial position or results of operations of the Bank.

#### **5 Critical Accounting Estimates, and Judgments in Applying Accounting Policies**

The Bank makes estimates and assumptions that affect the amounts recognized in the financial statements and the carrying amounts of assets and liabilities in the next financial year. Estimates and judgments are reviewed on an ongoing basis based on management's experience and other factors, including expectations about future events, which, in the opinion of management, are reasonable in the light of current circumstances. In the process of applying accounting policies, management also uses judgments 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 amount of assets and liabilities within the next financial year include:

**ECL measurement.** Measurement of ECLs is a significant estimate that involves determination of methodology, models and data inputs. The following components have a major impact on credit loss allowance: definition of default, SICR, probability of default, exposure at default, and loss given default, 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 validates macro-economic functions on an annual basis, as macro-economic dependence may vary in due course.

## **5 Critical Accounting Estimates, and Judgements in Applying Accounting Policies (Continued)**

**Significant increase in credit risk (“SICR”).** 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. There were no changes in the methodology for assessing the provision, except for the table in Note 16. The assessment process considers the relative increase in credit risk, rather than the specific level of credit risk at the reporting date. The Bank takes into account all reasonable and supportable forward-looking information available without undue cost and effort, including a number of factors, including behavioral aspects of specific client portfolios. The Bank identifies behavioral indicators of an increase in credit risk prior to default and includes appropriate forward-looking information in its credit risk assessment at the level of an individual instrument or portfolio.

If the expected credit losses on all loans and advances to customers (excluding loans issued at the date of initial recognition in June 2021) were estimated as lifetime expected credit losses (that is, including those currently in Stage 1 and are estimated at 12 -months expected credit losses), the estimated provision for expected credit losses as of 30 June 2021 would have been 2,231,776 thousand Tenge more.

If losses in case of default (LGD) on impaired loans were 100%, the estimated allowance for expected credit losses would increase by 3,426,976 thousand Tenge.

In connection with the continued restrictive quarantine measures in the Republic of Kazakhstan, in order to ensure uninterrupted operation, the Bank continues to serve customers on deposit and credit operations through a video service and pre-booking an electronic queue for service in the Bank's branches. The employees of the Headquarters and the branch are provided with the opportunity to work through remote access to the VDI workstation.

In accordance with the Action Plan to ensure business continuity related to the coronavirus infection COVID-19, the Bank is implementing the envisaged measures to ensure the continuity of operations and the safety of the Bank's employees. The bank did not participate in or receive government subsidies / assistance in connection with COVID-19.

**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 interest 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.

From 2008 to the present “Samruk-Kazyna” National Welfare Fund” JSC, the Ministry of Finance of the Republic of Kazakhstan and Baiterek National Managing Holding JSC provided funds to the Bank to finance government programs on lending of housing loans within the framework of "Affordable Housing - 2020" and "Nurly Zher" housing programs.

**5 Critical Accounting Estimates, and Judgements in Applying Accounting Policies (Continued)**

The Bank also attracts funds from local budgets to finance regional programs for the provision of preliminary loans under the “Almaty Zhastary” program as part of the Almaty Youth Support Roadmap for 2020, for the provision of preliminary and interim loans under the regional program “Bakytty Otbasy” in Almaty. The Bank also raised funds from the akimat of Nur-Sultan and from the commercial organization Nazarbayev Intellectual Schools AEO to provide preliminary housing loans. At initial recognition, the Bank recognized the borrowings received at the market rate.

These borrowings were obtained under contractual terms that significantly differ from the average borrowing rates for borrowings with similar terms and interest rates, and were recognized in the financial statements at fair value.

According to the Bank's Fair Value Methodology, the weighted average rate on existing preliminary housing loans and interim housing loans is determined separately.

At initial recognition, borrowings received for government and local government programs are carried at fair value plus transaction costs, which is the present value of all cash flows from the borrowing using the weighted average borrowing rate for similar loans. At the same time, the difference between the nominal value of the borrowing and the determined fair value from related parties is referred to "Additional paid-in capital", from other legal entities, financial market participants in the form of a person providing financial services with non-market conditions, is included in the Bank's income or expenses on loans received for lending to clients under the “Bakytty Otbasy” and “Shanyrak” programs are accounted for as a government subsidy.

The Bank placed bonds on the unorganized market by concluding a bilateral agreement on the purchase and sale of bonds with the Parent Company and Karazhanbasmunai JSC at a price below market value, which were issued at a discount. Bonds issued by the Bank are initially recognized at fair value less transaction costs. Subsequent accounting is carried out at amortized cost using the effective interest method. A detailed description of the condition of debt securities issued is provided in Note 11.

The table below shows borrowings with contractual terms that significantly differ from the average market rates for borrowings with similar terms in terms of maturity and interest rates, and were recognized in the financial statements at fair value.



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**5 Critical Accounting Estimates, and Judgements in Applying Accounting Policies (Continued)**

*(in thousands of Kazakhstani Tenge)*

Creditor	Amount per contract	Note
“Samruk-Kazyna” SWF” JSC	15,163,000	Contract duration - from 03.03.2011 to 30.11.2021; Nominal rate -1%; Market rate- 4,68% (average rate for all tranches), Discount amount - 3,375,255; *Calculation method1.
Ministry of Finance of the Republic of Kazakhstan	12,200,000	Contract duration - from 11.07.2012 to 18.07.2023; Nominal rate -1%; Market rate- 4,5656%, Discount amount - 2,949,902; *Calculation method1.
	8,000,000	Contract duration - from 22.11.2017 to 27.11.2037; Nominal rate -0,15%; Market rate- 9,4762%, Discount amount - 5,266,234; *Calculation method1.
	24,000,000	Contract duration - from 16.03.2018 to 05.03.2038; Nominal rate -0,15%; Market rate- 8,9601%, Discount amount - 15,473,120; *Calculation method1.
	15,000,000	Contract duration - from 19.12.2018 to 20.12.2038; Nominal rate -0,15%; Market rate- 8,1825%, Discount amount - 9,333,966; *Calculation method1.
	28,000,000	Contract duration - from 06.03.2019 to 01.03.2039; Nominal rate -0,15%; Market rate- 8,5157%, Discount amount - 17,698,330; *Calculation method1.
	50,000,000	Contract duration - from 15.07.2019 to 12.07.2044; Nominal rate -0,01%; Market rate 9,4056%; Grant amount – 44,668,567; *Calculation method1.
	14,000,000	Contract duration - from 03.12.2019 to 03.12.2039.; Nominal rate -0,15%; Market rate - 8,1869%, Discount amount - 8,713,488; *Calculation method3.
	49,000,000	Contract duration - from 28.05.2020 to 20.03.204.; Nominal rate -0,01%; Market rate 13,38%; Amount of the government grant – 46,774,007; *Calculation method3.
	10,000,000	Contract duration - from 10.12.2020 to 10.12.2040; Nominal rate -0,15%; Market rate - 11,83%, Discount amount - 7,051,328; *Calculation method3.
	50,000,000	Contract duration – from 29.03.2021 to 25.03.2046; Nominal rate -0,01%; Market rate - 11,1281%, Government grant – 46,378,062; *Calculation method3.
	32,000,000	Contract duration - from 05.04.2021 to 05.04.2041; Nominal rate -0,15%; Market rate - 10,9001%, government grant – 22,053,161; *Calculation method3.
	Administration of Almaty	1,000,000
1,200,000		Contract duration - from 30.07.2018 to 02.08.2026; Nominal rate -0,01%; Market rate - 8,4304% - 9,2060%, Discount amount – 467,383; *Calculation method2.
1,000,000		Contract duration - from 27.03.2019 to 03.04.2044; Nominal rate - 0,01%; Market rate 8,7015% - 8,7888%, Amount of the government grant – 734,142; *Calculation method1.
1,500,000		Contract duration - from 26.06.2019 to 03.04.2044; Nominal rate -0,01%; Market rate 8,741% - 8,7501%, Amount of the government grant – 1,310,998; *Calculation method1.
10,000,000		Contract duration - from 12.06.2020 to 30.06.2045; Nominal rate -0,01%; Market rate – 12,24% - 13,38%, Discount amount – 8,877,163; *Calculation method3.
7,000,000		Contract duration - from 05.03.2021 to 25.01.2046 r; Nominal rate -0,01%; Market rate – 10,5577% - 10,7394%, Discount amount – 4,864,824; *Calculation method3.
NMH “Baiterek” JSC	22,000,000	Contract duration - from 25.03.2016 to 25.03.2036; Nominal rate -0,15%; Market rate – 7,9694%, Discount amount – 13,541,732; *Calculation method2.
	90,000,000	Contract duration - from 24.07.2020 to 27.07.2040.; Nominal rate -4,05%; Market rate 13,7%; Amount of the government grant – 57,747,025; *Calculation method3.
	120,000,000	Contract duration – from 09.04.2021 to 09.04.2041; Nominal rate -4,05%; Market rate 10,7694%; Government grant – 64,202,479; *Calculation method3.

**5 Critical Accounting Estimates and Judgements in Applying Policies (Continued)**

Creditor	Amount per contract	Note
Administration of Nur-Sultan	80,000	Contract duration - from 29.05.2020 to 29.05.2028; Nominal rate -0,01%; Market rate – 13,8100%, Discount amount – 58,789; *Calculation method3.
“Karazhanbasmunai” JSC	1,316,432	Contract duration - from 16.11.2020 to 16.11.2024; Nominal rate – 2%; Market rate – 11,54%. Discount amount – 383,153; *Calculation method3.
“NIS” AEO	108,000	Contract duration - from 20.12.2020 to 25.12.2028; Nominal rate – 0,01%; Market rate – 11,43%. Discount amount – 62,536; *Calculation method3.

<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.

*\*The Parent company has drawn up a general methodology for the Group to determine the fair value of financial assets and financial liabilities (the “Methodology”), which regulates methods and approaches for determining the fair value at which a transaction would be carried out on a voluntary basis to sell the asset or transfer liabilities between market participants at the valuation date in the current market conditions. The Methodology was drawn up in accordance with the laws of the Republic of Kazakhstan, International Financial Reporting Standards, the Accounting Policy of the Bank, as well as on the basis of commonly accepted approaches to measuring fair value used in national and international practices. In 2020, the Methodology was amended. The amendments will be applied prospectively for the period from 1 January 2021. The fair value of loans raised with the payment frequency is calculated as the present value of expected future cash flows (payment of principal and interest), calculated using a discount rate that reflects current return.*

**6 Cash and Cash Equivalents**

<i>(in thousands of Kazakhstani Tenge)</i>	<b>30 June 2021</b>	<b>31 December 2020</b>
Cash balances with the NBRK (other than mandatory reserve deposits)	463,312,969	62,261,558
NBRK notes with a maturity of less than three months	117,309,338	61,663,506
Mandatory cash balances with the NBRK	15,153,012	9,030,015
Reverse sale and repurchase agreements with original maturities of less than three months	3,074,012	2,850,498
Cash on hand	3,013,625	2,070,277
Current accounts	2,633,873	145
Correspondent accounts in other banks	509,446	383,415
Less credit loss allowance	(4,505)	(1,522)
<b>Total cash and cash equivalents</b>	<b>605,001,770</b>	<b>138,257,892</b>

The increase in the amount on the accounts of the National Bank of the Republic of Kazakhstan and securities with a maturity of less than three months is due to the placement of temporarily free funds of the Bank's clients.

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**6 Cash and Cash Equivalents (Continued)**

The table below discloses the credit quality of cash and cash equivalents balances at 30 June 2021:

<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	Correspondent accounts in other banks	Current accounts	Total
<i>Neither past due nor impaired</i>						
- National Bank of Republic of Kazakhstan	478,464,120	117,306,747	-	-	2,633,868	598,404,735
- BBB- to BBB+ rated	-	-	3,073,959	-	-	3,073,959
- BB- to BB+ rated	-	-	-	509,446	5	509,451
<b>Total cash and cash equivalents, excluding cash on hand</b>	<b>478,464,120</b>	<b>117,306,747</b>	<b>3,073,959</b>	<b>509,446</b>	<b>2,633,873</b>	<b>601,988,145</b>

The table below presents an analysis of cash and cash equivalents by credit quality as at 31 December 2020:

<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	Correspondent accounts in other banks	Current accounts	Total
<i>Neither past due nor impaired</i>						
- National Bank of Republic of Kazakhstan	71,291,350	61,662,263	-	140	-	132,953,753
- BBB- to BBB+ rated	-	-	2,850,449	-	-	2,850,449
- BB- to BB+ rated	-	-	-	5	383,408	383,413
<b>Total cash and cash equivalents, excluding cash on hand</b>	<b>71,291,350</b>	<b>61,662,263</b>	<b>2,850,449</b>	<b>145</b>	<b>383,408</b>	<b>136,187,615</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 2021, the Bank had notes of the National Bank of the Republic of Kazakhstan with maturity less than three months in the total amount of 117,306,747 thousand Tenge (2020: 61,662,263 thousand Tenge), as well as account balances with the National Bank of the Republic of Kazakhstan, including mandatory reserves in the amount of 478,464,120 thousand Tenge (2020: 71,291,350 thousand Tenge).

As at 30 June 2021, the Bank had 1 counterparty bank, except for the National Bank of the Republic of Kazakhstan (2020: 1 counterparty bank). The aggregate amount of these balances was 509,446 thousand Tenge (2020: 383,408 thousand Tenge).

**“Otbasy Bank” house construction savings bank JSC**  
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**6 Cash and Cash Equivalents (Continued)**

As at 30 June 2021 and 31 December 2020 for the purpose of ECL measurement cash and cash equivalents balances are included in Stage 1

Information on operations with related parties in Note 20.

As at 1 January and 30 June 2021, for the purpose of estimating expected credit losses, cash and cash equivalent balances are included in Stage 1. The approach to estimating expected credit losses is provided in Note 16.

	30 June 2021		31 December 2020	
	Carrying amount of REPO	Fair value of collateral	Carrying amount of REPO	Fair value of collateral
With B- to BBB+ rated collateral	3,073,959	3,074,012	2,850,449	2,850,498
<b>Total</b>	<b>3,073,959</b>	<b>3,074,012</b>	<b>2,850,449</b>	<b>2,850,498</b>

**7 Loans and Advances to Customers**

<i>(in thousands of Kazakhstani Tenge)</i>	30 June 2021	31 December 2020
Interim housing loans	655,342,761	480,327,089
Preliminary housing loans	529,053,913	481,631,483
Housing loans	340,486,129	365,184,539
Less credit loss allowance	(9,755,242)	(7,461,986)
<b>Total Loans and Advances to Customers</b>	<b>1,515,127,561</b>	<b>1,319,681,125</b>

As at 30 June 2021, the Bank had 10 largest borrowers with a total amount of loans issued to each borrower in excess of 90,000 thousand Tenge (2020: 10 largest borrowers with a total amount of loans issued to each borrower in excess of 90,000 thousand Tenge). The aggregate amount of these loans was 917,450 thousand Tenge (2020: 906,757 thousand Tenge), or 0,06% of the loan portfolio before deducting credit loss allowance (2020: 0,07%).

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 grade at 30 June 2021 and 31 December 2020.

<i>(in thousands of Kazakhstani Tenge)</i>	30 June 2021			31 December 2020		
	Gross carrying amount	Credit loss allowance	Carrying amount	Gross carrying amount	Credit loss allowance	Carrying amount
Interim housing loans	655,342,761	(1,100,945)	654,241,816	480,327,089	(1,617,973)	478,709,116
Preliminary housing loans	529,053,913	(7,276,711)	521,777,202	481,631,483	(4,390,211)	477,241,272
Housing loans	340,486,129	(1,377,586)	339,108,543	365,184,539	(1,453,802)	363,730,737
<b>Total loans and advances to customers at AC</b>	<b>1,524,882,803</b>	<b>(9,755,242)</b>	<b>1,515,127,561</b>	<b>1,327,143,111</b>	<b>(7,461,986)</b>	<b>1,319,681,125</b>

**“Otbasy Bank” house construction savings bank JSC**  
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**7 Loans and Advances to Customers (Continued)**

The table below discloses changes in the allowance for credit losses and the gross carrying amount of bridging home 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>	Credit loss allowance				Gross carrying amount			
	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 1 January 2021</b>	<b>(218,911)</b>	<b>(532,031)</b>	<b>(867,031)</b>	<b>(1,617,973)</b>	<b>382,723,073</b>	<b>95,587,654</b>	<b>2,016,362</b>	<b>480,327,089</b>
<i>Movements with impact on credit loss allowance charge for the period:</i>								
Transfers:								
- to lifetime (from Stage 1 to Stage 2)	59,061	(140,948)	-	(81,887)	(90,468,064)	90,468,064	-	-
- to lifetime (from Stage 3 to Stage 2)	-	(2,615)	228,593	225,978	-	615,275	(615,275)	-
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	175	2,391	(138,372)	(135,806)	(279,018)	(238,419)	517,437	-
- to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)	(39,642)	330,410	30,989	321,757	57,964,439	(57,880,684)	(83,755)	-
New originated or purchased	(213,353)	(33,940)	(29,946)	(277,239)	325,500,603	11,766,058	103,263	337,369,924
Repayment in full or in part during the period	22,064	48,737	57,566	128,367	(50,418,121)	(69,786,403)	(394,238)	(120,598,762)
Changes to ECL measurement model assumptions	(31,956)	99,474	63,914	131,432	-	-	-	-
Write-offs	-	-	23,359	23,359	-	-	(23,359)	(23,359)
Unwinding of discount	-	-	-	-	(357,134)	(716,531)	19,430	(1,054,235)
Changes in accrued interest	-	-	-	-	(24,866)	(248,612)	(54)	(273,532)
Transfer from preliminary and interim loans	290	152,237	28,540	181,067	(289,942)	(40,036,021)	(78,401)	(40,404,364)
<b>Total movements with impact on credit loss allowance charge for the period</b>	<b>(203,361)</b>	<b>455,746</b>	<b>264,643</b>	<b>517,028</b>	<b>241,627,897</b>	<b>(66,057,273)</b>	<b>(554,952)</b>	<b>175,015,672</b>
<b>At 31 June 2021</b>	<b>(422,272)</b>	<b>(76,285)</b>	<b>(602,388)</b>	<b>(1,100,945)</b>	<b>624,350,970</b>	<b>29,530,381</b>	<b>1,461,410</b>	<b>655,342,761</b>

**“Otbasy Bank” house construction savings bank JSC**  
**Notes to Condensed Interim Financial Statement – 30 June 2021**

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

The table below discloses changes in the allowance for credit losses and the gross carrying amount of preliminary home 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>	Credit loss allowance				Gross carrying amount			
	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 1 January 2021</b>	<b>(271,956)</b>	<b>(716,009)</b>	<b>(3,402,246)</b>	<b>(4,390,211)</b>	<b>380,415,166</b>	<b>96,117,398</b>	<b>5,098,919</b>	<b>481,631,483</b>
<i>Movements with impact on credit loss allowance charge for the period:</i>								
Transfers:								
- to lifetime (from Stage 1 to Stage 2)	229,806	(2,659,362)	-	(2,429,556)	(338,479,794)	338,479,794	-	-
- to lifetime (from Stage 3 to Stage 2)	-	(5,203)	87,944	82,741	-	217,581	(217,581)	-
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	639	8,474	(394,863)	(385,750)	(489,950)	(284,713)	774,663	-
- to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)	(2,927)	9,488	14,019	20,580	2,249,531	(2,211,641)	(37,890)	-
New originated or purchased	(54,858)	(408,359)	(2,385)	(465,602)	56,081,730	32,463,624	8,222	88,553,576
Repayment in full or in part during the period	6,444	13,790	113,845	134,079	(9,576,461)	(15,150,640)	(421,601)	(25,148,702)
Changes to ECL measurement model assumptions	(6,095)	(80,496)	109,834	23,243	-	-	-	-
Write-offs	-	-	745	745	-	-	(745)	(745)
Unwinding of discount	-	-	-	-	(207,937)	(3,177,644)	(22,000)	(3,407,581)
Changes in accrued interest	-	-	-	-	(1,329)	(21,057)	39,642	17,256
Transfer from preliminary and interim loans	69	27,694	105,257	133,020	(164,864)	(12,315,009)	(111,501)	(12,591,374)
<b>Total movements with impact on credit loss allowance charge for the period</b>	<b>173,078</b>	<b>(3,093,974)</b>	<b>34,396</b>	<b>(2,886,500)</b>	<b>(290,589,074)</b>	<b>338,000,295</b>	<b>11,209</b>	<b>47,422,430</b>
<b>At 30 June 2021</b>	<b>(98,878)</b>	<b>(3,809,983)</b>	<b>(3,367,850)</b>	<b>(7,276,711)</b>	<b>89,826,092</b>	<b>434,117,693</b>	<b>5,110,128</b>	<b>529,053,913</b>

**“Otbasy Bank” house construction savings bank JSC**  
**Notes to Condensed Interim Financial Statement – 30 June 2021**

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

The table below discloses changes in the allowance for credit losses and the gross carrying amount of home 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>	Credit loss allowance				Gross carrying amount			
	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>1 January 2021</b>	(264,496)	(422,821)	(766,485)	(1,453,802)	248,935,339	114,511,121	1,738,079	365,184,539
<i>Movements with impact on credit loss allowance charge for the period:</i>								
Transfers:								
- to lifetime (from Stage 1 to Stage 2)	23,023	(85,701)	-	(62,678)	(29,567,213)	29,567,213	-	-
- to lifetime (from Stage 3 to Stage 2)	-	(1,348)	138,001	136,653	-	372,389	(372,389)	-
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	242	2,296	(133,406)	(130,868)	(234,292)	(237,580)	471,872	-
- to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)	(9,046)	38,966	23,057	52,977	8,738,714	(8,678,225)	(60,489)	-
New originated or purchased	(20,206)	(8,156)	(4,050)	(32,412)	24,681,879	1,808,814	6,898	26,497,591
Repayment in full or in part during the period	36,441	55,013	120,083	211,537	(66,876,747)	(36,739,140)	(522,559)	(104,138,446)
Changes to ECL measurement model assumptions	8,675	81,994	124,425	215,094	-	-	-	-
Write-offs	-	-	-	-	-	-	-	-
Unwinding of discount	-	-	-	-	27,786	18,851	6,091	52,728
Changes in accrued interest	-	-	-	-	(63,968)	(42,495)	442	(106,021)
Transfer from preliminary and interim loans	(359)	(179,931)	(133,797)	(314,087)	454,806	52,351,030	189,902	52,995,738
<b>Total movements with impact on credit loss allowance charge for the period</b>	<b>38,770</b>	<b>(96,867)</b>	<b>134,313</b>	<b>76,216</b>	<b>(62,839,035)</b>	<b>38,420,857</b>	<b>(280,232)</b>	<b>(24,698,410)</b>
<b>At 30 June 2021</b>	<b>(225,726)</b>	<b>(519,688)</b>	<b>(632,172)</b>	<b>(1,377,586)</b>	<b>186,096,304</b>	<b>152,931,978</b>	<b>1,457,847</b>	<b>340,486,129</b>

**“Otbasy Bank” house construction savings bank JSC**  
**Notes to Condensed Interim Financial Statement – 30 June 2021**

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

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

<i>(in thousands of Kazakhstani Tenge)</i>	Credit loss allowance				Gross carrying amount			
	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>1 January 2020</b>	<b>(203,239)</b>	<b>(38,118)</b>	<b>(495,640)</b>	<b>(736,997)</b>	<b>355,252,577</b>	<b>9,571,689</b>	<b>1,043,021</b>	<b>365,867,287</b>
<i>Movements with impact on credit loss allowance charge for the period</i>								
Transfers:								
- to lifetime (from Stage 1 to Stage 2)	9,906	(51,001)	-	(41,095)	(16,524,542)	16,524,542	-	-
- to lifetime (from Stage 3 to Stage 2)	-	(269)	27,603	27,334	-	74,603	(74,603)	-
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	193	6,326	(375,908)	(369,389)	(329,294)	(692,423)	1,021,717	-
- to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)	(1,058)	6,817	4,341	10,100	2,238,344	(2,226,611)	(11,733)	-
New originated or purchased	(37,068)	(12,882)	(7,712)	(57,662)	98,061,546	2,743,513	20,844	100,825,903
Repayment in full or in part during the period	4,919	601	14,441	19,961	(52,070,134)	(2,401,641)	(124,436)	(54,596,211)
Changes to ECL measurement model assumptions	35,655	7,833	22,974	66,462	-	-	-	-
Unwinding of discount	-	-	-	-	(226,078)	(62,646)	(142)	(288,866)
Changes in accrued interest	-	-	-	-	(245,445)	3,196	17,133	(225,116)
Transfer from preliminary and interim loans	15,800	5,024	4,387	25,211	(33,109,618)	(1,721,920)	(11,856)	(34,843,394)
<b>Total movements with impact on credit loss allowance charge for the period</b>	<b>28,347</b>	<b>(37,551)</b>	<b>(309,874)</b>	<b>(319,078)</b>	<b>(2,205,221)</b>	<b>12,240,613</b>	<b>836,924</b>	<b>10,872,316</b>
<b>At 30 June 2020</b>	<b>(174,892)</b>	<b>(75,669)</b>	<b>(805,514)</b>	<b>(1,056,075)</b>	<b>353,047,356</b>	<b>21,812,302</b>	<b>1,879,945</b>	<b>376,739,603</b>



**“Otbasy Bank” house construction savings bank JSC**  
**Notes to Condensed Interim Financial Statement – 30 June 2021**

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

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

<i>(in thousands of Kazakhstani Tenge)</i>	Credit loss allowance				Gross carrying amount (restated)			
	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 1 January 2020</b>	<b>(155,563)</b>	<b>(304,938)</b>	<b>(356,801)</b>	<b>(817,302)</b>	<b>267,026,821</b>	<b>72,675,739</b>	<b>746,785</b>	<b>340,449,345</b>
<i>Movements with impact on credit loss allowance charge for the period</i>								
Transfers:								
- to lifetime (from Stage 1 to Stage 2)	42,378	(319,916)	-	(277,538)	(59,858,651)	59,858,651	-	-
- to lifetime (from Stage 3 to Stage 2)	-	(681)	52,432	51,751	-	140,687	(140,687)	-
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	89	15,442	(324,999)	(309,468)	(123,620)	(719,208)	842,828	-
- to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)	(37,961)	184,563	-	146,602	53,561,844	(53,561,844)	-	-
New originated or purchased	(11,830)	(30,980)	-	(42,810)	32,978,323	3,353,054	-	36,331,377
Repayment in full or in part during the period	1,466	4,332	12,746	18,544	9,939,338	(6,534,655)	(59,356)	3,345,327
Changes to ECL measurement model assumptions	(27,757)	5,714	3,299	(18,744)	-	-	-	-
Unwinding of discount	-	-	-	-	(12,662,362)	(1,492,659)	(11,822)	(14,166,843)
Changes in accrued interest	-	-	-	-	13,647	(22,567)	16,164	7,244
Transfer from preliminary and interim loans	27	13,665	6,018	19,710	(140,044)	(7,891,906)	(16,264)	(8,048,214)
<b>Total movements with impact on credit loss allowance charge for the period</b>	<b>(33,588)</b>	<b>(127,861)</b>	<b>(250,504)</b>	<b>(411,953)</b>	<b>23,708,475</b>	<b>(6,870,447)</b>	<b>630,863</b>	<b>17,468,891</b>
<b>At 30 June 2020</b>	<b>(189,151)</b>	<b>(432,799)</b>	<b>(607,305)</b>	<b>(1,229,255)</b>	<b>290,735,296</b>	<b>65,805,292</b>	<b>1,377,648</b>	<b>357,918,236</b>

**“Otbasy Bank” house construction savings bank JSC**  
**Notes to Condensed Interim Financial Statement – 30 June 2021**

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

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

<i>(in thousands of Kazakhstani Tenge)</i>	Credit loss allowance				Gross carrying amount			
	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>								
At 1 January 2020	(186,973)	(123,887)	(267,897)	(578,757)	228,816,801	46,687,748	706,041	276,210,590
<i>Movements with impact on credit loss allowance charge for the period</i>								
Transfers:								
- to lifetime (from Stage 1 to Stage 2)	8,572	(41,135)	-	(32,563)	(10,062,512)	10,062,512	-	-
- to lifetime (from Stage 3 to Stage 2)	-	(458)	38,034	37,576	-	97,804	(97,804)	-
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	406	6,816	(466,307)	(459,085)	(387,935)	(766,555)	1,154,490	-
- to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)	(4,994)	22,309	8,669	25,984	9,083,609	(9,060,178)	(23,431)	-
New originated or purchased	(14,933)	(4,033)	-	(18,966)	26,233,226	580,864	-	26,814,090
Repayment in full or in part during the period	6,473	5,190	18,259	29,922	(29,936,517)	(6,625,649)	(138,267)	(36,700,433)
Changes to ECL measurement model assumptions	3,267	8,235	12,903	24,405	-	-	-	-
Unwinding of discount	-	-	-	-	(12,706)	9,246	(3,175)	(6,635)
Changes in accrued interest	-	-	-	-	(73,021)	(8,783)	15,742	(66,062)
Transfer from preliminary and interim loans	(15,827)	(18,689)	(10,405)	(44,921)	33,249,662	9,613,826	28,122	42,891,610
<b>Total movements with impact on credit loss allowance charge for the period</b>	<b>(17,035)</b>	<b>(21,765)</b>	<b>(398,847)</b>	<b>(437,647)</b>	<b>28,093,806</b>	<b>3,903,087</b>	<b>935,677</b>	<b>32,932,570</b>
At 30 June 2020	(204,008)	(145,652)	(666,744)	(1,016,404)	256,910,607	50,590,835	1,641,718	309,143,160

**“Otbasy Bank” house construction savings bank JSC**  
**Notes to Condensed Interim Financial Statement – 30 June 2021**

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

Below is an analysis of loans by credit quality as of 30 June 2021:

<i>(in thousands of Kazakhstani Tenge)</i>	Stage 1 (12-months ECL)	Stage 2 lifetime ECL	Stage 3 lifetime ECL	Total
<b>Interim loans</b>	<b>623,928,698</b>	<b>29,454,096</b>	<b>859,022</b>	<b>654,241,816</b>
Neither past due nor impaired fully collateralized:	622,162,565	25,665,731	711,962	648,540,258
- LTV less than 25%	3,345,916	153,719	7,204	3,506,839
- LTV from 25% to 50%	73,249,417	2,727,361	106,992	76,083,770
- LTV from 51% to 75%	483,936,505	19,744,188	490,467	504,171,160
- LTV from 76% to 100%	23,922,661	1,759,856	84,347	25,766,864
- LTV more than 100%	37,708,066	1,280,591	22,952	39,011,609
- unsecured	-	16	-	16
- less than 30 days overdue	2,188,405	2,956,024	71,781	5,216,210
- 31 to 60 days overdue	-	649,539	-	649,539
- 61 to 90 days overdue	-	259,087	-	259,087
- 91 to 180 days overdue	-	-	191,792	191,792
- 181 to 360 days overdue	-	-	26,910	26,910
- over 360 days overdue	-	-	458,965	458,965
Credit loss allowance	<b>(422,272)</b>	<b>(76,285)</b>	<b>(602,388)</b>	<b>(1,100,945)</b>
<b>Preliminary loans</b>	<b>89,727,213</b>	<b>430,307,710</b>	<b>1,742,279</b>	<b>521,777,202</b>
Neither past due nor impaired fully collateralized:	89,521,775	423,381,590	4,518,432	517,421,797
- LTV less than 25%	506,092	375,990	25,905	907,987
- LTV from 25% to 50%	7,802,397	18,411,833	26,357	26,240,587
- LTV from 51% to 75%	56,505,626	270,562,011	273,130	327,340,767
- LTV from 76% to 100%	15,319,742	109,464,708	158,640	124,943,090
- LTV more than 100%	9,387,625	24,566,361	4,034,400	37,988,386
- unsecured	293	687	-	980
- less than 30 days overdue	304,316	9,447,834	64,373	9,816,523
- 31 to 60 days overdue	-	1,042,215	19,067	1,061,282
- 61 to 90 days overdue	-	246,054	-	246,054
- 91 to 180 days overdue	-	-	187,791	187,791
- 181 to 360 days overdue	-	-	59,357	59,357
- over 360 days overdue	-	-	261,109	261,109
Credit loss allowance	<b>(98,878)</b>	<b>(3,809,983)</b>	<b>(3,367,850)</b>	<b>(7,276,711)</b>
<b>Housing loans</b>	<b>185,870,578</b>	<b>152,412,291</b>	<b>825,674</b>	<b>339,108,543</b>
Neither past due nor impaired fully collateralized:	185,392,588	148,022,614	1,041,213	334,456,415
- LTV less than 25%	56,259,523	26,145,769	429,064	82,834,356
- LTV from 25% to 50%	116,921,890	116,860,382	569,862	234,352,134
- LTV from 51% to 75%	12,060,316	4,914,639	42,287	17,017,242
- LTV from 76% to 100%	118,214	49,698	-	167,912
- LTV more than 100%	26,725	49,381	-	76,106
- unsecured	5,920	2,745	-	8,665
- less than 30 days overdue	703,716	4,046,704	56,103	4,806,523
- 31 to 60 days overdue	-	617,760	5,944	623,704
- 61 to 90 days overdue	-	244,901	741	245,642
- 91 to 180 days overdue	-	-	223,218	223,218
- 181 to 360 days overdue	-	-	28,108	28,108
- over 360 days overdue	-	-	102,519	102,519
Credit loss allowance	<b>(225,726)</b>	<b>(519,688)</b>	<b>(632,172)</b>	<b>(1,377,586)</b>
<b>Gross carrying amount</b>	<b>900,273,365</b>	<b>616,580,053</b>	<b>8,029,385</b>	<b>1,524,882,803</b>
Credit loss allowance	(746,876)	(4,405,956)	(4,602,410)	(9,755,242)
<b>Carrying amount</b>	<b>899,526,489</b>	<b>612,174,097</b>	<b>3,426,975</b>	<b>1,515,127,561</b>

**“Otbasy Bank” house construction savings bank JSC**  
**Notes to Condensed Interim Financial Statement – 30 June 2021**

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

Below is an analysis of loans by credit quality as of 31 December 2020:

<i>(in thousands of Kazakhstani Tenge)</i>	Stage 1 (12-months ECL)	Stage 2 lifetime ECL	Stage 3 lifetime ECL	Total
<b>Interim loans</b>	<b>382,504,162</b>	<b>95,055,623</b>	<b>1,149,331</b>	<b>478,709,116</b>
Neither past due nor impaired fully collateralized:	382,295,841	91,690,762	742,459	474,729,062
- LTV less than 25%	1,403,533	365,777	5,253	1,774,563
- LTV from 25% to 50%	31,957,452	7,219,343	56,452	39,233,247
- LTV from 51% to 75%	306,396,276	73,162,719	563,278	380,122,273
- LTV from 76% to 100%	15,757,921	3,632,107	65,024	19,455,052
- LTV more than 100%	26,780,659	7,310,816	52,452	34,143,927
- unsecured	-	-	-	-
- less than 30 days overdue	427,232	2,952,713	22,666	3,402,611
- 31 to 60 days overdue	-	648,902	23,793	672,695
- 61 to 90 days overdue	-	295,277	14,371	309,648
- 91 to 180 days overdue	-	-	603,115	603,115
- 181 to 360 days overdue	-	-	33,628	33,628
- over 360 days overdue	-	-	576,330	576,330
Credit loss allowance	<b>(218,911)</b>	<b>(532,031)</b>	<b>(867,031)</b>	<b>(1,617,973)</b>
<b>Preliminary loans</b>	<b>380,143,210</b>	<b>95,401,389</b>	<b>1,696,673</b>	<b>477,241,272</b>
Neither past due nor impaired fully collateralized:	380,014,935	90,145,459	4,474,265	474,634,659
- LTV less than 25%	1,018,764	209,217	9,289	1,237,270
- LTV from 25% to 50%	17,772,747	2,840,034	29,319	20,642,100
- LTV from 51% to 75%	257,844,998	35,314,414	256,808	293,416,220
- LTV from 76% to 100%	83,679,565	49,805,597	118,251	133,603,413
- LTV more than 100%	19,698,571	1,976,197	4,060,598	25,735,366
- unsecured	290	-	-	290
- less than 30 days overdue	400,231	4,748,709	37,766	5,186,706
- 31 to 60 days overdue	-	845,378	43,319	888,697
- 61 to 90 days overdue	-	377,852	-	377,852
- 91 to 180 days overdue	-	-	182,072	182,072
- 181 to 360 days overdue	-	-	42,788	42,788
- over 360 days overdue	-	-	318,709	318,709
Credit loss allowance	<b>(271,956)</b>	<b>(716,009)</b>	<b>(3,402,246)</b>	<b>(4,390,211)</b>
<b>Housing loans</b>	<b>248,670,843</b>	<b>114,088,300</b>	<b>971,594</b>	<b>363,730,737</b>
Neither past due nor impaired fully collateralized:	248,457,010	111,027,403	1,128,782	360,613,195
- LTV less than 25%	63,416,540	18,035,416	323,671	81,775,627
- LTV from 25% to 50%	165,078,871	87,878,621	719,383	253,676,875
- LTV from 51% to 75%	19,831,095	4,999,774	85,728	24,916,597
- LTV from 76% to 100%	96,983	37,611	-	134,594
- LTV more than 100%	33,521	73,145	-	106,666
- unsecured	-	2,836	-	2,836
- less than 30 days overdue	478,329	2,699,740	69,366	3,247,435
- 31 to 60 days overdue	-	585,393	19,730	605,123
- 61 to 90 days overdue	-	198,585	6,403	204,988
- 91 to 180 days overdue	-	-	206,151	206,151
- 181 to 360 days overdue	-	-	113,456	113,456
- over 360 days overdue	-	-	194,191	194,191
Credit loss allowance	<b>(264,496)</b>	<b>(422,821)</b>	<b>(766,485)</b>	<b>(1,453,802)</b>
<b>Gross carrying amount</b>	<b>1,012,073,578</b>	<b>306,216,173</b>	<b>8,853,360</b>	<b>1,327,143,111</b>
Credit loss allowance	(755,363)	(1,670,861)	(5,035,762)	(7,461,986)
<b>Carrying amount</b>	<b>1,011,318,215</b>	<b>304,545,312</b>	<b>3,817,598</b>	<b>1,319,681,125</b>

**“Otbasy Bank” house construction savings bank JSC**  
**Notes to Condensed Interim Financial Statement – 30 June 2021**

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

For description of the credit risk grading used in the tables above refer to Note 16.

The main factors that the Bank takes into account when considering whether a loan is impaired are its overdue status and the ability to sell collateral, if any. Based on this, the Bank presents above a maturity analysis of loans that are individually identified as impaired.

LTV coefficient represents ratio of gross carrying amount of loans as of the reporting date to the cost of collateral, which consists of real estate and cash collateral in the form of deposits.

All loans were issued to individuals.

Information about collateral is as follows at 30 June 2021:

<i>(in thousands of Kazakhstani Tenge)</i>	<b>Interim loans</b>	<b>Preliminary loans</b>	<b>Housing loans</b>	<b>Total</b>
Unsecured loans	16	978	8,576	<b>9,570</b>
Loans guaranteed by other individuals	-	-	2,302,616	<b>2,302,616</b>
Loans collateralised by:				
- residential real estate	613,529,124	486,811,472	330,265,908	<b>1,430,606,504</b>
- land	1,001,664	7,938	1,065,403	<b>2,075,005</b>
- other real estate	658,924	-	193,796	<b>852,720</b>
- cash deposits	39,052,088	34,657,148	33,506	<b>73,742,742</b>
- residential real estate, deposits and guarantees (multi-pledged)	-	299,666	-	<b>299,666</b>
Other assets	-	-	5,238,738	<b>5,238,738</b>
<b>Total loans and advances to customers</b>	<b>654,241,816</b>	<b>521,777,202</b>	<b>339,108,543</b>	<b>1,515,127,561</b>

Loans collateralized by commercial real estate are categorized within other real estate. Loans collateralized by property right are classified as other assets. Loans and advances to customers are allocated by types of collateral depending on the highest cost of collateral, i.e. a loan is categorized to a certain category, if it is secured by collateral except for loans secured by property rights and deposits. These loans are classified in cash deposits category.

The amount of deposits held as collateral for loans issued as of 30 June 2021 amounted to 499,738,317 thousand Tenge (2020: 385,858,999 thousand Tenge).

**“Otbasy Bank” house construction savings bank JSC**  
**Notes to Condensed Interim Financial Statement – 30 June 2021**

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

Below is information on collateral as of 31 December 2020:

<i>(in thousands of Kazakhstani Tenge)</i>	<b>Interim loans</b>	<b>Preliminary loans</b>	<b>Housing loans</b>	<b>Total</b>
Unsecured loans	-	289	2,745	<b>3,034</b>
Loans guaranteed by other individuals	-	-	2,299,597	<b>2,299,597</b>
Loans collateralised by:				
- residential real estate	443,341,048	454,176,732	353,964,323	<b>1,251,482,103</b>
- land	810,751	12,460	1,073,539	<b>1,896,750</b>
- other real estate	398,198	-	176,118	<b>574,316</b>
- cash deposits	33,753,366	22,860,552	23,036	<b>56,636,954</b>
- residential real estate, deposits and guarantees (multi-pledged)	122,503	191,239	-	<b>313,742</b>
Other assets	283,250	-	6,191,379	<b>6,474,629</b>
<b>Total loans and advances to customers</b>	<b>478,709,116</b>	<b>477,241,272</b>	<b>363,730,737</b>	<b>1,319,681,125</b>

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 2021:

<i>(in thousands of Kazakhstani Tenge)</i>	<b>Over-collateralised assets</b>		<b>Under-collateralised assets</b>	
	<b>Carrying amount of the assets</b>	<b>Fair value of collateral</b>	<b>Carrying amount of the assets</b>	<b>Fair value of collateral</b>
Housing loans	825,674	4,030,322	-	-
Preliminary housing loans	605,988	1,558,418	1,136,291	1,140,941
Interim housing loans	846,508	2,255,001	12,514	12,514

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

The effect of collateral on impaired assets of Stage 3 at 31 December 2020:

<i>(in thousands of Kazakhstani Tenge)</i>	<b>Over-collateralised assets</b>		<b>Under-collateralised assets</b>	
	<b>Carrying amount of the assets</b>	<b>Fair value of collateral</b>	<b>Carrying amount of the assets</b>	<b>Fair value of collateral</b>
Housing loans	971,594	5,340,592	-	-
Preliminary housing loans	569,416	1,630,768	1,127,257	1,119,897
Interim housing loans	1,120,206	2,966,778	29,125	29,322

The fair value of real estate collateral at the end of the reporting period was determined through revaluation carried out every six months. The revaluation in 2021 was carried out by the responsible department of the Bank. The amount of cash deposits was deducted from the book value of the portfolio. Estimated fair values of each category of loans and advances to customers are disclosed in Note 18. An analysis of interest rates for loans and advances to customers is disclosed in Note 16. Information on transactions with related parties is disclosed in Note 20.

**8 Investments in Debt Securities**

<i>(in thousands of Kazakhstani Tenge)</i>	<b>30 June 2021</b>	<b>31 December 2020</b>
Debt securities at FVOCI	113,686,902	127,381,358
Debt securities at AC	65,182,474	104,829,094
<b>Total investments in debt securities</b>	<b>178,869,376</b>	<b>232,210,452</b>

Decrease in investments in debt securities due to redemption of securities carried at amortized cost.

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

The table below discloses investments in debt securities at 30 June 2021 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	59,649,299	43,748,838	103,398,137
Bonds of Kazakhstani non-bank financial institutions	23,169,090	896,984	24,066,074
Corporate bonds	16,200,741	6,031,900	22,232,641
Notes of the National Bank of RK	-	14,517,396	14,517,396
Bonds issued by international financial organizations	11,941,736	-	11,941,736
Akimat Shymkent	2,864,630	-	2,864,630
<b>Total investments in debt securities at 30 June 2021 (fair value or gross carrying amount)</b>	<b>113,825,496</b>	<b>65,195,118</b>	<b>179,020,614</b>
Credit loss allowance	(138,594)	(12,644)	(151,238)
<b>Total investments in debt securities at 30 June 2021 (carrying amount)</b>	<b>113,686,902</b>	<b>65,182,474</b>	<b>178,869,376</b>

The table below discloses investments in debt securities at 31 December 2020 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	76,575,156	50,224,065	126,799,221
Notes of the National Bank of RK	-	43,574,846	43,574,846
Corporate bonds	13,825,081	11,058,483	24,883,564
Bonds of Kazakhstani non-bank financial institutions	20,179,198	-	20,179,198
Bonds issued by international financial organizations	17,112,585	-	17,112,585
<b>Total investments in debt securities at 31 December 2020 (fair value or gross carrying amount)</b>	<b>127,692,020</b>	<b>104,857,394</b>	<b>232,549,414</b>
Credit loss allowance	(310,662)	(28,300)	(338,962)
<b>Total investments in debt securities at 31 December 2020 (carrying amount)</b>	<b>127,381,358</b>	<b>104,829,094</b>	<b>232,210,452</b>



**8 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 2021, 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 16.

<i>(in thousands of Kazakhstani Tenge)</i>	<b>30 June 2021</b>	<b>31 December 2020</b>
<i>Government securities of the Ministry of Finance of RK</i>		
- BBB- rated	59,649,299	76,575,156
<b>Gross carrying amount</b>	<b>59,649,299</b>	<b>76,575,156</b>
Less credit loss allowance	(10,629)	(22,381)
<b>Carrying amount (fair value)</b>	<b>59,638,670</b>	<b>76,552,775</b>
<i>Corporate bonds</i>		
- BBB+ to BBB- rated	15,613,950	5,065,351
- BB+ to BB- rated	-	7,754,613
- B+ to B- rated	586,791	1,005,117
<b>Gross carrying amount</b>	<b>16,200,741</b>	<b>13,825,081</b>
Less credit loss allowance	(91,187)	(212,448)
<b>Carrying amount (fair value)</b>	<b>16,109,554</b>	<b>13,612,633</b>
<i>Bonds issued by international financial organizations</i>		
- AAA rated	3,079,226	5,393,515
- BBB- rated	8,862,510	11,719,070
<b>Gross carrying amount</b>	<b>11,941,736</b>	<b>17,112,585</b>
Less credit loss allowance	(1,975)	(3,941)
<b>Carrying amount (fair value)</b>	<b>11,939,761</b>	<b>17,108,644</b>
<i>Bonds of Kazakhstani non-bank financial institutions</i>		
- BBB+ to BBB- rated	21,184,341	18,204,601
- BB+ to BB- rated	1,984,749	1,974,597
<b>Gross carrying amount</b>	<b>23,169,090</b>	<b>20,179,198</b>
Less credit loss allowance	(34,205)	(71,892)
<b>Carrying amount (fair value)</b>	<b>23,134,885</b>	<b>20,107,306</b>
<i>Akimat Shymkent</i>		
- BBB- rated	2,864,630	-
<b>Gross carrying amount</b>	<b>2,864,630</b>	-
Less credit loss allowance	(598)	-
<b>Carrying amount (fair value)</b>	<b>2,864,032</b>	-

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

Debt securities at fair value through other comprehensive income at 30 June 2021 and 31 December 2020 are included in Stage 1. During the six months ended 30 June 2021, there were no transfers from one credit quality stage to another (2020: no transfers).

Debt securities at fair value through other comprehensive income are not collateralized.

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

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

The table below provides an analysis of the credit quality of debt securities measured at amortized cost as at 30 June 2021 based on levels of credit risk, as well as a three-stages disclosure for the purpose of estimating expected credit losses. A description of the Bank’s credit risk classification system and approach to measuring expected credit losses, including the definition of default and significant increases in credit risk in relation to debt securities measured at amortized cost, is provided in Note 16.

<i>(in thousands of Kazakhstani Tenge)</i>	<b>30 June 2021</b>	<b>31 December 2020</b>
<i>Notes of the National Bank of RK</i>		
BBB- rated	14,517,397	43,574,846
<b>Gross carrying amount</b>	<b>14,517,397</b>	<b>43,574,846</b>
Less credit loss allowance	(1,226)	(3,274)
<b>Carrying amount</b>	<b>14,516,171</b>	<b>43,571,572</b>
<i>Government securities of the Ministry of Finance of RK</i>		
BBB- rated	43,748,837	50,224,065
<b>Gross carrying amount</b>	<b>43,748,837</b>	<b>50,224,065</b>
Less credit loss allowance	(9,872)	(21,287)
<b>Carrying amount</b>	<b>43,738,965</b>	<b>50,202,778</b>
<i>Corporate bonds</i>		
BBB rated	6,031,900	11,058,483
<b>Gross carrying amount</b>	<b>6,031,900</b>	<b>11,058,483</b>
Less credit loss allowance	(1,260)	(3,739)
<b>Carrying amount</b>	<b>6,030,640</b>	<b>11,054,744</b>
<i>Bonds of Kazakhstani non-bank financial institutions</i>		
BBB rated	896,984	-
<b>Gross carrying amount</b>	<b>896,984</b>	-
Less credit loss allowance	(286)	-
<b>Carrying amount</b>	<b>896,698</b>	-

## 8 Investments in Debt Securities (Continued)

Debt securities measured at amortized cost as at 31 December 2020 are included in Stage 1. During the six months ended 30 June 2021, there were no transfers from one credit quality stage to another (no in 2020).

## 9 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 2021</b>	<b>31 December 2020</b>
<b>Legal entities</b>		
Current accounts	87,034,886	40,648,577
Long-term deposits	9,515	650
<b>Individuals</b>		
Long-term deposits	699,207,146	648,718,202
Current accounts	155,881,361	22,432,867
<b>Customer Accounts</b>	<b>942,132,908</b>	<b>711,800,296</b>
Deposits served as collateral on loans given	503,843,937	385,858,999
<b>Total Customer Accounts</b>	<b>1,445,976,845</b>	<b>1,097,659,295</b>

Customer accounts are classified as long-term deposits in accordance with their contractual maturities. However, individuals are entitled to withdraw cash from accounts prior to maturity.

As of 30 June 2021, customer accounts in the amount of 87,457,794 thousand Tenge (6% of the total balance) represented the funds of the ten largest customers, of which 86,978,249 thousand were due to legal entities and 479,545 thousand were due to individuals. At 31 December 2020, customer accounts in the amount of 40,912,695 thousand Tenge (4% of customer accounts) represented the funds of the ten largest customers, of which 40,576,028 thousand Tenge were due from legal entities and 336,667 thousand Tenge were due from individuals.

According to the terms of the Contract on house construction savings, the Bank depositors have the right to receive housing loan in the amount equal to a difference between contract amount and their accumulated deposits, estimated fees and state premium based on the decision of government, in the case if all requirements of signed contract of house construction savings are fulfilled. Therefore, the Bank has contingent liabilities to depositors for granting a housing loan (Note 19).

Annually the government provides premiums on house construction savings of depositors from the government budget, including estimated fees not exceeding 20% of 200 monthly calculation indexes per one depositor to encourage house construction savings in Kazakhstan.

Recording and placement of amounts of government premium into account of depositors takes place only after its actual receipt from the Committee for Construction and Housing and Utility Services of the Ministry of Industry and Infrastructure Development.

The Bank does not have any obligations to depositors, if Committee for Construction and Housing and Utility Services of the Ministry of Industry and Infrastructure Development does not transfer the government premium to the Bank's accounts.

## 9 Customer Accounts (Continued)

Refer to Note 18 for the disclosure of the fair value of each class of customer accounts. Interest rate analysis of customer accounts is disclosed in Note 16. Information on related party balances is disclosed in Note 20.

Current accounts represent current accounts of legal entities, including companies under common control. The Bank accrues interest on the balances of current accounts of subsidiaries of the Parent Company, the base rate set by the National Bank of the Republic of Kazakhstan is 9% (Press release of the National Bank of the Republic of Kazakhstan dated 06/07/2021 No. 10 "On maintaining the base rate at the level of 9.%) (2020: 10%).

## 10 Borrowed Funds

<i>(in thousands of Kazakhstani Tenge)</i>	<b>30 June 2021</b>	<b>31 December 2020</b>
Ministry of Finance of the Republic of Kazakhstan	52,213,558	42,445,200
“Samruk Kazyna” National Welfare Fund” JSC	10,071,041	14,883,776
Asian Development Bank	8,704,074	-
Parent company	7,396,604	7,136,849
Administration of Almaty	4,152,854	3,070,888
“Nazarbayev Intellectual Schools” AEO	44,007	45,545
Administration of Nur-Sultan	33,900	31,797
<b>Total borrowed funds</b>	<b>82,616,038</b>	<b>67,614,055</b>

At initial recognition, the Bank recognized the above borrowings at fair value (Note 5).

In February of this year, the Bank received funds from the first tranche from the Asian Development Bank in the amount of 8,400,000 thousand Tenge under the loan agreement for the implementation of a female mortgage.

The table below provides movements in the Bank’s borrowed funds arising as a result of financing activities for each period presented. Indebtedness items were recorded in the statement of cash flows within financing activities.

<i>(in thousands of Kazakhstani Tenge)</i>	<b>Borrowed Funds</b>
<b>Balance at 1 January 2020</b>	<b>59,157,994</b>
Cash flows from financing activities	52,000,000
Interest paid calculated using the effective interest method	(222,816)
Other changes not related to cash flows from financing activities	(47,329,345)
<b>Balance at 30 June 2020 (restated)</b>	<b>63,605,833</b>
<b>Balance at 1 January 2021</b>	<b>67,614,055</b>
Cash flows from financing activities	92,386,110
Interest paid calculated using the effective interest method	(217,324)
Other changes not related to cash flows from financing activities	(77,166,803)
<b>Balance at 30 June 2021</b>	<b>82,616,038</b>

Information on fair value of each class of other borrowed funds is disclosed in Note 18. Interest rate analysis of other borrowed funds is disclosed in Note 16. Information on related party transactions is disclosed in Note 20.

## 11 Debt Securities in Issue

<i>(in thousands of Kazakhstani Tenge)</i>	<b>30 June 2021</b>	<b>31 December 2020</b>
Bonds issued on domestic market	191,643,686	113,680,020
<b>Total debt securities in issue</b>	<b>191,643,686</b>	<b>113,680,020</b>

At initial recognition, the Bank recognized the debt securities issued at fair value (Note 5).

In April-May 2021, to finance the Bank's lending and investment activities, the Bank placed the remaining part of the bonds under the first bond program - 20,000,000 bonds on the site of “Kazakhstan Stock Exchange” JSC (organized market), at par value of 1,000 Tenge, with maturity date on 17 June 2026 and a coupon rate of 10,27% per annum, with a coupon payment frequency 2 times a year.

Additionally, in April 2021, the Bank placed the first and third bond issues under the Bank's second bond - 30,000,000 and 90,000,000 bonds, respectively, with a par value of 1,000 Tenge, with a maturity of 20 years, a coupon rate of 4,05% per annum, with a coupon payment frequency of 2 once a year on the unorganized market by concluding a Securities Purchase and Sale Agreement with the Parent Company, for the provision of interim and preliminary housing loans within the framework of the “Shanyrak” state program.

The table below summarizes the movements in debt securities issued arising from financing activities for each period presented. Debt items are reflected in the statement of cash flows as financial and operating activities.

<i>(in thousands of Kazakhstani Tenge)</i>	<b>Debt securities</b>
<b>At 1 January 2020</b>	<b>78,650,059</b>
Cash flows from financing activities	-
Interest paid calculated using the effective interest method	(3,790,830)
Other changes not related to cash flows from financing activities	3,791,419
<b>At 30 June 2020</b>	<b>78,650,648</b>
<b>At 1 January 2021</b>	<b>113,680,020</b>
Cash flows from financing activities	140,000,000
Interest paid calculated using the effective interest method	(5,115,974)
Other changes not related to cash flows from financing activities	(56,920,360)
<b>At 30 June 2021</b>	<b>191,643,686</b>

At 30 June 2021, the Bank had debt securities in issue held by 18 counterparties (2020: 5 counterparties). The balance of debt securities in issue at 30 June 2021 was 191,643,686 thousand Tenge (2020 r.: 113,680,020 thousand Tenge).

Fair value measurement information for each category of debt securities issue presented in Note 18. Information on transactions with debt securities issued with related parties is disclosed in Note 20.

## 12 Government grants

**Government grant.** The Bank recognized as a government grant the amount 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 “Bakytty Otbasy” and “Shanyrak” government programs.

<i>(in thousands of Kazakhstani Tenge)</i>	<b>30 June 2021</b>	<b>31 December 2020</b>
<b>Balance at the beginning of the year</b>	<b>121,753,860</b>	<b>33,893,322</b>
Government grant received under the state program "Bakytty Otbasy" from the Government of the Republic of Kazakhstan through a loan (Note 10)	46,378,062	46,774,007
Government grant received under the “Shanyrak” government program from the Parent Company through the issue of debt securities (Note 11)	64,202,479	57,747,025
Use of government grant after issuing loans to customers of the Bank	(8,410,498)	(16,660,494)
<b>Total government grant as of 30 June 2021</b>	<b>223,923,903</b>	<b>121,753,860</b>

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

During the six months ended 30 June 2021, government grants transferred to profit or loss amounted to 8,410,498 thousand Tenge (2020:16,660,494 thousand Tenge).

## 13 Share Capital

<i>(in thousands of Kazakhstani Tenge except for number of shares)</i>	<b>Number of outstanding shares (in thousands)</b>	<b>Ordinary shares</b>	<b>Total</b>
<b>At 1 January 2020</b>	7,830	78,300,000	78,300,000
New shares issued	-	-	-
<b>At 30 June 2020</b>	<b>7,830</b>	<b>78,300,000</b>	<b>78,300,000</b>
<b>At 1 January 2021</b>	7,830	78,300,000	78,300,000
New shares issued	-	-	-
<b>At 30 June 2021</b>	<b>7,830</b>	<b>78,300,000</b>	<b>78,300,000</b>

As of 30 June 2021, there were no declared dividends in accordance with the Shareholder's decision No. 27/21 dated 26 May 2021.

**14 Interest Income and Expense**

<i>(in thousands of Kazakhstani Tenge)</i>	<b>Six months ended 30 June 2021</b>	<b>Six months ended 30 June 2020 (restated)</b>
<b>Interest income calculated using the effective interest method</b>		
Loans and advances to customers at AC	50,269,079	36,050,794
Funds in the National Bank of the Republic of Kazakhstan	15,162,592	848,296
Debt securities at AC	8,015,557	9,138,606
Debt securities at FVOCI	5,503,864	5,395,303
Due from other banks at AC	1,205,713	1,100,641
<b>Total interest income calculated using the effective interest method</b>	<b>80,156,805</b>	<b>52,533,640</b>
<b>Interest expense calculated using the effective interest method</b>		
Customer accounts	(13,715,158)	(11,005,434)
Debt securities in issue	(7,716,407)	(3,791,420)
Borrowed funds	(2,555,331)	(2,014,646)
Funds of international organizations	(333,928)	-
<b>Total interest expense calculated using the effective interest method</b>	<b>(24,320,824)</b>	<b>(16,811,500)</b>
<b>Other similar expense</b>		
Lease liabilities	(14,576)	(22,962)
<b>Total interest and other similar expense</b>	<b>(24,335,400)</b>	<b>(16,834,462)</b>
<b>Net margin on interest and similar income</b>	<b>55,821,405</b>	<b>35,699,178</b>

The increase in income on funds placed with the National Bank of the Republic of Kazakhstan is associated with an increase in the volume of short-term deposits placed with the National Bank of the Republic of Kazakhstan for a period of 1 to 7 days.

The increase in expenses on bonds issued is due to additional issues and placements of the Bank's bonds (Note 11).

Interest income includes interest income in the amount of 61,584 thousand Tenge (30 June 2020: 41,029 thousand Tenge) recognized on impaired non-performing loans to customers.

## 15 Income Taxes

Income tax expense recorded in profit or loss for the year comprises the following:

<i>(in thousands of Kazakhstani Tenge)</i>	Six months ended 30 June 2021	Six months ended 30 June 2020 (restated)
Current tax	4,810,219	924,687
Deferred tax benefit	(279,396)	(514,087)
<b>Income tax expense for the year</b>	<b>4,530,823</b>	<b>410,600</b>

The income tax rate applicable to the majority of the Bank’s income is 20% (2020: 20%).

The increase in the effective tax rate in 2021 is associated with the receipt of income from placing deposits in the National Bank of the Republic of Kazakhstan, at the expense of funds received from the Government of the Republic of Kazakhstan for the implementation of the “Shanyrak” state program, as well as customer funds received from the Unified Accumulative Pension Fund.

## 16 Financial Risk Management

The Bank's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate and other price risks), loan risk and liquidity risk.

The risk management function within the Bank is carried out in respect of financial risks and operational risks. Financial risk comprises market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that expo-sure to risks stays within these limits. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures, in order to minimize operational risks.

The objectives, policies and processes for managing the financial risks and the methods used to measure the risks applied by the Bank during the six months ended 30 June 2021 are consistent with those applied during the year 2020.

**Credit risk.** The Bank takes on exposure to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Exposure to credit risk arises as a result of the Bank’s lending and other transactions with counterparties giving rise to financial assets.

**Credit risk management.** The estimation of credit risk for risk management purposes is complex and involves the use of models, as the risk varies depending on market conditions, expected cash flows and the passage of time. The Bank assesses credit risk using Probability of Default (“PD”), Exposure at Default (“EAD”), and Loss Given Default (“LGD”).

**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.



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

**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. The EAD on credit related commitments is estimated using Credit Conversion Factor (“CCF”). CCF is a coefficient that shows the probability of conversion of the committed amounts to an on-balance sheet exposure within a defined period. *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.

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):

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 exposures by segments determined on the basis of shared credit risk characteristics, such that exposures within a group have homogeneous or similar risks.

## 16 Financial Risk Management (Continued)

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.

**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.

During the first half of 2021, the following activities were carried out:

- In March 2021, in accordance with the act of the Agency of the Republic of Kazakhstan for Regulation and Development of Financial Market (hereinafter – Agency) on the results of a comprehensive audit of the Bank's activities dated 4 September 2020, the statistics of defaults used for vintage analysis, in addition to loans overdue for more than 90 days, were included and all other impairment triggers, which led to a significant increase in the level of provisions and influenced the grouping by stages (in particular, a significant transfer of loans from stage 1 to stage 2);
- In May 2021, in accordance with the Agency's act on the results of a comprehensive audit of the Bank's activities dated 4 September 2020, the calculation of expected credit losses for Stage 3 was improved. The calculation is done based on cash flow and a scenario approach is applied (optimistic, basic and pessimistic scripts). Also, according to the Methodology for calculating provisions (reserves), the following indicators were revised and approved by Decision of the Management Board No. 72 of 6 May 2021: the minimum LGD for Stage 1 and Stage 2 at 29% and the minimum ECL for Stage 3 at 29%. A decrease in these indicators from 37% to 29% influenced a decrease in the volume of provisions by 1.383 billion Tenge in May 2021.

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

**Forward-looking information incorporated in the ECL models.** The assessment of SICR and the calculation of ECLs both incorporate supportable forward-looking information. The Bank identified certain key economic variables that correlate with developments in credit risk and ECLs. Risk parameters are predictable, i.e. include the impact of expected economic conditions of the following macro-economic factors: inflation rate, average monthly salary, unemployment rate, GDP.

### **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).

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

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.

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.

**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.

As at 30 June 2021 and 31 December 2020 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.

## 16 Financial Risk Management (Continued)

The table below summarises average effective interest rates (EIR) at 30 June 2021 and 31 December 2020:

<i>(in % p.a.)</i>	<b>30 June 2021</b>	<b>31 December 2020</b>
<b>Assets</b>		
Cash and cash equivalents	7.31%	8.17%
Debt securities at FVOCI	8.62%	8.39%
Debt securities at AC	8.70%	9.46%
Loans and advances to customers	6.92%	6.82%
<b>Liabilities</b>		
Customer accounts	1.97%	1.96%
Corporate clients funds	7.00%	7.00%
Borrowed funds from the Government of RK	10.17%	9.83%
Borrowings from Samruk-Kazyna	4.79%	4.72%
Borrowings from NMH Baiterek	7.97%	7.97%
Borrowings from Administration of Almaty	11.27%	11.58%
Borrowings from Administration of Nur Sultan	13.81%	13.81%
Borrowings from Asian Development Bank	10.68%	-
Borrowings from AEO «Nazarbayev Intellectual Schools»	11.43%	11.43%
Bonds in issue	11.34%	11.87%

**Other price risk.** In the first half of 2021 the Bank did not conduct operations with equity shares. There were no active operations and transactions that would indicate 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 (2020: no material impact).

**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 7). The Bank did not have any such significant risk concentrations at 30 June 2021 and 31 December 2020.

**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.

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

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 2021 this coefficient was 2.697 (2020: 3.381);
- 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 2021 this coefficient was 153.209 (2020: 76.716);
- 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 2021 this coefficient was 33.558 (2020: 22.446);
- 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 2021 this coefficient was 11.367 (2020: 8.912).

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.

The table below shows liabilities at 30 June 2021 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.

**“Otbasy Bank” house construction savings bank JSC**  
**Notes to Condensed Interim Financial Statement – 30 June 2021**

**16 Financial Risk Management (Continued)**

The maturity analysis of financial instruments at 30 June 2021 is 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>Assets</b>						
Cash and cash equivalents	585,705,580	20,210,882	-	-	-	605,916,462
Loans and advances to customers	176,551	3,205,614	6,391,048	349,248,292	2,163,801,559	2,522,823,064
Investment securities at FVOCI	973,732	18,328,159	29,427,586	48,312,637	16,882,949	113,925,063
Investment securities at AC	-	14,972,337	6,545,734	-	43,582,091	65,100,162
Other financial assets	9,271,525	-	-	-	-	9,271,525
<b>Total assets</b>	<b>596,127,388</b>	<b>56,716,992</b>	<b>42,364,368</b>	<b>397,560,929</b>	<b>2,224,266,599</b>	<b>3,317,036,276</b>
<b>Liabilities</b>						
Borrowed funds	5,012,211	5,561,378	1	13,445,076	344,221,891	368,240,557
Bonds in issue	4,498,334	3,626	34,603	-	556,600,706	561,137,269
Customer accounts	264,714,565	138,139,090	107,522,749	267,563,445	861,924,043	1,639,863,892
Other financial liabilities	3,045,614	-	-	-	-	3,045,614
<b>Total potential future payments for financial liabilities</b>	<b>277,270,724</b>	<b>143,704,094</b>	<b>107,557,353</b>	<b>281,008,521</b>	<b>1,762,746,640</b>	<b>2,572,287,332</b>
<b>Contingent liabilities</b>						
Irrevocable loan commitments	3,036,193	15,180,966	12,144,773	-	-	30,361,932
<b>Liquidity gap</b>	<b>315,820,471</b>	<b>(102,168,068)</b>	<b>(77,337,758)</b>	<b>116,552,408</b>	<b>461,519,959</b>	<b>714,387,012</b>
<b>Cumulative liquidity gap</b>	<b>-</b>	<b>213,652,403</b>	<b>136,314,645</b>	<b>252,867,053</b>	<b>714,387,012</b>	<b>-</b>

**“Otbasy Bank” house construction savings bank JSC**  
**Notes to Condensed Interim Financial Statement – 30 June 2021**

**16 Financial Risk Management (Continued)**

The total outstanding contractual amount of commitments to extend credit as included in the above maturity table does not necessarily represent future cash requirements, since many of these commitments will expire or terminate without being funded.

The maturity analysis of financial instruments at 31 December 2020 is 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>Assets</b>						
Cash and cash equivalents	169,165,863	10,868,981	-	-	-	180,034,844
Loans and advances to customers	184,852	4,604,534	11,051,213	376,917,069	1,636,890,317	2,029,647,985
Investment securities at FVOCI	2,070,404	23,301,486	16,433,041	71,754,480	14,056,969	127,616,381
Investment securities at AC	-	40,834,027	-	11,011,432	43,497,726	95,343,185
Other financial assets	5,417,469	-	-	-	-	5,417,469
<b>Total assets</b>	<b>176,838,588</b>	<b>79,609,028</b>	<b>27,484,254</b>	<b>459,682,981</b>	<b>1,694,445,012</b>	<b>2,438,059,864</b>
<b>Liabilities</b>						
Borrowed funds	5,007,903	47,264	10,235,312	13,505,624	237,345,220	266,141,323
Bonds in issue	-	-	2,513,058	-	325,080,405	327,593,463
Customer accounts	74,221,982	137,678,992	141,067,860	242,557,460	641,563,917	1,237,090,211
Other financial liabilities	3,555,070	-	-	-	-	3,555,070
<b>Total potential future payments for financial obligations</b>	<b>82,784,955</b>	<b>137,726,256</b>	<b>153,816,230</b>	<b>256,063,084</b>	<b>1,203,989,542</b>	<b>1,834,380,067</b>
<b>Contingent liabilities</b>						
Irrevocable loan commitments	3,069,478	15,347,387	12,277,910	-	-	30,694,775
<b>Liquidity gap</b>	<b>90,984,155</b>	<b>(73,464,615)</b>	<b>(138,609,886)</b>	<b>203,619,897</b>	<b>490,455,470</b>	<b>572,985,022</b>
<b>Cumulative liquidity gap</b>	<b>-</b>	<b>17,519,540</b>	<b>(121,090,346)</b>	<b>82,529,551</b>	<b>572,985,021</b>	<b>-</b>



## 16 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 2021</b>						
Financial assets	595,770,641	56,338,130	42,107,876	334,591,257	1,279,481,074	2,308,288,978
Financial liabilities	277,232,953	142,746,863	106,086,143	265,714,856	931,501,366	1,723,282,181
<b>Net liquidity gap based on expected maturities</b>	<b>318,537,688</b>	<b>(86,408,733)</b>	<b>(63,978,267)</b>	<b>68,876,401</b>	<b>347,979,708</b>	<b>585,006,797</b>
<b>Accumulated liquidity gap based on expected maturities</b>	<b>318,537,688</b>	<b>232,128,955</b>	<b>168,150,688</b>	<b>237,027,089</b>	<b>585,006,797</b>	<b>-</b>
<b>At 31 December 2020</b>						
Financial assets	303,606,962	20,759,640	22,941,841	352,125,055	996,917,991	1,696,351,489
Financial liabilities	82,756,783	136,655,227	151,284,254	241,898,298	669,913,878	1,282,508,440
<b>Net liquidity gap based on expected maturities</b>	<b>220,850,179</b>	<b>(115,895,587)</b>	<b>(128,342,413)</b>	<b>110,226,757</b>	<b>327,004,113</b>	<b>413,843,049</b>
<b>Accumulated liquidity gap based on expected maturities</b>	<b>220,850,179</b>	<b>104,954,592</b>	<b>(23,387,821)</b>	<b>86,838,936</b>	<b>413,843,049</b>	<b>-</b>

The net gap for terms up to 6 months and up to 12 months arose due to the presence of deposits in the period of 100 billion Tenge (up to 6 months) and 140 billion Tenge (up to 12 months).

The matching and/or controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Bank. It is unusual for banks ever to be completely matched since business transacted is often of an uncertain term and of different types. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Bank and its exposure to changes in interest and exchange rates.

Management believes that in spite of a substantial portion of customer accounts being on demand, diversification of these deposits by number and type of depositors, and the past experience of the Bank would indicate that these customer accounts provide a long-term and stable source of funding for the Bank.

## 17 Segment Analysis

Operating segments are components that engage in business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the chief operating decision maker (CODM), and for which discrete financial information is available. The Bank’s CODM is the Management Board. For the purpose of operating decisions and distribution of resources, the Management Board uses IFRS financial information.

### *(a) Description of products and services from which each reportable segment derives its revenue*

The Bank is organized on the basis of two main business segments: mortgage/retail banking that includes housing loans, deposits and individual customer accounts; and investment banking represented by cash and cash equivalents, securities and due from other banks.

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

Segment information for the reportable segments for six months ended 30 June 2021 is set out below:

<i>(in thousands of Kazakhstani Tenge)</i>	Note	Mortgage/Retail banking	Investment banking	Total
Cash and cash equivalents	6	-	605,001,770	605,001,770
Cash balances with financial institutions		-	17,000	17,000
Loans and advances to customers	7	1,515,127,561	-	1,515,127,561
Investments in debt securities	8	-	178,869,376	178,869,376
Investments in equity securities		-	1,747	1,747
<b>Total assets of operating segments</b>	-	<b>1,515,127,561</b>	<b>783,889,893</b>	<b>2,299,017,454</b>
Customer accounts	9	1,445,976,845	-	1,445,976,845
Borrowed funds	10	82,616,038	-	82,616,038
Debt securities in issue	11	191,643,686	-	191,643,686
Government grants	12	223,923,903	-	223,923,903
Other financial liabilities		3,349,050	-	3,349,050
<b>Total liabilities of operating segments</b>		<b>1,947,509,522</b>	<b>-</b>	<b>1,947,509,522</b>
<b>Capital expenditures</b>		<b>-</b>	<b>(380,943)</b>	<b>(380,943)</b>

Capital expenditures represent acquisition of property and equipment.

**“Otbasy Bank” house construction savings bank JSC**  
**Notes to Condensed Interim Financial Statement – 30 June 2021**

**17 Segment Analysis (Continued)**

Segment information for the reportable segments for six months ended 30 June 2021 is set out below:

<i>(in thousands of Kazakhstani Tenge)</i>	<b>Mortgage/Retail banking</b>	<b>Investment banking</b>	<b>Total</b>
<b>Six months ended 30 June 2021 (unaudited)</b>			
<b>Segment revenues</b>			
Interest income on loans to customer	50,269,079	-	50,269,079
Interest income on securities and due from the National Bank of the Republic of Kazakhstan	-	29,887,726	29,887,726
Interest expense on customer accounts	(13,715,158)	-	(13,715,158)
Interest expense on bonds in issue	(7,716,407)	-	(7,716,407)
Interest expense on borrowed funds	(2,889,259)	-	(2,889,259)
Interest expense on other financial liabilities	(14,576)	-	(14,576)
Income from government grants	8,410,498	-	8,410,498
<b>Net interest income</b>	<b>34,344,177</b>	<b>29,887,726</b>	<b>64,231,903</b>
Credit loss allowance	(2,307,586)	168,609	(2,138,977)
<b>Net interest income after credit loss allowance</b>	<b>32,036,591</b>	<b>30,056,335</b>	<b>62,092,926</b>
Fee and commission income	899,486	-	899,486
Fee and commission expense	(2,835,804)	(89,331)	(2,925,135)
Net loss on initial recognition of financial instruments at below-market rates	(11,453,619)	-	(11,453,619)
Gains less losses from securities	-	18,842	18,842
Other (expenses) / income	(1,151,799)	7,771	(1,144,028)
Administrative and other operating expenses	-	(11,605,705)	(11,605,705)
<b>Segment results</b>	<b>17,494,855</b>	<b>18,387,912</b>	<b>35,882,767</b>

Segment information for the reportable segments for the year ended 31 December 2020:

<i>(in thousands of Kazakhstani Tenge)</i>	<b>Note</b>	<b>Mortgage/Retail banking</b>	<b>Investment banking</b>	<b>Total</b>
Cash and cash equivalents	<u>6</u>	-	138,257,892	138,257,892
Cash balances with financial institutions		-	17,000	17,000
Loans and advances to customers	<u>7</u>	1,319,681,125	-	1,319,681,125
Investments in debt securities	<u>8</u>	-	232,210,452	232,210,452
Investments in equity securities		-	1,747	1,747
<b>Total assets of operating segments</b>		<b>1,319,681,125</b>	<b>370,487,091</b>	<b>1,690,168,216</b>
Customer accounts	<u>9</u>	1,097,659,295	-	1,097,659,295
Borrowed funds	<u>10</u>	67,614,055	-	67,614,055
Debt securities in issue	<u>11</u>	113,680,020	-	113,680,020
Government grants	<u>12</u>	121,753,860	-	121,753,860
Other financial liabilities		3,563,068	-	3,563,068
<b>Total liabilities of operating segments</b>		<b>1,404,270,298</b>	<b>-</b>	<b>1,404,270,298</b>
<b>Capital expenditures</b>		<b>-</b>	<b>(1,676,391)</b>	<b>(1,676,391)</b>

**“Otbasy Bank” house construction savings bank JSC**  
**Notes to Condensed Interim Financial Statement – 30 June 2021**

**17 Segment Analysis (Continued)**

Segment information for the reportable segments for six months ended 30 June 2020 is set out below (restated):

<i>(in thousands of Kazakhstani Tenge)</i>	<b>Mortgage/Retail banking</b>	<b>Investment banking</b>	<b>Total</b>
<b>Six months ended 30 June 2020 (unaudited)</b>			
<b>Segment revenues</b>			
Interest income on loans to customer	36,050,794	-	36,050,794
Interest income on securities and due from the National Bank of the Republic of Kazakhstan	-	16,482,846	16,482,846
Interest expense on customer accounts	(11,005,434)	-	(11,005,434)
Interest expense on bonds in issue	(3,791,420)	-	(3,791,420)
Interest expense on borrowed funds	(2,014,646)	-	(2,014,646)
Interest expense on other financial liabilities	(22,962)	-	(22,962)
Income from government grants	4,909,672	-	4,909,672
<b>Net interest income</b>	<b>24,126,004</b>	<b>16,482,846</b>	<b>40,608,850</b>
Credit loss allowance	(1,165,795)	(256,642)	(1,422,437)
<b>Net interest income after credit loss allowance</b>	<b>22,960,209</b>	<b>16,226,204</b>	<b>39,186,413</b>
Fee and commission income	555,105	-	555,105
Fee and commission expense	(2,158,108)	(50,939)	(2,209,047)
Net loss on initial recognition of financial instruments at below-market rates	(5,937,997)	-	(5,937,997)
Gains less losses from securities	(5,754,051)	-	(5,754,051)
Other (expenses) / income	(773,508)	32,953	(740,555)
Administrative and other operating expenses	-	(9,126,754)	(9,126,754)
<b>Segment results</b>	<b>8,891,650</b>	<b>7,081,464</b>	<b>15,973,114</b>

**17 Segment Analysis (Continued)**

*c) Reconciliation of reportable segment revenues, profit or loss, assets and liabilities*

<i>(in thousands of Kazakhstani Tenge)</i>	<b>30 June 2021</b>	<b>31 December 2020</b>
<b>Total assets of operating segments</b>	<b>2,299,017,454</b>	<b>1,690,168,216</b>
Property, plant and equipment, and right-of-use assets	5,134,595	5,462,232
Intangible assets	5,713,488	5,684,660
Other assets	9,903,850	5,881,507
Non-current assets held for sale	272,678	191,476
<b>Total assets</b>	<b>2,320,042,065</b>	<b>1,707,388,091</b>
<b>Total liabilities of operating segments</b>	<b>1,947,509,522</b>	<b>1,404,270,298</b>
Deferred tax liabilities	24,774,991	18,324,890
Current income tax liabilities	3,257,777	-
Other liabilities	2,860,605	2,009,583
<b>Total liabilities</b>	<b>1,978,402,895</b>	<b>1,424,604,771</b>

<i>(in thousands of Kazakhstani Tenge)</i>	<b>Six months ended 30 June 2021</b>	<b>Six months ended 30 June 2020 (restated)</b>
<b>Segment results</b>	<b>35,882,767</b>	<b>15,973,114</b>
Other income	152,067	52,959
<b>Profit before tax</b>	<b>36,034,834</b>	<b>16,026,073</b>
Income tax expense	(4,530,823)	(410,600)
<b>Profit for the period</b>	<b>31,504,011</b>	<b>15,615,473</b>

The Bank generates its revenues in Kazakhstan. The Bank does not have major external customers abroad. The Bank does not have significant income or expense between operating segments. The Bank does not have clients which would represent at least ten percent of total revenues for 2021 (2020: no clients).

### 18 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 2021		31 December 2020	
	Level 2	Total	Level 2	Total
<b>Assets measured at fair value</b>				
<b>Financial assets</b>				
<b><i>Investments in debt securities</i></b>				
- Treasury bonds of the Ministry Finance of the Republic of Kazakhstan	59,638,670	59,638,670	76,552,775	76,552,775
- Akimat of Shymkent city	2,864,032	2,864,032	-	-
- Corporate bonds	16,109,554	16,109,554	13,612,634	13,612,634
- Bonds issued by international financial organizations	11,939,761	11,939,761	17,108,644	17,108,644
- Bonds of Kazakhstani non-banking financial institutions	23,134,885	23,134,885	20,107,305	20,107,305
<b><i>Investments in equity securities</i></b>				
- Ordinary and preferred shares of the second-tier banks of the Republic of Kazakhstan	1,747	1,747	1,747	1,747
<b>Total assets recurring fair value measurements</b>	<b>113,688,649</b>	<b>113,688,649</b>	<b>127,383,105</b>	<b>127,383,105</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.

**18 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:

(in thousands of Kazakhstani Tenge)	30 June 2021			31 December 2020		
	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	498,643,396	-	498,643,396	125,104,465	-	125,104,465
Loans and advances to customers	1,515,127,561	-	1,515,127,561	1,319,681,125	-	1,319,681,125
Investment securities at AC	65,182,474	-	65,182,474	104,829,094	-	104,829,094
Other financial assets	-	9,271,525	9,271,525	-	5,417,469	5,417,469
<b>Total</b>	<b>2,078,953,431</b>	<b>9,271,525</b>	<b>2,088,224,956</b>	<b>1,549,614,684</b>	<b>5,417,469</b>	<b>1,555,032,153</b>

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

(in thousands of Kazakhstani Tenge)	30 June 2021			31 December 2020		
	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	1,445,976,845	-	1,445,976,845	1,097,659,295	-	1,097,659,295
Borrowed funds	73,358,875	-	82,616,038	53,410,720	-	67,614,055
Debt securities in issue	155,655,539	-	191,643,686	113,264,450	-	113,680,020
Other financial liabilities	-	3,349,050	3,349,050	-	3,563,068	3,563,068
<b>Total</b>	<b>1,674,991,259</b>	<b>3,349,050</b>	<b>1,723,585,619</b>	<b>1,264,334,465</b>	<b>3,563,068</b>	<b>1,282,516,438</b>

**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 advances to customers and customer accounts.** Estimated fair value of all loans and advances to customers/customer accounts approximates their carrying amount since interest rates have not changed since origination. These loans are classified by the Bank’s management as Level 2 in the fair value hierarchy.

## **18 Fair Value Disclosures (Continued)**

**Investment securities carried at amortised cost.** Due to the inactivity of trading at the KASE secondary market, investment securities carried at amortized cost are classified at Level 2.

**Due from other banks and borrowed funds.** Estimated fair value of due from other banks is based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risk and remaining maturities. The estimated fair value of borrowed funds is based on the expected future cash flows calculated using the yield curve for government bonds.

## **19 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 legislation and practice are in a state of continuous development, and therefore is subject to varying interpretations and frequent changes, which may be retroactive. In certain situations, to determine a tax base, the tax legislation refers to IFRS provisions. In such cases, interpretation of IFRS provisions by the Kazakhstani tax authorities may differ from accounting policies, judgments and estimates used by management for preparation of these financial statements, and this may result in additional tax liabilities for the Bank. Tax periods remain open to retroactive review by the Kazakhstan tax authorities for five years.

The Bank management believes that its interpretation of the relevant legislation is appropriate and the Bank's tax positions will be sustained.

The Bank assesses the likelihood of material liabilities arising from individual circumstances and makes provision in its financial statements only where it is probable that events giving rise to the liability will occur and the amount of the liability can be reasonably estimated.

The Bank's contingent liabilities are contingencies on provision of a housing loan in the amount stipulated by the housing construction savings contract, which arise on achievement of the estimated value on deposit attracted, accumulation period of not less than 3 years, provision by depositor of relevant collateral for a housing loan, confirmation of borrower's solvency to repay housing loan. Contingent liability is written off from memorandum accounts, when housing loan is granted or depositor refuses to obtain housing loan. Housing loan is granted only after application underwriting and decision-making procedure by the Competent Authority. Therefore, these contingent liabilities do not result in any credit risks for the Bank. As at 30 June 2021 and 2020 there was no need to create and the Bank did not create provisions in these financial statements for any of the mentioned above contingent liabilities.



## **19 Contingencies and Commitments (Continued)**

**Credit related commitments.** Agreement on loan commitments to open deposits at the National Bank of the Republic of Kazakhstan stipulates a condition for concluding a transaction with a T+ settlement date.

Agreement on loan commitments represent Bank’s contingent liability to provide loans to customers, when all conditions stipulated in the contract on housing construction savings will be achieved.

Financial and contingent liabilities of the Bank included:

<i>(in thousands of Kazakhstani Tenge)</i>	<b>30 June 2021</b>	<b>31 December 2020</b>
Deposit commitments	115,000,000	37,000,000
Loan commitments	30,361,932	30,694,775
<b>Financial and contingent liabilities</b>	<b>145,361,932</b>	<b>67,694,775</b>

The increase is due to the Bank's participation in the deposit auction of the National Bank of the Republic of Kazakhstan (T+2 settlement scheme) at the expense of cash balances on the accounts of depositors and legal entities.

## **20 Related Party Transactions**

Parties are generally considered to be related if the parties are under common control, or one party has the ability to control the other party or can exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

These financial statements disclose information about individually insignificant transactions and balances with the government and parties that are related to the entity because the Government has control, joint control or significant influence over such party.

The Bank purchases goods and services from a large number of enterprises with state participation. These purchases alone amount to insignificant amounts and are usually carried out on a commercial basis. The operations with the state also include taxes, which are disclosed in Note 15.

Other related parties include the Government, Government-controlled entities and other affiliated individuals.

**“Otbasy Bank” house construction savings bank JSC**  
**Notes to Condensed Interim Financial Statement – 30 June 2021**

**20 Related Party Transactions (Continued)**

At 30 June 2021, the outstanding balances with related parties were as follows:

<i>(in thousands of Kazakhstani Tenge)</i>	<b>Parent company</b>	<b>Companies under common control</b>	<b>Key management personnel</b>	<b>Other related parties</b>
Cash and cash equivalents (effective rate 8%-9,17%)	-	-	-	598,404,744
Loans and advances to customers (contractual interest rate: (4%-8%))	-	-	140,371	190,127
Investments in debt securities (contractual interest rate: (5% – 11.3%))	14,138,789	9,393,627	-	143,397,198
Other financial assets	-	-	-	338
Borrowing funds (contractual interest rate: (4.57-13.81%))	7,396,605	-	-	66,515,360
Debt securities in issue (9.58-10.27%)	149,226,181	-	-	17,437,839
Customer accounts (contractual interest rate: (2%-7.5 %))	-	86,313,470	131,490	202,708
Government grants	108,963,272	-	-	114,960,631
Other financial liabilities	-	-	-	25,552
Other liabilities	-	1,649	-	4,299,575
Additional paid in capital	13,541,732	-	-	108,782,642

The income and expense items with related parties during the six months ended 30 June 2021 were as follows:

<i>(in thousands of Kazakhstani Tenge)</i>	<b>Parent company</b>	<b>Companies under common control</b>	<b>Key management personnel</b>	<b>Other related parties</b>
Interest income	874,850	442,872	6,003	22,643,856
Interest expense	(6,476,284)	(2,809,852)	(1,138)	(2,219,372)
Provision for impairment	547	86,191	(255)	61,322
Government grants	8,241,884	-	-	168,613
Gains less losses from transactions with securities measured at FVOCI	-	-	-	29,971
Other income	-	4	-	-
Administrative and other operating expenses	-	(9,896)	-	(1,149,657)
Income tax expense	-	-	-	(4,530,823)

**“Otbasy Bank” house construction savings bank JSC**  
**Notes to Condensed Interim Financial Statement – 30 June 2021**

**20 Related Party Transactions (Continued)**

Aggregate amounts lent to and repaid by related parties during the six months ended 30 June 2021 were as follows:

<i>(in thousands of Kazakhstani Tenge)</i>	<b>Other related parties</b>
Amounts lent to related parties during the period	129,780
Amounts repaid by related parties during the period	235,789

31 December 2020, the outstanding balances with related parties were as follows:

<i>(in thousands of Kazakhstani Tenge)</i>	<b>Parent company</b>	<b>Companies under common control</b>	<b>Key management personnel</b>	<b>Other related parties</b>
Cash and cash equivalents (effective rate 9.93%-10.07%)	-	-	-	132,953,753
Loans and advances to customers (contractual interest rate: 4%-9%)	-	-	101,116	197,930
Investments in debt securities (contractual interest rate: 3% – 11%)	16,117,838	7,593,252	-	191,390,719
Other financial assets	-	-	-	315
Other assets	-	50	-	196,015
Borrowed funds (contractual interest rate: 0.01-13,81%)	7,136,849	-	-	60,477,205
Debt securities in issue (9.58-10.27%)	91,814,988	-	-	17,437,295
Customer accounts (contractual interest rate: 2%-7.75 %)	-	40,270,779	67,721	164,411
Government grants	53,002,677	-	-	68,751,182
Other liabilities	-	1,649	-	793,169
Additional paid in capital	13,541,732	-	-	81,864,657

The income and expense items with related parties during the six months ended 30 June 2021 were as follows (restated):

<i>(in thousands of Kazakhstani Tenge)</i>	<b>Parent company</b>	<b>Companies under common control</b>	<b>Key management personnel</b>	<b>Other related parties</b>
Interest income	739,017	497,777	5,013	13,354,861
Interest expense	(3,022,297)	(2,714,597)	(546)	(2,612,783)
Provision for impairment	(1,521)	(141,641)	(127)	(72,307)
Government grants	-	-	-	4,909,672
Other income	-	71	-	-
Administrative and other operating expenses	-	(10,094)	-	(702,160)
Income tax expense	-	-	-	(410,600)

**20 Related Party Transactions (Continued)**

Aggregate amounts lent to and repaid by related parties during the six months ended 30 June 2020 were as follows:

<i>(in thousands of Kazakhstani Tenge)</i>	<b>Other related parties</b>
Amounts lent to related parties during the period	21,866
Amounts repaid by related parties during the period	22,390

Key management compensation is presented below:

	<b>Six months ended 30 June 2021</b>		<b>Six months ended 30 June 2020</b>	
	<b>Expenses</b>	<b>Accrued liability</b>	<b>Expenses</b>	<b>Accrued liability</b>
<i>Short-term benefits:</i>				
- Salaries	136,796	-	119,458	-
- Short-term bonuses	11,562	-	8,761	-
- Benefits in-kind	2,421	-	2,323	-
- Long-term bonus scheme	41,860	44,485	36,350	39,148
<b>Total</b>	<b>192,639</b>	<b>44,485</b>	<b>166,892</b>	<b>39,148</b>

**21 Earnings per Share**

Basic earnings per share are calculated by dividing the net profit attributable to owners of the Parent by the number of outstanding ordinary shares during the 6 months of 2021.

The Bank has no dilutive potential ordinary shares; therefore, the diluted earnings per share equals the basic earnings per share. Earnings per share are calculated as follows:

<i>(In thousands of Kazakhstani Tenge, excluding number of shares)</i>	<b>Note</b>	<b>For the six months ended 30 June 2021</b>	<b>For the six months ended 30 June 2020 (restated)</b>
Profit for 6 attributable to ordinary share holders		31,504,011	15,615,473
Number of outstanding ordinary shares (thousands)	<u>13</u>	7,830	7,830
<b>Basic and diluted earnings per ordinary share (in Tenge per share)</b>		<b>4,024</b>	<b>1,994</b>

**“Otbasy Bank” JSC**

**Book value of one share at 1 July 2021 based on the  
statement of financial position for the year ended 30 June 2021.**

This calculation of the book value of one share was made in accordance with the Rules for information disclosure by initiators of securities admission (hereinafter referred to as the Rules) (Appendix 2 to the Rules), approved by the decision of the Board of Directors of Kazakhstan Stock Exchange JSC (minutes dated 10 March 2021 No. 14).

The book value of one common share is calculated as follows:

$$BV_{CS} = NAV / NO_{CS}, \text{ where}$$

- $BV_{CS}$  - (book value per common share) carrying amount per common share as of calculation date;  
 $NAV$  - (net asset value) net asset value for common shares as of calculation date;  
 $NO_{CS}$  - (number of outstanding common shares) number of outstanding common shares as of calculation date.

Net asset value for common shares is calculated as follows:

$$NAV = (TA - IA) - TL - PS, \text{ where}$$

- $TA$  — (total assets) assets of a share issuer in the statement of financial position as of calculation date;  
 $IA$  — (intangible assets) intangible assets in the statement of financial position of a share issuer as of calculation date, which the entity cannot sell to third parties for recovering cash or cash equivalents paid and/or obtaining economic benefits;  
 $TL$  — (total liabilities) liabilities in the statement of financial position of a share issuer as of calculation date;  
 $PS$  — (preferred stock) balance of “equity, preference shares” item in the statement of financial position of a share issuer as of calculation date.

The table below summarises calculation of the book value of one common share as of the reporting date:

<i>(in thousands of Kazakhstani Tenge except for the number of shares)</i>	<b>30 June 2021</b>	<b>31 December 2020</b>
Number of ordinary shares (thousands shares)	7,830	7,830
Total assets	2,320,042,065	1,707,388,091
Less intangible assets	5,713,488	5,684,660
Less liabilities	1,978,402,895	1,424,604,771
<b>Total net assets</b>	<b>335,925,682</b>	<b>277,098,660</b>
<b>Book value of one common share, Tenge</b>	<b>42,902</b>	<b>35,389</b>

Islambek U. Kairbekov  
Acting Chairman of the Board



Zhanerke A. Kiltbayeva  
Chief Accountant