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

To the Shareholder and Board of Directors of Agrarian Credit Corporation Joint Stock Company

Introduction

We have reviewed the accompanying consolidated interim condensed statement of financial position of Agrarian Credit Corporation Joint Stock Company and its subsidiary (the "Group") as at 30 June 2024, and the consolidated interim condensed statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and notes to the consolidated interim condensed financial information (the "consolidated interim condensed financial information"). Management of the Group is responsible for the preparation and presentation of this consolidated interim condensed financial information in accordance with IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this consolidated interim condensed financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of consolidated interim condensed 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 consolidated interim condensed financial information as at 30 June 2024 and for the six-month period then ended is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting.*

Assel Urdabayeva
Authorised Representative (Audit Partner)
KPMG Audit LLC
Astana, Republic of Kazakhstan

22 August 2024

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CONSOLIDATED INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

'000 KZT

	Note	*30 June 2024 (unaudited)*	*31 December 2023 (restated)*
Assets			
Cash and cash equivalents	4	348,344,394	168,988,929
Amounts due from banks	5	69,607,111	29,575,908
Loans to customers	6	851,668,739	718,043,963
Finance lease receivables	7	471,683,715	457,464,211
Accounts receivable from the Government	12	22,500,000	–
Assets classified as held for sale		730,753	726,309
Investments in associates		–	434,037
Investment property		2,530,877	2,599,511
Property, plant and equipment		2,199,630	2,348,540
Intangible assets		790,565	874,935
VAT and other taxes recoverable		11,118,919	10,500,129
Current corporate income tax assets		134,115	2,270,712
Other assets	8	30,967,732	18,274,132
Total assets		**1,812,276,550**	**1,412,101,316**
Liabilities			
Amounts due to the Shareholder		95,513,020	93,516,543
Amounts due to credit institutions	9	103,300,290	114,583,545
Amounts due to the Government of the Republic of Kazakhstan	10	208,846,245	77,340,798
Amounts due to state and budget organisations		167,885,446	188,524,346
Debt securities issued	11	658,018,960	380,425,744
Current estimated liabilities		1,209,665	1,719,345
Current corporate income tax liabilities		4,513,460	–
Deferred corporate income tax liabilities		15,866,413	19,163,222
Government grants	12	73,843,193	66,252,890
Other liabilities	13	25,568,502	19,726,341
Total liabilities		**1,354,565,194**	**961,252,774**
Equity			
Share capital	14	428,284,724	428,284,724
Reserve capital	14	28,568,552	19,704,422
Retained earnings		858,080	2,859,396
Total equity		**457,711,356**	**450,848,542**
Total liabilities and equity		**1,812,276,550**	**1,412,101,316**
Carrying amount of one ordinary share (KZT)	14	**1,069.92**	**1,053.66**

Signed and authorised for issue on behalf of the Management Board of the Company:

Kairat Kaertarovich Sapulatov — Deputy Chairperson of the Management Board, member of the Management Board

Galiya Dairovna Kussainova — Acting Chief Accountant

22 August 2024

The selected explanatory notes set out on pages 9 to 34 form an integral part of these consolidated interim condensed financial statements.

CONSOLIDATED INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS

for the six months ended 30 June 2024

'000 KZT

	Note	*Unaudited* *The six months ended 30 June* 2024	2023
Interest income calculated using the effective interest method			
Cash and cash equivalents		18,283,557	12,903,814
Loans to banks		2,584,059	2,819,021
Loans to customers		64,785,426	57,725,414
Investment securities		9	8
		85,653,051	**73,448,257**
Other interest income			
Finance lease receivables		37,561,463	29,455,907
		123,214,514	**102,904,164**
Interest expense			
Amounts due to the Shareholder		(4,250,416)	(4,450,141)
Amounts due to the Government of the Republic of Kazakhstan		(11,464,428)	(14,202,260)
Amounts due to state and budget organisations		(8,543,823)	(8,803,985)
Amounts due to credit institutions		(8,500,577)	(5,701,592)
Debt securities issued		(29,101,640)	(22,103,241)
		(61,860,884)	**(55,261,219)**
Net interest income		**61,353,630**	**47,642,945**
Expenses on credit losses	15	(16,855,317)	(20,543,459)
Net interest income net of expenses on credit losses		**44,498,313**	**27,099,486**
Net foreign exchange loss		(46,861)	(194,995)
Personnel expenses		(6,464,946)	(5,102,303)
Other operating expenses		(3,029,912)	(2,585,206)
Other (expenses)/income, net	16	(1,788,423)	7,849,378
Non-interest expense		**(11,330,142)**	**(33,126)**
Profit before income tax		**33,168,171**	**27,066,360**
Corporate income tax expense	17	(5,614,345)	(4,145,350)
Profit for the period		**27,553,826**	**22,921,010**

Signed and authorised for issue on behalf of the Management Board of the Company:

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Galiya Dairovna Kussainova — Acting Chief Accountant

22 August 2024

The selected explanatory notes set out on pages 9 to 34 form an integral part of these consolidated interim condensed financial statements.

CONSOLIDATED INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 June 2024

'000 KZT

	Unaudited	
	The six months ended 30 June	
	2024	*2023*
Profit for the period	**27,553,826**	**22,921,010**
Other comprehensive income for the period	–	–
Total comprehensive income for the period	**27,553,826**	**22,921,010**

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Galiya Dairovna Kussainova — Acting Chief Accountant

22 August 2024

The selected explanatory notes set out on pages 9 to 34 form an integral part of these consolidated interim condensed financial statements.

CONSOLIDATED INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2024

'000 KZT

	Note	*Share capital*	*Reserve capital*	*Retained earnings/ (accumulated losses)*	*Total*
At 1 January 2023		**408,284,724**	**13,846,278**	**(7,160,417)**	**414,970,585**
Total comprehensive income for the period (unaudited)		–	–	22,921,010	**22,921,010**
Increase in reserve capital (unaudited)	14	–	5,858,144	(5,858,144)	–
Dividends declared (unaudited)	14	–	–	(13,677,185)	(13,677,185)
At 30 June 2023 (unaudited)		**408,284,724**	**19,704,422**	**(3,774,736)**	**424,214,410**
At 31 December 2023		**428,284,724**	**19,704,422**	**2,859,396**	**450,848,542**
Total comprehensive income for the period (unaudited)		–	–	27,553,826	**27,553,826**
Increase in reserve capital (unaudited)	14	–	8,864,130	(8,864,130)	–
Dividends declared (unaudited)	14	–	–	(20,691,012)	(20,691,012)
At 30 June 2024 (unaudited)		**428,284,724**	**28,568,552**	**858,080**	**457,711,356**

Signed and authorised for issue on behalf of the Management Board of the Company:

Kairat Kaertarovich Sapulatov — Deputy Chairperson of the Management Board, member of the Management Board

Galiya Dairovna Kussainova — Acting Chief Accountant

22 August 2024

The selected explanatory notes set out on pages 9 to 34 form an integral part of these consolidated interim condensed financial statements.

CONSOLIDATED INTERIM CONDENSED STATEMENT OF CASH FLOWS

for the six months ended 30 June 2024

'000 KZT

	Note	*Unaudited* *The six months ended 30 June* 2024	2023
Cash flows from operating activities			
Interest received		88,950,043	72,707,531
Interest paid		(32,282,414)	(24,693,450)
Personnel expenses paid		(7,063,929)	(5,817,894)
Other operating expenses paid		(1,826,162)	(1,206,538)
Cash flows from operating activities before changes in operating assets and liabilities		**47,777,538**	**40,989,649**
Net (increase)/ decrease in operating assets			
Loans to banks		(43,794,461)	(50,585,391)
Loans to customers		(139,803,623)	(86,480,053)
Finance lease receivables		(19,510,859)	(15,378,870)
Other assets		(9,444,465)	(8,970,424)
Net increase/ (decrease) in operating liabilities			
Government grants		(264,625)	567,423
Other liabilities		250,032	22,428,898
Net cash used in operating activities before corporate income tax paid		**(164,790,463)**	**(97,428,768)**
Corporate income tax paid		(2,275,009)	(2,934,303)
Net cash used in operating activities		**(167,065,472)**	**(100,363,071)**
Cash flows from investing activities			
Proceeds from repayment of investment securities		135	3,152
Acquisition of property, plant and equipment and intangible assets		(306,562)	(119,950)
Net cash used in investing activities		**(306,427)**	**(116,798)**
Cash flows from financing activities			
Proceeds from loans from the Government of the Republic of Kazakhstan	10	140,000,000	140,000,000
Repayment of loans from the Government of the Republic of Kazakhstan	10	(3,000)	(20,003,000)
Proceeds from loans from the Shareholder		(1,222,090)	(826,852)
Debt securities issued	11	275,000,000	9,797,709
Repayment of debt securities issued	11	(3,950,000)	(26,952,250)
Proceeds from loans from state and budget organisations		480,000	1,000,000
Repayment of loans from state and budget organisations		(29,435,605)	(9,345,091)
Proceeds from external borrowings	9	8,800,000	16,767,000
Repayment of external borrowings	9	(22,380,250)	(19,824,250)
Dividends paid	14	(20,691,012)	–
Net cash from financing activities		**346,598,043**	**90,613,266**
Effect of movements in exchange rates on cash and cash equivalents		131,942	(156,824)
Effect of expected credit losses on cash and cash equivalents		(2,621)	534
Net change in cash and cash equivalents		**179,355,465**	**(10,022,893)**
Cash and cash equivalents at the beginning of the period		168,988,929	172,484,306
Cash and cash equivalents at the end of the period	4	**348,344,394**	**162,461,413**

Signed and authorised for issue on behalf of the Management Board of the Company:

Kairat Kaertarovich Sapulatov — Deputy Chairperson of the Management Board, member of the Management Board

Galiya Dairovna Kussainova — Acting Chief Accountant

22 August 2024

The selected explanatory notes set out on pages 9 to 34 form an integral part of these consolidated interim condensed financial statements.

SELECTED EXPLANATORY NOTES TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS

for the six months ended 30 June 2024

'000 KZT

1. Reporting entity

These consolidated interim condensed financial statements comprise the financial statements of Agrarian Credit Corporation Joint Stock Company (the "Company") and financial statements of its subsidiary KazAgroFinance JSC (the "Group").

The Company was established by the Decree of the Government of the Republic of Kazakhstan No. 137 dated 25 January 2001 "On the Issues of the Agricultural Sector Lending" as a joint stock company in accordance with the legislation of the Republic of Kazakhstan. The Company is operating on the basis of a license to carry out operations provided for by the banking legislation of the Republic of Kazakhstan, No. 5.2.24 dated 5 November 2013, issued by the Committee for Regulation and Supervision of the Financial Market and Financial Institutions under the National Bank of the Republic of Kazakhstan ("NBRK"). The activities of the Company are regulated by the Agency for Regulation and Development of the Financial Market of the Republic of Kazakhstan.

The Group's principal activity is promotion of industrialisation and diversification of the agricultural sector through development of the affordable lending system for agro-industrial complex entities, performance of bank borrowing operations on the basis of the relevant license, participation in the implementation of the government programmes to support the agricultural sector through lending, leasing of agricultural and other equipment, attraction of the domestic and foreign investments, participation in the development and implementation of the projects in the agro-industrial complex, leasing activities, funding of financial institutions, financing of legal entities using Islamic financial instruments to provide Islamic finance to agro-industrial complex entities, and other activities not prohibited by the legislative acts that meet the goals and objectives of the Group provided for by its Charter.

The Group's financing activities stipulate specific requirements and restrictions on the use of funds.The interest rate on loans provided is lower than the market rate due to implementation of the agricultural development programmes in the Republic of Kazakhstan.

As at 30 June 2024 and 31 December 2024, the Company had 19 registered branches in the Republic of Kazakhstan.

As at 30 June 2024 and 31 December 2023 the Company owned a 100% interest in KazAgroFinance JSC; the principal activity of KazAgroFinance JSC is leasing activity in the agro-industrial complex, lending of entities operating in the agro-industrial complex, participation in the implementation of the programmes funded from the national budget and other programmes aimed at development of the agro-industrial complex.

As at 30 June 2024 and 31 December 2023, Baiterek National Managing Holding JSC ("Baiterek" or "Shareholder") owns 100% of the Company's shares.

The Company's ultimate owner is the Government of the Republic of Kazakhstan.

The Company's registered office is: 11 Imanov Street, Astana, Republic of Kazakhstan.

Business environment

The Group's operations are primarily located in Kazakhstan. Consequently, the Group is exposed to the economic and financial markets of Kazakhstan which display characteristics of an emerging market. The legal, tax and regulatory frameworks continue development, but are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments contribute to the challenges faced by entities operating in Kazakhstan. The volatility in the global price of oil and geopolitical uncertainty around Russia and Ukraine has further elevated levels of economic uncertainty in business environment.

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

2. Basis of preparation

Statement of compliance with IAS 34 *Interim Financial Reporting*

These consolidated interim condensed financial statements for the six months ended 30 June 2024 have been prepared in accordance with IAS 34 *Interim Financial Reporting*. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at 31 December 2023 and for the year then ended.

SELECTED EXPLANATORY NOTES TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS

for the six months ended 30 June 2024

'000 KZT

These consolidated interim condensed financial statements do not include all the information required for full annual financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the Group's annual financial statements as at 31 December 2023 and for the year then ended.

Basis of measurement

The consolidated interim condensed financial statements have been prepared on the historical cost basis.

Functional and presentation currency

The functional currency of the Group is the Kazakhstan tenge ("KZT") as, being the national currency of the Republic of Kazakhstan, it reflects the economic substance of the majority of underlying events and circumstances relevant to them. The KZT is also the presentation currency for the purposes of these consolidated interim condensed financial statements.

All financial information presented in KZT has been rounded to the nearest thousand.

Use of estimates and judgements

Preparing the consolidated interim condensed financial statements requires management to make judgements, estimates assumptions that affect the application of accounted policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods, in which changes in estimates affect data in the consolidated interim condensed financial information.

The most significant judgements made by management in applying the Group's accounting policies are the key sources of estimation uncertainty were the same as those that applied to the last annual consolidated financial statements.

3. Material accounting policies

The accounting policies applied in these consolidated interim condensed financial statements are the same as those applied by the Group in the consolidated financial statements for the year ended 31 December 2023.

The amended standards and interpretations that have come into effect and are currently applicable to the Group's operations or may be applicable to its operations in the future are disclosed below.

New standards, interpretations and amendments effective beginning after 1 January 2024

The following amended standards became effective from 1 January 2024, but did not have any material impact on the Group's consolidated interim condensed financial statements:

- *Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) IFRS 17 Insurance Contracts.*
- *Non-current Liabilities with Covenants (Amendments to IAS 1) and Classification of Liabilities as Current or Non-current (Amendments to IAS 1).*
- *Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7).*

A number of new standards are effective for annual periods beginning after 1 January 2025 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated interim condensed financial statements. These new standards and interpretations are not expected to have a significant impact on the Group's consolidated interim condensed financial statements.

4. Cash and cash equivalents

	30 June 2024 (unaudited)	*31 December 2023*
Reverse repurchase agreements	273,857,316	72,478,190
Cash on current bank accounts	51,085,559	84,454,127
Cash on current bank accounts with the Republican State Enterprise (RSE) "The Treasury Committee of the Ministry of Finance of the Republic of Kazakhstan"	4,758,560	3,862,244
Overnight deposits with other banks	18,649,832	8,198,620
	348,351,267	**168,993,181**
Allowance for expected credit losses	(6,873)	(4,252)
Cash and cash equivalents	**348,344,394**	**168,988,929**

SELECTED EXPLANATORY NOTES TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS

for the six months ended 30 June 2024

'000 KZT

As at 30 June 2024, cash and cash equivalents are not past due and are categorised into Stage 1 of credit risk (unaudited) (31 December 2023: cash and cash equivalents are not past due and are categorised into Stage 1).

As at 30 June 2024 and 31 December 2023, the credit quality of cash and cash equivalents balances may be summarised based on Standard and Poor's or other agencies converted into Standard&Poor's scale as follows:

	30 June 2024 (unaudited)				
	Current accounts	*Current account with RSE "The Treasury Committee of the Ministry of Finance of the Republic of Kazakhstan"*	*Overnight deposits with other banks*	*Reverse repurchase agreements*	*Total*
Not overdue					
- Cash on current account with RSE "The Treasury Committee of the Ministry of Finance of the Republic of Kazakhstan" (not rated)	–	4,758,560	–	–	4,758,560
- rated from BBB- to BBB+	27,816,877	–	3,666,209	–	31,483,086
- rated from BB- to BB+	20,902,403	–	14,983,252	–	35,885,655
- not rated	2,366,279	–	371	273,857,316	276,223,966
Total cash and cash equivalents, net of cash before deduction of impairment allowance	**51,085,559**	**4,758,560**	**18,649,832**	**273,857,316**	**348,351,267**
Allowance for expected credit losses	(2,199)	(56)	(1,085)	(3,533)	(6,873)
Total cash and cash equivalents, net of cash on hand	**51,083,360**	**4,758,504**	**18,648,747**	**273,853,783**	**348,344,394**

	31 December 2023				
	Current accounts	*Current account with RSE "The Treasury Committee of the Ministry of Finance of the Republic of Kazakhstan"*	*Overnight deposits with other banks*	*Reverse repurchase agreements*	*Total*
Not overdue					
- Cash on current account with RSE "The Treasury Committee of the Ministry of Finance of the Republic of Kazakhstan" (not rated)	–	3,862,244	–	–	3,862,244
- NBRK	5,000,000	–	–	–	5,000,000
- rated from BBB- to BBB+	38,579,378	–	2,060,634	–	40,640,012
- rated from BB- to BB+	40,874,285	–	6,137,237	–	47,011,522
- not rated	464	–	749	72,478,190	72,479,403
Total cash and cash equivalents, net of cash before deduction of impairment allowance	**84,454,127**	**3,862,244**	**8,198,620**	**72,478,190**	**168,993,181**
Allowance for expected credit losses	(2,460)	(42)	(307)	(1,443)	(4,252)
Total cash and cash equivalents, net of cash on hand	**84,451,667**	**3,862,202**	**8,198,313**	**72,476,747**	**168,988,929**

As at 30 June 2024, the balance of not rated cash and cash equivalents includes the balances with Citibank Kazakhstan JSC and Kazpost JSC (unaudited) (31 December 2023: Citibank Kazakhstan JSC and Kazpost JSC).

As at 30 June 2024 the Group has no accounts with a bank, whose total balances of cash and cash equivalents exceed 10.00% of the equity (unaudited) (31 December 2023: no accounts with a bank, whose total balances of cash and cash equivalents exceed 10.00% of the equity).

SELECTED EXPLANATORY NOTES TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS

for the six months ended 30 June 2024

'000 KZT

As at 30 June 2024 the Group entered into reverse repo agreements at Kazakhstan Stock Exchange, which were secured by the treasury bills of the Ministry of Finance of the Republic of Kazakhstan, debt bonds of Kazakhstan Sustainability Fund JSC and the European Bank for Reconstruction and Development. The total fair value of the above financial instruments was KZT 274,942,448 (unaudited) (31 December 2023: KZT 72,467,012 thousand). The carrying amount under reverse repo agreements as at the reporting date was KZT 273,853,783 thousand (31 December 2023: KZT 72,476,747 thousand).

5. Amounts due from banks

	30 June 2024 (unaudited)	*31 December 2023*
Loans to second-tier banks	69,837,027	29,586,359
Allowance for expected credit losses	(229,916)	(10,451)
Amounts due from banks	**69,607,111**	**29,575,908**

As at 30 June 2024, loans to second-tier banks are not overdue and are categorised into Stage 1 (unaudited) (31 December 2023: loans to second-tier banks are not overdue and are categorised into Stage 1).

The following table provides information about credit quality of amounts due from banks:

	30 June 2024 (unaudited)	*31 December 2023*
Not overdue		
- rated from BBB- to BBB+	59,561,505	27,209,261
- rated from BB- to BB+	5,616,249	2,377,098
- rated from B- to B+	4,659,273	–
	69,837,027	**29,586,359**
Allowance for expected credit losses	(229,916)	(10,451)
Amounts due from banks	**69,607,111**	**29,575,908**

During the six months ended 30 June 2024, as part of Ken-Dala annual government programme for support of the spring field works, the Group provided loans to Halyk Bank of Kazakhstan JSC for the total amount of KZT 52,177,500 thousand (during the six months ended 30 June 2023: KZT 56,000,000 thousand), and to Bank CenterCredit JSC for the total amount of KZT 4,000,000 thousand (during the six months ended 30 June 2023: KZT 4,861,310 thousand, at below market interest rate of 1.50% per annum (during the six months ended 30 June 2023: 1.50% per annum), and maturing on 1 March 2025 (during the six months ended 30 June 2023: 1 March 2024). The Group recognised a discount of KZ 4,630,496 thousand (during the six months ended 30 June 2023: KZT 6,765,769 thousand) as a loss on initial recognition of loans at the below-market interest rates, and interest income on unwinding of discount in the amount of KZT 1,425,629 thousand (during the six months ended 30 June 2023: KZT 2,164,633 thousand) in the consolidated interim condensed statement of profit or loss within other expenses and interest income on loans to banks, respectively. The Group applied estimated market interest rates of 12.98% - 15.15% per annum (during the six months ended 30 June 2023: 16.28% - 18.42% per annum) to measure the fair value of the above-mentioned loans on initial recognition by discounting their future contractual cash flows.

During the six months ended 30 June 2024, as part of the Ken-Dala-2 programme, the Group provided loans to Halyk Bank of Kazakhstan JSC for the amount of KZT 10,822,500 thousand, Freedom Bank Kazakhstan JSC for the amount of KZT 5,000,000 thousand and Bank CenterCredit JSC for the amount of KZT 2,000,000 thousand at the below-market interest rate of 1.50% per annum and maturity on 1 March 2025. The Group recognised discount of KZT 1,315,584 thousand as loss on initial recognition of loans at below-market interest rates, and interest income on unwinding of discount in the amount of KZT 128,700 thousand in the consolidated interim condensed statement of profit or loss within other expenses and interest income on loans to banks, respectively. The Group applied estimated market interest rates from 15.27% - 15.97% per annum to measure the fair value of the above-mentioned loans on initial recognition by discounting their future contractual cash flows.

As at 30 June 2024, the Group has a balance with 1 bank (unaudited) (31 December 2023: none), which exceeds 10.00% of equity: Halyk Bank of Kazakhstan JSC for the total amount of KZT 59,424,658 thousand (unaudited).

SELECTED EXPLANATORY NOTES TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS

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6. Loans to customers

Loans to customers are represented by loans to the borrowers operating in the agricultural sector and include the following positions:

	30 June 2024 (unaudited)	*31 December 2023*
Loans to legal entities-credit partnerships and social and entrepreneurship corporations	443,215,013	327,752,769
Loans to legal entities for investment projects	98,998,917	106,452,355
Loans to other legal entities	233,137,037	204,523,899
Loans to individuals	273,396,771	271,072,649
	1,048,747,738	**909,801,672**
Allowance for expected credit losses	(197,078,999)	(191,757,709)
Loans to customers	**851,668,739**	**718,043,963**

During the six months ended 30 June 2024, as part of the Ken-Dala annual government programme for lending of the agro-industrial complex entities to support the spring field works, the Group provided loans for the total amount of KZT 79,627,500 thousand (during the six months ended 30 June 2023: KZT 79,138,689 thousand) at the below-market interest rate of 1.50% p.a. (during the six months ended 30 June 2023: 1.50% p.a.) and maturity before March 2025 (during the six months ended 30 June 2023: before March 2024). The Group recognised discount of KZT 10,979,330 thousand (during the six months ended 30 June 2023: KZT 9,475,249 thousand) on initial recognition and interest income on unwinding of discount of KZT 3,696,366 thousand (during the six months ended 30 June 2023: KZT 3,263,535 thousand) in the consolidated interim condensed statement of profit or loss within "other expenses" and "interest income on loans to customers", respectively. The loss of KZT 10,979,330 thousand on initial recognition of loans at below-market interest rates (during the six months ended 30 June 2023: KZT 9,475,249 thousand) was fully compensated through receipt of a government grant (during the six months ended 30 June 2023: was fully compensated through receipt of a government grant). The Group applied estimated market interest rates from 17.20% to 21.60% p.a. (during the six months ended 30 June 2023: from 14.00% to 21.80% p.a.) to measure the fair value of the above-mentioned loans on initial recognition by discounting their future contractual cash flows.

During the six months of 2024, the Group continued issuing and servicing the loans provided under the Government Programme for the Development of Productive Employment and Mass Entrepreneurship for 2017-2021 ("Isker"); new loans were issued for the amount of KZT 1,541,005 thousand (during the six months ended 30 June 2023: KZT 10,052,947 thousand). The Group used estimated market interest rates of 17.20% to 21.60% p.a. (during the six months ended 30 June 2023: 14.00% to 21.80% p.a.) to measure the fair value of the above-mentioned loans on initial recognition by discounting their future contractual cash flows. The loss of KZT 530,465 thousand on initial recognition of these loans issued at below market interest rate (during the six months ended 30 June 2023: the loss of KZT 2,974,464 thousand) was recognised within "other expenses" and fully compensated at the expense of a government grant.

During the six months of 2024 the Group continued issuing and servicing the loans of KZT 6,224,065 thousand (during the six months ended 30 June 2023: KZT 6,491,559 thousand) provided under Enbek and Employment Roadmap 2020 government programmes. The Group used estimated market interest rates of 17.20% - 21.60% p.a. to measure the fair value of the abovementioned loans at initial recognition by discounting their future contractual cash flows. The loss from initial recognition of these loans issued at below market interest rate in the amount of KZT 1,538,350 thousand (during the six months ended 30 June 2023: the loss of KZT 1,203,423 thousand) was recognised within "other expenses" and fully compensated at the expense of a government grant.

During the six months ended 30 June 2024, as part of the Ken-Dala-2 programme for lending of the agro-industrial complex entities to support the spring field works, the Group provided loans for the total amount of KZT 103,254,213 thousand (during the six months ended 30 June 2023: none) at the below-market interest rate of 1.50% - 5% p.a. (during the six months ended 30 June 2023: none) and maturity before March 2025. The Group recognised discount of KZT 10,764,013 thousand (during the six months ended 30 June 2023: none) on initial recognition and interest income on unwinding of discount of KZT 637,920 thousand (during the six months ended 30 June 2023: none) in the consolidated interim condensed statement of profit or loss within "other expenses" and "interest income on loans to customers", respectively. The loss of KZT 10,764,013 thousand on initial recognition of loans at below-market interest rates (during the six months ended 30 June 2023: none) was fully compensated through receipt of a government grant. The Group applied estimated market interest rates from 17.20% to 21.60% p.a. to measure the fair value of the above-mentioned loans on initial recognition by discounting their future contractual cash flows.

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Within its general operational activity the Group issues loans to the borrowers operating in the agricultural industry at below market interest rates. The loss from initial recognition of these loans issued at below market interest rate in the amount of KZT 2,827,925 thousand during the six months ended 30 June 2024 (during the six months ended 30 June 2023: KZT 4,218,146 thousand) was recognised within "other expenses". During the six months of 2024, the Group used estimated market interest rates of 17.20% - 21.60% p.a. (during the six months ended 30 June 2023: 14.00% - 21.80% p.a.) to measure the fair value of the loans at initial recognition by discounting their future contractual cash flows.

As at 30 June 2024 the Group had no borrowers whose total balance exceeded 10% of equity (31 December 2023: no borrowers).

The following table provides information on the credit quality of the loans to customers as at 30 June 2024 (unaudited) and 31 December 2023:

	30 June 2024 (unaudited)				
Loans to legal entities-credit partnerships and social and entrepreneurship corporations	***Stage 1 12-month ECL***	***Stage 2 Lifetime ECL for assets not credit-impaired***	***Stage 3 Lifetime ECL for assets not credit-impaired***	***POCI***	***Total***
- not overdue	215,795,185	135,325,419	61,381,074	3,088,820	415,590,498
- overdue up to 30 days	864,065	5,647,950	7,169,769	24,285	13,706,069
- overdue more than 31 days and less than 60 days	–	1,962,665	2,022,021	–	3,984,686
- overdue more than 61 days and less than 90 days	–	–	1,257,108	–	1,257,108
- overdue more than 91 days and less than 360 days	–	–	3,374,922	71,789	3,446,711
- overdue more than 1 year	–	–	5,229,941	–	5,229,941
	216,659,250	**142,936,034**	**80,434,835**	**3,184,894**	**443,215,013**
Allowance for expected credit losses	(5,304,174)	(11,646,109)	(12,386,864)	(110,639)	(29,447,786)
	211,355,076	**131,289,925**	**68,047,971**	**3,074,255**	**413,767,227**

	30 June 2024 (unaudited)				
Loans to legal entities for investment projects	***Stage 1 12-month ECL***	***Stage 2 Lifetime ECL for assets not credit-impaired***	***Stage 3 Lifetime ECL for assets not credit-impaired***	***POCI***	***Total***
- not overdue	22,813,377	1,021,307	21,725,103	643,546	46,203,333
- overdue up to 30 days	412,435	–	3,299,981	–	3,712,416
- overdue more than 31 days and less than 60 days	–	24,443	627,850	–	652,293
- overdue more than 61 days and less than 90 days	–	–	12,549,297	12,288	12,561,585
- overdue more than 91 days and less than 360 days	–	–	13,307,501	208,446	13,515,947
- overdue more than 1 year	–	–	22,353,343	–	22,353,343
	23,225,812	**1,045,750**	**73,863,075**	**864,280**	**98,998,917**
Allowance for expected credit losses	(3,949,797)	(377,366)	(35,562,343)	(627,891)	(40,517,397)
	19,276,015	**668,384**	**38,300,732**	**236,389**	**58,481,520**

SELECTED EXPLANATORY NOTES TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS

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	30 June 2024 (unaudited)				
Loans to other legal entities	***Stage 1 12-month ECL***	***Stage 2 Lifetime ECL for assets not credit-impaired***	***Stage 3 Lifetime ECL for assets not credit-impaired***	***POCI***	***Total***
- not overdue	85,888,344	2,637,631	62,914,716	7,302,156	158,742,847
overdue up to 30 days	1,224,472	105,321	2,580,368	1,416,465	5,326,626
- overdue more than 31 days and less than 60 days	–	536,797	1,924,895	217,973	2,679,665
- overdue more than 61 days and less than 90 days	–	–	1,214,356	54,092	1,268,448
- overdue more than 91 days and less than 360 days	–	–	31,856,567	300,823	32,157,390
- overdue more than 1 year	–	–	32,962,061	–	32,962,061
	87,112,816	**3,279,749**	**133,452,963**	**9,291,509**	**233,137,037**
Allowance for expected credit losses	(9,099,891)	(1,109,204)	(75,721,807)	(2,361,744)	(88,292,646)
	78,012,925	**2,170,545**	**57,731,156**	**6,929,765**	**144,844,391**

	30 June 2024 (unaudited)				
Loans to individuals	***Stage 1 12-month ECL***	***Stage 2 Lifetime ECL for assets not credit-impaired***	***Stage 3 Lifetime ECL for assets not credit-impaired***	***POCI***	***Total***
- not overdue	178,846,788	5,338,732	23,894,029	774,268	208,853,817
overdue up to 30 days	10,417,707	1,696,983	3,275,385	93,097	15,483,172
- overdue more than 31 days and less than 60 days	–	4,679,625	2,631,579	213,783	7,524,987
- overdue more than 61 days and less than 90 days	–	–	3,847,296	51,676	3,898,972
- overdue more than 91 days and less than 360 days	–	–	13,638,901	1,395,023	15,033,924
- overdue more than 1 year	–	–	22,513,025	88,874	22,601,899
	189,264,495	**11,715,340**	**69,800,215**	**2,616,721**	**273,396,771**
Allowance for expected credit losses	(4,475,659)	(2,235,650)	(31,643,149)	(466,712)	(38,821,170)
	184,788,836	**9,479,690**	**38,157,066**	**2,150,009**	**234,575,601**

SELECTED EXPLANATORY NOTES TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS

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	31 December 2023				
Loans to legal entities-credit partnerships and social and entrepreneurship corporations	***Stage 1 12-month ECL***	***Stage 2 Lifetime ECL for assets not credit-impaired***	***Stage 3 Lifetime ECL for assets not credit-impaired***	***POCI***	***Total***
- not overdue	134,753,828	98,607,577	61,480,872	2,790,043	297,632,320
- overdue up to 30 days	9,142,151	4,252,114	2,661,211	436,931	16,492,407
- overdue more than 31 days and less than 60 days	–	4,203,429	1,141,569	130,208	5,475,206
- overdue more than 61 days and less than 90 days	–	–	2,065,824	14,154	2,079,978
- overdue more than 91 days and less than 360 days	–	–	1,118,175	72	1,118,247
- overdue more than 1 year	–	–	4,954,611	–	4,954,611
	143,895,979	**107,063,120**	**73,422,262**	**3,371,408**	**327,752,769**
Allowance for expected credit losses	(1,507,919)	(7,093,376)	(11,819,121)	(141,792)	(20,562,208)
	142,388,060	**99,969,744**	**61,603,141**	**3,229,616**	**307,190,561**

	31 December 2023				
Loans to legal entities for investment projects	***Stage 1 12-month ECL***	***Stage 2 Lifetime ECL for assets not credit-impaired***	***Stage 3 Lifetime ECL for assets not credit-impaired***	***POCI***	***Total***
- not overdue	28,240,760	–	38,235,955	669,181	67,145,896
- overdue up to 30 days	832,400	–	9,441,329	638,041	10,911,770
- overdue more than 31 days and less than 60 days	–	16,422	8,726	–	25,148
- overdue more than 61 days and less than 90 days	–	–	4,160,824	–	4,160,824
- overdue more than 91 days and less than 360 days	–	–	4,730,454	–	4,730,454
- overdue more than 1 year	–	–	19,478,263	–	19,478,263
	29,073,160	**16,422**	**76,055,551**	**1,307,222**	**106,452,355**
Allowance for expected credit losses	(4,492,396)	(2,571)	(36,812,775)	(925,766)	(42,233,508)
	24,580,764	**13,851**	**39,242,776**	**381,456**	**64,218,847**

SELECTED EXPLANATORY NOTES TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS

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	31 December 2023				
Loans to other legal entities	***Stage 1 12-month ECL***	***Stage 2 Lifetime ECL for assets not credit-impaired***	***Stage 3 Lifetime ECL for assets not credit-impaired***	***POCI***	***Total***
- not overdue	59,934,396	99,562	49,199,572	9,153,091	118,386,621
overdue up to 30 days	3,336,089	3,480,884	16,228,532	109,366	23,154,871
- overdue more than 31 days and less than 60 days	–	12,399,449	2,532,979	–	14,932,428
- overdue more than 61 days and less than 90 days	–	–	6,070,437	–	6,070,437
- overdue more than 91 days and less than 360 days	–	–	7,476,452	8,578	7,485,030
- overdue more than 1 year	–	–	34,494,512	–	34,494,512
	63,270,485	**15,979,895**	**116,002,484**	**9,271,035**	**204,523,899**
Allowance for expected credit losses	(6,928,409)	(5,386,197)	(72,714,274)	(4,064,526)	(89,093,406)
	56,342,076	**10,593,698**	**43,288,210**	**5,206,509**	**115,430,493**

	31 December 2023				
Loans to individuals	***Stage 1 12-month ECL***	***Stage 2 Lifetime ECL for assets not credit-impaired***	***Stage 3 Lifetime ECL for assets not credit-impaired***	***POCI***	***Total***
- not overdue	181,480,642	1,911,233	20,876,490	771,893	205,040,258
overdue up to 30 days	12,784,449	1,268,605	7,137,530	851,366	22,041,950
- overdue more than 31 days and less than 60 days	–	6,111,260	3,555,426	602,878	10,269,564
- overdue more than 61 days and less than 90 days	–	–	4,361,921	23,264	4,385,185
- overdue more than 91 days and less than 360 days	–	–	8,533,259	90,500	8,623,759
- overdue more than 1 year	–	–	20,686,142	25,791	20,711,933
	194,265,091	**9,291,098**	**65,150,768**	**2,365,692**	**271,072,649**
Allowance for expected credit losses	(4,698,220)	(2,347,385)	(32,446,314)	(376,668)	(39,868,587)
	189,566,871	**6,943,713**	**32,704,454**	**1,989,024**	**231,204,062**

SELECTED EXPLANATORY NOTES TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS

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7. Finance lease receivables

The analysis of finance lease receivables at 30 June 2024 and 31 December 2023 is as follows:

	30 June 2024 (unaudited)			
	Up to 1 year	*From 1 to 5 years*	*More than 5 years*	*Total*
Gross investments in finance lease	142,984,113	404,941,621	282,852,737	830,778,471
Unearned deferred finance income from finance lease	(8,779,704)	(138,178,590)	(155,626,516)	(302,584,810)
Investments in finance lease	**134,204,409**	**266,763,031**	**127,226,221**	**528,193,661**
ECL allowance	(22,930,028)	(21,598,976)	(11,980,942)	(56,509,946)
Finance lease receivables	**111,274,381**	**245,164,055**	**115,245,279**	**471,683,715**

	31 December 2023			
	Up to 1 year	*From 1 to 5 years*	*More than 5 years*	*Total*
Gross investments in finance lease	128,851,657	381,735,646	291,556,102	802,143,405
Unearned deferred finance income from finance lease	(7,442,660)	(129,386,960)	(163,730,776)	(300,560,396)
Investments in finance lease	**121,408,997**	**252,348,686**	**127,825,326**	**501,583,009**
ECL allowance	(20,440,890)	(15,156,573)	(8,521,335)	(44,118,798)
Finance lease receivables	**100,968,107**	**237,192,113**	**119,303,991**	**457,464,211**

ECL allowance on finance lease receivables

The table below provides analysis of movements in the ECL allowance for the six months ended 30 June 2024:

	Unaudited For the six months ended 30 June 2024				
	Stage 1 12-month ECL	*Stage 2 Lifetime ECL for assets not credit-impaired*	*Stage 3 Lifetime ECL for assets credit-impaired*	*POCI Purchased or originated credit-impaired assets*	*Total*
ECL allowance at 1 January 2024 (as restated)	**3,057,317**	**3,955,479**	**37,097,795**	**8,207**	**44,118,798**
New assets originated or purchased	1,937,930	–	–	–	1,937,930
Transfer to Stage 1	1,460,257	(1,407,736)	(52,521)	–	–
Transfer to Stage 2	(415,640)	1,080,619	(664,979)	–	–
Transfer to Stage 3	(299,258)	(4,349,462)	4,648,720	–	–
Net (reversal)/charge of allowance	(692,334)	2,229,787	8,928,594	–	10,466,047
Amounts written off	–	–	(12,829)	–	(12,829)
At 30 June 2024	**5,048,272**	**1,508,687**	**49,944,780**	**8,207**	**56,509,946**

SELECTED EXPLANATORY NOTES TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS

for the six months ended 30 June 2024

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The table below provides analysis of movements in the ECL allowance for the six months ended 30 June 2023:

	Unaudited For the six months ended 30 June 2023				
	Stage 1 12-month ECL	*Stage 2 Lifetime ECL for assets not credit-impaired*	*Stage 3 Lifetime ECL for assets credit-impaired*	*POCI Purchased or originated credit-impaired assets*	*Total*
ECL allowance at 1 January 2023 (as restated)	**4,096,308**	**1,477,365**	**29,281,533**	**10,975**	**34,866,181**
New assets originated or purchased	782,311	–	–	–	782,311
Transfer to Stage 1	1,636,129	(1,453,342)	(182,787)	–	–
Transfer to Stage 2	(327,603)	1,249,637	(922,034)	–	–
Transfer to Stage 3	(26,125)	(1,011,790)	1,037,915	–	–
Net (reversal)/charge of allowance	(2,938,784)	1,541,916	2,770,570	(736)	1,372,966
Amounts written off	–	–	(498,078)	–	(498,078)
At 30 June 2023	**3,222,236**	**1,803,786**	**31,487,119**	**10,239**	**36,523,380**

Credit quality of finance lease portfolio

The following table provides information on the credit quality of the finance lease portfolio as at 30 June 2024 and 31 December 2023:

	30 June 2024 (unaudited)				
	Stage 1 12-month ECL	*Stage 2 Lifetime ECL for assets not credit-impaired*	*Stage 3 Lifetime ECL for assets not credit-impaired*	*POCI*	*Total*
- not overdue	331,344,993	6,127,416	106,893,850	22,747	444,389,006
overdue up to 30 days	15,266,078	1,621,574	5,422,966	–	22,310,618
- overdue more than 31 days and less than 90 days	–	7,289,804	6,385,010	–	13,674,814
- overdue more than 91 days and less than 180 days	–	–	6,035,717	–	6,035,717
- overdue more than 181 days and less than 1 year	–	–	10,881,362	–	10,881,362
- overdue more than 1 year	–	–	30,902,144	–	30,902,144
	346,611,071	**15,038,794**	**166,521,049**	**22,747**	**528,193,661**
Loss allowance	(5,048,272)	(1,508,687)	(49,944,780)	(8,207)	(56,509,946)
Total finance lease receivables	**341,562,799**	**13,530,107**	**116,576,269**	**14,540**	**471,683,715**

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During the six months ended 30 June 2024, the increase in credit-impaired assets is due to granting finance lease receivables restructurings to counterparties totalling KZT 69,570,876 thousand (unaudited). The restructuring was granted because of the borrowers' deteriorated financial condition due to the negative impact of natural phenomena (floods in March 2024, as well as the effects of drought in the south of Kazakhstan and heavy rains in the north in September 2023).

	31 December 2023				
	Stage 1 12-month ECL	*Stage 2 Lifetime ECL for assets not credit-impaired*	*Stage 3 Lifetime ECL for assets not credit-impaired*	*POCI*	*Total*
- not overdue	342,744,619	9,069,658	42,035,279	23,627	393,873,183
overdue up to 30 days	23,718,616	6,213,690	15,194,337	–	45,126,643
- overdue more than 31 days and less than 90 days	–	14,301,047	7,258,120	–	21,559,167
- overdue more than 91 days and less than 180 days	–	–	6,004,521	–	6,004,521
- overdue more than 181 days and less than 1 year	–	–	4,374,881	–	4,374,881
- overdue more than 1 year	–	–	30,644,614	–	30,644,614
	366,463,235	**29,584,395**	**105,511,752**	**23,627**	**501,583,009**
Loss allowance	(3,057,317)	(3,955,479)	(37,097,795)	(8,207)	(44,118,798)
Total finance lease receivables	**363,405,918**	**25,628,916**	**68,413,957**	**15,420**	**457,464,211**

Concentration of finance lease receivables

As at 30 June 2024 the Group has ten major unrelated parties, whose finance lease receivables balances totalled KZT 26,701,924 thousand (unaudited) or 5.06% of the gross loan portfolio (31 December 2023: KZT 26,334,604 thousand or 5.25% of gross loan portfolio). As at 30 June 2024 the ECL allowance of KZT 3,969,378 thousand was formed against these receivables (unaudited) (31 December 2023: KZT 3,799,235 thousand).

Foreclosed assets

During the six months ended 30 June 2024, the Group has foreclosed the leased items for a total of KZT 743,176 thousand (unaudited) (during the six months ended 30 June 2023: KZT 1,293,857 thousand).

8. Other assets

	30 June 2024 (unaudited)	*31 December 2023*
Advances paid	15,183,336	6,411,765
Inventories	6,180,637	4,085,980
Other financial assets	7,623,768	6,083,601
Other non-financial assets	1,979,991	1,692,786
Other assets	**30,967,732**	**18,274,132**

As at 30 June 2024 and 31 December 2023, advances comprised prepayments for supply of agricultural machinery, and equipment to be subsequently leased out under a finance lease.

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9. Amounts due to credit institutions

As at 30 June 2024, amounts due to credit institutions comprise:

	Currency	*Maturity*	*30 June 2024*	*31 December 2023*
Halyk Bank of Kazakhstan JSC	KZT	2024-2029	82,013,366	95,934,506
Citibank Kazakhstan JSC	KZT	2024-2025	12,116,837	12,117,720
Industrial Development Fund JSC	KZT	2037-2038	9,170,087	6,531,319
			103,300,290	**114,583,545**

During the six months ended 30 June 2024, the Group, to replenish the working capital, raised one tranche under the open credit line with Citibank Kazakhstan JSC in the total amount of KZT 8,800,000 thousand (unaudited); the loan matures in 2025 and bears a nominal interest rate of 16.25% per annum.

Because of the amendments being made to the Decree of the Government dated 2 September 2021, No. 604, in January 2024 the Group signed an addendum to the contract No.5-Д3 dated 13 August 2022 concluded with Industrial Development Fund JSC, to shorten the loan term until 2038 (the previous loan term was until 2042). Due to substantial modification of the loan terms, the old contract was recognised as terminated, and the loan with new terms was recognised at fair value. The market rate used to measure the fair value of the loan on initial recognition was 14.55% per annum. The amount of discount and income from the loan issued at below market interest rate decreased by KZT 2,074,623 thousand (unaudited) and was included into the adjustment for the government grant previously recognised (Note 12).

During the six months ended 30 June 2023, the Group, to replenish the working capital, raised borrowings (three tranches) under the open credit line from Citibank Kazakhstan JSC in the total amount of KZT 16,767,000 thousand, two of which of KZT 7,967,000 thousand were repaid before the maturity date.

10. Amounts due to the Government of the Republic of Kazakhstan

During the six months ended 30 June 2024, the Group received five tranches of a loan from the Ministry of Finance of the Republic of Kazakhstan for a total of KZT 140,000,000 thousand (unaudited), bearing a nominal interest rate of 0.01% per annum and maturing on 15 December 2024 and 30 November 2025. This loan was received as part of Ken-Dala government programme to support entities in their spring field and harvesting works.

The loan received was distributed to Halyk Bank of Kazakhstan JSC for a total of KZT 52,177,500 thousand and Bank CenterCredit JSC for a total of KZT 4,000,000 thousand *(Note 5)* with a condition of meeting further the special purpose prescribed under the above-mentioned programme and directly to customers for a total of KZT 79,627,500 thousand *(Note 6)* (unaudited).

The discount of KZT 19,955,981 thousand (unaudited) at initial recognition of loans received was treated as liability on government grant with its partial utilization during the six-month period ended 30 June 2024 (Note 12). An amortisation of discount in the amount of KZT 4,813,396 thousand (unaudited) was recognised within interest expense on amounts due to the Government of the Republic of Kazakhstan. The Group applied estimated market interest rates of 12.89% - 14.10% p.a. to measure the fair value of the loan tranches at initial recognition by discounting its future contractual cash flows.

As at 30 June 2024, the carrying amount of loans received was KZT 208,846,245 thousand (unaudited), including accrued interest of KZT 15,435 thousand (unaudited).

During the six months ended 30 June 2023, the Group received two tranches of a loan from the Ministry of Finance of the Republic of Kazakhstan in the total amount of KZT 140,000,000 thousand (unaudited), bearing a nominal interest rate of 0.01% per annum and maturing on 15 December 2023 and 30 November 2024. This loan was received as part of Ken-Dala government programme to support entities in their spring field and harvesting works. Loan received was distributed to Halyk Bank of Kazakhstan JSC for a total amount of KZT 56,000,000 thousand (unaudited) and Bank CenterCredit JSC for the total amount of KZT 4,861,310 thousand (unaudited) (Note 5) with a condition of meeting further the special purpose prescribed under the above-mentioned programme and directly to customers for the total amount of KZT 79,138,689 thousand (unaudited)(Note 6).

The discount of KZT 27,620,548 thousand (unaudited) at initial recognition of loans received was treated as liability on government grant with its partial utilization during the six-month period ended 30 June 2023 (Note 12). An amortisation of discount in the amount of KZT 8,084,477 thousand (unaudited) was recognised within interest expense on amounts due to the Government of the Republic of Kazakhstan. The Group applied estimated market interest rate of 17.71% - 18.25% p.a. to measure the fair value of the loan tranches at initial recognition by discounting its future contractual cash flows.

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11. Debt securities issued

KZT-denominated debt securities issued comprise the following captions:

				Nominal value		*Carrying amount*	
	Placement date	*Maturity date*	*Interest rate per annum, %*	*30 June 2024 (unaudited)*	*31 December 2023*	*30 June 2024 (unaudited)*	*31 December 2023*
Fixed income bonds (KZ2C000011302, AGKKpp1)	16 May 2024	16 May 2025	15.00%	100,000,000	–	101,833,333	–
Fixed income bonds	28 July 2022	28 July 2029	16.85%	50,000,000	50,000,000	52,572,281	52,514,871
Fixed income bonds (KZ2C000011344, AGKKpp2)	23 May 2024	23 May 2029	13.96%	50,000,000	–	50,717,389	–
Issue of coupon bonds	23 May 2024	23 May 2029	13.96%	50,000,000	–	50,713,545	–
Fixed income bonds (KZ2C000011435, AGKKpp3)	21 June 2024	21 June 2025	15.00%	50,000,000	–	50,187,500	–
Fixed income bonds	20 August 2021	20 August 2028	11.90%	40,000,000	40,000,000	41,606,209	41,594,821
Fixed income bonds (1st issue of the 4th bond programme)	10 October 2019	10 October 2026	10.75%	39,475,017	39,475,017	40,415,272	40,413,755
Fixed income bonds (6th issue of the 4th bond programme)	30 June 2021	10 December 2031	15.00%	35,000,000	35,000,000	39,533,195	39,817,201
Fixed income bonds (9th issue of the 4th bond programme)	21 December 2021	21 December 2031	11.50%	30,000,000	30,000,000	31,820,834	31,820,833
Fixed income bonds (2nd issue of the 4th bond programme)	26 August 2020	26 August 2030	10.75%	30,496,202	30,496,202	31,582,322	31,582,622
Fixed income bonds	21 December 2021	21 December 2031	11.50%	25,000,000	25,000,000	26,516,687	25,079,159
Fixed income bonds (2 issue of the 3rd bond programme)	12 July 2023	12 July 2030	19.25%	20,000,000	20,000,000	21,764,819	21,774,763
Fixed income bonds (3rd issue of the 2nd bond programme)	24 December 2019	24 December 2024	12.00%	19,983,000	19,983,000	19,889,885	19,789,366
Fixed income bonds (4th issue of the 2nd bond programme)	17 June 2020	24 December 2024	12.00%	20,000,000	20,000,000	19,974,798	19,868,067
Issue of coupon bonds	30 January 2024	30 January 2028	15.75%	15,000,000	–	15,987,479	–
Issue of coupon bonds	27 June 2022	30 April 2025	13.00%	15,000,000	15,000,000	15,716,898	15,550,084
Issue of coupon bonds	30 January 2024	30 January 2028	15,75%	10,000,000	–	10,658,320	–
Fixed income bonds	28 November 2022	30 April 2025	14.50%	10,000,000	10,000,000	10,131,844	10,131,260
Fixed income bonds (4th issue of the 3rd bond programme)	27 May 2021	27 May 2026	11.50%	9,350,000	9,350,000	9,451,551	9,451,552
Fixed income bonds (1st issue of the 1st bond program)	30 December 2014	30 March 2026	10.07%	5,189,000	5,189,000	5,450,266	5,450,266
Fixed income bonds (2nd issue of the 3rd bond programme)	22 December 2016	22 June 2026	14.00%	5,000,000	5,000,000	5,017,028	5,366,910
Fixed income bonds (7th issue of the 4th bond programme)	27 October 2021	27 October 2031	7.10%	5,000,000	5,000,000	4,132,470	3,909,282
Fixed income bonds (2nd issue of the 1st bond programme)	21 October 2015	21 April 2026	10.07%	2,300,000	2,300,000	2,345,035	2,345,035
Fixed income bonds	12 June 2015	12 June 2024	8.50%	–	3,950,000	–	3,965,897
Debt securities issued				**636,793,219**	**365,743,219**	**658,018,960**	**380,425,744**

During the six months ended 30 June 2024, the Group issued bonds with the aggregate face amount of KZT 275,000,000 thousand (unaudited):

- unsecured commercial bonds with an aggregate face value of KZT 100,000,000 thousand (KZ2C00011302), bearing a coupon rate of 15.00% p.a. and maturing before 16 May 2025 (unaudited). Proceeds from the bond issue were used to finance entities operating in the agro-industrial complex, for carrying out spring field and harvesting works.
- unsecured commercial bonds with an aggregate face value of KZT 50,000,000 thousand (KZ2C00011435), bearing a coupon rate of 15.00% p.a. and maturing before 21 June 2025 (unaudited). Proceeds from the bond issue were used to finance entities operating in the agro-industrial complex, for carrying out spring field and harvesting works.

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In accordance with the Rules on Subsidising Coupon Rates on Bonds, approved by the Order of the Minister of Agriculture of the Republic of Kazakhstan of 24 December 2019, No. 457, the coupon rate on the above two bond issues is to be subsidised at 100%, by funds from the reserve of the Government of the Republic of Kazakhstan, in accordance with the Decree of the Government of the Republic of Kazakhstan of 11 May 2024, No. 363. The total amount of short-term subsidy receivables is KZT 22,500,000 thousand: the amounts of KZT 15,000,000 thousand and KZT 7,500,000 thousand, respectively, were recognised in receivables from the Government of the Republic of Kazakhstan in the consolidated interim condensed statement of financial position of the Group. However, subsidies are provided subject to certain conditions. Specifically, the Group shall provide loans at preferential rates, financed with bonds issued by the conclusion of a loan agreement. At that, it is allowed to replace credit facilities provided earlier under loan agreements concluded from 1 January 2024, for carrying out spring field and harvesting works, by these bonds. A preferential rate financed with bonds issued, applied to borrowers, except credit unions, second-tier banks, social and entrepreneurship corporations, regional investment centres, and microfinance organisations, and to ultimate borrowers is set at up to 5.00% p.a.; and that applied to credit unions, second-tier banks, social and entrepreneurship corporations, regional investment centres, and microfinance organisations is set at up to 3.00% p.a.

- unsecured coupon bonds with an aggregate face value of KZT 50,000,000 thousand (KZ2C00011344), bearing a coupon rate of 13.96% p.a. and maturing in 5 years. Proceeds from the bond issue were used to finance projects realised by entities operating in agro-industrial complex.
- coupon bonds with a face value of KZT 15,000,000 thousand, bearing a coupon rate of 15.75% p.a. and maturing before 30 January 2028. Debt securities were issued to finance purchase of various agricultural equipment for further transfer under lease agreements (unaudited).
- coupon bonds with a face value of KZT 10,000,000 thousand, bearing a coupon rate of 15.75% p.a. and maturing before 30 January 2028. Debt securities were issued for general corporate purposes (unaudited).
- coupon bonds with a face value of KZT 50,000,000 thousand, bearing a coupon rate of 13.96% p.a. and maturing before 23 May 2029. Debt securities were issued to finance purchase of various agricultural equipment for further transfer under lease agreements (unaudited).

Due to maturity of bonds (KZ2C00003267 (KAFIb4), on 24 June 2024 the Group redeemed these bonds with a face value of KZT 3,950,000 thousand (unaudited).

As at 30 June 2024 the Group is in compliance with the requirements related to the restrictive covenants for debt securities issued (unaudited) (31 December 2023: complied).

During the six months ended 30 June 2023, the Group redeemed bonds in full, including:

- bonds KZ2C00002749 (KAFIb3) for a total of KZT 17,630,340 thousand, including the face value of KZT 6,952,250 thousand and coupon rate of KZT 678,090 thousand;
- bonds KZ2C00002731 (AGKKb4) for a total of KZT 10,425,000 thousand, including the face value of KZT 10,000,000 thousand and coupon rate of KZT 425,000 thousand.

Moreover, on 16 June 2023 the Group placed additional bonds KZ2C00008514 (KAFIb12) among a wide range of market investors, with a total face value of KZT 9,797,709 thousand (unaudited).

12. Government grants

	30 June 2024 (unaudited)	*31 December 2023*
Government grants received from the Government of the Republic of Kazakhstan in the form of a loan from state and budget organisations and Shareholder under Agrobusiness Development Programme	71,002,049	63,147,121
Government grants received from the Ministry of Agriculture of the Republic of Kazakhstan to partially subsidise the repayment of principal and interest on loans issued to the borrowers	2,841,144	3,105,769
Government grants	**73,843,193**	**66,252,890**

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Government grants received from the Government

The Group recorded as government grants the amount of benefits received in the form of loans at low interest rates extended by the state and budget organisation.

	Unaudited	
	The six months ended 30 June	
	2024	***2023***
At 1 January	**63,147,121**	**61,649,385**
Government grants received from the Government of the Republic of Kazakhstan in the form of a loan from local executive bodies	203,740	457,854
Government grants received from the Government of the Republic of Kazakhstan in the form of a loan from the Ministry of Finance (Note 10)	19,955,981	27,620,548
Government grants received from the Ministry of Agriculture from bond issues (Note 11)	22,500,000	–
Government grants received from Industrial Development Fund JSC in the from of the modification of terms (Note 9)	(2,074,623)	–
Utilisation of government grants to issue loans to borrowers under the State Programme for the Development of Productive Employment and Mass Entrepreneurship for 2017-2021 ("Isker") (Note 6)	(530,465)	(2,974,464)
Utilisation of government grants to issue loans to eligible banks under Ken-Dala State Programme (Note 5)	(4,630,496)	(6,765,769)
Utilisation of government grants to issue loans to eligible customer- borrowers the Ken-Dala government programme (Note 6) (the compensable portion)	(10,979,330)	(9,475,249)
Utilisation of a government grant to issue loans to eligible customers-borrowers as part of loans received from the Holding (Note 6)	(718)	(1,814,315)
Utilisation of government grants to issue loans to eligible customer- borrowers under the Employment Roadmap for 2020-2021 government programme and Enbek government programme (Note 6)	(1,538,350)	(1,203,423)
Utilisation of government grants to issue loans to eligible banks under the Ken-Dala-2 programme (Note 5)	(1,315,584)	–
Utilisation of a government grant to issue loans to eligible customers-borrowers under the Ken-Dala-2 programme (Note 6)	(10,764,013)	–
Amortisation charge for the period	(2,971,214)	(9,978,701)
At 30 June (unaudited)	**71,002,049**	**57,515,866**

Government grants received from the Government of the Republic of Kazakhstan in the form of a loan from the Ministry of Finance

Subsequent to initial recognition of a government grant liability, the Group recorded in profit or loss an amount corresponding to the outstanding amount of the loan on preferential terms, provided to borrowers, once the Group met government programme conditions *(Notes 5 and 6)*. The Group is obligated to distribute benefits to end borrowers by means of setting low interest rate on loans.

During the six months ended 30 June 2024, government grants transferred to profit or loss *(Note 16)* amounted to KZT 32,730,170 thousand and were included in 'other expenses' (during the six months ended 30 June 2023: KZT 32,062,135 thousand).

In January 2024, the Group signed an addendum to shorten the loan term, wherefore the amount of government grant reduced by KZT 2,074,623 thousand (unaudited).

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Government grants received from the Ministry of Agriculture

	Unaudited	
	The six months ended 30 June	
	2024	*2023*
At 1 January	**3,105,769**	**3,173,708**
Received for the period	11,751,946	7,796,956
Returned due to expired availability period	(4,758,477)	(1,876,743)
Utilisation by means of transfer to eligible borrowers who have met special conditions	(7,258,094)	(5,395,166)
At 30 June (unaudited)	**2,841,144**	**3,698,755**

Government grants received from the Ministry of Agriculture are utilised to partially repay principal and interest owed by borrowers who have received loans for investment projects and to purchase new or previously unused machinery and equipment. To be eligible to receive these grants, borrowers must meet certain conditions.

13. Other liabilities

Other non-financial liabilities comprise the following items:

	30 June 2024 (unaudited)	*31 December 2023*
Advances received	5,136,885	5,013,679
Deferred income	4,590,170	1,521,644
Other taxes payable	165,132	304,007
Other	482,696	623,664
Other non-financial liabilities	**10,374,883**	**7,462,994**

Other financial liabilities comprise the following items:

	30 June 2024 (unaudited)	*31 December 2023*
Payables to suppliers	11,711,342	5,793,364
ECL allowance for contingent liabilities *(Note 18)*	2,036,273	2,149,547
Micro-loans to young people	477,540	3,502,034
Accounts payable	757,713	594,633
Rural mortgages	188,072	196,501
Amounts payable under cession agreements	20,385	20,385
Loans received from the UN	2,294	6,883
Other financial liabilities	**15,193,619**	**12,263,347**
Total other liabilities	**25,568,502**	**19,726,341**

As at 30 June 2024 (unaudited) and 31 December 2023, accounts payable to suppliers comprise the Group's payables to suppliers for property to be subsequently transferred under a finance lease, as follows:

	30 June 2024 (unaudited)	*31 December 2023*
Agricultural machinery	11,203,575	3,295,074
Equipment	254,505	1,674,452
Cattle stock	765	761
Other	252,497	823,077
Payables to suppliers	**11,711,342**	**5,793,364**

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14. Equity

Share capital

As at 30 June 2024, the number of authorised and issued ordinary shares of the Company is 427,059,079, which have been paid in full by the Sole Shareholder (31 December 2023: 427,059,079 shares).

Reserve capital

During the six months ended 30 June 2024, the Group increased reserve capital by KZT 8,864,130 thousand (during the six months ended 30 June 2023: KZT 5,858,144 thousand). In accordance with the Group's policy, reserve capital is established to cover general risks including future losses and other contingent risks and circumstances. Reserve capital is subject to distribution based on the decision of the Shareholder.

Dividends

During the six months ended 30 June 2024, in accordance with the decision of the Sole Shareholder of 30 May 2024, the Group declared dividends of KZT 20,691,012 thousand or KZT 48.45 per ordinary share for the year ended 31 December 2023. As at 30 June 2024, dividends have been paid in full.

During the six months ended 30 June 2023, in accordance with the decision of the Sole Shareholder of 31 May 2023, the Group declared dividends of KZT 13,677,185 thousand or KZT 33.60 per ordinary share for the year ended 31 December 2022. As at 31 December 2023, dividends have been paid in full.

The book value per ordinary share calculated in accordance with the methodology of Kazakhstan Stock Exchange is as follows:

	30 June 2024 (unaudited)	*31 December 2023*
Assets	1,812,276,550	1,412,101,316
Less intangible assets	(790,565)	(874,935)
Less liabilities	(1,354,565,194)	(961,252,774)
Net assets	**456,920,791**	**449,973,607**
Number of ordinary shares	427,059,079	427,059,079
Carrying amount of one ordinary share (KZT)	**1,069.92**	**1,053.66**

15. Expenses on credit losses

	Unaudited	
	The six months ended 30 June	
	2024	*2023*
Loans to customers*	(2,150,453)	(12,303,779)
Other financial assets	(109,978)	(1,960,451)
Loans to banks	(219,465)	(156,256)
Finance lease *(Note 7)*	(12,403,977)	(2,155,277)
Cash and cash equivalents	(2,621)	534
Investment securities	127	3,144
Credit related commitments *(Note 18)*	113,274	(1,062,244)
Expenses on credit losses*	**(14,773,093)**	**(17,634,329)**

**The amount of expenses on credit losses for the six months ended 30 June 2024 differs from the total amount of expenses on credit losses recognised in the consolidated interim condensed statement of profit or loss by the amount of losses on modification that does not result in derecognition, in the total amount of KZT 2,082,224 thousand (unaudited) (for the six months ended 30 June 2023: by KZT 2,909,130 thousand).*

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16. Other (expenses)/income, net

	Unaudited *The six months ended 30 June*	
	2024	***2023***
Other income from utilisation of government grants *(Note 12)*	29,758,956	22,233,220
Amortisation of government grant *(Note 12)*	2,971,214	9,978,701
Loss on initial recognition of loans to banks under Ken-Dala government programme *(Note 5)*	(4,630,496)	(6,765,769)
Loss on initial recognition on loans to customers under Ken-Dala government programme *(Note 6)*	(10,979,330)	(9,475,249)
Loss on initial recognition on loans to customers under Isker government programme *(Note 6)*	(530,465)	(2,974,464)
Loss on initial recognition of loans to customers provided as part of the loan received from the Holding *(Note 6)*	(718)	(1,814,315)
Loss on initial recognition of loans to customers under the Employment Roadmap for 2020-2021 government programme and Enbek government programme *(Note 6)*	(1,538,350)	(1,203,423)
Loss on initial recognition of loans to banks under Ken-Dala-2 government programme *(Note 5)*	(1,315,584)	–
Loss on initial recognition of loans to customers under Ken-Dala -2 government programme *(Note 6)*	(10,764,013)	–
Loss on initial recognition of other loans to customers *(Note 6)*	(2,827,925)	(4,218,146)
Agency fees on rural mortgages and micro-loans to young people	279,988	532,971
Other (expenses)/income	(2,211,700)	1,555,852
Other (expenses)/income, net	**(1,788,423)**	**7,849,378**

Other income from utilisation of government grants was recognised as income based on the results of compliance with the terms of the relevant government programmes *(Note 12)*.

17. Corporate income tax

The corporate income tax expense comprises:

	Unaudited	
	The six months ended 30 June 2024	***The six months ended 30 June 2023***
Current corporate income tax expense	(8,911,154)	(2,157,019)
Deferred corporate income tax benefit/(expense) – origination and reversal of temporary differences	3,296,809	(1,988,331)
Corporate income tax expense	**(5,614,345)**	**(4,145,350)**
Deferred corporate income tax recognised in profit or loss	3,296,809	(1,988,331)
Deferred corporate income tax benefit/(expense) – origination and reversal of temporary differences	**3,296,809**	**(1,988,331)**

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Reconciliation of effective income tax rate:

	The six months ended 30 June 2024 (unaudited)	*The six months ended 30 June 2023 (unaudited)*
Profit before income tax	**33,168,171**	**27,066,360**
Income tax at the applicable tax rate	(6,633,634)	(5,413,272)
Statutory corporate income tax rate	20%	20%
Non-taxable interest income on government investment securities	11,632	17,520
Non-deductible credit losses charge	(3,172,937)	(1,533,276)
Non-taxable interest income on finance lease receivables	4,018,523	3,112,429
Other non-taxable income	749,158	–
Non-deductible expenses	(120,191)	(177,229)
Corporate income tax expense withheld at the source of payment	(466,896)	(151,522)
Corporate income tax expense	**(5,614,345)**	**(4,145,350)**

18. Commitments and contingencies

Taxation

Kazakhstani commercial, and in particular, tax legislation contains regulations, interpretation of which could vary, and in certain cases, the legislation could be amended with indirect retrospective impact. Also, the Group's management's interpretation of the legislation may differ from that of tax authorities, and as a result, transactions carried out by the Group could be estimated by tax authorities in another way, and this could result in an additional charge of taxes, fines and penalties. The Group's management believes that all necessary tax accruals were fulfilled and, correspondingly, there were no allowances charged in the statements. Tax periods remain open for 5 (five) years. Management believes that its interpretation of the legislation as at 30 June 2024 and 31 December 2023 is appropriate and the Group's positions in terms of taxes, currency legislation and customs duties will be confirmed.

Legal matters

In the normal course of business, the Group is the subject of legal actions and claims. Management believes that the potential liabilities, if any, resulting from such actions and claims will not have a material adverse effect on the Group's future financial position or performance.

Management is unaware of any significant, pending or threatened claims against the Group.

Credit related commitments

Commitments and contingent liabilities of the Group comprise the following items:

	30 June 2024 (unaudited)	*31 December 2023*
Credit related commitments		
Loan commitments	146,350,122	156,028,243
Finance lease commitments	4,620,363	14,621,791
Allowance for expected credit losses	(2,036,273)	(2,149,547)
	148,934,212	**168,500,487**
Operating lease liabilities		
Up to 1 year	62,350	51,919
Commitments and contingencies	**148,996,562**	**168,552,406**

Credit related commitments

The total outstanding contractual commitments above do not necessarily represent future cash requirements, as these credit related commitments may expire or terminate without being funded.

The Loan Commitment Agreement provides for the right of the Group to unilaterally withdraw from the agreement if unfavourable conditions arise for the Group, and if no resources for lending are available.

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The following is an analysis of movements in ECL allowance:

	Unaudited	
	The six months ended 30 June	
Loan commitments	***2024***	***2023***
	Stage 1	*Stage 1*
At 1 January	**2,149,547**	**855,497**
Change in ECL for the period	(113,274)	1,062,244
At 30 June	**2,036,273**	**1,917,741**

19. Fair value of financial instruments

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3: valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The following table provides an analysis of financial instruments whose fair values are disclosed by levels of the hierarchy of sources of fair value:

		Fair value measurement using			
	Valuation date	***Input data of Level 1***	***Input data of Level 2***	***Input data of Level 3***	***Total***
30 June 2024 (unaudited)					
Assets with disclosed fair value					
Cash and cash equivalents	30 June 2024	–	348,344,394	–	348,344,394
Amounts due from banks	30 June 2024	–	69,581,135	–	69,581,135
Loans to customers	30 June 2024	–	633,302,725	154,634,922	787,937,647
Finance lease receivables	30 June 2024	–	339,534,330	103,994,886	443,529,216
Other financial assets	30 June 2024	–	7,623,768	–	7,623,768
Liabilities whose fair value is disclosed					
Amounts due to the Shareholder	30 June 2024	–	78,601,420	–	78,601,420
Amounts due to credit institutions	30 June 2024	–	103,300,290	–	103,300,290
Amounts due to the Government of the Republic of Kazakhstan	30 June 2024	–	208,197,721	–	208,197,721
Amounts due to the state and budget organisations	30 June 2024	–	154,782,380	–	154,782,380
Debt securities issued	30 June 2024	–	640,653,449	–	640,653,449
Other financial liabilities	30 June 2024	–	15,193,619	–	15,193,619
At 31 December 2023					
Assets with disclosed fair value					
Cash and cash equivalents	31 December 2023	–	168,988,929	–	168,988,929
Loans to banks	31 December 2023	–	28,863,808	–	28,863,808
Loans to customers	31 December 2023	–	528,549,102	120,248,487	648,797,589
Finance lease receivables	31 December 2023	–	359,383,121	57,202,502	416,585,623
Other financial assets	31 December 2023	–	6,083,601	–	6,083,601
Liabilities whose fair value is disclosed					
Amounts due to the Shareholder	31 December 2023	–	76,479,119	–	76,479,119
Amounts due to credit institutions	31 December 2023	–	114,533,682	–	114,533,682
Amounts due to the state and budget organisations	31 December 2023	–	170,268,015	–	170,268,015
Amounts due to the Government of the Republic of Kazakhstan	31 December 2023	–	78,590,490	–	78,590,490
Debt securities issued	31 December 2023	–	354,765,508	–	354,765,508
Accounts payable	31 December 2023	–	5,793,364	–	5,793,364
Other financial liabilities	31 December 2023	–	6,469,983	–	6,469,983

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Financial instruments not measured at fair value in the consolidated interim condensed statement of financial position

A comparison of the carrying amounts and fair values of the Group's financial instruments presented in the financial statements is provided below. Fair values of non-financial assets and non-financial liabilities are not presented in the table.

	30 June 2024 (unaudited)		
	Carrying amount	*Fair value*	*Unrecognised profit/(loss)*
Financial assets			
Cash and cash equivalents	348,344,394	348,344,394	–
Amounts due from banks	69,607,111	69,581,135	(25,976)
Loans to customers	851,668,739	787,937,647	(63,731,092)
Finance lease receivables	471,683,715	443,529,216	(28,154,499)
Other financial assets	7,623,768	7,623,768	–
Financial liabilities			
Amounts due to the Shareholder	95,513,020	78,601,420	16,911,600
Amounts due to credit institutions	103,300,290	103,300,290	–
Amounts due to the Government of the Republic of Kazakhstan	208,846,245	208,197,721	648,524
Amounts due to the state and budget organisations	167,885,446	154,782,380	13,103,066
Debt securities issued	658,018,960	640,653,449	17,365,511
Other financial liabilities	15,193,619	15,193,619	–
Total unrecognised change in unrealised fair value			**(43,882,866)**

	31 December 2023		
	Carrying amount	*Fair value*	*Unrecognised profit/(loss)*
Financial assets			
Cash and cash equivalents	168,988,929	168,988,929	–
Loans to banks	29,575,908	28,863,808	(712,100)
Loans to customers	718,043,963	648,797,589	(69,246,374)
Finance lease receivables	457,464,211	416,585,623	(40,878,588)
Other financial assets	6,083,601	6,083,601	–
Financial liabilities			
Amounts due to the Shareholder	93,516,543	76,479,119	17,037,424
Amounts due to credit institutions	114,583,545	114,533,682	49,863
Amounts due to the state and budget organisations	188,524,346	170,268,015	18,256,331
Amounts due to the Government of the Republic of Kazakhstan	77,340,798	78,590,490	(1,249,692)
Debt securities issued	380,425,744	354,765,508	25,660,236
Accounts payable	5,793,364	5,793,364	–
Other financial liabilities	6,469,983	6,469,983	–
Total unrecognised change in unrealised fair value			**(51,082,900)**

The following describes the methodologies and assumptions used to determine fair values for those financial instruments, which are not recorded at fair value in these consolidated interim condensed financial statements.

Assets which fair value approximates their present value

For financial assets and financial liabilities that are liquid or have a short maturity (less than three months), it is assumed that their present value approximates fair value. This assumption is also applied to demand deposits, and savings accounts without a specific maturity.

Fixed rate and variable rate financial instruments

For listed debt instruments, the fair value is based on quoted market prices. In case of non-quoted debt instruments, a discounted cash flow model is used using the current interest rate, taking into account the remaining period to maturity for debt instruments with similar terms and credit risk.

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For loans to customers, future cash flows are discounted using an average market rate of financial instruments with similar maturities, based on statistics published by NBRK. This approach was used to measure the fair value of loans to customers. For loans to banks, future cash flows are discounted using a market rate calculated using a build-up model based on all observable inputs such as KASE yield curve. As at 30 June 2024, an average market rate was 17.20% - 21.60% p.a. (unaudited) (31 December 2023: 19.70% - 23.20% p.a.)

For liabilities whose fair value is disclosed in the financial statements, future cash flows are discounted using the market interest rates calculated using the build-up model, using all observable inputs such as KASE yield curve and credit spread for the rating of the Group adjusted by maturity, published by Bloomberg. As at 30 June 2024, the market interest rate used to measure the fair value of loans raised was 12.89%-14.81% p.a. (unaudited) (31 December 2023: 19.70%-23.20% p.a.). Future cash flows include repayment of a principal debt and interest calculated at the contractual interest rate applied to the principal debt.

20. Risk Management

Management of risk is an essential element of the Group's operations. The major risks faced by the Group are those related to market risk, credit risk and liquidity risk. As at 30 June 2024, there have been no significant changes in the liquidity risk since 31 December 2023, except for transactions disclose in Notes 5, 6, 7 and 10, 11.

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Management Board has set limits on positions by currency based on the NBRK recommendations. Positions are monitored daily.

The tables below indicate the currencies to which the Group had significant exposure on 30 June 2024 on its non-trading monetary assets and liabilities and its forecast cash flows. The analysis calculated the effect of a possible change in exchange rates in relation to tenge on the statement of profit or loss (due to non-trading monetary assets and liabilities whose fair value is sensitive to changes in the exchange rates). The effect on equity does not differ from the effect on the statement of profit or loss. The analysis assumes that all other variables remain constant. The negative amount in the table reflects a potential net reduction in the statement of profit or loss or equity, while a positive amount reflects a net potential increase.

		Unaudited		
Currency	*Exchange rate change, % 30 June 2024*	*Effect on pre-tax profit 30 June 2024*	*Exchange rate change, % 31 December 2023*	*Effect on pre-tax profit 31 December 2023*
USD	**-10%**	**(60.887)**	-10%	(148.653)
USD	**10%**	**60.887**	10%	148.653
EUR	**-20%**	**195.428**	-20%	188.254
EUR	**20%**	**(195.428)**	20%	(188.254)

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The interest rate for assets and liabilities of the Group is fixed. During the reporting period there were no significant changes in the Group's exposure to interest rate risk.

21. Segment reporting

The Group's operations are highly integrated and constitute a single business segment for the purposes of IFRS 8 *Segment Reporting*. The Group's assets are concentrated in the Republic of Kazakhstan, and revenues are derived from operations in, and connected with, the Republic of Kazakhstan. The Chief Operating Decision Maker, in the case of the Group, the Chairman of the Management Board, receives and reviews the information on the Group as a whole.

22. Related party transactions

In accordance with IAS 24 *Related Party Disclosures*, parties are considered to be related if one party has the ability to control the other party or 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. Related parties may enter into transactions which unrelated parties might not. Prices and terms of such transactions may differ from prices and terms of transactions between unrelated parties. The Government of the Republic of Kazakhstan controls the Group's operations through the Shareholder.

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The outstanding balances of related party transactions as at the end of the reporting period and respective amounts of income and expenses are provided below:

	30 June 2024 (unaudited)				*31 December 2023*			
	Rate (%)	*Share-holder*	*Entities under common control of the Share-holder*	*Government-related organisations*	*Rate (%)*	*Share-holder*	*Entities under common control of the Share-holder*	*Government-related organisations*
Assets								
Cash and cash equivalents	–	–	957	4,758,504	–	–	3,821,063	81,338,875
Loans to customers	1.50	–	–	54,410,570	–	–	–	–
Investment in associates	–	–	–	–	–	–	–	434,037
Receivables from Government	–	–	–	22,500,000	–	–	–	–
Current corporate income tax	–	–	–	134,115	–	–	–	2,270,712
VAT and other taxes recoverable	–	–	–	11,118,919	–	–	–	10,500,129
Liabilities								
Amounts due to the Shareholder	0.28-10.00	95,513,020	–	–	0.28-5.00	93,516,543	–	–
Amounts due to the Government of the Republic of Kazakhstan	0.01	–	–	208,846,245	0.01	–	–	77,340,798
Amounts due to the state and budget organisations	0.01-1.00	–	–	167,885,446	0.01-1.00	–	–	188,524,346
Amounts due to credit institutions	0.35	–	9,170,087	–	0.35	–	6,531,319	–
Debt securities issued	7.10-15.00	428,821,291	5,200,776	107,320,467	7.10-15.00	151,454,662	5,199,353	120,842,471
Current corporate income tax liabilities	–	–	–	4,513,460	–	–	–	–
Deferred corporate income tax liabilities	–	–	–	15,866,413	–	–	–	19,163,222
Government grants	–	–	–	73,843,193	–	–	–	66,252,890
Other liabilities	–	–	57,065	4,692,050	–	–	–	5,193,372

SELECTED EXPLANATORY NOTES TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS

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	The six months ended 30 June 2024 (unaudited)			*The six months ended 30 June 2023 (unaudited)*		
	Shareholder	*Entities under common control of the Shareholder*	*Government-related organisations*	*Shareholder*	*Entities under common control of the Shareholder*	*Government-related organisations*
Interest income on cash and cash equivalents	–	503,531	243,989	–	71,950	3,742,234
Interest income on loans to customers	–	–	36,042	–	–	–
Interest expense on loans received	(4,250,416)	(564,145)	(20,008,251)	(4,450,141)	(201,854)	(23,006,245)
Interest expense on debt securities issued	(14,127,232)	(298,923)	(6,032,881)	(9,184,163)	(1,412,049)	(4,770,019)
Expenses on credit losses	–	227	(3,252,860)	–	(424)	936
Net foreign exchange loss	–	(29,201)	–	–	–	–
Other operating expenses	–	(57,083)	–	–	(1,071)	–
Other income	–	–	32,730,170	–	–	32,062,135
Corporate income tax expense	–	–	(5,614,345)	–	–	(4,145,350)

Key management remuneration

Key management remuneration comprises the following:

	The six months 30 June	
	2024 (unaudited)	*2023 (unaudited)*
Salaries and other short-term benefits	82,766	62,113
Remuneration of the members of the Board of Directors	9,373	9,353
Social contributions	15,156	6,875
Total key management remuneration	**107,295**	**78,341**

23. Capital adequacy

The Group maintains an actively managed capital base to cover risks inherent in the business. The adequacy of the Company's capital is monitored using, among other measures, the ratios established by the NBRK.

As at 30 June 2024 (unaudited) and 31 December 2023, the Company was in full compliance with the externally imposed capital requirements.

The Company's capital management policy is to ensure the compliance by the Company with externally imposed capital requirements and maintain a credit rating and capital adequacy ratios, which ensure the sustainable operation of the Company and maximize shareholder value.

The Group manages and reviews the structure of the Group's capital given the changes in economic conditions and characteristics of risks of the types of its activities.

The NBRK requires that the organisations engaged in certain types of banking activity to maintain a Tier 1 capital adequacy ratio (k1) of at least 6% of the assets; capital adequacy ratio (k1-2) in the amount of at least 6% of assets and risk-weighted contingent liabilities and commitments, and a total capital adequacy ratio (k1-3) of at least 12% of the assets and contingent liabilities and commitments weighted based on risk and operational risk.

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As at 30 June 2024 and 31 December 2023, the Company's capital adequacy ratios calculated in accordance with the requirements of the NBRK were as follows:

	30 June 2024 (unaudited)	*31 December 2023*
Tier 1 capital	410,541,639	410,249,916
Tier 2 capital	34,554,552	20,936,654
Total equity	**445,096,191**	**431,186,570**
Risk-weighted assets	1,093,519,581	846,531,479
Commitments and contingencies	73,175,061	78,014,122
Operational risk	42,749,259	40,368,934
Capital adequacy ratio (k1)	29.13%	38.24%
Capital adequacy ratio (k1-2)	35.19%	44.37%
Capital adequacy ratio (k1-3)	22.95%	27.33%

24. Subsequent events

In July 2024, the Group issued bonds KZ2C00011674 (KAFIpp7), with a face value of KZT 100,000,000 thousand; bonds mature by 22 July 2031 and bear a coupon rate of 15.75% p.a. The funds are intended for purchasing agricultural machinery to be further leased out (unaudited). Also, in July 2024, the Group received a grant from the Government of the Republic of Kazakhstan in the amount of KZT 15,750,000 thousand (unaudited) to reimburse coupon rate under this bond issue.

On 30 and 31 July 2024, the Group received payment of receivables from the Government of the Republic of Kazakhstan, which comprised subsidies for payment of coupon rate on bonds issued by the Group (KZ2C00011302 и KZ2C00011435), in the amount of KZT 15,000,000 thousand (unaudited) and KZT 7,500,000 thousand, respectively (unaudited).

On 30 July 2024, the Group raised an additional bond loan from the Sole Shareholder in the amount of KZT 29,520,083 thousand (unaudited); bonds bear a coupon rate of 15.00% per annum and mature on 21 June 2025; the loan is intended to finance spring field and harvesting works. A coupon rate on these bonds is also to be subsidised by the Government of the Republic of Kazakhstan under the general spring field and harvesting works financing programme. A 100% payment of the coupon rate was received by the Group in the amount of KZT 3,948,311 thousand (unaudited).