



**JSC "Entrepreneurship Development Fund "Damu"**

**Condensed Interim Financial Information prepared in  
accordance with IAS 34  
Interim Financial Reporting**

**30 June 2021**

## Contents

Report on review of Condensed interim financial information

Condensed Interim financial information

Condensed Interim Statement of Financial Position .....	1
Condensed Interim Statement of Profit and Loss and Other Comprehensive Income.....	2
Condensed Interim Statement of Changes in Equity .....	3
Condensed Interim Statement of Cash Flows .....	4

Notes to the Condensed Interim Financial Information

1 Introduction.....	5
2 Operating Environment of the Fund .....	5
3 Summary of Significant Accounting Policies.....	6
4 Adoption of New and Revised Standards.....	7
5 Critical Accounting Estimates, and Judgements in Applying Accounting Policies .....	7
6 Cash and Cash Equivalents .....	10
7 Due from Financial Institutions .....	11
8 Investments in Debt Securities .....	16
9 Other Assets.....	20
10 Borrowed Funds .....	20
11 Liabilities on Subsidy Programs .....	21
12 Deferred Income and Provision for Credit Related Commitments .....	22
13 Other Liabilities.....	22
14 Share Capital.....	23
15 Interest Income and Expense.....	23
16 Fee and Commission Income, net.....	24
17 Gains Less Losses on Derecognition of Financial Assets Measured at Amortised Cost.....	24
18 Income Taxes.....	24
19 Segment Analysis.....	24
20 Contingencies and Commitments.....	28
21 Financial Risk Management .....	32
22 Fair Value Disclosures.....	37
23 Related Party Transactions .....	40
24 Events after the End of the Reporting Period .....	42



## Report on Review of Condensed Interim Financial Information

To the Shareholder, the Board of Directors and the Management Board of Damu Entrepreneurship Development Fund JSC

### Introduction

We have reviewed the accompanying condensed interim statement of financial position of Damu Entrepreneurship Development Fund JSC (the "Fund") as at 30 June 2021 and the related condensed interim statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and the related explanatory notes. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

### Scope of Review

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

### Conclusion

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

*PricewaterhouseCoopers LLP.*

2 August 2021

Almaty, Kazakhstan

*PricewaterhouseCoopers LLP*

34 Al-Farabi Ave., Building A, 4th floor, Almaty, Kazakhstan, A25D5F6

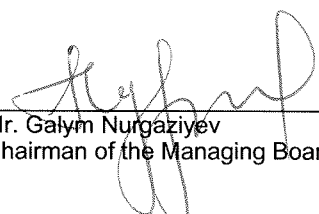
T: +7 (727) 330 32 00, F: +7 (727) 244 68 68, [www.pwc.kz](http://www.pwc.kz)

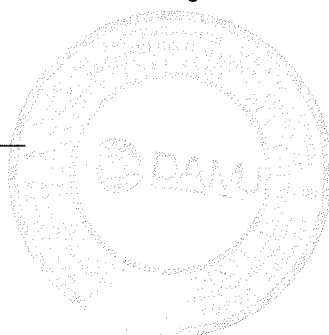
© 2021 PwC. All rights reserved. Not for further distribution without the permission of PwC. "PwC" refers to the network of member firms of PricewaterhouseCoopers International Limited (PwCIL), or, as the context requires, individual member firms of the PwC network. Each member firm is a separate legal entity and does not act as agent of PwCIL or any other member firm. PwCIL does not provide any services to clients. PwCIL is not responsible or liable for the acts or omissions of any of its member firms nor can it control the exercise of their professional judgment or bind them in any way. No member firm is responsible or liable for the acts or omissions of any other member firm nor can it control the exercise of another member firm's professional judgment or bind another member firm or PwCIL in any way.

**Damu Entrepreneurship Development Fund JSC**  
**Condensed Interim Statement of Financial Position**

<i>In thousands of Kazakhstani Tenge</i>	<b>Notes</b>	<b>30 June 2021 (unaudited)</b>	<b>31 December 2020</b>
<b>ASSETS</b>			
Cash and cash equivalents	6	114,702,913	87,151,266
Due from financial institutions	7	212,884,741	229,441,142
Due from subsidy programs		18,161	162,139
Loans and advances to customers		530,705	556,967
Investments in debt securities	8	41,411,051	21,829,298
Premises and equipment		2,192,188	2,361,265
Intangible assets		248,609	234,391
Current income tax prepayment		5,456,234	7,430,331
Deferred tax asset		2,216,372	2,978,187
Non-current assets held for sale		195,338	250,217
Other assets	9	8,854,696	5,700,313
<b>TOTAL ASSETS</b>		<b>388,711,008</b>	<b>358,095,516</b>
<b>LIABILITIES</b>			
Borrowed funds	10	171,986,173	175,824,905
Debt securities in issue		209,139	209,139
Liabilities on subsidy programs	11	30,428,059	24,201,336
Deferred income and provision for credit related commitments	12	54,737,241	37,209,704
Other liabilities	13	737,616	977,970
<b>TOTAL LIABILITIES</b>		<b>258,098,228</b>	<b>238,423,054</b>
<b>EQUITY</b>			
Share capital	14	102,920,273	102,920,273
Additional paid-in-capital		10,735,627	10,735,627
Revaluation reserve for investment securities at fair value through other comprehensive income		70,153	47,581
Other reserves		316,430	316,430
Retained earnings		16,570,297	5,652,551
<b>TOTAL EQUITY</b>		<b>130,612,780</b>	<b>119,672,462</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>388,711,008</b>	<b>358,095,516</b>

Approved for issue and signed on behalf of the Management Board on 2 August 2021.

  
 Mr. Galym Nurgaziyev  
 Chairman of the Managing Board



  
 Mrs. Aigul Kusajynova  
 Chief Accountant

**Damu Entrepreneurship Development Fund JSC**  
**Condensed Interim Statement of Profit and Loss and Other Comprehensive Income**

<i>In thousands of Kazakhstani Tenge</i>	<b>Notes</b>	<b>Six months ended</b>	
		<b>30 June 2021 (unaudited)</b>	<b>30 June 2020 (unaudited)</b>
Interest income calculated using effective interest rate method	15	11,935,079	12,112,664
Other similar income	15	89,454	83,087
Interest expense	15	(3,553,021)	(5,610,737)
<b>Net interest income</b>		<b>8,471,512</b>	<b>6,585,014</b>
Reversal of expected credit losses	7	(146,793)	(1,273,028)
<b>Net interest income after credit loss allowance</b>		<b>8,324,719</b>	<b>5,311,986</b>
Fee and commission income, net	16	7,463,779	2,191,975
Gains less losses on derecognition of financial assets measured at amortised cost	17	4,375,005	2,955,450
Gains less losses from securities at fair value through profit or loss		56,683	42,431
Foreign exchange translation gains less losses		(86)	1,822
Net gain/(loss) on transactions in foreign currencies		52,005	198,275
Net loss on initial recognition of financial assets at rates below market		-	(82,300)
Recovery of investment securities at fair value through other comprehensive income		(1,629)	159
Provision for of impairment of other assets		(11,916)	(46,250)
Recovery/(Provision for) of credit related commitments	20	154,152	(1,902,164)
Other operating income		51,063	46,891
Expenses on realisation of Fund's programs		(328,511)	(205,915)
General and administrative expenses		(2,343,826)	(2,075,311)
<b>Profit before tax</b>		<b>17,791,438</b>	<b>6,437,049</b>
Income tax expense	18	(3,539,677)	(944,489)
<b>Profit for the period</b>		<b>14,251,761</b>	<b>5,492,560</b>
<b>Other comprehensive income:</b>			
Investments at fair value through other comprehensive income:			
- losses less gains arising during the period		22,572	(17,864)
<b>Other comprehensive losses</b>		<b>22,572</b>	<b>(17,864)</b>
<b>Total comprehensive income for the period</b>		<b>14,274,333</b>	<b>5,474,696</b>

Profit and total comprehensive income for both interim periods is fully attributable to the Fund's shareholder.

**Damu Entrepreneurship Development Fund JSC**  
**Condensed Interim Statement of Changes in Equity**

		Share capital	Additional paid-in-capital	Revaluation reserve for investment securities at fair value through other comprehensive income	Other reserves	Retained earnings	Total
<i>In thousands of Kazakhstani Tenge</i>							
Balance at 1 January 2020		72,920,273	10,735,627	132,723	316,430	2,030,915	86,135,968
Profit for the period (unaudited)		-	-	-	-	5,492,560	5,492,560
Other comprehensive income (unaudited)		-	-	(17,864)	-	-	(17,864)
<b>Total comprehensive income for the six months ended 30 June 2020 (unaudited)</b>		-	-	<b>(17,864)</b>	-	<b>5,492,560</b>	<b>5,474,696</b>
Share issue (unaudited)		20,000,000	-	-	-	-	20,000,000
Dividends declared (unaudited)		-	-	-	-	(1,141,243)	(1,141,243)
<b>Balance at 30 June 2020 (unaudited)</b>		<b>92,920,273</b>	<b>10,735,627</b>	<b>114,859</b>	<b>316,430</b>	<b>6,382,232</b>	<b>110,469,421</b>
Recalculated balance as of 1 January 2021		102,920,273	10,735,627	47,581	316,430	5,652,551	119,672,462
Profit for the period (unaudited)		-	-	-	-	14,251,761	14,251,761
Other comprehensive income (unaudited)		-	-	22,572	-	-	22,572
<b>Total comprehensive income for the six months ended 30 June 2021 (unaudited)</b>		-	-	<b>22,572</b>	-	<b>14,251,761</b>	<b>14,274,333</b>
Dividends declared (unaudited)		-	-	-	-	(3,334,015)	(3,334,015)
<b>Balance at 30 June 2021 (unaudited)</b>		<b>102,920,273</b>	<b>10,735,627</b>	<b>70,153</b>	<b>316,430</b>	<b>16,570,297</b>	<b>130,612,780</b>

The notes set out on pages 5 to 42 form an integral part of these condensed interim financial information.

**Damu Entrepreneurship Development Fund JSC**  
**Condensed Interim Statement of Cash Flows**

In thousands of Kazakhstani Tenge	Notes	Six months ended	
		30 June 2021 (unaudited)	30 June 2020 (unaudited)
<b>Cash flows from operating activities</b>			
Interest received		8,089,640	8,939,762
Interest paid		(706,347)	(2,991,922)
Commission received		21,371,703	7,831,098
Commission paid		(35,478)	(31,118)
Cash inflows from other operating activities		55,822	25,395
Payroll costs paid		(1,327,110)	(1,279,016)
General and administrative expenses paid		(1,407,827)	(1,491,094)
<b>Cash flows from operating activities before changes in operating assets and liabilities</b>		<b>26,040,403</b>	<b>11,003,105</b>
<i>Net decrease/(increase) in:</i>			
- due from financial institutions		22,823,265	(6,837,717)
- loans and advances to customers		24,542	(7,323)
- other financial assets		626,658	-
- other assets		34,579	194,008
<i>Net increase/(decrease) in:</i>			
- other financial liabilities		6,160,006	37,938,091
- other liabilities		(16,244)	8,196
<b>Net cash from operating activities</b>		<b>55,693,209</b>	<b>42,298,360</b>
<b>Cash flows from investing activities</b>			
Acquisition of debt securities		(42,092,776)	(10,237,293)
Proceeds from disposal and redemption of investment securities		23,668,520	3,105,052
Acquisition of premises and equipment		(1,908)	(114,335)
Acquisition of intangible assets		(44,800)	(5,768)
Proceeds from disposal of assets held for sale		413,764	47,959
<b>Net cash from investing activities</b>		<b>(18,057,200)</b>	<b>(7,204,385)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowed funds		800,000	4,825,113
Repayment of borrowed funds		(7,485,350)	(11,017,586)
Issue of ordinary shares		-	20,000,000
Dividends paid		(3,334,015)	(1,141,243)
Repayment of debt securities issued		(65,157)	-
<b>Net cash from financing activities</b>		<b>(10,084,522)</b>	<b>12,666,284</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>		<b>(73)</b>	<b>243,524</b>
<b>Effect of changes in expected credit losses on cash and cash equivalents</b>		<b>233</b>	<b>87</b>
<b>Net increase in cash and cash equivalents</b>		<b>27,551,647</b>	<b>48,003,870</b>
Cash and cash equivalents at the beginning of the period	6	87,151,266	40,771,790
<b>Cash and cash equivalents at the end of the period</b>		<b>114,702,913</b>	<b>88,775,660</b>

The notes set out on pages 5 to 42 form an integral part of these condensed interim financial information.

## **1 Introduction**

This condensed interim financial information has been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” for the six months ended 30 June 2021 for “Damu” Entrepreneurship Development Fund JSC (the “Fund”).

“Damu” Entrepreneurship Development Fund JSC (the “Fund”) was established in accordance with a Decree of the Government of the Republic of Kazakhstan No. 665 dated 26 April 1997. The Fund is incorporated and domiciled in the Republic of Kazakhstan as a joint stock company and provides financial services as a development institution to support development of small and medium-sized enterprises.

As at 30 June 2021 and 31 December 2020, the Fund is under 100% ownership of the “Baiterek” National Managing Holding (the “Sole Shareholder”). The Fund is ultimately controlled by the Government of the Republic of Kazakhstan. Information on transactions with related parties is disclosed in Note 23.

### ***Principal activity***

The main activity of the Fund is lending to small and medium-sized enterprises and microfinance organisations through funding of commercial banks. Credit risk on loans to end-borrowers is transferred to commercial banks. The Fund uses its own and borrowed funds to finance small and medium-sized entities throughout Kazakhstan.

The Fund has 17 regional branches. The Head office is located in Almaty, Kazakhstan.

### ***Registered address and place of business***

The Fund’s registered address is: 111 Gogol Street, Almaty, Kazakhstan.

### ***Presentation currency***

These financial statements are presented in Kazakhstani Tenge, unless otherwise stated.

## **2 Operating Environment of the Fund**

### ***Republic of Kazakhstan***

In general, the economy of the Republic of Kazakhstan continues to display characteristics of an emerging market. Its economy is particularly sensitive to prices on oil and gas. These characteristics include, but are not limited to, the existence of national currency that is not freely convertible outside of the country and a low level of liquidity of debt and equity securities in the markets. The continuing political tensions in the region, the exchange rate volatility have had and can continue to have a negative impact on the economy of the Republic of Kazakhstan, including a decrease in liquidity and difficulties in attracting international financing.

On 20 August 2015 the National Bank and the Government of the Republic of Kazakhstan made a resolution about discontinuation of supporting the exchange rate of Tenge and implementation of new monetary policy, which is based on inflation targeting regime, cancellation of exchange rate trading band and start of a free floating exchange rate. However, the National Bank’s exchange rate policy allows it to intervene to prevent dramatic fluctuations of the Tenge exchange rate and to ensure financial stability.

As at the date of this report, the official exchange rate of the National Bank of the Republic Kazakhstan was Tenge 424.44 per US Dollar 1, compared to Tenge 427.79 per US Dollar 1 as at 30 June 2021 (31 December 2020: Tenge 420.71 per US Dollar 1). Therefore, uncertainty remains in relation to exchange rate of Tenge and future action of National Bank and the Government of the Republic of Kazakhstan and the impact of these factors on the economy of the Republic of Kazakhstan.



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

In March 2021, the international rating agency S&P Global Ratings confirmed the long-term and short-term sovereign ratings of Kazakhstan for liabilities in foreign and national currencies at BBB- / A-3, and the national scale rating - kzAAA. The outlook for changes in the credit ratings is "stable". The stable forecast is confirmed by the presence of positive balance sheet indicators, formed due to additional receipts to the National Fund of the Republic of Kazakhstan, low public debt, the total volume of which will not exceed the external liquid assets of the state within two years. Low oil prices, production cuts due to the OPEC agreement and the impact of COVID-19 containment measures adversely affected the Kazakh economy in 2020, but economic growth is projected to recover in 2021, which will average about 4% in 2021-2022 years.

In the first half of 2021, the Kazakh economy began to recover from the pandemic, largely driven by increased household spending and public investment. This was also helped by the recovery of the global economy and high prices in world commodity markets. However, prices in some markets in Kazakhstan and around the world are also rising in response to economic recovery, contributing to inflation in Kazakhstan. Management is taking all necessary measures to ensure the sustainability of the Fund. However, the future impact of the current economic environment is difficult to predict and management's current expectations and estimates may differ from actual results.

The future impact of the current economic environment and the above measures is difficult to predict, and management's current expectations and estimates may differ from actual results. To estimate expected credit losses, the Fund uses supported forward-looking information, including forecasts of macroeconomic indicators. However, as with all economic forecasts, assumptions and the likelihood of their realisation inevitably involve a high level of uncertainty, and, therefore, actual results may differ materially from those projected. Note 5 provides additional information on how the Fund incorporates forward-looking information in an expected credit loss model.

In March 2020, the International Accounting Standards Board (IASB) emphasised in its guidance that judgments must be applied in determining the impact of COVID-19 on the calculation of expected credit losses under IFRS 9, given the significant uncertainties that exist, especially in assessing future macroeconomic conditions. Worsening economic outlooks have already led, and are likely to continue to lead, to higher expected credit losses and hence greater volatility in profit or loss.

## **3 Summary of Significant Accounting Policies**

### ***Basis of preparation***

This condensed interim financial information for the period of 6 months 2021 has been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting", and should be read in conjunction with the annual financial statements of the Fund for the year ended 31 December 2020, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

Except as described below, the same accounting policies and methods of computation were followed in the preparation of this condensed interim financial information as disclosed in the annual financial statements for the year ended 31 December 2020.

### ***Interim period tax measurement***

Interim period income tax expense is accrued using the effective tax rate that would be applicable to expected total annual earnings, that is, the estimated weighted average annual effective income tax rate applied to the pre-tax income of the interim period.

#### **4 Adoption of New and Revised Standards**

##### ***Other new accounting standards and interpretations***

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

- IFRS 17 “Insurance Contracts” (issued on 18 May 2017 and effective for annual periods beginning on or after 1 January 2023).
- Amendments to IFRS 17 and an amendment to IFRS 4 (issued on 25 June 2020 and effective for annual periods beginning on or after 1 January 2023).
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 (issued on 11 September 2014 and effective for annual periods beginning on or after a date to be determined by the IASB).
- Classification of liabilities as current or non-current – Amendments to IAS 1 (issued on 23 January 2020 and effective for annual periods beginning on or after 1 January 2022).
- Classification of liabilities as current or non-current, deferral of effective date – Amendments to IAS 1 (issued on 15 July 2020 and effective for annual periods beginning on or after 1 January 2023).
- Proceeds before intended use, Onerous contracts – cost of fulfilling a contract, Reference to the Conceptual Framework – narrow scope amendments to IAS 16, IAS 37 and IFRS 3, and Annual Improvements to IFRSs 2018-2020 – amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41 (issued on 14 May 2020 and effective for annual periods beginning on or after 1 January 2022).
- Interest rate benchmark (IBOR) reform – phase 2 amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (issued on 27 August 2020 and effective for annual periods beginning on or after 1 January 2021).

There were no other new standards or interpretations issued and not yet effective, information about which is not included in the last annual financial statements of the Fund for the year ended 31 December 2020. The Fund continues assessing the effects of these new standards and interpretations that are not yet effective and will disclose their known or reasonably estimable effects as soon as they become available.

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

Estimates and judgements were revised and updated compared with those made in the annual financial statements for the year ended 31 December 2020 in order to disclose the recent changes in the economic environment.

##### ***Going concern***

Management prepared these financial statements on a going concern basis. In making this judgement management considered the Fund's financial position, current intentions, profitability of operations and access to financial resources.

##### ***ECL measurement***

Measurement of ECLs is a significant estimate that involves determination of methodology, models and data inputs consistent with those at 31 December 2020, but updated baseline as of 30 June 2021 applies. The following components have a major impact on credit loss allowance: definition of default, SICR, probability of default (“PD”), exposure at default (“EAD”), and loss given default (“LGD”), as well as models of macro-economic scenarios. The Fund regularly reviews and validates the models and inputs to the models to reduce any differences between expected credit loss estimates and actual credit loss experience. For information on methodology on expected credit losses refer to Note 21.

As a result of significant and abrupt changes in the economic situation, the Fund decided to analyse the impact of these changes on the approach to assessing expected credit losses on loans to financial institutions and on credit related commitments. For financial institutions, the Fund determines an estimate of the likelihood of default based on external ratings assigned by independent international rating agencies. The latest assessments by rating agencies already consider the impact of the coronavirus pandemic and other changes in the economic situation on financial institutions and include an analysis of how financial institutions react to these factors when determining the rating. The Fund considers the ratings of various international rating agencies and considers their outlook (stable/negative/positive). Additionally, the Fund conducts a detailed analysis of the financial condition of financial institutions, compliance with prudential standards and the quality of loan portfolios and assesses the impact of the current economic situation on these parameters. For information on estimated expected credit losses refer to Note 21.

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

In terms of credit-related liabilities, the Fund conducted an analysis of the guarantee portfolio to identify the business sectors most exposed to an increase in credit risk due to the changing economic situation. As of the reporting date, an increase in credit risk was identified in the following industries:

- Wholesale and retail trade; repair of cars and motorcycles;
- Manufacturing industry;
- Transport and storage;
- Building;
- Provision of other types of services;
- Agriculture, forestry and fisheries;
- Provision of accommodation and food services.

Due to the increase in credit risk in these industries, the Fund considers a longer recovery period for guarantees previously transferred to the second or third stage of the impairment model before recognising a decrease in credit risk and transferring these guarantees to the first stage of the model.

### ***Sensitivity analysis for due from financial institutions***

A 10% increase or decrease in PD estimates would result in an increase or decrease in total expected credit loss allowances of Tenge 883,591 thousand at 30 June 2021 (31 December 2020: Tenge 1,229,144 thousand).

### ***Significant increase in credit risk ("SICR")***

In order to determine whether there has been a significant increase in credit risk, the Fund compares the risk of a default occurring over the life of a financial instrument at the end of the reporting date with the risk of default at the date of initial recognition. The assessment considers relative increase in credit risk rather than achieving a specific level of credit risk at the end of the reporting period. The Fund considers all reasonable and supportable forward-looking information available without undue cost and effort, which includes a range of factors, including behavioural aspects of particular customer portfolios. The Fund identifies behavioural indicators of increases in credit risk prior to delinquency and incorporated appropriate forward-looking information into the credit risk assessment, either at an individual instrument, or on a portfolio level (Note 21).

Should ECL on all loans and advances to customers be measured at lifetime ECL (that is, including those that are currently in Stage 1 measured at 12-months ECL), the expected credit loss allowance would be higher by Tenge 15,382,889 thousand as of 30 June 2021 (31 December 2020: higher by Tenge 10,475,306 thousand).

### ***Business model assessment***

The business model drives classification of financial assets. Management applied judgement in determining the level of aggregation and portfolios of financial instruments when performing the business model assessment. When assessing sales transactions, the Fund considers their historical frequency, timing and value, reasons for the sales and expectations about future sales activity. Sales transactions aimed at minimising potential losses due to credit deterioration are considered consistent with the "hold to collect" business model. Other sales before maturity, not related to credit risk management activities, are also consistent with the "hold to collect" business model, provided that they are infrequent or insignificant in value, both individually and in aggregate. The Fund assesses significance of sales transactions by comparing the value of the sales to the value of the portfolio subject to the business model assessment over the average life of the portfolio. In addition, sales of financial asset expected only in stress case scenario, or in response to an isolated event that is beyond the Funds control, is not recurring and could not have been anticipated by the Fund, are regarded as incidental to the business model objective and do not impact the classification of the respective financial assets.

The "hold to collect and sell" business model means that assets are held to collect the cash flows, but selling is also integral to achieving the business model's objective, such as, managing liquidity needs, achieving a particular yield, or matching the duration of the financial assets to the duration of the liabilities that fund those assets.

The residual category includes those portfolios of financial assets, which are managed with the objective of realising cash flows primarily through sale, such as where a pattern of trading exists. Collecting contractual cash flow is often incidental for this business model.

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

### ***Assessment whether cash flows are solely payments of principal and interest ("SPPI")***

Determining whether a financial asset's cash flows are solely payments of principal and interest required judgement.

The Fund identified and considered contractual terms that change the timing or amount of contractual cash flows. The SPPI criterion is met if a loan allows early settlement and the prepayment amount substantially represents principal and accrued interest, plus a reasonable additional compensation for the early termination of the contract. The asset's principal is the fair value at initial recognition less subsequent principal repayments, i.e. instalments net of interest determined using the effective interest method.

As an exception to this principle, the standard also allows instruments with prepayment features that meet the following condition to meet SPPI: (i) the asset is originated at a premium or discount, (ii) the prepayment amount represents contractual per amount and accrued interest and a reasonable additional compensation for the early termination of the contract, and (ii) the fair value of the prepayment feature is immaterial at initial recognition.

The Fund considered examples in the standard and concluded that features that arise solely from legislation and that are not part of the contract, that is, if legislation changed, the features would no longer apply (such as bail in legislation in certain countries), are not relevant for assessing whether cash flows are SPPI.

### ***Modification of financial assets***

When financial assets are contractually modified (e.g. renegotiated), the Fund assesses whether the modification is substantial and should result in derecognition of the original asset and recognition of a new asset at fair value. This assessment is based primarily on qualitative factors, described in the relevant accounting policy and it requires significant judgment. In particular, the Fund applies judgment in deciding whether credit impaired renegotiated loans should be derecognised and whether the new recognised loans should be considered as credit impaired on initial recognition. The derecognition assessment depends on whether the risks and rewards, that is, the variability of expected (rather than contractual) cash flows, change as a result of such modifications. Management determined that risks and rewards did not change as a result of modifying such loans and therefore in substantially all such modifications, the loans were neither derecognised nor reclassified out of the credit-impaired stage.

### ***Initial recognition of related party transactions***

In the normal course of business, the Fund enters into transactions with its related parties. According to IFRS 9 financial instruments at initial recognition date should be measured at fair value. Professional judgement is applied in determining if transactions are priced at market or non-market interest rates, where there is no active market for such transactions. The basis for judgement is pricing for similar types of transactions with unrelated parties and effective interest rate analysis. Terms and conditions of related party balances are disclosed in Note 23.

### ***Initial recognition of financial instruments issued at rates below market***

In the normal course of business, the Fund enters into transactions with third parties, mainly related parties, at rates below market. IFRS 9 requires initial recognition of financial instruments based on their fair values. The basis for judgement is pricing for similar types of transactions with unrelated parties and effective interest rate analysis.

During 2014-2015, the Fund received borrowed funds from "NMH Baiterek" JSC for Tenge 200 billion at a rate below the market, 0.15%, for a twenty-year term. Management applied its judgment in determining market rate, using yield to maturity for 10-year government bonds extrapolated for twenty years using linear regression. During 2014-2015, the Fund distributed received funds for Tenge 200 billion to commercial banks carrying a 2% interest rate and a maturity of twenty years. Management of the Fund used its judgment in determining market rates for each commercial bank, in which funds were allocated. In assessing the fair value of the loans granted to commercial banks, the Management used specific credit risk for each bank based on their credit ratings applying released Credit Default Spread. Credit Default Spreads were adjusted by basic rate, determined through yield for 10-year government bonds extrapolated for twenty years. Application of effective interest rates resulted in gain and loss on initial recognition of financial instruments at rates below the market.

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

In 2019, the Fund received borrowing from “NMH Baiterek” JSC of KZT 16 billion at an interest rate 0.1% p.a. for 15-year term. The Fund utilised the borrowed funds to make a repayment of bonds issued to a related party in December 2018. Management estimated the market level interest rate for such borrowing at 10.65% p.a., considering currency, term and the entity's own credit risk and determined the present value of discounted cash flows equal to Tenge 3,623,627 thousand. Management has analysed requirements of IAS 20, Government Grants and Disclosure of Government Assistance as well as SIC 10, Government Assistance - No Specific Relation to Operating Activities and considered that the difference between the fair value of the borrowing and the cash received is in substance a capital contribution from parent rather than a government grant. Accordingly, the Fund recognised a capital contribution less deferred tax of Tenge 9,901,100 thousand in the statement of changes in equity as a transaction with the parent acting in the capacity as owner of the entity. In making this judgement the management considered that the funding did not have any conditions attached to compensate costs or losses or for the reporting entity to continue operating in any industry sector or region.

During the 6 months ended 30 June 2021, no borrowings were recognised at below market rates.

### ***Fair value of guarantees issued***

Within the framework of programs to support small and medium-sized businesses, the Fund provides guarantees to small and medium-sized businesses, covering up to 85% of the loan amount. As at 30 June 2021, the number of guarantees issued amounted to Tenge 227,896,868 thousand (31 December 2020: Tenge 151,794,522 thousand). To calculate expected credit losses on financial guarantees, the Fund determines the probability of default using migration matrices based on the number of days in arrears. When compiling migration matrices, the Fund takes into account the industries in which borrowers who have received the Fund's guarantees work and correlates the risks of default in these industries with macroeconomic indicators. The Fund uses the following macroeconomic indicators in this analysis:

- Price for Brent crude oil;
- Currency exchange rate US Dollar/Tenge;
- Inflation rate;
- Unemployment rate;
- GDP growth.

During monitoring in 2020, the Fund discovered a large number of restructuring related to financial difficulties of borrowers caused by the COVID-19 pandemic, which led to an increase in expected credit losses as of 31 December 2020. During the 6 months ended 30 June 2021, the number of restructurings decreased due to the recovery of small and medium-sized businesses after the quarantine. Despite the decrease in the frequency of restructuring, the Fund does not reduce the amount of expected credit losses, as it is necessary for an adequate recovery period to pass. As of 30 June 2021, expected credit losses on guarantees issued to small and medium-sized businesses amounted to Tenge 29,290,307 thousand (31 December 2020: Tenge 24,443,118 thousand).

## **6 Cash and Cash Equivalents**

<i>In thousands of Kazakhstani Tenge</i>	<b>30 June 2021 (Unaudited)</b>	<b>31 December 2020</b>
Reverse sale and repurchase agreements with other banks with original maturities of less than three months	62,726,118	49,404,567
Current accounts with banks	16,557,411	22,604,007
Cash balances with the NBRK (other than mandatory reserve deposits)	35,419,649	15,143,190
Less: Expected credit losses	(265)	(498)
<b>Total cash and cash equivalents</b>	<b>114,702,913</b>	<b>87,151,266</b>

The Fund holds funds received to support development of Small and Medium Entrepreneurship through subsidisation on current accounts with banks. Refer to Note 11.

## 6 Cash and Cash Equivalents (Continued)

An analysis of cash and cash equivalents for credit quality as at 30 June 2021 is as follows:

<i>In thousands of Kazakhstani Tenge</i>	<b>Current accounts with banks</b>	<b>Cash balances with the NBRK</b>	<b>Reverse repo</b>	<b>Total</b>
<i>Neither past due nor impaired</i>				
- National Bank of the Republic of Kazakhstan	-	35,419,649	12,731,710	48,151,359
- BBB- to BBB+ rated	14,197,754	-	49,994,408	64,192,162
- BB- to BB+ rated	793,719	-	-	793,719
- B- to B+ rated	1,563,218	-	-	1,563,218
- Unrated	2,720	-	-	2,720
<b>Total cash and cash equivalents, excluding cash on hand (unaudited)</b>	<b>16,557,411</b>	<b>35,419,649</b>	<b>62,726,118</b>	<b>114,703,178</b>

The credit quality of reverse repo based on ratings of securities, which provided as collateral.

An analysis of cash and cash equivalents for credit quality as at 31 December 2020 is as follows:

<i>In thousands of Kazakhstani Tenge</i>	<b>Current accounts with banks</b>	<b>Cash balances with the NBRK</b>	<b>Reverse repo</b>	<b>Total</b>
<i>Neither past due nor impaired</i>				
- National Bank of the Republic of Kazakhstan	-	15,143,190	6,132,441	21,275,631
- BBB- to BBB+ rated	384,558	-	43,272,126	43,656,684
- BB- to BB+ rated	17,939,300	-	-	17,939,300
- B- to B+ rated	4,277,655	-	-	4,277,655
- Unrated	2,494	-	-	2,494
<b>Total cash and cash equivalents, excluding cash on hand</b>	<b>22,604,007</b>	<b>15,143,190</b>	<b>49,404,567</b>	<b>87,151,764</b>

The credit ratings are based on Standard & Poor's ratings, where available, or Moody's rating converted to the nearest equivalent on the Standard & Poor's rating scale.

Cash and cash equivalents with unrated credit rating represent cash balances designated for subsidisation of Small and Medium Entrepreneurship placed in commercial banks. The management of the Fund created credit loss allowance according to IFRS 9.

Information on related party balances is disclosed in Note 23.

## 7 Due from Financial Institutions

<i>In thousands of Kazakhstani Tenge</i>	<b>30 June 2021 (Unaudited)</b>	<b>31 December 2020</b>
Loans given to financial institutions	207,110,718	218,644,971
Loans given in the framework of the Islamic financing programs	13,218,883	12,477,188
Placements with other banks with original maturities of more than three months	5,013,507	10,610,427
Less: Credit loss allowance	(12,458,367)	(12,291,444)
<b>Total due from financial institutions</b>	<b>212,884,741</b>	<b>229,441,142</b>

## **7 Due from Financial Institutions (Continued)**

The decrease in the balance of loans issued to financial institutions as of 30 June 2021 was caused by scheduled and early loan repayments made by financial institutions.

During 2020 and 6 months of 2021, general agreements on the sale of goods in instalments were concluded between the Fund and two Islamic finance organisations. According to the terms of these contracts for the sale of goods, the second party buys goods from the Fund in instalments. Taking into account the specifics of Islamic finance, these operations are accounted for in the Fund's financial statements in accordance with the IFRS concept, where essence prevails over form. The Fund undertook a business model assessment and an "SPPI test" to demonstrate that these assets are accounted for withholding purposes in order to collect contractual cash flows. The profit rate under these agreements ranges from 8.5% to 10.5%.

During 6 months of 2021, the Fund received partial early repayments from three banks, which had previously issued loans at below market rates, and recognised gain on partial derecognition of loans to these banks in the amount of Tenge 4,375,005 thousand. (Note 17).

During 2020, the Fund recognised the repayment of the debt of two banks by accepting the property, securities and loan portfolios of these banks on the balance sheet. The property was recognised as other assets (Note 9), securities were recognised as measured at amortised cost (Note 8), loan portfolios were recognised by the Fund as loans and advances to customers. In total, by accepting these assets on the balance sheet, the Fund recognised redemption in the amount of Tenge 6,559,637 thousand. During 2021, the debt of financial institutions was not repaid by transfer of property or securities.

Analysis by credit quality of due from financial institutions accounts at 30 June 2021 is as follows:

<i>In thousands of Kazakhstani Tenge</i>	<b>Loans given to financial institutions</b>	<b>Loans given in the framework of Islamic finance program</b>	<b>Placements with other banks</b>	<b>Total</b>
<i>Neither past due nor impaired</i>				
- BBB- to BBB+ rated	51,278,053	-	3,890,353	55,168,406
- BB- to BB+ rated	69,271,672	-	1,123,154	70,394,826
- B- to B+ rated	78,293,508	-	-	78,293,508
The Fund's internal valuation:				
- Good	4,315,968	13,218,883	-	17,534,851
- Satisfactory	3,704,901	-	-	3,704,901
<b>Total neither past due nor impaired</b>	<b>206,864,102</b>	<b>13,218,883</b>	<b>5,013,507</b>	<b>225,096,492</b>
<i>Balances individually determined to be impaired (gross)</i>				
- without delay in payment	202,236	-	-	202,236
- from 30 to 360 days overdue	3,151	-	-	3,151
- more than 360 days overdue	41,229	-	-	41,229
<b>Total individually impaired (gross)</b>	<b>246,616</b>	<b>-</b>	<b>-</b>	<b>246,616</b>
<b>Less credit loss allowance</b>	<b>(12,177,974)</b>	<b>(273,530)</b>	<b>(6,863)</b>	<b>(12,458,367)</b>
<b>Total due from financial institutions</b>	<b>194,932,744</b>	<b>12,945,353</b>	<b>5,006,644</b>	<b>212,884,741</b>

## **7 Due from Financial Institutions (Continued)**

Analysis by credit quality of due from financial institutions accounts at 31 December 2020 is as follows:

<i>In thousands of Kazakhstani Tenge</i>	<b>Loans given to financial institutions</b>	<b>Loans given in the framework of the Islamic financing programs</b>	<b>Placements with other banks with original maturities of more than three months</b>	<b>Total</b>
<i>Neither past due nor impaired</i>				
- BBB- to BBB+ rated	-	-	7,556,450	7,556,450
- BB- to BB+ rated	122,331,114	-	3,053,977	125,385,091
- B- to B+ rated	82,319,623	-	-	82,319,623
<i>Internal valuation of the Fund</i>				
- Good	10,682,350	10,215,313	-	20,897,663
- Satisfactory	3,063,615	2,261,875	-	5,325,490
<b>Total neither past due nor impaired</b>	<b>218,396,702</b>	<b>12,477,188</b>	<b>10,610,427</b>	<b>241,484,317</b>
<i>Balances individually determined to be impaired</i>				
<i>Not overdue but impaired</i>				
- Unrated	173,250			173,250
<i>Overdue</i>				
- 30 to 360 days overdue	33,790	-	-	33,790
- above 360 days overdue	41,229	-	-	41,229
<b>Total individually impaired (gross)</b>	<b>248,269</b>	<b>-</b>	<b>-</b>	<b>248,269</b>
<b>Less: Credit loss allowance</b>	<b>(12,068,704)</b>	<b>(203,375)</b>	<b>(19,365)</b>	<b>(12,291,444)</b>
<b>Total due from financial institutions</b>	<b>206,576,267</b>	<b>12,273,813</b>	<b>10,591,062</b>	<b>229,441,142</b>

The credit ratings are based on Standard & Poor's ratings where available or Moody's rating converted to the nearest equivalent on the Standard & Poor's rating scale.

At 30 June 2021 and 31 December 2020, unrated funds from financial institutions represented loans to microfinance institutions and leasing companies.

The primary factor that the Fund considers in determining whether a placement or loan is impaired is its overdue status, as well as a change in credit rating. As a result, the Fund presents above an ageing analysis of placements and loans that are individually determined to be impaired.

During the first half of 2021, recovery of reserves was recognised on previously liquidated banks, whose obligations were written off to off-balance accounting in amount equal to Tenge 48,140 thousand (first half of 2020: Tenge 116,232 thousand).

Refer to Note 22 for an estimate of the fair value of each category of amounts in financial institutions. Related party information is disclosed in Note 23.



## **7 Due from Financial Institutions (Continued)**

The changes in the allowance for credit losses and the gross carrying amount of deposits with banks that occurred between the beginning and the end of the reporting period are as follows:

<i>In thousands of Kazakhstani Tenge</i>	Estimated reserve for credit losses		Gross carrying amount	
	Stage 1 (12-months ECL)	Total	Stage 1 (12-months ECL)	Total
<b>Bank deposits</b>				
As at 1 January 2021	(19,365)	(19,365)	10,610,428	10,610,428
<i>Changes affecting deductions to the allowance for credit losses for the period:</i>				
Newly created or acquired	(3,249)	(3,249)	98,157,794	98,157,794
Derecognised during the period	15,831	15,831	(103,810,073)	(103,810,073)
<b>Total movements with impact on credit loss allowance charge for the period</b>	<b>(6,783)</b>	<b>(6,783)</b>	<b>4,958,149</b>	<b>4,958,149</b>
<i>Movements without impact on credit loss allowance charge for the period:</i>				
Foreign exchange translation and other movements	(80)	(80)	55,358	55,358
<b>As at 30 June 2021</b>	<b>(6,863)</b>	<b>(6,863)</b>	<b>5,013,507</b>	<b>5,013,507</b>

The changes in the allowance for credit losses and the gross carrying amount of deposits with banks that occurred between the beginning and the end of the previous reporting period:

<i>In thousands of Kazakhstani Tenge</i>	Estimated reserve for credit losses		Gross carrying amount	
	Stage 1 (12-months ECL)	Total	Stage 1 (12-months ECL)	Total
<b>Bank deposits</b>				
As at 1 January 2020	(41,619)	(41,619)	11,877,984	11,877,984
<i>Changes affecting deductions to the allowance for credit losses for the period:</i>				
Other changes	(25,939)	(25,939)	12,989,345	12,989,345
<b>As at 30 June 2020</b>	<b>(67,558)</b>	<b>(67,558)</b>	<b>24,867,329</b>	<b>24,867,329</b>

## 7 Due from Financial Institutions (Continued)

The changes in the estimated allowance for credit losses and the gross carrying amount of loans issued to financial institutions that occurred in the interval of the first half of 2021 due to these factors are as follows:

	Estimated reserve for credit losses				Gross carrying amount			
	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total
<i>In thousands of Kazakhstani Tenge</i>								
<b>Loans to financial institutions</b>								
As at 1 January 2021	(2,843,477)	(8,986,970)	(238,257)	(12,068,704)	181,546,964	36,849,738	248,269	218,644,971
<i>Changes affecting deductions to the allowance for credit losses for the period:</i>								
Transfer:								
- the expected credit losses for the entire term (from Stage 1 to Stage 2)	24,810	(291,393)	-	(266,583)	(2,800,397)	2,800,554	-	157
- impaired assets (from Stage 1 and Stage 2 to Stage 3)	-	1,263,776	(194,582)	1,069,194	-	(4,685,329)	4,685,329	-
New originated or purchased	(220,822)	-	-	(220,822)	11,449,318	-	-	11,449,318
Derecognition during the period	99,477	345,316	-	444,793	(15,323,075)	(7,962,094)	-	(23,285,169)
Changes in assumptions of the expected credit loss assessment model	(559,303)	(569,193)	(5,208)	(1,133,704)	140,030	142,897	(4,805)	278,122
Amortisation of discount	(2,148)	-	-	(2,148)	23,319	-	-	23,319
<b>As at 30 June 2021</b>	<b>(3,501,463)</b>	<b>(8,238,464)</b>	<b>(438,047)</b>	<b>(12,177,974)</b>	<b>175,036,159</b>	<b>27,145,766</b>	<b>4,928,793</b>	<b>207,110,718</b>

As of June 30, 2021, the Fund identified signs of impairment for loans issued to one bank and transferred loans from this bank from stage 2 to stage 3 of the impairment model. This bank has provided liquid government securities as collateral for its obligations. The Fund calculated the expected credit losses for this bank on an individual basis, calculating the LGD parameter (losses in case of default) based on the collateral of this bank, which led to a decrease in the expected credit losses.

The changes in the estimated allowance for credit losses and the gross carrying amount of loans issued to financial institutions that occurred in the interval between the beginning and the end of the annual period caused by these factors are as follows:

	Estimated reserve for credit losses				Gross carrying amount			
	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total
<i>In thousands of Kazakhstani Tenge</i>								
<b>Loans to financial institutions</b>								
As at 1 January 2020	(4,336,146)	(6,141,805)	(1,083,479)	(11,561,430)	250,972,548	19,471,406	3,898,413	274,342,367
<i>Changes affecting deductions to the allowance for credit losses for the period:</i>								
Transfer:								
- the expected credit losses for the entire term (from Stage 1 to Stage 2)	1,355,953	(3,613,210)	-	(2,257,257)	(24,694,208)	22,381,357	-	(2,312,851)
New originated or purchased	(182,795)	-	-	(182,795)	22,111,560	-	-	22,111,560
Derecognition during the period	335,137	(111,585)	999,309	1,222,861	(24,991,296)	(892,087)	(3,766,076)	(29,649,459)
Changes in assumptions of the expected credit loss assessment model	(70,251)	29,301	-	(40,950)	1,337,116	283,825	-	1,620,941
Amortisation of discount	(940)	(7,139)	-	(8,079)	18,860	5,912	-	24,772
<b>As at 30 June 2020</b>	<b>(2,899,042)</b>	<b>(9,844,438)</b>	<b>(84,170)</b>	<b>(12,827,650)</b>	<b>224,754,580</b>	<b>41,250,413</b>	<b>132,337</b>	<b>266,137,330</b>

## 7 Due from Financial Institutions (Continued)

The table below explains the changes in the allowance for loan losses and the gross carrying amount of loans issued under Islamic finance programs that occurred between the beginning and the end of reporting period.

	Estimated reserve for credit losses		Gross carrying amount	
	Stage 1 (12-months ECL)	Total	Stage 1 (12-months ECL)	Total
<i>In thousands of Kazakhstani Tenge</i>				
<b>Loans given in the framework of Islamic financing programs</b>				
At 1 January 2021	(203,375)	(203,375)	12,477,188	12,477,188
Changes affecting on the allowance for credit losses for the period:				
New originated or purchased	(14,966)	(14,966)	714,411	714,411
Changes in assumptions of the expected credit loss assessment model	(55,188)	(55,188)	27,284	27,284
<b>At 30 June 2021</b>	<b>(273,529)</b>	<b>(273,529)</b>	<b>13,218,883</b>	<b>13,218,883</b>

The table below explains the changes in the allowance for loan losses and the gross carrying amount of loans issued under Islamic finance programs that occurred between the beginning and the end of reporting period.

	Estimated reserve for credit losses		Gross carrying amount	
	Stage 1 (12-months ECL)	Total	Stage 1 (12-months ECL)	Total
<i>In thousands of Kazakhstani Tenge</i>				
<b>Loans given in the framework of Islamic financing programs</b>				
At 1 January 2020	-	-	-	-
Changes affecting on the allowance for credit losses for the period:				
New originated or purchased	(104,250)	(104,250)	7,676,146	7,676,146
<b>As at 30 June 2020</b>	<b>(104,250)</b>	<b>(104,250)</b>	<b>7,676,146</b>	<b>7,676,146</b>

## 8 Investments in Debt Securities

	30 June 2021 (Unaudited)	31 December 2020
<i>In thousands of Kazakhstani Tenge</i>		
Debt securities at fair value through other comprehensive income (FVOCI)	33,238,966	13,853,865
Debt securities at amortised cost	5,404,499	5,255,723
Debt securities designated as at fair value through profit or loss (FVTPL) at initial recognition	2,767,586	2,719,710
<b>Total investments in debt securities</b>	<b>41,411,051</b>	<b>21,829,298</b>

## 8 Investments in Debt Securities (Continued)

The table below discloses investments in debt securities at 30 June 2021 by measurement categories and classes:

<i>In thousands of Kazakhstani Tenge</i>	<b>Debt securities mandatorily measured at FVTPL</b>	<b>Debt securities at FVOCI</b>	<b>Debt securities at AC</b>	<b>Total</b>
National Bank of the Republic of Kazakhstan bonds	-	28,807,652	-	28,807,652
Kazakhstani government bonds	1,427,928	3,878,544	-	5,306,472
Corporate bonds	1,339,658	561,200	4,588,107	6,488,965
Other corporate bonds	-	-	829,035	829,035
<b>Total investment in debt securities as of 30 June 2021 (fair value or gross carrying amount)</b>	<b>2,767,586</b>	<b>33,247,396</b>	<b>5,417,142</b>	<b>41,432,124</b>
Credit loss allowance	-	(8,430)	(12,643)	(21,073)
<b>Total investment in debt securities as of 30 June 2021 (book value)</b>	<b>2,767,586</b>	<b>33,238,966</b>	<b>5,404,499</b>	<b>41,411,051</b>

The table below discloses investments in debt securities at 31 December 2020 by measurement categories and classes:

<i>In thousands of Kazakhstani Tenge</i>	<b>Debt securities designated as at FVTPL at initial recognition</b>	<b>Debt securities at FVOCI</b>	<b>Debt securities at AC</b>	<b>Total</b>
NBRK notes	-	13,308,512	-	13,308,512
Kazakhstan government bonds	1,405,461	-	-	1,405,461
Corporate bonds	1,314,249	552,153	4,437,602	6,304,004
Other corporate bonds	-	-	828,452	828,452
<b>Total investments in debt securities at 31 December 2020 (fair value or gross carrying value)</b>	<b>2,719,710</b>	<b>13,860,665</b>	<b>5,266,054</b>	<b>21,846,429</b>
Credit loss allowance	-	(6,800)	(10,331)	(17,131)
<b>Total investments in debt securities at 31 December 2020 (carrying value)</b>	<b>2,719,710</b>	<b>13,853,865</b>	<b>5,255,723</b>	<b>21,829,298</b>

### (a) Investments in debt securities mandatorily measured at FVTPL

Debt securities measured at fair value through profit or loss are recognised at fair value, which also reflects the corresponding write-offs associated with credit risk and provides the most accurate information about the maximum credit risk of the Fund.

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

Analysis by credit quality of securities designated at fair value through profit or loss outstanding at 30 June 2021 is as follows:

<i>In thousands of Kazakhstani Tenge</i>	<b>Kazakhstani government bonds</b>	<b>Corporate bonds</b>	<b>Total</b>
<i>Neither past due nor impaired</i>			
- BBB- to BBB+ rated	1,427,928	-	1,427,928
- B- to B+ rated	-	1,339,658	1,339,658
<b>Total investment securities at fair value through profit or loss, neither past due nor impaired</b>	<b>1,427,928</b>	<b>1,339,658</b>	<b>2,767,586</b>

Analysis by credit quality of securities at fair value through profit or loss outstanding at 31 December 2020 is as follows:

<i>In thousands of Kazakhstani Tenge</i>	<b>Kazakhstani government bonds</b>	<b>Corporate bonds</b>	<b>Total</b>
<i>Neither past due nor impaired</i>			
- BBB- to BBB+ rated	1,405,461	-	1,405,461
- B- to B+ rated	-	1,314,249	1,314,249
<b>Total investment securities at fair value through profit or loss, neither past due nor impaired</b>	<b>1,405,461</b>	<b>1,314,249</b>	<b>2,719,710</b>

Debt securities at fair value through profit or loss are not collateralised.

### **(b) Investments in debt securities at FVOCI**

A credit risk analysis for debt securities at fair value through other comprehensive income as of 30 June 2021, for which the expected allowance for expected credit losses is recognised based on credit risk levels is as follows:

<i>In thousands of Kazakhstani Tenge</i>	<b>Stage 1 (12-months ECL)</b>	<b>Total</b>
<b>National Bank of the Republic of Kazakhstan bonds</b>		
- BBB- to BBB+ rated	28,807,652	28,807,652
<b>Kazakhstani corporate bonds</b>		
- BBB- to BBB+ rated	3,878,544	3,878,544
<b>Corporate bonds</b>		
- B- to B+ rated	661,426	661,426
<b>Total gross carrying amount of assets at fair value through other comprehensive income</b>	<b>33,347,622</b>	<b>33,347,622</b>
Less credit loss allowance	(8,430) (100,226)	(8,430) (100,226)
<b>Carrying value (fair value)</b>	<b>33,238,966</b>	<b>33,238,966</b>

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

A credit risk analysis for debt securities at fair value through other comprehensive income as of 31 December 2020, for which the expected allowance for expected credit losses is recognised based on credit risk levels is as follows:

<i>In thousands of Kazakhstani Tenge</i>	<b>Stage 1 (12 months ECL)</b>	<b>Total</b>
<b>National Bank of the Republic of Kazakhstan bonds</b>		
- BBB- to BBB+ rated	13,308,512	13,308,512
<b>Corporate bonds</b>		
- B- to B+ rated	651,046	651,046
<b>Total AC gross carrying amount on 31 December 2020</b>	<b>13,959,558</b>	<b>13,959,558</b>
Less: credit loss allowance	(6,800)	(6,800)
Less: fair value adjustment from AC to FV	(98,893)	(98,893)
<b>Carrying value (fair value) on 31 December 2020</b>	<b>13,853,865</b>	<b>13,853,865</b>

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

During 6 months of 2021 and during 2020, there were no factors of a significant increase in credit risk, and default indicators and reserves were calculated equal to 12-month expected credit losses.

### **(c) Investments in debt securities at AC**

An analysis of the credit risk exposure of debt securities measured at AC at 30 June 2021, for which an ECL allowance is recognised, based on credit risk grades is as follows:

<i>In thousands of Kazakhstani Tenge</i>	<b>Stage 1 (12-months ECL)</b>	<b>Acquired or created impaired</b>	<b>Total</b>
<b>Corporate bonds</b>			
- B+ rated	829,035	4,588,107	5,417,142
<b>Gross carrying amount</b>	<b>829,035</b>	<b>4,588,107</b>	<b>5,417,142</b>
Credit loss provision	(12,643)	-	(12,643)
<b>Carrying amount</b>	<b>816,392</b>	<b>4,588,107</b>	<b>5,404,499</b>

An analysis of the credit risk exposure of debt securities measured at AC at 31 December 2020, for which an ECL allowance is recognised, based on credit risk grades is as follows:

<i>In thousands of Kazakhstani Tenge</i>	<b>Stage 1 (12-months ECL)</b>	<b>Acquired or created impaired</b>	<b>Total</b>
<b>Corporate bonds</b>			
- B- to B+ rated	828,452	4,437,602	5,266,054
<b>Gross carrying amount</b>	<b>828,452</b>	<b>4,437,602</b>	<b>5,266,054</b>
Credit loss provision	(10,331)	-	(10,331)
<b>Carrying amount</b>	<b>818,121</b>	<b>4,437,602</b>	<b>5,255,723</b>

## 9 Other Assets

<i>In thousands of Kazakhstani Tenge</i>	30 June 2021	31 December 2020
Accounts receivable at AC	3,977,941	753,756
Less: Credit loss allowance	(73,008)	(61,345)
<b>Total other financial assets within other assets</b>	<b>3,904,933</b>	<b>692,411</b>
Reposessed collateral	4,393,698	4,404,245
Taxes other than on income	390,093	449,468
Services prepaid	120,864	110,141
Raw materials and supplies	39,677	40,651
Unfinished production	4,067	-
Other	5,508	7,145
Less: Provision for impairment	(4,144)	(3,748)
<b>Total other assets</b>	<b>8,854,696</b>	<b>5,700,313</b>

Reposessed collateral represents real estate and equipment assets acquired by the Fund in settlement of overdue loans. The Fund expects to dispose of the assets in the foreseeable future. The assets do not meet the definition of non-current assets held for sale and are classified as inventories in accordance with IAS 2 “Inventories”. The assets were initially recognised at fair value when acquired and are subject to revaluation at fair value if reclassified to non-current assets held for sale.

Movements in the provision for impairment for six months ended 30 June 2021 and 2020 are as follows:

<i>In thousands of Kazakhstani Tenge</i>	2021			2020		
	Other financial assets	Other assets	Total	Other financial assets	Other assets	Total
Provision balance at 1 January	61,345	3,748	65,093	124,528	6,565	131,093
Provision for/(recovery of) impairment of other assets during the period (unaudited)	11,754	396	12,150	46,433	(183)	46,250
Amounts written off during the period as uncollectible	(91)	-	(91)	(134,557)	-	(134,557)
Exchange rate difference	-	-	-	20,049	-	20,049
Other	-	-	-	9,912	-	9,912
<b>Provision balance at 30 June</b>	<b>73,008</b>	<b>4,144</b>	<b>77,152</b>	<b>66,365</b>	<b>6,382</b>	<b>72,747</b>

Refer to Note 22 for disclosure of the fair value of other financial assets. Information on related party balances is disclosed in Note 23.

## 10 Borrowed Funds

<i>In thousands of Kazakhstani Tenge</i>	30 June 2020 (Unaudited)	31 December 2020
Baiterek NMH JSC (6.57% - 6.71%)	93,391,153	90,549,594
Municipal authorities (0.01% - 1%)	58,821,059	65,507,184
Samruk-Kazyna NWF JSC (2% - 5.5%)	19,416,325	19,416,325
Ministry of Finance of Republic of Kazakhstan (0%)	357,636	351,802
<b>Total borrowed funds</b>	<b>171,986,173</b>	<b>175,824,905</b>

## 10 Borrowed Funds (Continued)

The table below shows the changes in the Fund's liabilities arising from financial activities for each period presented. Debt items are reflected in the statement of cash flows as financial activities.

<i>In thousands of Kazakhstani Tenge</i>	Baiterek NMH JSC	MIO, JSC NWF Samruk- Kazyna, Ministry of Finance of the Republic of Kazakhstan	Liabilities under financial activities			
			Asian Development Bank	Debt securities issued	Finance lease	Total
Liabilities under financial activities as of 1 December 2020	85,459,707	82,513,940	66,328,552	-	307,785	234,609,984
Cash flow	(158,400)	3,612,323	(12,638,318)	-	(69,717)	(9,254,112)
Exchange rate adjustments	-	18,301	-	-	-	18,301
Other changes not related to cash flows	2,850,052	546,524	2,201,677	-	13,212	5,611,465
<b>Liabilities under financial activities as of 30 June 2020</b>	<b>88,151,359</b>	<b>86,691,088</b>	<b>55,891,911</b>	<b>-</b>	<b>251,280</b>	<b>230,985,638</b>
Liabilities under financial activities as of 1 January 2021	90,549,594	85,275,311	-	209,139	178,498	176,212,542
Cash flow	(158,100)	(7,221,847)	-	(11,750)	(65,157)	(7,456,854)
Exchange rate adjustments	-	5,834	-	-	-	5,834
Other changes not related to cash flows	2,999,659	535,722	-	11,750	(7,386)	3,539,745
<b>Liabilities under financial activities as of 30 June 2021</b>	<b>93,391,153</b>	<b>78,595,020</b>	<b>-</b>	<b>209,139</b>	<b>105,955</b>	<b>172,301,267</b>

Information on the fair value measurements of each category of other borrowed funds is disclosed in Note 22. Information on transactions with related parties is presented in Note 23.

## 11 Liabilities on Subsidy Programs

<i>In thousands of Kazakhstani Tenge</i>	<b>30 June 2021 (unaudited)</b>	<b>31 December 2020</b>
Banks	4,127,477	18,528,165
Municipal authorities	26,300,582	5,673,171
<b>Total liabilities on subsidy programs</b>	<b>30,428,059</b>	<b>24,201,336</b>

Liabilities on subsidy programs are placed by the RSI "Committee on construction, housing and utilities services of the Ministry of Industry and Infrastructural Development of the Republic of Kazakhstan", the National Fund of the Republic of Kazakhstan, the "United Nations Development Program in the Republic of Kazakhstan" and municipal authorities. Such funds are then transferred to local banks as payment for government-subsidised projects in accordance with the "Nurly Zher" State housing program, the "Business Roadmap 2025" business support and development program.

Information on the assessment of the fair value of obligations under subsidy programs is disclosed in Note 22. Information on transactions with related parties is disclosed in Note 23.



## 12 Deferred Income and Provision for Credit Related Commitments

<i>In thousands of Kazakhstani Tenge</i>	<b>30 June 2021 (unaudited)</b>	<b>31 December 2020</b>
Financial guarantees (provision for credit related commitments)	29,823,821	24,585,176
Deferred income on financial guarantees	24,913,420	12,624,528
<b>Total deferred income and provision for credit related commitments</b>	<b>54,737,241</b>	<b>37,209,704</b>

Financial guarantees are guarantees issued by the Fund as part of the implementation of the “Business Roadmap 2020” program to small and medium-sized businesses. Financial guarantees are also represented by guarantees issued by the Fund under “Business Roadmap 2020” program, initiated by the Government, to the small and medium-sized entities. This program is subsidised by the Government (the “Principal”), in accordance with government regulation No.301 issued as at 13 April 2010, wherein the Fund acts as an agent between the Principal and the final recipient and receives 20% commission of the insured amount. Currently, the program has been renamed to “The State Business Development Support Program “Business Roadmap 2020” according to the Decree of the Government of the Republic of Kazakhstan dated 25 August 2018 No. 52 On Approving the State Business Support and Development Program “Business Roadmap 2020”. According to the Decree of the Government of the Republic of Kazakhstan dated 24 December 2019 No. 968, the program has been extended until 2025 and renamed to the “State program for supporting business development “Business Roadmap 2025”.

Critical accounting estimates and judgements regarding deferred income and provision for credit related commitments are presented in Note 5. Refer to Note 22 for disclosure of the fair value of liabilities on deferred income and provision for credit related commitments. Information on related party balances is disclosed in Note 23.

## 13 Other Liabilities

<i>In thousands of Kazakhstani Tenge</i>	<b>30 June 2021 (unaudited)</b>	<b>31 December 2020</b>
Accounts payable	100,090	230,291
Lease obligation	105,956	178,498
Accrued liabilities and other creditors	125,339	125,339
<b>Total financial liabilities within other liabilities</b>	<b>331,385</b>	<b>534,128</b>
Advances received	190,750	82,905
Taxes payable other than on income	107,047	136,221
Accrued employee benefit costs	104,358	110,858
Unused vacation reserve	3,235	112,888
Other	841	970
<b>Total other liabilities</b>	<b>737,616</b>	<b>977,970</b>

All the above liabilities are expected to be settled less than twelve months after the end of the period. Refer to Note 22 for disclosure of the fair value of other liabilities on deferred income and provision for credit-related commitments. Information on related party balances is disclosed in Note 23.

## 14 Share Capital

<i>In thousands of Kazakhstani Tenge (except for number of shares)</i>	<b>Number of outstanding shares (in thousands)</b>	<b>Ordinary shares</b>	<b>Total</b>
At 1 January 2020	27,462	72,920,273	72,920,273
New shares issued	200	20,000,000	20,000,000
<b>At 30 June 2020</b>	<b>27,662</b>	<b>92,920,273</b>	<b>92,920,273</b>
<b>At 31 December 2020</b>	<b>27,762</b>	<b>102,920,273</b>	<b>102,920,273</b>
<b>At 30 June 2021</b>	<b>27,762</b>	<b>102,920,273</b>	<b>102,920,273</b>

On 10 June 2020, by the decision of the Sole Shareholder of the Fund, the share capital of the Fund was increased by Tenge 20,000,000 thousand. The money was credited to the Fund's account on 15 June 2020. The share capital was increased to support the Fund in a difficult economic period and to further develop the Fund's programs to support small and medium-sized businesses.

On 16 July 2020 by the decision of the Sole Shareholder of the Fund, the share capital of the Fund was additionally increased by Tenge 10,000,000 thousand.

On 26 May 2021 at the meeting of the Sole Shareholder, the Fund announced dividends for the year ended 31 December 2020 in the total amount of Tenge 3,334,015 thousand. The entire amount of dividends was paid to the Sole Shareholder on 31 May 2021.

## 15 Interest Income and Expense

<i>In thousands of Kazakhstani Tenge</i>	<b>Six months ended 30 June 2021 (unaudited)</b>	<b>Six months ended 30 June 2020 (unaudited)</b>
<b>Interest income calculated using effective interest rate method</b>		
Due from financial institutions	8,252,645	10,209,807
Cash and cash equivalents	2,463,582	1,651,233
Investment securities at fair value through other comprehensive income	965,397	120,796
Loans and advances to customers	66,367	86,394
Securities at fair value through profit or loss	187,088	44,434
<b>Total interest income</b>	<b>11,935,079</b>	<b>12,112,664</b>
<b>Other similar income</b>		
Investment securities at fair value through profit or loss	89,454	83,087
<b>Total other similar income</b>	<b>89,454</b>	<b>83,087</b>
<b>Interest expense</b>		
Borrowed funds	(3,535,381)	(5,598,252)
Debt securities issued	(11,750)	-
Finance lease	(5,890)	(12,485)
<b>Total interest expense</b>	<b>(3,553,021)</b>	<b>(5,610,737)</b>
<b>Net interest income</b>	<b>8,471,512</b>	<b>6,585,014</b>

Interest income for six months ended 30 June 2021 includes Tenge 1,890,958 thousand (six months ended 30 June 2020: Tenge 1,905,539 thousand) interest income from unwinding of discount on loans given at rates below the market. Interest income for six months ended 30 June 2021 includes Tenge 2,632,709 thousand (six months ended 30 June 2020: Tenge 2,691,652 thousand) interest income from unwinding of discount on loans given at rates below the market.

## 16 Fee and Commission Income, net

<i>In thousands of Kazakhstani Tenge</i>	Six months ended 30 June 2021 (unaudited)	Six months ended 30 June 2020 (unaudited)
Guarantees issued	7,103,421	1,783,651
Financial Agent Services	360,361	409,231
Commission fees for early repayment of a loan	(3)	(907)
<b>Total fee and commission income, net</b>	<b>7,463,779</b>	<b>2,191,975</b>

Fee and commission income consists of income from issued guarantees (Note 12), subsidising services for the State Institution of the Ministry of National Economy of the Republic of Kazakhstan, RSI "Committee on construction, housing and utilities services of the Ministry of industry and infrastructural development of the Republic of Kazakhstan", "United Nations Development Program" RK, RSI "National Bank of the Republic of Kazakhstan" as an operator and financial agent (Note 11), and support services for start-up entrepreneurs in the framework of the State Program "Business Roadmap 2025".

## 17 Gains Less Losses on Derecognition of Financial Assets Measured at Amortised Cost

During the 6 months of 2021, the Fund received partial early repayments from three banks that had previously issued loans at below market rates and recognised gain on partial derecognition of loans to these banks in the amount of Tenge 4,375,005 thousand.

During 2020, the Fund ceased recognition of loans issued to two banks by accepting on the balance sheet property, securities and loan portfolios of these banks. The Fund previously recognised a loss on initial recognition of these loans, which was amortised over the life of these loans. Due to the early redemption by transfer of assets to the Fund, the unamortised discount was written off through the gain on derecognition of financial assets measured at amortised cost in the amount of Tenge 2,955,450 thousand.

## 18 Income Taxes

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

<i>In thousands of Kazakhstani Tenge</i>	Six months ended 30 June 2021 (unaudited)	Six months ended 30 June 2020 (unaudited)
Current income tax expense	2,777,862	2,242,348
Deferred tax expense	761,815	(1,297,859)
<b>Income tax expense for the period</b>	<b>3,539,677</b>	<b>944,489</b>

## 19 Segment Analysis

Operating segments are components that engage in business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the chief operating decision maker (CODM), and for which discrete financial information is available. The functions of the CODM are performed by Management Board of the Fund.

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

The Fund is organised on the basis of two main business segments:

- Project operation – this segment includes cash at the RSI "National Bank of Kazakhstan" using for issuing conditional loans, loans issued to financial institutions, small and medium businesses, and issuing financial guarantees;
- Investing operation – representing cash and cash equivalents, securities and due from financial institutions (deposits).

## 19 Segment Analysis (Continued)

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

Assets and liabilities for the reportable segments for the period ended 30 June 2021 are set out below:

<i>In thousands of Kazakhstani Tenge</i>	<b>Notes</b>	<b>Project operation</b>	<b>Investing operation</b>	<b>Total</b>
Cash and cash equivalents	6	44,147,289	70,555,624	114,702,913
Due from financial institutions	7	207,878,097	5,006,644	212,884,741
Loans and advances to customers		530,705	-	530,705
Due from subsidy programs		18,161	-	18,161
Investments in debt securities	8	-	41,411,051	41,411,051
<b>Total reportable segment assets</b>		<b>252,574,252</b>	<b>116,973,319</b>	<b>369,547,571</b>
Borrowed funds	10	171,986,173	-	171,986,173
Debt securities in issue		-	209,139	209,139
Liabilities on subsidy programs	11	30,428,059	-	30,428,059
Deferred income and provision for credit related commitments	12	54,737,241	-	54,737,241
<b>Total reportable segment liabilities</b>		<b>257,151,473</b>	<b>209,139</b>	<b>257,360,612</b>
Capital expenditure				46,747

Capital expenditure represents additions to premises and equipment.

Income and expense for the reportable segments for the period ended 30 June 2021 are set out below:

<i>In thousands of Kazakhstani Tenge</i>	<b>Project operation</b>	<b>Investing operation</b>	<b>Total</b>
Interest income due from financial institutions	7,889,309	363,336	8,252,645
Interest income from loans and advances to customers	66,367	-	66,367
Interest income from investments in debt securities	-	1,241,938	1,241,938
Interest income from cash and cash equivalents	-	2,463,582	2,463,582
Interest expense on borrowed funds	(3,535,381)	-	(3,535,381)
Interest expense on debt securities in issue	-	(11,750)	(11,750)
<b>Net interest income</b>	<b>4,420,295</b>	<b>4,057,106</b>	<b>8,477,401</b>
Provision for impairment	(157,063)	12,582	(144,481)
<b>Net interest income after provision for impairment</b>	<b>4,263,232</b>	<b>4,069,688</b>	<b>8,332,920</b>
Fee and commission income	7,463,779	-	7,463,779
Gains less losses from financial assets at fair value through profit or loss	-	56,683	56,683
Gains less losses from derecognition of financial assets measured at amortised cost	4,375,005	-	4,375,005
Impairment of debt securities at fair value through other comprehensive income	-	(3,941)	(3,941)
(Provision for)/Recovery of impairment for other assets	(11,754)	233	(11,521)
(Provision for)/Recovery of impairment for credit related commitments	154,152	-	154,152
Foreign exchange translation gains less losses	427,904	(68,069)	359,835
Expenses on realisation of Fund's programs	(328,511)	-	(328,511)
General and administrative expenses	(1,042,865)	(67,216)	(1,110,081)
<b>Segment result</b>	<b>15,300,942</b>	<b>3,987,378</b>	<b>19,288,320</b>

## 19 Segment Analysis (Continued)

Assets and liabilities for the reportable segments for the year ended 31 December 2020 are set out below:

<i>In thousands of Kazakhstani Tenge</i>	<b>Note</b>	<b>Project operation</b>	<b>Investing operation</b>	<b>Total</b>
Cash and cash equivalents	7	37,249,670	49,901,596	87,151,266
Due from financial institutions	8	218,850,080	10,591,062	229,441,142
Loans and advances to customers		556,967	-	556,967
Due from subsidy programs		162,139	-	162,139
Investments in debt securities	9	-	21,829,298	21,829,298
<b>Total reportable segment assets</b>		<b>256,818,856</b>	<b>82,321,956</b>	<b>339,140,812</b>
Borrowed funds	12	175,824,905	-	175,824,905
Debt securities in issue	13	-	209,139	209,139
Liabilities on subsidy programs	14	24,201,336	-	24,201,336
Deferred income and provision for credit related commitments	15	37,209,704	-	37,209,704
<b>Total reportable segment liabilities</b>		<b>237,235,945</b>	<b>209,139</b>	<b>237,445,084</b>
Capital expenditure				202,596

Capital expenditure represents additions to premises and equipment.

Income and expense for the reportable segments for the period ended 30 June 2020 are set out below:

<i>In thousands of Kazakhstani Tenge</i>	<b>Project operation</b>	<b>Investing operation</b>	<b>Total</b>
Interest income due from financial institutions	9,487,914	721,893	10,209,807
Interest income from loans and advances to customers	86,394		86,394
Interest income from investments in debt securities		248,317	248,317
Interest income from cash and cash equivalents		1,651,233	1,651,233
Interest expense on borrowed funds	(5,598,252)		(5,598,252)
<b>Net interest income</b>	<b>3,976,056</b>	<b>2,621,443</b>	<b>6,597,499</b>
Provision for impairment	(1,273,029)	(25,882)	(1,298,911)
<b>Net interest income after provision for impairment</b>	<b>2,703,027</b>	<b>2,595,561</b>	<b>5,298,588</b>
Fee and commission income	2,191,975		2,191,975
Gains less losses from financial assets at fair value through profit or loss		42,431	42,431
Net loss on initial recognition of assets at rates below market	(82,300)		(82,300)
Impairment of debt securities at fair value through other comprehensive income		159	159
Recovery/(Provision for) of impairment for other assets	(46,337)		(46,337)
(Provision for)/Recovery of impairment for credit related commitments	(1,902,164)		(1,902,164)
Foreign exchange translation gains less losses	198,275	1,822	200,097
Expenses on realisation of Fund's programs	(205,915)		(205,915)
General and administrative expenses	(1,014,761)	(34,460)	(1,049,221)
<b>Segment result</b>	<b>1,841,800</b>	<b>2,605,513</b>	<b>4,447,313</b>

## 19 Segment Analysis (Continued)

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

<i>In thousands of Kazakhstani Tenge</i>	<b>30 June 2021</b>	<b>31 December 2020</b>
<b>Total reportable segment assets</b>	<b>369,547,571</b>	<b>339,140,812</b>
Premises and equipment	2,192,188	2,361,265
Intangible assets	248,609	234,391
Current income tax prepayment	5,456,234	7,430,331
Non-current assets held for sale	2,216,372	-
Long-term assets for sale	195,338	250,217
Other assets	8,854,696	8,678,500
<b>Total assets</b>	<b>388,711,008</b>	<b>358,095,516</b>

<i>In thousands of Kazakhstani Tenge</i>	<b>30 June 2021</b>	<b>31 December 2020</b>
<b>Total reporting segment liabilities</b>	<b>257,360,612</b>	<b>237,445,084</b>
Other liabilities	737,616	977,970
<b>Total liabilities</b>	<b>258,098,228</b>	<b>238,423,054</b>

<i>In thousands of Kazakhstani Tenge</i>	<b>Six months ended 30 June 2021 (non-audited)</b>	<b>Six months ended 30 June 2020 (non-audited)</b>
<b>Segment result</b>	<b>19,288,320</b>	<b>4,447,313</b>
General and administrative expenses	(1,233,745)	(1,026,087)
Other (expense)/income	(263,137)	3,015,823
Profit before tax	<b>17,791,438</b>	<b>6,437,049</b>
Income tax expense	(3,539,677)	(944,489)
<b>(Loss)/Profit for the period</b>	<b>14,251,761</b>	<b>5,492,560</b>

The Fund receives all its income in Kazakhstan. The Fund has no significant external clients in foreign countries. The Fund has no significant income and expense between operating segments. The Fund has no customers who represent at least ten percent of the total income received in 2021.

## **20 Contingencies and Commitments**

### ***Legal proceedings***

From time to time and in the normal course of business, claims against the Fund may be received. Based on its own estimates and internal professional advice management is of the opinion that no material losses will be incurred in respect of claims and accordingly no provision has been made in these financial statements.

### ***Tax legislation***

Tax conditions in the Republic of Kazakhstan are subject to change and inconsistent application and interpretation. Discrepancies in the interpretation of Kazakhstani laws and regulations of the Fund and Kazakhstani authorised bodies may lead to additional taxes, fines and penalties.

Kazakhstani legislation and taxation practices are in a state of continuous development, and therefore are subject to varying interpretations and frequent changes, which may be retroactive. In some cases, in order to determine the tax base, tax legislation refers to the provisions of IFRS, while the interpretation of the relevant provisions of IFRS by Kazakhstan tax authorities may differ from the accounting policies, judgments and estimates applied by management in preparing these separate financial statements, which may lead to additional tax liabilities of the Fund. Tax authorities can conduct a retrospective review within five years after the end of the tax year.

The management of the Fund believes that interpretations of relevant legislation are acceptable, and the tax position of the Fund is justified.

### ***Operating lease commitments***

The Fund leases several premises and vehicles under operating leases. The leases typically run for an initial period of one year, with an option to renew the lease after that date. Lease payments are usually increased annually to reflect market rentals. None of the leases includes contingent rentals.

### ***Compliance with special conditions***

The Fund must comply with certain non-financial conditions, mainly related to loans from ADB. As of 30 June 2021, and 31 December 2020, the Fund followed all special conditions.

### ***Credit related commitments***

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees, which represent irrevocable assurances that the Fund will make payments if a customer cannot meet its obligations to third parties, carry the same credit risk as loans. Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans. With respect to credit risk on commitments to extend credit, the Fund is potentially exposed to loss in an amount equal to the total unused commitments, if the unused amounts were to be drawn down. However, the likely amount of loss is less than the total unused commitments since most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Fund monitors the term to maturity of credit related commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

The maximum level of credit risk of the Fund, as a rule, is reflected in the carrying value of financial assets in the balance sheet. The ability to offset assets and liabilities is not essential to reduce potential credit risk. The management of the Fund assesses the maturity of accounts payable and monitors past due debts. Management considers it appropriate to show a maturity analysis of accounts payable and other information about credit risk in Note 21.

Credit risk for off-balance sheet financial instruments is defined as the probability of incurring losses as a result of non-fulfilment of the terms of the contract by another participant. The Fund uses the same credit policy with respect to contingent liabilities as it does with respect to balance sheet financial instruments, based on the procedures for approving transactions, using limits to limit risk, and monitoring.

## 20 Contingencies and Commitments (Continued)

Outstanding credit related commitments are as follows:

<i>In thousands of Kazakhstani Tenge</i>	<b>Notes</b>	<b>30 June 2021 (non-audited)</b>	<b>31 December 2020</b>
Guarantees issued		227,896,868	151,794,522
Guarantees issued as collateral of loans		36,156,550	36,156,550
Undrawn credit lines		8,388,362	6,745,320
Less: Provision for credit related commitments	12	(29,823,821)	(24,585,176)
<b>Total credit related commitments, net of provision</b>		<b>242,617,959</b>	<b>170,111,216</b>

Financial guarantees represent guarantees issued by the Fund as part of the implementation of the "Business Road Map 2020" program to small and medium-sized businesses. This program is subsidised by the Government in accordance with the Resolution of the Government of the Republic of Kazakhstan No. 301 dated 13 April 2010 "On approval of the "Business Roadmap 2020 Program." In 2018, the Program was renamed to the "State Program for Support and Development of Business" Business Road Map 2020 ", in accordance with the Decree of the Government of the Republic of Kazakhstan dated 25 August 2018 No. 522. In 2019, the program was extended and renamed to the "State Program for Support and Development of Business "Business Road Map-2025", in accordance with the decree of the Government of the Republic of Kazakhstan dated 24 December 2019 No. 968. Within the framework of the program, the Fund is a financial agent between the program coordinator and a small or medium-sized business entity. The cost of the commission paid by the program coordinator at the local level to the Fund is 20% of the amount of the financial guarantee under the second direction and 30% of the amount of the financial guarantee under the first direction. The resulting commission value is credited to income on a deferred basis on a straight-line basis over the life of the guarantee issued.

To calculate the expected credit losses from financial guarantees, the Fund determines the probability of default using migration matrices based on the number of days of delay. As of 30 June 2021, the expected credit losses on guarantees issued to small and medium-sized businesses amounted to Tenge 29,290,307 thousand (31 December 2020: Tenge 24,443,118 thousand).

The total outstanding contractual amount of undrawn credit lines, letters of credit, and guarantees does not necessarily represent future cash requirements, as these financial instruments may expire or terminate without being funded.

Total unliquidated contractual obligations do not necessarily represent future cash outflows, as many of these obligations may terminate without being fully or partially fulfilled. An analysis of changes in the provision for credit related commitments is presented below:

<i>In thousands of Kazakhstani Tenge</i>	<b>Six months ended 30 June 2021 (non-audited)</b>	<b>Six months ended 30 June 2020 (non-audited)</b>
Carrying amount at 1 January	(24,585,176)	(1,246,384)
Losses charged to profit or loss	(753,730)	(2,032,840)
Unused amounts reversed	907,883	130,676
Other	(5,392,798)	(1,526,530)
<b>Carrying amount at 31 December</b>	<b>(29,823,821)</b>	<b>(4,675,078)</b>



## 20 Contingencies and Commitments (Continued)

An analysis of credit related commitments by credit quality based on credit risk grades at 30 June 2021 is as follows:

<i>In thousands of Kazakhstani Tenge</i>	<b>Stage 1 (12-months ECL)</b>	<b>Stage 2 (lifetime ECL for SICR)</b>	<b>Stage 3 (lifetime ECL for credit impaired)</b>	<b>Total</b>
<b>Issued financial guarantees</b>				
<i>Not overdue:</i>	137,122,394	78,003,675	8,127,435	223,253,504
<i>Overdue:</i>				
- less than 31 days overdue	938,143	1,104,824	541,318	2,584,285
- 31 to 60 days overdue	-	419,693	123,955	543,648
- 61 to 90 days overdue	-	147,594	175,666	323,260
- over 91 days overdue	-	-	1,192,171	1,192,171
<b>Unrecognised gross amount</b>	<b>138,060,537</b>	<b>79,675,786</b>	<b>10,160,545</b>	<b>227,896,868</b>
<b>Provision for financial guarantees</b>	<b>(7,452,638)</b>	<b>(12,563,989)</b>	<b>(9,274,104)</b>	<b>(29,290,731)</b>
<b>Issued financial guarantees against the security of loans</b>				
- B rated	36,156,550	-	-	36,156,550
<b>Unrecognised gross amount</b>	<b>36,156,550</b>	<b>-</b>	<b>-</b>	<b>36,156,550</b>
<b>Provision for financial guarantees against the security of loans</b>	<b>(74,286)</b>	<b>-</b>	<b>-</b>	<b>(74,286)</b>
<b>Loan commitments</b>				
- B- to B+ rated	-	2,247,509	-	2,247,509
Internal assessment of the Fund				
- Good	5,208,853	-	-	5,208,853
- Satisfactory	932,000	-	-	932,000
<b>Unrecognised gross amount</b>	<b>6,140,853</b>	<b>2,247,509</b>	<b>-</b>	<b>8,388,362</b>
<b>Provision for loan commitments</b>	<b>(289,320)</b>	<b>(169,484)</b>	<b>-</b>	<b>(458,804)</b>

## 20 Contingencies and Commitments (Continued)

An analysis of credit related commitments by credit quality based on credit risk grades at 31 December 2020 is as follows:

<i>In thousands of Kazakhstani Tenge</i>	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total
<b>Issued financial guarantees</b>				
<i>Not overdue:</i>	75,406,493	66,441,305	4,130,736	145,978,534
<i>Overdue:</i>				
- less than 31 days overdue	124,991	1,445,691	1,498,584	3,069,266
- 31 to 60 days overdue	-	258,759	1,087,838	1,346,597
- 61 to 90 days overdue	-	89,042	704,533	793,575
- over 91 days overdue	-	-	606,550	606,550
<b>Unrecognised gross amount</b>	<b>75,531,484</b>	<b>68,234,797</b>	<b>8,028,241</b>	<b>151,794,522</b>
<b>Provision for financial guarantees</b>	<b>(4,003,262)</b>	<b>(12,363,957)</b>	<b>(8,075,900)</b>	<b>(24,443,118)</b>
<b>Issued financial guarantees against the security of loans</b>				
- B rated	36,156,550	-	-	36,156,550
<b>Unrecognised gross amount</b>	<b>36,156,550</b>	<b>-</b>	<b>-</b>	<b>36,156,550</b>
<b>Provision for financial guarantees against the security of loans</b>	<b>(59,230)</b>	<b>-</b>	<b>-</b>	<b>(59,230)</b>
<b>Loan commitments</b>				
- BB- to BB+ rated	500,000	-	-	500,000
- B- to B+ rated	3,798,009	-	-	3,798,009
- unrated	2,447,311	-	-	2,447,311
<b>Unrecognised gross amount</b>	<b>6,745,320</b>	<b>-</b>	<b>-</b>	<b>6,745,320</b>
<b>Provision for loan commitments</b>	<b>(82,828)</b>	<b>-</b>	<b>-</b>	<b>(82,828)</b>

## 21 Financial Risk Management

Management of risk is fundamental to the Fund's business and is an essential element of its operations. The Fund manages risks in the course of the ongoing process of risk identification, monitoring, assessment and control as well as by establishment of the risk limits and other internal control arrangements. The risk management process is critical to support the Fund's stable profitability and each employee of the Fund is responsible for the risks associated with his/her duties. Market risk (including price risk, interest rate risk and currency risk), as well as credit risk and liquidity risk are the major risks which the Fund must manage in the course of its normal business.

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

### **Credit risk**

External ratings are assigned to counterparties by independent international rating agencies, such as S&P, Moody's and Fitch. These ratings are publicly available. Such ratings and the corresponding range of probabilities of default ("PD") are applied for the following financial instruments: investments in debt securities (government, corporate, municipal bonds, Eurobonds and promissory notes purchased) and loans given to financial institutions. Scale with a specified range of probabilities of default of financial institutions is disclosed in the table below:

Master scale credit risk grade	Corresponding ratings of external international rating agencies (S&P)	Corresponding PD interval
Excellent	AAA – BB+	0,00% - 0,52%;
Good	BB+ – B+	0,53% - 2,77%;
Satisfactory	B, B-	2,78% - 13,68%;
Special monitoring	CCC+ – CCC-	13,69% - 99,9%;
Default	C, D-I, D-II	100%

Each master scale credit risk grade is assigned a specific degree of creditworthiness:

- Excellent – strong credit quality with low expected credit risk;
- Good – adequate credit quality with a moderate credit risk;
- Satisfactory – moderate credit quality with a satisfactory credit risk;
- Special monitoring – facilities that require closer monitoring and remedial management; and
- Default – facilities in which a default has occurred.

In accordance with the instruction of the President of the Republic of Kazakhstan dated 30 January 2020, the National Bank of the Republic of Kazakhstan (hereinafter - "NBRK") assessed the quality of assets of second-tier banks (hereinafter - OKA "). The audit perimeter included 14 banks: "Halyk Bank of Kazakhstan" JSC, SB "Sberbank of Russia" JSC, "Kaspi Bank" JSC, "Fortebank" JSC, "Bank CenterCredit" JSC, "ATFBank" JSC, "Eurasian Bank" JSC, "First Heartland Jýsan Bank" JSC, "Bank RBK" JSC, SB "Alfa-Bank" JSC, "Altyn Bank" JSC, "Nurbank" JSC, SB "Home Credit and Finance Bank" JSC and SB "VTB Bank (Kazakhstan)" JSC. The main objectives of the audit are:

- To form a complete and objective picture of the state of the banking system;
- Ensure greater sustainability and transparency of the financial sector;
- Strengthen the confidence of investors and depositors;
- Improve the quality of bank processes in line with good accounting and prudential regulation practices.

Based on the results of the asset quality assessment, all banks successfully passed the audit, while some banks were required by the NBRK for additional capitalisation and other measures to strengthen financial stability. The Fund monitors compliance with these requirements by banks and considers non-compliance with these requirements as one of the criteria for a significant increase in credit risk.

## 21 Financial Risk Management (Continued)

To calculate expected credit losses on financial guarantees, the Fund determines the probability of default using migration matrices based on the number of days in arrears. When compiling migration matrices, the Fund takes into account the industries in which borrowers who have received the Fund's guarantees work and correlates the risks of default in these industries with macroeconomic indicators. The Fund uses the following macroeconomic indicators in this analysis:

- Price for Brent crude oil;
- Currency exchange rate US Dollar/Tenge;
- Inflation rate;
- Unemployment rate;
- GDP growth.

When constructing migration matrices, the Fund takes into account migration not only on the basis of days of delay, but also on the basis of the restructuring carried out and other qualitative parameters that lead to an increase in credit risk. As of 31 December 2020, the Fund took into account the existence of restructuring in 2020 with a delay of more than 30 days within the last three years as a factor for transferring guarantees to the third stage of the impairment model. As of 30 June 2021, this approach was revised and the Fund recognises a default in the event of restructuring and delays in excess of 30 days within one year. This change led to an overall decrease in the PD parameter compared to 2020.

### **Currency risk**

The following table shows the foreign currency exposure structure of financial assets and liabilities as at 30 June 2021:

<i>In thousands of Kazakhstani Tenge</i>	<b>Tenge</b>	<b>US Dollar</b>	<b>Other</b>	<b>Total</b>
<b>Financial assets</b>				
Cash and cash equivalents	114,701,788	640	485	114,702,913
Due from financial institutions	209,417,616	3,467,125	-	212,884,741
Due from subsidy programs	18,161	-	-	18,161
Loans and advances to customers	530,705	-	-	530,705
Investment securities	41,411,051	-	-	41,411,051
Other financial assets	3,904,933	-	-	3,904,933
<b>Total financial assets</b>	<b>369,984,254</b>	<b>3,467,765</b>	<b>485</b>	<b>373,452,504</b>
<b>Financial liabilities</b>				
Borrowed funds	171,628,537	357,636	-	171,986,173
Debt securities issued	209,139	-	-	209,139
Liabilities on subsidy programs	30,428,059	-	-	30,428,059
Deferred income and provision for credit related commitments	54,737,241	-	-	54,737,241
Other financial liabilities	331,385	-	-	331,385
<b>Total financial liabilities</b>	<b>257,334,361</b>	<b>357,636</b>	<b>-</b>	<b>257,691,997</b>
<b>Net position before derivatives as at 30 June 2020</b>	<b>112,649,893</b>	<b>3,110,129</b>	<b>485</b>	<b>115,760,507</b>

## 21 Financial Risk Management (Continued)

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

<i>In thousands of Kazakhstani Tenge</i>	<b>Tenge</b>	<b>US Dollar</b>	<b>Other</b>	<b>Total</b>
<b>Financial assets</b>				
Cash and cash equivalents	87,150,122	652	492	87,151,266
Investments in debt securities	21,829,298	-	-	21,829,298
Due from financial institutions	226,004,505	3,436,637	-	229,441,142
Due from subsidy programs	162,139	-	-	162,139
Loans and advances to customers	556,967	-	-	556,967
Other financial assets	692,411	-	-	692,411
<b>Total financial assets</b>	<b>336,395,442</b>	<b>3,437,289</b>	<b>492</b>	<b>339,833,223</b>
<b>Financial liabilities</b>				
Borrowed funds	175,473,103	351,802	-	175,824,905
Debt securities in issue	209,139	-	-	209,139
Liabilities under subsidy programs	24,201,336	-	-	24,201,336
Deferred income and provision for credit related commitments	37,209,704	-	-	37,209,704
Other financial liabilities	534,128	-	-	534,128
<b>Total financial liabilities</b>	<b>237,627,410</b>	<b>351,802</b>	<b>-</b>	<b>237,979,212</b>
<b>Net position before derivatives as at 31 December 2020</b>	<b>98,768,032</b>	<b>3,085,487</b>	<b>492</b>	<b>101,854,011</b>

The following table presents sensitivities of profit or loss and equity to reasonably possible changes in exchange rates applied at the end of the reporting period relative to the functional currency of the Fund, with all other variables held constant:

<i>In thousands of Kazakhstani Tenge</i>	<b>At 30 June 2021</b>		<b>At 31 December 2020</b>	
	<b>Impact on profit or loss</b>	<b>Impact on equity</b>	<b>Impact on profit or loss</b>	<b>Impact on equity</b>
US Dollar strengthening by 5% (2020: strengthening by 18.47%)	140,578	140,578	569,889	569,889
US Dollar weakening by 5% (2020: weakening by 18.47%)	(140,578)	(140,578)	(569,889)	(569,889)

## 21 Financial Risk Management (Continued)

### Liquidity risk

The analysis for financial assets at carrying amount and maturity analysis of financial liabilities as at 30 June 2021 as follows:

<i>In thousands of Kazakhstani Tenge</i>	<b>Demand and less than 1 month</b>	<b>1-3 months</b>	<b>3-6 months</b>	<b>6-12 months</b>	<b>Over 1 year</b>	<b>Total</b>
<b>30 June 2021</b>						
<b>Financial assets</b>						
Cash and cash equivalents	114,702,913	-	-	-	-	114,702,913
Investment securities at fair value through profit or loss	1,871,794	-	-	820,484	75,308	2,767,586
Investment securities at FVOCI	-	-	-	-	5,404,499	5,404,499
Investment securities at AC	4,362,069	14,528,028	9,917,554	2,858,172	1,573,143	33,238,966
Due from financial institutions	1,851,836	4,589,601	2,808,876	8,015,571	195,618,857	212,884,741
Due from subsidy programs	18,161	-	-	-	-	18,161
Loans and advances to customers	452,068	9,532	12,155	34,050	22,900	530,705
Other financial assets	3,849,630	2,210	-	-	53,093	3,904,933
<b>Total financial assets</b>	<b>127,108,471</b>	<b>19,129,371</b>	<b>12,738,585</b>	<b>11,728,277</b>	<b>202,747,800</b>	<b>373,452,504</b>
<b>Financial liabilities</b>						
Borrowed funds	820,082	1,019	137,590	487,845	170,539,637	171,986,173
Debt securities issued	-	-	-	-	209,139	209,139
Liabilities on subsidy programs	4,464,608	15,000,755	10,962,696	-	-	30,428,059
Deferred income and provision for credit related commitments	646,094	17,245,922	7,832,583	15,354,159	231,363,022	272,441,780
Other financial liabilities	261,888	27,488	42,009	-	-	331,385
<b>Total potential future payments for financial obligations</b>	<b>6,192,672</b>	<b>32,275,184</b>	<b>18,974,878</b>	<b>15,842,004</b>	<b>402,111,798</b>	<b>475,396,536</b>
<b>Liquidity gap arising from financial instruments</b>	<b>120,915,799</b>	<b>(13,145,813)</b>	<b>(6,236,293)</b>	<b>(4,113,727)</b>	<b>(199,363,998)</b>	<b>(101,944,032)</b>

The liquidity requirements for payments under guarantees and letters of credit are significantly lower than the amount of the corresponding liabilities presented in the maturity analysis above, as the Fund does not normally expect the funds under these liabilities to be drawn by third parties.

The fund has sufficient resources and will be able to respond in time to possible cash shortages. Also, the Fund has support from the parent company to obtain funding to maintain liquidity.

## 21 Financial Risk Management (Continued)

The analysis for financial assets at carrying amount and maturity analysis of financial liabilities as at 31 December 2020 is as follows:

<i>In thousands of Kazakhstani Tenge</i>	<b>Demand and less than 1 month</b>	<b>From 1 to 3 months</b>	<b>From 3 to 6 months</b>	<b>From 6 to 12 months</b>	<b>Over 1 year</b>	<b>Total</b>
<b>31 December 2020</b>						
<b>Financial assets</b>						
Cash and cash equivalents	87,151,266	-	-	-	-	87,151,266
Securities at fair value through profit or loss	-	-	1,821,694	-	898,016	2,719,710
Due from financial institutions	1,665,177	8,179,327	2,705,050	7,641,949	209,249,639	229,441,142
Due from subsidy programs	162,139	-	-	-	-	162,139
Loans and advances to customers	431,011	10,551	17,219	32,980	65,206	556,967
Securities at fair value through other comprehensive income	4,508,766	4,679,491	4,120,255	-	545,353	13,853,865
Securities at amortised cost	-	-	-	-	5,255,723	5,255,723
Other financial assets	239,846	413,482	-	-	39,083	692,411
<b>Total financial assets</b>	<b>94,158,205</b>	<b>13,282,851</b>	<b>8,664,218</b>	<b>7,674,929</b>	<b>216,053,020</b>	<b>339,833,223</b>
<b>Financial liabilities</b>						
Borrowed funds	459,016	451,473	505,011	267,101	174,142,304	175,824,905
Investments in debt security	-	-	-	-	209,139	209,139
Liabilities on subsidy programs	18,528,165	5,673,171	-	-	-	24,201,336
Deferred income and provision for credit related commitments	61,398	700,439	2,227,283	31,651,234	160,056,039	194,696,393
Other financial liabilities	380,888	26,933	41,162	85,145	-	534,128
<b>Total potential future payments for financial obligations</b>	<b>19,429,467</b>	<b>6,852,016</b>	<b>2,773,456</b>	<b>32,003,480</b>	<b>334,407,482</b>	<b>395,465,901</b>
<b>Liquidity gap arising from financial instruments</b>	<b>74,728,738</b>	<b>6,430,835</b>	<b>5,890,762</b>	<b>(24,328,551)</b>	<b>(118,354,462)</b>	<b>(55,632,678)</b>

The financial liabilities of the Fund as of 30 June 2021 by the terms remaining to maturity based on contractual undiscounted liabilities to repay are as follows:

<i>In thousands of Kazakhstani Tenge</i>	<b>Demand and less than 1 month</b>	<b>1-3 months</b>	<b>3-6 months</b>	<b>6-12 months</b>	<b>Over 1 year</b>	<b>Total</b>
<b>30 June 2021</b>						
<b>Financial liabilities</b>						
Borrowed funds	725,781	42,978	525,103	1,181,206	299,462,375	301,937,443
Debt securities issued	-	-	-	-	209,139	209,139
Liabilities on subsidy programs	4,464,607	15,000,756	10,962,696	-	-	30,428,059
Deferred income and provision for credit related commitments	646,094	17,245,922	7,832,583	15,354,159	231,363,022	272,441,780
Other financial liabilities	261,887	27,488	42,010	-	-	331,385
<b>Total potential future payments on financial liabilities</b>	<b>6,098,369</b>	<b>32,317,144</b>	<b>19,362,392</b>	<b>16,535,365</b>	<b>531,034,536</b>	<b>605,347,806</b>

## 21 Financial Risk Management (Continued)

The financial liabilities of the Fund as of 31 December 2020 by the terms remaining to maturity based on contractual undiscounted liabilities to repay are as follows:

<i>In thousands of Kazakhstani Tenge</i>	<b>Demand and less than 1 month</b>	<b>From 1 to 3 months</b>	<b>From 3 to 6 months</b>	<b>From 6 to 12 months</b>	<b>Over 1 year</b>	<b>Total</b>
<b>31 December 2020</b>						
<b>Financial liabilities</b>						
Borrowed funds	722,583	142,697	893,055	961,032	306,277,816	308,997,183
Investments in debt security	-	-	-	-	209,139	209,139
Liabilities on subsidy programs	18,528,165	5,673,171	-	-	-	24,201,336
Deferred income and provision for credit related commitments	61,398	700,439	2,227,283	31,651,234	160,056,039	194,696,393
Other financial liabilities	380,888	26,933	41,162	85,145	-	534,128
<b>Total potential future payments for financial obligations</b>	<b>19,693,034</b>	<b>6,543,240</b>	<b>3,161,500</b>	<b>32,697,411</b>	<b>466,542,994</b>	<b>528,638,179</b>

## 22 Fair Value Disclosures

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

### (a) Recurring fair value measurements

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

<i>In thousands of Kazakhstani Tenge</i>	<b>30 June 2021</b>		<b>31 December 2020</b>	
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 1</b>	<b>Level 2</b>
<b>Financial assets</b>				
<b>Securities at fair value through profit or loss</b>				
- Corporate bonds	-	1,339,658	-	1,314,249
- Kazakhstani government bonds	-	1,427,928	-	1,405,461
<b>Investment securities available for sale</b>				
- NBRK notes	-	28,807,652	-	13,308,512
- Kazakhstani government bonds	-	3,878,544	-	-
- Corporate bonds	-	552,771	-	545,353
<b>Other financial assets</b>				
Financial derivatives	-	-	-	-
<b>Total assets recurring fair value measurements</b>	<b>-</b>	<b>36,006,553</b>	<b>-</b>	<b>16,573,575</b>

The Fund uses a discounted cash flow valuation technique to measure the fair value of currency swaps that are not traded in an active market. However, in accordance with IFRS, the fair value of an instrument at inception is generally the transaction price. If the transaction price differs from the amount determined at inception using the valuation technique, that difference is amortised on a straight-line basis over the term of the currency swaps.



## 22 Fair Value Disclosures (Continued)

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

<i>In thousands of Kazakhstani Tenge</i>	30 June 2021 (Unaudited)			Balance cost
	Level 1	Level 2	Level 3	
<b>Financial assets</b>				
<b>Cash and cash equivalents</b>	<b>35,419,649</b>	<b>79,283,264</b>	<b>-</b>	<b>114,702,913</b>
<b>Due from financial institutions</b>				
- Loans given to financial institutions	-	179,681,083	-	207,878,097
- Placements with other banks with original maturities of more than three months	-	5,006,644	-	5,006,644
<b>Due from subsidy programs</b>				
- Due from subsidy programs	-	-	18,161	18,161
<b>Loans and advances to customers</b>				
- Loans to small and middle size entities	-	-	530,705	530,705
<b>Investment securities at amortised cost</b>	-	-	5,404,499	5,404,499
<b>Other financial assets</b>				
- Other	-	-	3,904,933	3,904,933
<b>Total financial assets carried at amortised cost</b>	<b>35,419,649</b>	<b>263,970,991</b>	<b>9,858,298</b>	<b>337,445,952</b>
<b>Financial liabilities</b>				
<b>Borrowed funds</b>				
- Baiterek NMH JSC	-	50,915,249	-	93,391,153
- Municipal authorities	-	39,569,246	-	58,821,059
- Samruk-Kazyna NWF JSC	-	18,956,643	-	19,416,325
- Ministry of Finance of the Republic of Kazakhstan	-	357,636	-	357,636
Debt securities issued	-	-	209,139	209,139
<b>Liabilities on subsidy programs</b>				
- Municipal authorities	-	-	26,300,582	26,300,582
- Banks	-	-	4,127,477	4,127,477
<b>Deferred income and provision for credit related commitments</b>				
- Deferred income	-	-	24,913,420	24,913,420
- Financial guarantees (provision for credit related commitments)	-	-	29,823,821	29,823,821
<b>Other financial liabilities</b>				
- Other	-	-	331,385	331,385
<b>Total financial liabilities carried at amortised cost</b>	<b>-</b>	<b>109,798,774</b>	<b>85,705,824</b>	<b>257,691,997</b>

## 22 Fair Value Disclosures (Continued)

<i>In thousands of Kazakhstani Tenge</i>	31 December 2020			Carrying value
	Level 1	Level 2	Level 3	
<b>Financial assets</b>				
<b>Cash and cash equivalents</b>	15,143,190	72,008,076	-	87,151,266
<b>Due from financial institutions</b>				
- Loans given to financial institutions and loans given in the framework of Islamic finance	-	190,134,685	-	218,850,080
- Placements with banks with initial maturity more than 3 months	-	10,591,062	-	10,591,062
<b>Due from subsidy programs</b>				
- Due from subsidy programs	-	-	162,139	162,139
<b>Loans and advances to customers</b>				
- Loans to small and medium-sized entities	-	-	556,967	556,967
<b>Investment securities at amortised cost</b>	-	-	5,255,723	5,255,723
<b>Other financial assets</b>				
- Other	-	-	692,411	692,411
<b>Total assets carried at amortised cost</b>	<b>15,143,190</b>	<b>272,733,823</b>	<b>6,667,240</b>	<b>323,259,648</b>
<b>Financial liabilities</b>				
<b>Borrowed funds</b>				
- Baiterek NMH JSC	-	43,178,594	-	90,549,594
- Samruk-Kazyna NWF JSC	-	18,407,447	-	19,416,325
- Municipal authorities	-	41,583,075	-	65,858,986
- Investments in debt securities	-	-	209,139	209,139
<b>Liabilities on subsidy programs</b>				
- Municipal authorities	-	-	5,673,171	5,673,171
- Banks	-	-	18,528,165	18,528,165
<b>Deferred income and provision for credit related commitments</b>				
- Deferred income	-	-	12,624,528	12,624,528
- Financial guarantees	-	-	24,585,176	24,585,176
<b>Other financial liabilities</b>				
- Other	-	-	534,128	534,128
<b>Total liabilities carried at amortised cost</b>	<b>-</b>	<b>103,169,116</b>	<b>62,154,307</b>	<b>237,979,212</b>

## 23 Related Party Transactions

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

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

<i>In thousands of Kazakhstani Tenge</i>	<b>Sole shareholder</b>	<b>Entities under common control</b>	<b>Associates</b>	<b>Other related parties</b>
Cash and cash equivalents ( <i>contractual interest rate: 0%</i> )	-	-	-	35,422,026
Investment securities at fair value through profit or loss ( <i>contractual interest rate: 4.87-9.1%</i> )	-	-	-	1,427,928
Investment securities at fair value through other comprehensive income	-	-	-	32,686,196
Due from financial institutions ( <i>contractual interest rate: 2%-8.5%</i> )	-	-	-	8,321,029
Current income tax prepayment ( <i>contractual interest rate: 15%</i> )	-	-	-	5,456,234
Deferred tax asset	-	-	-	2,216,372
Other financial assets	-	-	-	228
Other assets	-	-	-	390,334
Borrowed funds ( <i>contractual interest rate: 0.1%-5.5%</i> )	93,391,153	-	-	78,595,020
Liabilities on subsidy programs ( <i>contractual interest rate: 0%</i> )	-	-	-	26,299,827
Other financial liabilities ( <i>contractual interest rate: 0%</i> )	-	40,297	-	-
Other liabilities ( <i>contractual interest rate: 0%</i> )	-	-	-	2,605,287

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

<i>In thousands of Kazakhstani Tenge</i>	<b>Sole shareholder</b>	<b>Entities under common control</b>	<b>Associates</b>	<b>Other related parties</b>
Interest income	-	-	-	1,300,960
Interest expense	(2,999,659)	-	-	(535,722)
Commission income	-	-	-	360,361
Commission expense	-	-	-	-
Gains less losses from securities at fair value through profit or loss	-	-	-	21,946
Interest expense - other	-	(2,187)	-	-
Provision for credit related commitments	-	-	-	(190,646)
Provision for other financial assets	-	-	-	-
General and administrative expenses	-	(33,184)	-	(81,048)
Other income and expenses	-	-	-	1,063
Income tax expense	-	-	-	(3,539,677)

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

<i>In thousands of Kazakhstani Tenge</i>	<b>Sole shareholder</b>	<b>Entities under common control</b>	<b>Associates</b>	<b>Other related parties</b>
Amounts lent to related parties during the period	-	-	-	-
Amounts repaid by related parties during the period	-	-	-	756,727

## 23 Related Party Transactions (Continued)

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

<i>In thousands of Kazakhstani Tenge</i>	<b>Sole shareholder</b>	<b>Entities under common control</b>	<b>Associates</b>	<b>Other related parties</b>
Amounts received from related parties during the period	-	-	-	800,000
Amounts repaid to related parties during the period	158,100	-	-	8,021,847

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

<i>In thousands of Kazakhstani Tenge</i>	<b>Sole Shareholder</b>	<b>Entities under common control</b>	<b>Other related parties</b>
Cash and cash equivalents (contractual interest rate: 0%)	-	366,260	15,187,568
Investment securities at fair value through profit or loss (contractual interest rate: 4.93%-7.68%)	-	-	1,405,461
Investment securities at fair value through profit or loss (contractual interest rate: 0%)	-	-	13,308,512
Due from financial institutions (contractual interest rate: 1%-8.5%)	-	-	8,952,492
Current income tax prepayment (interest rate: 15%)	-	-	7,430,331
Deferred tax asset (interest rate: 20%)	-	-	2,978,187
Other financial assets (interest rate: 0%)	-	-	-
Other assets	-	-	459,691
Borrowed funds (contractual interest rate: 0.1%-5.5%)	90,549,594	-	85,275,311
Liabilities on subsidy programs (contractual interest rate: 0%)	-	-	5,670,743
Other financial liabilities	-	71,430	-
Other liabilities	-	-	357,614

The income and expense items with related parties during the six months ended 30 June 2020 were as follows:

<i>In thousands of Kazakhstani Tenge</i>	<b>Sole shareholder</b>	<b>Entities under common control</b>	<b>Associates</b>	<b>Other related parties</b>
Interest income	-	-	-	456,259
Interest expense	(2,850,052)	-	-	(535,600)
Commission income	-	-	-	409,232
Commission expense	-	-	-	(29)
Gains less losses from securities at fair value through profit or loss	-	-	-	(733)
Interest expense - other	-	(3,951)	-	-
Provision for credit related commitments	-	-	-	147,042
Provision for other financial assets	-	-	-	-
General and administrative expenses	-	(22,230)	-	(56,076)
Other income and expenses	-	-	-	-
Income tax expense	-	-	-	(944,489)

## 23 Related Party Transactions (Continued)

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

<i>In thousands of Kazakhstani Tenge</i>	<b>Sole shareholder</b>	<b>Entities under common control</b>	<b>Associates</b>	<b>Other related parties</b>
Amounts lent to related parties during the period	-	-	-	-
Amounts repaid by related parties during the period	-	-	-	3,927,537

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

<i>In thousands of Kazakhstani Tenge</i>	<b>Sole shareholder</b>	<b>Entities under common control</b>	<b>Associates</b>	<b>Other related parties</b>
Amounts received from related parties during the period	-	-	-	4,825,113
Amounts repaid to related parties during the period	158,400	-	-	1,212,789

Key management of the Fund represents members of the Board of Directors and the Management Board. Key management compensation is presented below:

<i>In thousands of Kazakhstani Tenge</i>	<b>Six months ended 30 June 2021 (unaudited)</b>		<b>Six months ended 30 June 2020 (unaudited)</b>	
	<b>Expense</b>	<b>Accrued liability</b>	<b>Expense</b>	<b>Accrued liability</b>
<i>Short-term benefits:</i>				
- Salaries	126,010	16,074	113,862	11,539
- Short-term bonuses	47,383	-	5,779	-
- Benefits in-kind	937	-	6,486	-
<b>Total</b>	<b>174,330</b>	<b>16,074</b>	<b>126,127</b>	<b>11,539</b>

Related party transactions are not collateralised. No expected credit losses on doubtful debts were generated due to the absence of the doubtful debts from the related parties.

## 24 Events after the End of the Reporting Period

No significant events occurred after the reporting date.