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

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

Introduction

We have reviewed the accompanying unconsolidated interim condensed statement of financial position of Agrarian Credit Corporation Joint Stock Company (the "Company") as at 30 June 2024, and the unconsolidated 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 unconsolidated interim condensed financial information (the "unconsolidated interim condensed financial information"). Management of the Company is responsible for the preparation and presentation of this unconsolidated interim condensed financial information in accordance with IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this unconsolidated 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 unconsolidated 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 unconsolidated 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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UNCONSOLIDATED INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

'000 KZT

	Note	*30 June 2024 (unaudited)*	*31 December 2023*
Assets			
Cash and cash equivalents	4	268,588,740	125,187,941
Loans to banks	5	69,607,111	29,575,908
Loans to customers	6	859,434,551	726,810,986
Finance lease receivables		7,748,151	9,040,648
Investments in subsidiaries		167,470,014	167,470,014
Accounts receivable from the Government of the Republic of Kazakhstan	8,9	22,500,000	–
Assets classified as held for sale		730,753	726,309
Investment property		2,530,877	2,599,511
Property, plant and equipment		1,377,453	1,476,063
Intangible assets		403,869	462,081
Current corporate income tax assets		–	2,136,597
Other assets		8,858,365	7,264,603
Total assets		**1,409,249,884**	**1,072,750,661**
Liabilities			
Amounts due to the Shareholder		82,634,796	81,093,012
Amounts due to credit institutions		80,593,844	80,502,822
Amounts due to the Government of the Republic of Kazakhstan	7	208,846,245	77,340,798
Amounts due to state and budget organisations		167,885,446	188,524,346
Debt securities issued	8	372,486,195	170,157,456
Current estimated liabilities		1,209,665	1,719,345
Current corporate income tax liabilities		4,513,460	–
Deferred corporate income tax liabilities		9,234,041	12,030,660
Government grants	9	32,876,875	22,734,825
Other liabilities		3,514,091	7,055,711
Total liabilities		**963,794,658**	**641,158,975**
Equity			
Share capital	10	428,284,724	428,284,724
Reserve capital	10	28,568,552	19,704,422
Accumulated losses		(11,398,050)	(16,397,460)
Total equity		**445,455,226**	**431,591,686**
Total liabilities and equity		**1,409,249,884**	**1,072,750,661**
Carrying amount of one ordinary share (KZT)	10	**1,042.13**	**1,009.53**

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 28 form an integral part of these unconsolidated interim condensed financial statements.

UNCONSOLIDATED 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		14,019,468	9,108,215
Loans to banks		2,584,059	2,716,987
Loans to customers		65,708,166	58,987,516
Investment securities		9	31,931
		82,311,702	**70,844,649**
Other interest income			
Finance lease receivables		366,078	400,727
		82,677,780	**71,245,376**
Interest expense			
Amounts due to the Shareholder		(3,540,722)	(3,792,878)
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)
Debt securities issued		(12,054,389)	(9,436,267)
Amounts due to credit institutions		(7,200,538)	(3,968,744)
		(42,803,900)	**(40,204,134)**
Net interest income		**39,873,880**	**31,041,242**
Expenses on credit losses	11	(5,592,969)	(16,914,068)
Net interest income net of expenses on credit losses		**34,280,911**	**14,127,174**
Dividend income		13,249,722	10,309,687
Net foreign exchange gain		554	6
Personnel expenses		(4,398,873)	(3,374,370)
Other operating expenses		(2,321,549)	(1,976,984)
Other (expenses)/income, net	12	(608,574)	7,116,242
Non-interest income		**5,921,280**	**12,074,581**
Profit before income tax		**40,202,191**	**26,201,755**
Corporate income tax expense	13	(5,647,639)	(4,156,058)
Profit for the period		**34,554,552**	**22,045,697**

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 28 form an integral part of these unconsolidated interim condensed financial statements.

UNCONSOLIDATED 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	**34,554,552**	**22,045,697**
Other comprehensive income for the period	–	–
Total comprehensive income for the period	**34,554,552**	**22,045,697**

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

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UNCONSOLIDATED INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2024

'000 KZT

	Note	Share capital	Reserve capital	Accumulated losses	Total
At 1 January 2023		**408,284,724**	**13,846,278**	**(17,798,785)**	**404,332,217**
Total comprehensive income for the period (unaudited)		–	–	22,045,697	22,045,697
Increase in reserve capital (unaudited)	10	–	5,858,144	(5,858,144)	–
Dividends paid (unaudited)	10	–	–	(13,677,185)	(13,677,185)
At 30 June 2023		**408,284,724**	**19,704,422**	**(15,288,417)**	**412,700,729**
At 31 December 2023 (audited)		**428,284,724**	**19,704,422**	**(16,397,460)**	**431,591,686**
Total comprehensive income for the period (unaudited)		–	–	34,554,552	34,554,552
Increase in reserve capital (unaudited)	10	–	8,864,130	(8,864,130)	–
Dividends paid (unaudited)	10	–	–	(20,691,012)	(20,691,012)
At 30 June 2024		**428,284,724**	**28,568,552**	**(11,398,050)**	**445,455,226**

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 28 form an integral part of these unconsolidated interim condensed financial statements.

UNCONSOLIDATED 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		53,491,349	41,943,484
Interest paid		(17,635,497)	(12,393,180)
Personnel expenses paid		(4,734,810)	(3,840,445)
Other operating expenses paid		(1,820,311)	(1,212,265)
Cash flows from operating activities before changes in operating assets and liabilities		**29,300,731**	**24,497,594**
Net (increase)/ decrease in operating assets			
Loans to banks		(43,794,461)	(50,585,391)
Loans to customers		(138,249,004)	(85,627,976)
Finance lease receivables		312,229	100,249
Other assets		(989,956)	465,099
Net increase/ (decrease) in operating liabilities			
Government grants		(264,625)	567,423
Other liabilities		(3,209,300)	19,747,930
Net cash used in operating activities before corporate income tax paid		**(156,894,386)**	**(90,835,072)**
Corporate income tax paid		(1,808,113)	(2,782,781)
Net cash used in operating activities		**(158,702,499)**	**(93,617,853)**
Cash flows from investing activities			
Proceeds from repayment of investment securities		135	3,152
Acquisition of property, plant and equipment		(243,244)	(87,830)
Acquisition of intangible assets		(31,000)	–
Dividends received		13,249,722	10,309,687
Net cash flows from investing activities		**12,975,613**	**10,225,009**
Cash flows from financing activities			
Proceeds from loans from the Government of the Republic of Kazakhstan	7	140,000,000	140,000,000
Repayment of loans from the Government of the Republic of Kazakhstan		(3,000)	(20,003,000)
Proceeds from loans from the Shareholder		(1,222,090)	(826,852)
Proceeds from external borrowings		8,800,000	16,767,000
Repayment of external borrowings		(8,800,000)	(16,244,000)
Proceeds from issue of debt securities	8	200,000,000	–
Repayment of debt securities issued	8	–	(10,000,000)
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)
Dividends paid	10	(20,691,012)	–
Net cash from financing activities		**289,128,293**	**101,348,057**
Effect of expected credit losses on cash and cash equivalents		(608)	(1,252)
Net change in cash and cash equivalents		**143,400,799**	**17,953,961**
Cash and cash equivalents at the beginning of the period		125,187,941	107,720,283
Cash and cash equivalents at the end of the period	4	**268,588,740**	**125,674,244**

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 28 form an integral part of these unconsolidated interim condensed financial statements.

SELECTED EXPLANATORY NOTES TO THE UNCONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS

for the six months ended 30 June 2024

'000 KZT

1. Reporting entity

Agrarian Credit Corporation Joint Stock Company (hereinafter, 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 Company'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, 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 Company provided for by its Charter.

The Company'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 2023, the Company had 19 registered branches in the Republic of Kazakhstan.

As at 30 June 2024 (unaudited) 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 Company's operations are primarily located in Kazakhstan. Consequently, the Company 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 unconsolidated 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 Company. The future business environment may differ from management's assessment.

2. Basis of preparation

Statement of compliance with IAS 34 *Interim Financial Reporting*

These unconsolidated 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 Company since the last annual unconsolidated financial statements as at 31 December 2023 and for the year then ended.

These unconsolidated 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 Company's annual unconsolidated financial statements as at 31 December 2023 and for the year then ended.

SELECTED EXPLANATORY NOTES TO THE UNCONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS

for the six months ended 30 June 2024

'000 KZT

The Company has also prepared the consolidated interim financial statements for the six months ended 30 June 2024 in accordance with IAS 34 *Interim Financial Reporting* that can be obtained from the Company's registered office.

Basis of measurement

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

Functional and presentation currency

The functional currency of the Company 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 unconsolidated interim condensed financial statements.

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

Use of estimates and judgements

Preparing the unconsolidated 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 unconsolidated interim condensed financial information.

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

3. Material accounting policies

The accounting policies applied in these unconsolidated interim condensed financial statements are the same as those applied by the Company in the 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 Company'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 Company's unconsolidated 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 Company has not early adopted the new or amended standards in preparing these unconsolidated interim condensed financial statements. These new standards and interpretations are not expected to have a significant impact on the Company's unconsolidated interim condensed financial statements.

4. Cash and cash equivalents

	30 June 2024 (unaudited)	*31 December 2023*
Reverse repurchase agreements	239,586,896	72,478,190
Cash on current bank accounts	24,247,023	48,850,260
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	371	749
	268,592,850	**125,191,443**
Allowance for expected credit losses	(4,110)	(3,502)
Cash and cash equivalents	**268,588,740**	**125,187,941**

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).

SELECTED EXPLANATORY NOTES TO THE UNCONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS

for the six months ended 30 June 2024

'000 KZT

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+	1,645,389	–	–	–	1,645,389
- rated from BB- to BB+	20,235,355	–	–	–	20,235,355
- not rated	2,366,279	–	371	239,586,896	241,953,546
Total cash and cash equivalents, net of cash before deduction of impairment allowance	**24,247,023**	**4,758,560**	**371**	**239,586,896**	**268,592,850**
Allowance for expected credit losses	(1,438)	(56)	–	(2,616)	(4,110)
Total cash and cash equivalents, net of cash on hand	**24,245,585**	**4,758,504**	**371**	**239,584,280**	**268,588,740**

	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
- rated from BBB– to BBB+	8,801,313	–	–	–	8,801,313
- rated from BB– to BB+	40,048,483	–	–	–	40,048,483
- not rated	464	–	749	72,478,190	72,479,403
Total cash and cash equivalents, net of cash before deduction of impairment allowance	**48,850,260**	**3,862,244**	**749**	**72,478,190**	**125,191,443**
Allowance for expected credit losses	(2,017)	(42)	–	(1,443)	(3,502)
Total cash and cash equivalents, net of cash on hand	**48,848,243**	**3,862,202**	**749**	**72,476,747**	**125,187,941**

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 Company 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 UNCONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS

for the six months ended 30 June 2024

'000 KZT

As at 30 June 2024 the Company 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 fair value of the above financial instruments was KZT 240,139,628 (unaudited) (31 December 2023: the treasury bills of the Ministry of Finance of the Republic of Kazakhstan, debt bonds of Kazakhstan Sustainability Fund JSC, the fair value of which was KZT 72,467,012 thousand). The carrying amount under reverse repo agreements as at the reporting date was KZT 239,584,280 thousand (31 December 2023: KZT 72,476,747 thousand).

5. Loans to 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)
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)
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 Company provided loans to Halyk Bank of Kazakhstan JSC for the total amount of KZT 52,177,500 thousand (unaudited) (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 (unaudited) (during the six months ended 30 June 2023: KZT 4,861,311 thousand, bearing the 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 Company 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 (unaudited) (during the six months ended 30 June 2023: KZT 2,164,633 thousand) in the interim condensed statement of profit or loss within other expenses and interest income on loans to banks, respectively. The Company 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 Company provided loans to Halyk Bank of Kazakhstan JSC for the amount of KZT 10,822,500 thousand (unaudited), Freedom Bank Kazakhstan JSC for the amount of KZT 5,000,000 thousand (unaudited) and Bank CenterCredit JSC for the amount of KZT 2,000,000 thousand (unaudited) at the below-market interest rate of 1.50% per annum and with maturity on 1 March 2025. The Company 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 interim condensed statement of profit or loss within other expenses and interest income on loans to banks, respectively. The Company 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 Company 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 UNCONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS

for the six months ended 30 June 2024

'000 KZT

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	103,024,981	106,452,355
Loans to other legal entities	219,747,607	196,266,196
Loans to individuals	270,733,489	268,404,726
	1,036,721,090	**898,876,046**
Allowance for expected credit losses	(177,286,539)	(172,065,060)
Loans to customers	**859,434,551**	**726,810,986**

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 Company provided loans for the total amount of KZT 79,627,500 thousand (unaudited) (30 June 2023: KZT 79,138,689 thousand) at the below-market interest rate of 1.50% p.a. (30 June 2023: 1.50% p.a.) and maturity before March 2025 (30 June 2023: before March 2024). The Company recognised discount of KZT 10,979,330 thousand (unaudited) (30 June 2023: KZT 9,475,249 thousand) on initial recognition and interest income on unwinding of discount of KZT 3,696,366 thousand (unaudited) (30 June 2023: KZT 3,263,535 thousand) in the statement of profit or loss within "other expenses" and "interest income on loans to customers", respectively. The loss of KZT 10,979,330 thousand (unaudited) on initial recognition of loans at below-market interest rates (30 June 2023: KZT 9,475,249 thousand) was fully compensated through receipt of a government grant (30 June 2023: was fully compensated through receipt of a government grant). The Company applied estimated market interest rates from 17.20% to 21.60% p.a. (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 Company 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 (30 June 2023: KZT 10,052,947 thousand). The Company used estimated market interest rates of 17.20% to 21.60% p.a. (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 (30 June 2023: 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 Company continued issuing and servicing the loans of KZT 6,224,065 thousand (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 (unaudited) (30 June 2023: 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 Company provided loans for the total amount of KZT 103,254,213 thousand (30 June 2023: none) at the below-market interest rate of 1.50% - 5% p.a. (30 June 2023: none) and maturity before March 2025. The Company recognised discount of KZT 10,764,013 thousand (unaudited) (30 June 2023: none) on initial recognition and interest income on unwinding of discount of KZT 637,920 thousand (30 June 2023: none) in the statement of profit or loss within "other expenses" and "interest income on loans to customers", respectively. The loss of KZT 10,764,013 thousand (unaudited) on initial recognition of loans at below-market interest rates (30 June 2023: none) was fully compensated through receipt of a government grant. The Company 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.

Within its general operational activity the Company 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 (unaudited) for the six months ended 30 June 2024 (the six months ended 30 June 2023: KZT 4,218,146 thousand) was recognised within "other expenses". During the six months of 2024, the Company 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.

SELECTED EXPLANATORY NOTES TO THE UNCONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS

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'000 KZT

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

The following table provides information on the credit quality of the loans to customers as at 30 June 2024 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 *(unaudited)*	(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	26,839,441	1,021,307	21,725,103	643,546	50,229,397
- 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
	27,251,876	**1,045,750**	**73,863,075**	**864,280**	**103,024,981**
Allowance for expected credit losses	(3,960,780)	(377,366)	(35,562,343)	(627,891)	(40,528,380)
	23,291,096	**668,384**	**38,300,732**	**236,389**	**62,496,601**

SELECTED EXPLANATORY NOTES TO THE UNCONSOLIDATED 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	97,384,407	2,637,631	57,268,799	7,302,156	164,592,993
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	1,825,333	217,973	2,580,103
- 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	–	–	27,452,852	300,823	27,753,675
- overdue more than 1 year	–	–	18,225,762	–	18,225,762
	98,608,879	**3,279,749**	**108,567,470**	**9,291,509**	**219,747,607**
Allowance for expected credit losses	(9,131,260)	(1,109,204)	(57,326,113)	(2,361,744)	(69,928,321)
	89,477,619	**2,170,545**	**51,241,357**	**6,929,765**	**149,819,286**

	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	178,841,843	5,338,732	23,888,379	774,268	208,843,222
overdue up to 30 days	9,617,583	1,696,983	3,275,385	93,097	14,683,048
- 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	–	–	13,625,881	1,395,023	15,020,904
- overdue more than 1 year	–	–	20,673,482	88,874	20,762,356
	188,459,426	**11,715,340**	**67,942,002**	**2,616,721**	**270,733,489**
Allowance for expected credit losses	(4,447,209)	(2,235,650)	(30,232,481)	(466,712)	(37,382,052)
	184,012,217	**9,479,690**	**37,709,521**	**2,150,009**	**233,351,437**

SELECTED EXPLANATORY NOTES TO THE UNCONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS

for the six months ended 30 June 2024

'000 KZT

	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**

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'000 KZT

	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	76,758,835	–	43,671,382	9,153,091	129,583,308
overdue up to 30 days	3,336,089	3,480,884	15,773,862	109,366	22,700,201
- overdue more than 31 days and less than 60 days	–	12,360,631	2,502,894	–	14,863,525
- 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	–	–	7,266,540	8,578	7,275,118
- overdue more than 1 year	–	–	15,773,607	–	15,773,607
	80,094,924	**15,841,515**	**91,058,722**	**9,271,035**	**196,266,196**
Allowance for expected credit losses	(6,975,949)	(5,372,106)	(54,859,103)	(4,064,526)	(71,271,684)
	73,118,975	**10,469,409**	**36,199,619**	**5,206,509**	**124,994,512**

	31 December 2023				
Loans to individuals	***Stage 1 12-month ECL***	***Stage 2 Lifetime ECL on assets not credit-impaired***	***Stage 3 Lifetime ECL on assets not credit-impaired***	***POCI***	***Total***
- not overdue	181,475,686	1,106,457	20,876,490	771,893	204,230,526
- overdue less than 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	–	–	8,395,363	90,500	8,485,863
- overdue more than 1 year	–	–	18,965,847	25,791	18,991,638
	194,260,135	**8,486,322**	**63,292,577**	**2,365,692**	**268,404,726**
Allowance for expected credit losses	(4,698,220)	(1,857,726)	(31,065,046)	(376,668)	(37,997,660)
	189,561,915	**6,628,596**	**32,227,531**	**1,989,024**	**230,407,066**

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

7. 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 loans received were 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).

SELECTED EXPLANATORY NOTES TO THE UNCONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS

for the six months ended 30 June 2024

'000 KZT

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 utilisation during the six-month period ended 30 June 2024 *(Note 9)*. 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 Company applied estimated market interest rate 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 Company 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.

The loans received were distributed to Halyk Bank of Kazakhstan JSC for a total of KZT 56,000,000 thousand and Bank CenterCredit JSC for a total of KZT 4,861,310 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 79,138,689 thousand *(Note 6)* (unaudited).

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 utilisation during the six-month period ended 30 June 2023 *(Note 9)*. 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 Company applied estimated market interest rates 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.

8. 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 (KZ2C000011344, AGKKpp2)	23 May 2024	23 May 2029	13.96%	50,000,000	–	50,717,389	–
Fixed income bonds (KZ2C000011435, AGKKpp3)	21 June 2024	21 June 2025	15.00%	50,000,000	–	50,187,500	–
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 (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
Debt securities issued				**361,810,219**	**161,810,219**	**372,486,195**	**170,157,456**

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'000 KZT

During the six months ended 30 June 2024, the Company issued bonds with the aggregate face amount of KZT 200,000,000 thousand (unaudited):

- unsecured 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 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.

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 accounts receivable from the Government of the Republic of Kazakhstan in the unconsolidated interim condensed statement of financial position of the Company. However, subsidies are provided subject to certain conditions. Specifically, the Company shall provide loans at preferential rates, financed with bonds issued by the conclusion of a loan agreement. At that, 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.

During the six months ended 30 June 2023, the Company did not raise new bond-secured loans, and redeemed commercial bonds (KZ2C00002731) with a nominal value of KZT 10,000,000 thousand, plus an accrued coupon interest at 8.5% p.a. The commercial bonds were redeemed in full at their maturity.

9. 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	30,035,731	19,629,056
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	**32,876,875**	**22,734,825**

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'000 KZT

Government grants received from the Government

The Company 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	**19,629,056**	**34,623,434**
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 7)*	19,955,981	27,620,548
Government grants received from the Ministry of Agriculture from bond issues *(Note 8)*	22,500,000	–
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")	(530,465)	(2,974,464)
Utilisation of government grants to issue loans to eligible banks under the Ken-Dala government programme *(Note 5)*	(4,630,496)	(6,765,769)
Utilisation of government grants to issue loans to eligible customer- borrowers under the Ken-Dala government programme *(Note 6) (the compensable portion)*	(10,979,330)	(9,475,249)
Utilisation of government grants to issue loans to eligible banks under the Ken-Dala-2 programme *(Note 5)*	(1,315,584)	–
Utilisation of government grants to issue loans to eligible customer- borrowers under the Ken-Dala-2 programme *(Note 6) (the compensable portion)*	(10,764,013)	–
Utilisation of a government grant to issue loans to eligible customers-borrowers as part of loans received from the Holding	(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)
Amortisation for the period	(2,494,090)	(9,828,915)
At 30 June (unaudited)	**30,035,731**	**30,639,701**

Subsequent to initial recognition of a government grant liability, the Company recorded in profit or loss an amount corresponding to the outstanding amount of the loan on preferential terms, provided to borrowers, once the Company met government programme conditions. The Company 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 12)* amounted to KZT 32,253,046 thousand (unaudited) and were included in 'other (expenses)/income, net' (during the six months ended 30 June 2023: KZT 32,062,135 thousand).

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 the 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.

SELECTED EXPLANATORY NOTES TO THE UNCONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS

for the six months ended 30 June 2024

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10. 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 (unaudited) (31 December 2023: 427,059,079 shares).

Reserve capital

During the six months ended 30 June 2024, the Company increased reserve capital by KZT 8,864,130 thousand (unaudited) (during the six months ended 30 June 2023: KZT 5,858,144 thousand). In accordance with the Company'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 the Company declared dividends of KZT 20,691,012 thousand (unaudited) or KZT 48.45 per ordinary share (unaudited) for the year ended 31 December 2023. Dividends were paid on 20 June 2024.

During the six months ended 30 June 2023, in accordance with the decision of the Sole Shareholder of 31 May 2023, the Company 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	1,409,249,884	1,072,750,661
Less intangible assets	(403,869)	(462,081)
Less liabilities	(963,794,658)	(641,158,975)
Net assets	**445,051,357**	**431,129,605**
Number of ordinary shares	427,059,079	427,059,079
Carrying amount of one ordinary share (KZT)	**1,042.13**	**1,009.53**

11. Expenses on credit losses

	Unaudited The six months ended 30 June	
	2024	*2023*
Loans to customers*	(2,229,631)	(9,815,551)
Finance lease	(1,128,695)	(1,071,193)
Loans to banks	(219,465)	(156,259)
Cash and cash equivalents	(608)	(1,252)
Investment securities	127	3,388
Other financial assets	7,144	(1,879,948)
Credit related commitments	60,383	(1,084,123)
Expenses on credit losses	**(3,510,745)**	**(14,004,938)**

**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 unconsolidated 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).*

SELECTED EXPLANATORY NOTES TO THE UNCONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS

for the six months ended 30 June 2024

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12. Other (expenses)/income, net

	Unaudited *The six months ended 30 June*	
	2024	***2023***
Other income from utilisation of government grants *(Note 9)*	29,758,956	22,233,220
Amortisation of government grant *(Note 9)*	2,494,090	9,828,915
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 at initial recognition on loans to customers under the Isker programme	(530,465)	(2,974,464)
Loss on initial recognition of loans to customers provided as part of the loan received from the Holding	(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, including loss on origination of credit-impaired assets	(2,827,925)	(4,218,146)
Agency fees on rural mortgages/micro-loans to young people	279,988	532,971
Other (expenses)/income	(554,727)	972,502
Other (expenses)/income, net	**(608,574)**	**7,116,242**

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 9)*.

13. Corporate income tax

The corporate income tax expense comprises:

	Unaudited	
	The six months ended 30 June 224	***The six months ended 30 June 2023***
Current corporate income tax expense	(8,444,258)	(2,005,497)
Deferred corporate income tax benefit/(expense) – origination and reversal of temporary differences	2,796,619	(2,150,561)
Corporate income tax expense	**(5,647,639)**	**(4,156,058)**
Deferred corporate income tax recognised in profit or loss	2,796,619	(2,150,561)
Deferred corporate income tax expense – origination and reversal of temporary differences	**2,796,619**	**(2,150,561)**

SELECTED EXPLANATORY NOTES TO THE UNCONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS

for the six months ended 30 June 2024

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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*
Profit before income tax	**40,202,191**	**26,201,755**
Income tax at the applicable tax rate	**(8,040,438)**	**(5,240,351)**
Statutory corporate income tax rate	20%	20%
Non-taxable interest income on government investment securities	11,632	17,520
Non-taxable income on dividends	2,649,944	2,061,937
(Non-deductible expenses on credit losses)/non-taxable expenses on write-back of allowance for credit losses	(921,657)	(804,347)
Other non-taxable income	749,158	–
Non-deductible expenses	(96,278)	(190,817)
Corporate income tax expense	**(5,647,639)**	**(4,156,058)**

14. 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 Company's management's interpretation of the legislation may differ from that of tax authorities, and as a result, transactions carried out by the Company could be estimated by tax authorities in another way, and this could result in an additional charge of taxes, fines and penalties. The Company'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 Company's positions in terms of taxes, currency legislation and customs duties will be confirmed.

Legal matters

In the normal course of business, the Company 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 Company's future financial position or performance.

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

Credit related commitments

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

	30 June 2024 (unaudited)	*31 December 2023*
Credit related commitments		
Loan commitments	146,350,122	156,028,243
Allowance for expected credit losses	(1,964,214)	(2,024,597)
	144,385,908	**154,003,646**
Operating lease liabilities		
Up to 1 year	62,350	51,919
Commitments and contingencies	**144,448,258**	**154,055,565**

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 Company to unilaterally withdraw from the agreement if unfavourable conditions arise for the Company, and if no resources for lending are available.

SELECTED EXPLANATORY NOTES TO THE UNCONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS

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15. 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	–	268,588,740	–	268,588,740
Loans to banks	30 June 2024	–	69,581,135	–	69,581,135
Loans to customers	30 June 2024	–	641,476,865	150,760,337	792,237,202
Finance lease receivables	30 June 2024	–	886,351	6,753,092	7,639,443
Other financial assets	30 June 2024	–	7,389,574	–	7,389,574
Liabilities whose fair value is disclosed					
Amounts due to the Shareholder	30 June 2024	–	68,521,147	–	68,521,147
Amounts due to credit institutions	30 June 2024	–	80,593,844	–	80,593,844
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	–	356,052,418	–	356,052,418
Other financial liabilities	30 June 2024	–	3,181,287	–	3,181,287
At 31 December 2023					
Assets with disclosed fair value					
Cash and cash equivalents	31 December 2023	–	125,187,941	–	125,187,941
Loans to banks	31 December 2023	–	28,863,808	–	28,863,808
Loans to customers	31 December 2023	–	537,009,711	115,741,806	652,751,517
Finance lease receivables	31 December 2023	–	2,205,942	5,811,044	8,016,986
Other financial assets	31 December 2023	–	6,020,366	–	6,020,366
Liabilities whose fair value is disclosed					
Amounts due to the Shareholder	31 December 2023	–	66,367,444	–	66,367,444
Amounts due to credit institutions	31 December 2023	–	80,502,822	–	80,502,822
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	–	151,178,003	–	151,178,003
Other financial liabilities	31 December 2023	–	6,651,043	–	6,651,043

SELECTED EXPLANATORY NOTES TO THE UNCONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS

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

A comparison of the carrying amounts and fair values of the Company'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	268,588,740	268,588,740	–
Loans to banks	69,607,111	69,581,135	(25,976)
Loans to customers	859,434,551	792,237,202	(67,197,349)
Finance lease receivables	7,748,151	7,639,443	(108,708)
Other financial assets	7,389,574	7,389,574	–
Financial liabilities			
Amounts due to the Shareholder	82,634,796	68,521,147	14,113,649
Amounts due to credit institutions	80,593,844	80,593,844	–
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	372,486,195	356,052,418	16,433,777
Other financial liabilities	3,181,287	3,181,287	–
Total unrecognised change in unrealised fair value			**(23,033,017)**

	31 December 2023		
	Carrying amount	*Fair value*	*Unrecognised profit/(loss)*
Financial assets			
Cash and cash equivalents	125,187,941	125,187,941	–
Loans to banks	29,575,908	28,863,808	(712,100)
Loans to customers	726,810,986	652,751,517	(74,059,469)
Finance lease receivables	9,040,648	8,016,986	(1,023,662)
Other financial assets	6,020,366	6,020,366	–
Financial liabilities			
Amounts due to the Shareholder	81,093,012	66,367,444	14,725,568
Amounts due to credit institutions	80,502,822	80,502,822	–
Amounts due to the Government of the Republic of Kazakhstan	77,340,798	78,590,490	(1,249,692)
Amounts due to the state and budget organisations	188,524,346	170,268,015	18,256,331
Debt securities issued	170,157,456	151,178,003	18,979,453
Other financial liabilities	6,651,043	6,651,043	–
Total unrecognised change in unrealised fair value			**(25,083,571)**

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 unconsolidated 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 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.

SELECTED EXPLANATORY NOTES TO THE UNCONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS

for the six months ended 30 June 2024

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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 Company 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%-14.10% p.a. (unaudited) (31 December 2023: 14.74-18.25% p.a.). Future cash flows include repayment of a principal debt and interest calculated at the contractual interest rate applied to the principal debt.

16. Risk Management

Management of risk is an essential element of the Company's operations. The major risks faced by the Company 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 and 7,8.*

As at 30 June 2024, the Company has no exposure to currency risk (unaudited) (31 December 2023: no exposure).

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 Company is fixed. During the reporting period there were no significant changes in the Company's exposure to interest rate risk.

17. Segment reporting

The Company's operations are highly integrated and constitute a single business segment for the purposes of IFRS 8 *Segment Reporting.* The Company'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 Company, the Chairman of the Management Board, only receives and reviews the information on the Company as a whole.

18. 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 Company's operations through the Shareholder.

SELECTED EXPLANATORY NOTES TO THE UNCONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS

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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 (%)	*Shareholder*	*Entities under common control of the Shareholder*	*Government-related organisations*	*Rate (%)*	*Shareholder*	*Entities under common control of the Shareholder*	*Government-related organisations*
Assets								
Cash and cash equivalents	–	–	957	4,758,504	–	–	175,228	79,463,990
Loans to customers	1.50-13.32	–	15,482,358	54,410,570	5.00	–	16,877,786	–
Accounts receivable from the Government of the Republic of Kazakhstan	–	–	–	22,500,000	–	–	–	–
Current corporate income tax assets	–	–	–	–	–	–	–	2,136,597
Investments in subsidiaries	–	–	167,470,014	–	–	–	167,470,014	–
Other assets	–	–	–	93,363	–	–	–	6,659
Liabilities								
Amounts due to the Shareholder on loans received	0.28-10.00	82,634,796	–	–	0.28-10.00	81,093,012	–	–
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
Debt securities issued	7.10-15.00	291,037,050	–	71,997,595	7.10-15.00	88,709,527	–	71,996,377
Current corporate income tax liabilities	–	–	–	4,513,460	–	–	–	–
Deferred corporate income tax liabilities	–	–	–	9,234,041	–	–	–	12,030,660
Government grants	–	–	–	32,876,875	–	–	–	22,734,825
Other liabilities	–	–	57,065	665,613	–	–	–	3,698,535

	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	–	–	–	–	71,950	–
Interest income on investment securities	–	–	–	–	31,923	–
Interest income on loans to customers	–	1,087,415	36,042	–	1,363,227	–
Interest expense on loans received	(3,540,722)	–	(20,008,251)	(3,792,878)	–	(23,006,245)
Interest expense on debt securities issued	(7,754,594)	–	(3,762,169)	(5,137,314)	–	(3,761,095)
Dividend income	–	13,249,722	–	–	10,309,687	–
Credit loss income/(expenses)	–	5,960	(3,252,935)	–	(15,676)	–
Other operating expenses	–	(57,083)	–	–	(1,071)	–
Other income	–	–	32,253,046	–	–	32,062,135
Corporate income tax expense	–	–	(5,647,639)	–	–	(4,156,058)

SELECTED EXPLANATORY NOTES TO THE UNCONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS

for the six months ended 30 June 2024

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Key management remuneration

Key management remuneration comprises the following:

	The six months ended 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**

19. Capital adequacy

The Company 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 Company manages and reviews the structure of the Company'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.

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%

20. Subsequent events

On 30 and 31 July 2024, the Company 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 Company (KZ2C00011302 and KZ2C00011435), in the amount of KZT 15,000,000 thousand *(unaudited)* and KZT 7,500,000 thousand, respectively *(unaudited)*.

On 30 July 2024, the Company 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 Company in the amount of KZT 3,948,311 thousand *(unaudited)*.