



“Damu” Entrepreneurship Development Fund” JSC

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

Interim Financial Reporting

30 June 2022

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CONDENSED INTERIM FINANCIAL INFORMATION

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Report on Review of Condensed Interim Financial Information

To the Shareholder, the Board of Directors and the Management Board of 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 2022 and the related condensed interim statements of profit or loss and other comprehensive income for three-month and six-month periods then ended, condensed interim statements of changes in equity and cash flows for the six-month period then ended, and the related explanatory notes. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

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

Conclusion

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

PricewaterhouseCoopers LLP.

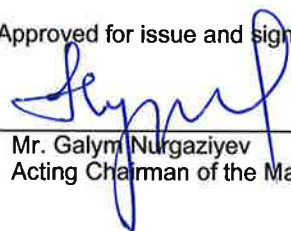
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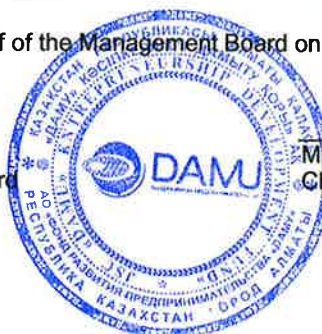
Almaty, Kazakhstan

Damu Entrepreneurship Development Fund JSC
Condensed Interim Statement of Financial Position

<i>In thousands of Kazakhstani Tenge</i>	Note	30 June 2022 (unaudited)	31 December 2021
ASSETS			
Cash and cash equivalents	6	263,695,761	76,882,383
Due from financial institutions	7	163,343,563	239,303,960
Loans and advances to customers	8	8,063,567	252,248
Due from subsidy programs		104,595	77,899
Investments in debt securities	9	25,977,174	47,001,624
Premises and equipment		2,340,303	2,121,829
Intangible assets		240,733	267,623
Current income tax prepayment		1,694,611	3,357,383
Deferred tax asset		-	3,132,896
Non-current assets held for sale		111,056	153,173
Other assets	10	5,206,091	4,975,966
TOTAL ASSETS		470,777,454	377,526,984
LIABILITIES			
Borrowed funds	11	170,053,508	169,302,529
Debt securities in issue		1,244,178	1,244,178
Liabilities on subsidy programs	12	56,253,436	7,792,965
Deferred income liability		3,041,560	-
Deferred income and provision for credit related commitments	13	80,077,398	56,861,826
Other liabilities	14	719,180	976,702
TOTAL LIABILITIES		311,389,260	236,178,200
EQUITY			
Share capital	15	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		(561,909)	26,956
Other reserves		316,430	316,430
Retained earnings		45,977,773	27,349,498
TOTAL EQUITY		159,388,194	141,348,784
TOTAL LIABILITIES AND EQUITY		470,777,454	377,526,984

Approved for issue and signed on behalf of the Management Board on 1 August 2021.


 Mr. Galym Nurgaziyev
 Acting 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

(In thousands of Kazakhstani Tenge)	Note	Six months ended		Three months ended	
		30 June 2022 (unaudited)	30 June 2021 (unaudited)	30 June 2022 (unaudited)	30 June 2021 (unaudited)
Interest income received, calculated using effective interest rate method	16	17,162,175	11,935,079	9,416,745	6,096,372
Other similar income	16	21,844	89,454	9,136	44,868
Interest expense	16	(3,815,624)	(3,553,021)	(1,928,727)	(1,795,701)
Net interest margin and similar income		13,368,395	8,471,512	7,497,154	4,345,539
Change in credit loss allowance	7, 8, 9	1,140,948	(160,338)	2,707,243	(661,603)
Net interest income after credit loss allowance		14,509,343	8,311,174	10,204,397	3,683,936
Fee and commission income, net	17	11,068,868	7,463,779	5,558,604	4,543,824
Gains less losses on derecognition of financial assets measured at amortised cost	18	31,579,596	4,375,005	14,099,780	4,375,005
Gains less losses from securities at fair value through profit or loss		12,665	56,683	12,059	19,838
Foreign exchange translation gains less losses		111,384	52,005	(112,920)	22,553
Gains less losses from foreign currency transactions		(13)	-	(13)	(78)
Net loss on initial recognition of assets at rates below market	19	(3,267,258)	-	(3,016,513)	-
Recovery/(Provision for) of credit related commitments		(6,200,837)	154,152	(2,462,290)	(1,219,077)
Other operating income		72,590	50,977	27,694	16,001
Expenses on realisation of Fund's programs		(480,899)	(328,511)	(291,482)	(171,571)
General and administrative expenses		(2,548,870)	(2,343,826)	(1,236,452)	(1,084,145)
Profit before tax		44,856,569	17,791,438	22,782,864	10,186,286
Income tax expense	20	(8,706,621)	(3,539,677)	(4,422,134)	(1,848,239)
Profit for the period		36,149,948	14,251,761	18,360,730	8,338,047
Other comprehensive income:					
Investments at fair value through other comprehensive income:					
- (losses less gains) / gains less losses arising during the period		(588,865)	22,572	361,660	7,081
Total comprehensive income for the period		35,561,083	14,274,333	18,722,390	8,345,128

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

<i>(In thousands of Kazakhstani Tenge)</i>	Share capital	Additional paid-in-capital	Revaluation reserve for investment securities at fair value through other comprehensive income	Other reserves	Retained earnings/(loss)	Total
Balance at 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
Total comprehensive income for the six months ended 30 June 2021 (unaudited)	-	-	22,572	-	14,251,761	14,274,333
Dividends declared (unaudited)	-	-	-	-	(3,334,015)	(3,334,015)
Balance at 30 June 2021 (unaudited)	102,920,273	10,735,627	70,153	316,430	16,570,297	130,612,780
Balance at 1 January 2022	102,920,273	10,735,627	26,956	316,430	27,349,498	141,348,784
Profit for the period (unaudited)	-	-	-	-	36,149,948	36,149,948
Other comprehensive income (unaudited)	-	-	(588,865)	-	-	(588,865)
Total comprehensive income for the six months ended 30 June 2022 (unaudited)	-	-	(588,865)	-	36,149,948	35,561,083
Dividends declared (unaudited)	-	-	-	-	(17,521,673)	(17,521,673)
Balance at 30 June 2022 (unaudited)	102,920,273	10,735,627	(561,909)	316,430	45,977,773	159,388,194

The notes set out on pages 5 to 49 form an integral part of these condensed interim financial information.

Damu Entrepreneurship Development Fund JSC
Condensed Interim Statement of Cash Flows

	Six months ended	
	30 June 2022 (unaudited)	30 June 2021 (unaudited)
<i>(In thousands of Kazakhstani Tenge)</i>		
Cash flows from operating activities		
Interest received	13,449,740	8,089,640
Interest paid	(764,284)	(706,347)
Commission received	27,823,829	21,371,703
Commission paid	(55,488)	(35,478)
Cash inflows from other operating activities	143,654	55,822
Payroll costs paid	(1,534,433)	(1,327,110)
General and administrative expenses and expenses on the implementation of Fund programs paid	(1,802,848)	(1,407,827)
Cash flows from operating activities before changes in operating assets and liabilities	37,260,170	26,040,403
<i>Net decrease/(increase) in:</i>		
- due from financial institutions	99,124,681	22,823,265
- loans and advances to customers	1,068,051	24,542
- other financial assets	(1,097,512)	626,658
- other assets	(110,182)	34,579
<i>Net increase/(decrease) in:</i>		
- other financial liabilities (liabilities under subsidy programs)	49,533,849	6,160,006
- other liabilities	(66,071)	(16,244)
Net cash from operating activities	185,712,986	55,693,209
Cash flows from investing activities		
Acquisition of debt securities	(17,831,242)	(42,092,776)
Proceeds from disposal and redemption of investment securities	38,784,666	23,668,520
Acquisition of premises and equipment	(19,759)	(1,908)
Acquisition of intangible assets	(5,723)	(44,800)
Proceeds from disposal of assets held for sale	80,147	413,764
Net cash from / (used in) investing activities	21,008,089	(18,057,200)
Cash flows from financing activities		
Proceeds from borrowed funds	1,450,000	800,000
Repayment of borrowed funds	(3,768,839)	(7,485,350)
Dividends paid	(17,521,673)	(3,334,015)
Long-term lease	(85,379)	(65,157)
Net cash used in financing activities	(19,925,891)	(10,084,522)
Effect of exchange rate changes on cash and cash equivalents	(228)	(73)
Effect of changes in impairment provision on cash and cash equivalents	18,422	233
Net increase in cash and cash equivalents	186,813,378	27,551,647
Cash and cash equivalents at the beginning of the period	6 76,882,383	87,151,266
Cash and cash equivalents at the end of the period	263,695,761	114,702,913

The notes set out on pages 5 to 49 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 2022 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 2022 and 31 December 2021, the Fund is under 100% ownership of the JSC "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 25.

Principal activity. The main activity of the Fund is financing within lending programs through second-tier banks of microfinance organizations and leasing companies, subsidizing interest rates, guaranteeing, consulting support, dissemination of information and analytical materials. 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. This condensed interim financial information is 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, gas and other minerals composing the main portion of the country's export. 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 477.09 per US Dollar 1, compared to Tenge 465.08 per US Dollar 1 as at 30 June 2022 (31 December 2021: Tenge 467.09 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.

On 4 March 2022, the international rating agency S&P Global Ratings confirmed the sovereign rating of Kazakhstan at BBB-. 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, as well as measures taken by the Government of the Republic of Kazakhstan aimed at containment of negative pandemic impacts on the economy.

2 Operating Environment of the Fund (Continued)

On 2 January 2022 population protests triggered by the rise in fuel gas prices began in Mangistau region and further spread to other regions in Kazakhstan. During the protests, a number of social and economic demands were made. Although the Government took a comprehensive set of measures to respond to the people's demands, including a decrease in fuel gas prices, protests consequently turned into social unrest, during which the municipal governments' ("akimat") and law enforcement authorities' buildings were captured. Major events took place in Almaty and southern regions of the country.

As a result, on 5 January 2022 the state of emergency was declared until 19 January 2022, and restrictions were imposed on communication and transportation of both people and vehicles, including railway and airline carriage.

On 10 January 2022, the Order of the Chairman of the Agency of the Republic of Kazakhstan for the regulation and development of the financial market "On measures to support individuals and legal entities affected by the introduction of a state of emergency" was issued, under which individuals and legal entities affected by the introduction of a state of emergency were provided with deferral of loan payments.

Currently, the situation in all regions of the country has stabilized, the state of emergency canceled. Utilities and life support systems have been fully restored, and restrictions on communication and transportation of both people and vehicles have been relieved.

On 24 February 2022, after a long crisis in relations between Russia and Ukraine, Russia launched a special military operation in Ukraine. As a result, sanctions were imposed that limited the access of Russian organizations to financial markets in Euros and US dollars, including the abolition of access to the international SWIFT system. Additional sanctions and restrictions are expected to be directed against Russian companies.

These sanctions also affected subsidiaries of Russian banks operating in Kazakhstan. As at 31 December 2021, the amount due from these financial institutions, representing the amount of principal, accrued interest, fines and penalties, was Tenge 112,071,724 thousand. During 6 months of 2022, the Fund took measures to significantly reduce placements in these banks, including requiring early repayments, accepting loan portfolios of these banks under assignment agreements and transferring the debt of these banks to other banks in Kazakhstan. As a result of these measures, the amount of funds in these financial institutions was reduced to Tenge 453 thousand. The Fund also has cash placed with these banks under subsidy programs in the amount of Tenge 38,202 thousand, as well as investments in debt securities at fair value through other comprehensive income, issued by one of these banks, with a nominal value of Tenge 1,000,000 thousand and accrued coupon of Tenge 18,750 thousand. The Fund determined the fair value of these securities to be nil at the reporting date and recognized an impairment loss for these securities in the statement of profit or loss.

To estimate expected credit losses, the Fund uses verifiable forward-looking information, including forecasts of macroeconomic indicators. However, as with all economic forecasts, assumptions and the likelihood of their realization are inevitably associated with a high level of uncertainty, and, therefore, actual results may differ materially from those projected. Note 5 provides additional information on how the Fund includes forward-looking information in the expected credit loss model.

3 Summary of Significant Accounting Policies

Basis of preparation. This condensed interim financial information 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 2021, 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 2021.

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

The following amended standards and interpretations became effective for the Fund from 1 January 2022:

- 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).
- Amendments to IAS 8: Definition of Accounting Estimates (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023).
- Deferred tax related to assets and liabilities arising from a single transaction – Amendments to IAS 12 (issued on 7 May 2021 and effective for annual periods beginning on or after 1 January 2023).
- Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies (issued on 12 February 2021 and effective for annual period beginning on or after 1 January 2023).

Unless otherwise described above, the new standards and interpretations are not expected to affect significantly the Fund's financial statements.

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 2021 in order to disclose the recent changes in the economic environment.

ECL measurement. Measurement of ECLs is a significant estimate that involves determination of methodology, models and data inputs consistent with those at 31 December 2021, but updated baseline as of 30 June 2022 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 23.

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 438,885 thousand at 30 June 2022 (31 December 2021: Tenge 759,016 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 23).

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

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 9,190,443 thousand as of 30 June 2022 (31 December 2021: higher by Tenge 17,082,621 thousand).

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 financial instruments issued at rates below market and 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 30.

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. In estimating the fair value of borrowings, the Fund's management used an annual reference rate derived from the yield curve for 10-year government bonds extrapolated over 20 years. The Fund's management determined the following effective rates for these funds: the first tranche for Tenge 100 billion - 6.58%, the second tranche for Tenge 50 billion - 6.57%, the third tranche for Tenge 50 billion - 6.71%. The Fund recognized this transaction as a government grant under IAS 20 and recognized income on initial recognition of borrowings at below market rates in the statement of profit or loss.

In 2014-2015, the received funds in the amount of Tenge 200 billion were fully placed in commercial banks at 2% per annum with a maturity of 20 years. In estimating the fair value of loans to banks, the Fund's management used the specific credit risks of each bank, based on the Credit Default Spread for each credit rating. The Credit Default Spread has been adjusted by an annual reference rate derived from the 10-year government bond yield curve extrapolated over 20 years.

In estimating the fair value of loans to banks, the Fund's management used the specific credit risks of each bank, based on US Treasury securities for each credit rating. Treasury risk-free rates have been adjusted for risk premium, sovereign risk premium, currency risk premium and credit risk premium and/or credit spread. The rates depending on the credit risk of a commercial bank ranged from 12.28% to 13.27% (Notes 7 and 19).

During the six months ended 30 June 2022, the Fund recognized a net loss on initial recognition of loans and advances to customers accepted by the Fund under assignment agreements in the amount of Tenge 1,820,575 thousand. The Fund determined the market rates for these loans, depending on the maturity of the loans, from 15.9% to 17.3%. The Fund also recognized a net loss on initial recognition of funds in financial institutions at below market rates in the amount of Tenge 1,446,683 thousand. The nominal rate of these loans is 2%, the market rate according to the Fund's estimate was 16.95% - 16.98%.

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 received this borrowing to make a repayment of bonds issued earlier to a related party. Management estimated the market level interest rate for such borrowing at 10.65% p.a., considering currency risk, loan period and the Fund's credit risk. At the date of initial recognition, the Fund determined the fair value to be Tenge 3,623,627 thousand. At the same time, the Fund's management analyzed all the requirements of IAS 20 and SIC 10 and concluded that there is no definite relationship with the Fund's operations. Therefore, the difference between the fair value of the loan and the cash received is in essence a contribution to equity from the sole shareholder and not a government grant. Accordingly, the Fund recognised a discount considering deferred tax within equity of Tenge 9,901,100 thousand as a transaction with shareholders. 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.

Accounting for 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 2022, the number of guarantees issued amounted to Tenge 282,033,879 thousand (31 December 2021: Tenge 280,534,620 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.

On 10 January 2022, the Order of the Chairman of the Agency of the Republic of Kazakhstan for the regulation and development of the financial market "On measures to support individuals and legal entities affected by the introduction of a state of emergency" was issued, under which individuals and legal entities affected by the introduction of a state of emergency were provided with deferral of loan payments (See Note 2).

The companies that requested such deferrals included small and medium-sized businesses, to which the Fund issued financial guarantees. The Fund assesses that such restructurings are indicative of a significant increase in credit risk, as a result of which these financial guarantees have been moved to stage 2 of the expected credit loss model. If, apart from the restructuring, other credit deterioration factors were present, the Fund included these guarantees in stage 3 of the expected credit loss model.

As of 30 June 2022, expected credit losses on guarantees issued to small and medium-sized businesses amounted to Tenge 29,847,752 thousand (31 December 2021: Tenge 25,274,058 thousand).

6 Cash and Cash Equivalents

<i>(In thousands of Kazakhstani Tenge)</i>	30 June 2022 (Unaudited)	31 December 2021
Reverse sale and repurchase agreements (reverse REPO) with other banks with original maturities of less than three months	135,973,993	64,140,419
Bank balances on demand	79,739,603	10,452,112
Cash balances with the NBRK (other than mandatory reserve deposits)	48,035,512	2,361,621
Less credit loss allowance	(53,347)	(71,769)
Total cash and cash equivalents	263,695,761	76,882,383

Bank account balances on demand contain funds received to subsidize small and medium-sized businesses. See Note 12.

6 Cash and Cash Equivalents (Continued)

An analysis of cash and cash equivalents for credit quality as at 30 June 2022 is as follows:

<i>(In thousands of Kazakhstani Tenge)</i>	Bank balances on demand	Cash balances with the NBRK	Reverse REPO	Total
<i>Neither past due nor impaired</i>				
- National Bank of the Republic of Kazakhstan	-	48,035,512	-	48,035,512
- BBB- to BBB+ rated	78,288,477	-	135,973,993	214,262,470
- BB- to BB+ rated	3,619	-	-	3,619
- B- to B+ rated	1,402,328	-	-	1,402,328
- Unrated	45,179	-	-	45,179
Total cash and cash equivalents before credit loss allowance (unaudited)	79,739,603	48,035,512	135,973,993	263,749,108

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 30 June 2021 is as follows:

<i>(In thousands of Kazakhstani Tenge)</i>	Bank balances on demand	Cash balances with the NBRK	Reverse REPO	Total
<i>Neither past due nor impaired</i>				
- National Bank of the Republic of Kazakhstan	-	2,361,621	8,018,822	10,380,443
- BBB- to BBB+ rated	7,738,237	-	56,121,597	63,859,834
- BB- to BB+ rated	1,297,575	-	-	1,297,575
- B- to B+ rated	1,392,596	-	-	1,392,596
- Unrated	23,704	-	-	23,704
Total cash and cash equivalents before credit loss allowance	10,452,112	2,361,621	64,140,419	76,954,152

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 about related party transactions is provided in Note 25.

7 Due from Financial Institutions

<i>(In thousands of Kazakhstani Tenge)</i>	30 June 2022 (Unaudited)	31 December 2021
Loans given to financial institutions	154,443,478	228,752,674
Loans given in the framework of the Islamic financing programs	16,266,054	16,125,258
Placements with other banks with original maturities of more than three months	47,940	5,133,863
Less: Credit loss allowance	(7,413,909)	(10,707,835)
Total due from financial institutions	163,343,563	239,303,960

During 6 months of 2022, the Fund received partial early repayments of Tenge 98.6 billion from four banks, which had previously issued loans at below market rates, and recognised gain on derecognition of loans to these banks in the amount of Tenge 31,477,333 thousand (Note 18). Of these banks, three banks are subsidiaries of Russian banks and the repayments were requested by the Fund due to the increased risk of sanctions against these banks (Note 2). The fourth bank violated the Fund's requirements regarding the timely submission of documents, which was regarded as an additional increase in the risk for this bank, which prompted the Fund to demand early repayment of the debt.

7 Due from Financial Institutions (Continued)

The gain on derecognition arose due to the fact that these loans were originally issued at below market rates and the Fund previously recognized a loss on initial recognition of these loans (Note 5).

During 2020 and 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%. Analysis by credit quality of due from financial institutions accounts at 30 June 2022 is as follows:

<i>(In thousands of Kazakhstani Tenge)</i>	Loans given to financial institutions	Loans given in the framework of Islamic finance program	Placements with other banks with original maturity of over three months	Total
<i>Neither past due nor impaired</i>				
Ratings of independent international rating agencies:				
- BBB- to BBB+ rated	48,613,264	-	-	48,613,264
- BB- to BB+ rated	-	-	47,940	47,940
- B- to B+ rated	85,955,704	-	-	85,955,704
The Fund's internal valuation:				
- Good	13,063,780	10,732,256	-	23,796,036
- Satisfactory	6,571,622	5,533,798	-	12,105,420
Total neither past due nor impaired	154,204,370	16,266,054	47,940	170,518,364
<i>Balances individually determined to be impaired (gross)</i>				
- more than 360 days overdue	239,108	-	-	239,108
Total individually impaired (gross)	239,108			239,108
Less credit loss allowance	(7,217,708)	(196,063)	(138)	(7,413,909)
Total due from financial institutions	147,225,770	16,069,991	47,802	163,343,563

7 Due from Financial Institutions (Continued)

Analysis by credit quality of due from financial institutions accounts at 31 December 2021 is as follows:

<i>(In thousands of Kazakhstani Tenge)</i>	Loans given to financial institutions	Loans given in the framework of Islamic finance program	Placements with other banks with original maturity of over three months	Total
<i>Neither past due nor impaired</i>				
- BBB- to BBB+ rated	45,191,327	-	2,420,000	47,611,327
- BB- to BB+ rated	84,287,872	-	2,713,863	87,001,735
- B- to B+ rated	83,299,975	-	-	83,299,975
<i>The Fund's internal valuation:</i>				
- Good	10,359,933	10,538,958	-	20,898,891
- Satisfactory	5,374,459	5,586,300	-	10,960,759
Total neither past due nor impaired	228,513,566	16,125,258	5,133,863	249,772,687
<i>Balances individually determined to be impaired (gross)</i>				
<i>Impaired</i>				
- more than 360 days overdue	239,108	-	-	239,108
Total individually impaired (gross)	239,108	-	-	239,108
Less credit loss allowance	(10,411,621)	(286,980)	(9,234)	(10,707,835)
Total due from financial institutions	218,341,053	15,838,278	5,124,629	239,303,960

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.

As at 30 June 2022 and 31 December 2021, 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 2022, recovery of reserves was recognised on previously liquidated banks, whose obligations were written off to off-balance accounting (first half of 2021: recovery for the amount of Tenge 48,140 thousand).

Refer to Note 24 for an estimate of the fair value of each category of amounts in financial institutions. Related party information is disclosed in Note 25.

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:

	Credit loss allowance		Gross carrying amount	
	Stage 1 (12-months ECL)	Total	Stage 1 (12-months ECL)	Total
<i>(In thousands of Kazakhstani Tenge)</i>				
Bank deposits				
As at 1 January 2022	(9,234)	(9,234)	5,133,864	5,133,864
Changes affecting deductions to the allowance for credit losses for the period:				
Newly created or acquired	-	-	2,138,623	2,138,623
Derecognised during the period	9,116	9,116	(7,278,976)	(7,278,976)
Total movements with impact on credit loss allowance charge for the period	9,116	9,116	(5,140,353)	(5,140,353)
Movements without impact on credit loss allowance charge for the period: Foreign exchange translation and other movements	(20)	(20)	54,429	54,429
As at 30 June 2022	(138)	(138)	47,940	47,940

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:

	Credit loss allowance		Gross carrying amount	
	Stage 1 (12-months ECL)	Total	Stage 1 (12-months ECL)	Total
<i>(In thousands of Kazakhstani Tenge)</i>				
Bank deposits				
As at 1 January 2021	(19,365)	(19,365)	10,610,428	10,610,428
Changes affecting deductions to the allowance for credit losses for the period:				
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)
Total movements with impact on credit loss allowance charge for the period	12,582	12,582	(5,652,279)	(5,652,279)
Movements without impact on credit loss allowance charge for the period: Foreign exchange translation and other movements	(80)	(80)	55,358	55,358
As at 30 June 2021	(6,863)	(6,863)	5,013,507	5,013,507

7 Due from Financial Institutions (Continued)

The changes in the allowance for credit losses and the gross carrying amount of loans issued to financial institutions that occurred between the beginning and the end of the reporting period:

(In thousands of Kazakhstani Tenge)	Credit loss allowance				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
Loans to financial institutions								
As at 1 January 2022	(3,349,049)	(6,677,131)	(385,441)	(10,411,621)	197,108,830	27,890,939	3,752,905	228,752,674
<i>Changes affecting deductions to the allowance for credit losses for the period:</i>								
Transfer:								
- impaired assets (from Stage 1 and Stage 2 to Stage 3)	260,050	(240,546)	(19,504)	-	(711,654)	478,223	233,431	-
New originated or purchased	(855,577)	-	-	(855,577)	37,080,118	-	-	37,080,118
Derecognition during the period	783,153	2,286,954	30,944	3,101,050	(97,816,851)	(14,881,676)	(1,225,690)	(113,924,216)
Changes in assumptions of the expected credit loss assessment model	523,794	453,848	21,447	999,090	-	-	-	-
Amortisation of discount	(43,855)	(3,159)	(3,636)	(50,650)	2,012,220	243,000	279,683	2,534,903
As at 30 June 2022	(2,681,484)	(4,180,034)	(356,190)	(7,217,708)	137,672,664	13,730,485	3,040,329	154,443,478

Significant derecognitions during the stage 1 period are related to early repayments from subsidiaries of Russian banks. No significant increase in credit risk was identified for these banks at the time of redemption, however, due to the increased risk of sanctions on these banks in the future, the Fund issued prepayment requests, which were fulfilled by these banks (Note 2). Stage 2 derecognition was due to early repayment from one bank that violated the Fund's requirements regarding the timely submission of documents, which was regarded as an additional increase in the risk for this bank, which prompted the Fund to demand early repayment of the debt.

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 between the beginning and the end of the previous reporting period.

(In thousands of Kazakhstani Tenge)	Credit loss allowance				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
Loans to financial institutions								
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)	(2,800,554)	2,800,554	-	-
- 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)	11,449,475	-	-	11,449,475
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
As at 30 June 2021	(3,501,463)	(8,238,464)	(438,047)	(12,177,974)	175,036,159	27,145,766	4,928,793	207,110,718

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.

(In thousands of Kazakhstani Tenge)	Credit loss allowance		Gross carrying amount	
	Stage 1 (12-months ECL)	Total	Stage 1 (12-months ECL)	Total
Loans given in the framework of Islamic financing programs				
At 1 January 2022	(286,980)	(286,980)	16,125,258	16,125,258
<i>Changes affecting on the allowance for credit losses for the period:</i>				
New originated or purchased	(7,297)	(7,297)	410,000	410,000
Derecognition during the period	3,770	3,770	(214,286)	(214,286)
Changes in assumptions of the expected credit loss assessment model	90,917	90,917	-	-
Other changes	3,527	3,527	(54,918)	(54,918)
At 30 June 2022	(196,063)	(196,063)	16,266,054	16,266,054

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 the previous reporting period.

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

8 Loans and Advances to Customers

	30 June 2022 (unaudited)	31 December 2021
<i>(in thousands of Kazakhstani Tenge)</i>		
Loans to small- and medium-sized businesses	9,080,713	727,858
Receivables on guarantees issued	2,837,361	2,149,219
Other loans	-	994
Less credit loss allowance	(3,854,507)	(2,625,823)
Total loans and advances to customers	8,063,567	252,248

Due to the increased risk of imposing sanctions on subsidiaries of Russian banks in Kazakhstan, the Fund took measures to reduce the funds placed with these banks (Note 2). One of these measures was the assignment of claims on the portfolios of these banks to the Fund in repayment of the banks' debt to the Fund.

On 11 March 2022, the Fund entered into an assignment agreement with one of these banks and accepted a portfolio of loans in the amount of Tenge 1,346,970 thousand. On 8 and 12 April 2022, the Fund entered into assignment agreements with another bank and accepted a portfolio of loans in the amount of Tenge 10,305,120 thousand. The Fund calculated the fair value of these loan portfolios at initial recognition and recognized a loss on initial recognition in the amount of Tenge 1,820,575 thousand (Note 19). Critical estimates and professional judgments regarding the fair value of these portfolios are presented in Note 5.

Receivables on paid guarantees represent the Fund's claims in respect of small and medium-sized businesses to which the Fund has issued financial guarantees and for which the Fund has made payments in connection with the default of these companies on their loans in second-tier banks. Historically, the Fund has received insignificant payments on these receivables, and therefore an allowance for expected credit losses has been recognized for the entire amount of this receivable.

The following table discloses the changes in the credit loss allowance and gross carrying amount for loans and advances to customers carried at amortised cost between the beginning and the end of the reporting. The table does not disclose the amount of provisions for receivables on paid guarantees in the amount of Tenge 2,837,361 thousand.

Damu Entrepreneurship Development Fund JSC
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8 Loans and Advances to Customers (Continued)

	Credit loss allowance				Gross carrying amount			
	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit im- paired)	Initially originated credit impaired asset	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit im- paired)	Initially originated credit impaired asset
(unaudited data) (in thousands of Kazakhstani Tenge)	Total							Total
Loans to small- and medium-sized businesses								
At 1 January 2022	-	-	(233,105)	(242,964)	994	-	234,004	493,854
<i>Movements with impact on credit loss allowance charge for the period:</i>								728,852
Transfers:								
- to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)	(2,091)	(121,220)	123,311	-	16,593	204,139	(255,052)	-
New originated or purchased	(266,306)	(158,237)	(121,129)	-	8,039,913	386,226	289,738	-
Derecognised during the period	1,117	199	3,031	154,720	(117,234)	(293)	(33,331)	8,715,877
Changes to ECL measurement model assumptions	1,138	-	228	(155,797)	-	-	-	(235,663)
Amortisation of discount and accrual for interest	(33)	-	(6)	-	2,938	-	(64)	53,950
Total movements with impact on credit loss allowance charge for the period	(266,176)	(279,258)	(227,670)	(244,041)	7,943,204	590,072	235,295	312,141
At 30 June 2022	(266,176)	(279,258)	(212,638)	(244,041)	7,943,204	590,072	220,263	312,141
<i>Movements without impact on credit loss allowance charge for the period:</i>								9,080,712
Write-offs	-	-	15,032	-	-	-	(15,032)	-
At 30 June 2022	(266,176)	(279,258)	(212,638)	(244,041)	7,943,204	590,072	220,263	312,141
								9,065,680

Damu Entrepreneurship Development Fund JSC
Notes to the Condensed Interim Financial Information – 30 June 2022

8 Loans and Advances to Customers (Continued)

	Credit loss allowance				Gross carrying amount			
	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit im- paired)	Initially originated credit impaired asset	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit im- paired)	Initially originated credit impaired asset
(unaudited data) (in thousands of Kazakhstani Tenge)	Total							Total
Loans to small- and medium-sized businesses								
At 1 January 2021	-	-	(153,335)	(323,269)	4,828	-	153,698	875,045
<i>Movements with impact on credit loss allowance charge for the period:</i>								1,033,571
Transfers:								
New originated or purchased	-	-	-	-	-	-	-	-
Derecognised during the period	-	-	-	181,147	(855)	-	-	(551,772)
Changes to ECL measurement model assumptions	-	-	(79,940)	(11,038)	-	-	-	-
Other movements	-	-	(63,372)	-	-	-	525,830	-
								525,830
Total movements with impact on credit loss allowance charge for the period	-	-	(296,647)	(153,160)	3,973	-	679,528	323,273
								1,006,774
<i>Movements without impact on credit loss allowance charge for the period:</i>								
Write-offs	-	-	19,378	-	-	-	(19,378)	-
								(19,378)
As at 30 June 2021	-	-	(277,629)	(153,160)	3,973	-	664,496	323,273
								991,742

8 Loans and Advances to Customers (Continued)

The table below provides the credit risk analysis for loans and advances to customers carried at amortised cost, for which an allowance for the expected credit loss was recognised. The table below discloses the carrying amount of loans and advances to customers, as well as the Fund's maximum exposure to credit risk on these loans.

The credit quality of loans is as follows at 30 June 2022:

<i>(unaudited data)</i> <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)	Initially originated credit impaired asset	Total
Loans to small- and medium-sized businesses					
Not overdue	7,943,204	478,133	19,681	54,187	7,073,400
Ovedue:					
- less than 31 days overdue	-	42,395	-	-	864,605
- 31 to 60 days overdue	-	65,915	-	-	206,499
- 61 to 90 days overdue	-	-	1,078	-	463,196
- over 90 days overdue	-	3,629	214,536	257,954	473,377
Gross carrying amount	7,943,204	590,072	235,295	312,141	9,081,077
Credit loss allowance	(266,176)	(279,258)	(227,670)	(244,041)	(1,017,145)
Carrying amount	7,677,028	310,814	7,625	68,100	8,063,567

The credit quality of loans is as follows at 31 December 2021:

<i>(unaudited data)</i> <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
Loans to small- and medium-sized businesses				
Not overdue	119,582	-	-	119,582
Ovedue:				
- less than 31 days overdue	3,898	-	-	3,898
- 31 to 60 days overdue	-	45,183	-	45,183
- 61 to 90 days overdue	-	58,170	-	58,170
- over 90 days overdue	-	-	501,025	501,025
Gross carrying amount	123,480	103,353	501,025	727,858
Credit loss allowance	(3,166)	(13,105)	(459,798)	(476,069)
Carrying amount	120,314	90,248	41,227	251,789

8 Loans and Advances to Customers (Continued)

Economic sector risk concentrations within the customer loan portfolio are as follows:

<i>(in thousands of Kazakhstani Tenge)</i>	30 June 2022 (unaudited data)		31 December 2021	
	Amount	%	Amount	%
Food industry	3,182,204	39,46%	13,543	5,37%
Wholesale and retail trading; repair of vehicles and motorcycles	1,885,610	23,38%	61,276	24,29%
Manufacturing	1,588,197	19,70%	9,677	3,84%
Service provision	1,134,494	14,07%	30,924	12,26%
Transportation and warehousing	133,865	1,66%	16,989	6,74%
Agricultural, forest and fishing industry	92,246	1,14%	6,234	2,47%
Other	46,951	0,58%	113,605	45,04%
Total loans and advances to customers carried at AC and at FVTPL	8,063,567	100%	252,248	100%

Description of collateral held for loans to corporate customers carried at amortised cost is as follows at 30 June 2022:

<i>(unaudited data) (in thousands of Kazakhstani Tenge)</i>	Loans to SME	Other loans	Total
Loans collateralised by:			
- residential real estate	1,568,035	-	1,568,035
- other real estate	5,043,570	-	5,043,570
- tradable securities	638 774	-	638 774
- cash deposits	7,936	-	7,936
- other assets	9,718	-	9,718
Total	7,268,033	-	7,268,033
Unsecured exposures	795,534	-	795,534
Total carrying value loans and advances to customers at AC (amount representing exposure to credit risk for each class of loans at AC)	8,063,567	-	8,063,567

Information about collateral for loans to corporate customers is as follows at 31 December 2021:

<i>(unaudited data) (in thousands of Kazakhstani Tenge)</i>	Loans to SME	Other loans	Total
Loans collateralised by:			
- residential real estate	60,371	994	61,365
- other real estate	52,753	-	52,753
- tradable securities	99,001	-	99,001
Total	212,125	994	213,119
Unsecured exposures	39,129	-	39,219
Total carrying value loans and advances to customers at AC (amount representing exposure to credit risk for each class of loans at AC)	251,254	994	252,248

8 Loans and Advances to Customers (Continued)

The financial effect of collateral is presented by disclosing collateral values separately for (i) those assets where collateral and other credit enhancements are equal to or exceed carrying value of the asset ("over-collateralised assets") and (ii) those assets where collateral and other credit enhancements are less than the carrying value of the asset ("under-collateralised assets"). The effect of collateral at 30 June 2022 is as follows.

	Over-collateralised assets		Under-collateralised assets	
	Carrying value of the assets	Fair value of collateral	Carrying value of the assets	Fair value of collateral
<i>(in thousands of Kazakhstani Tenge)</i>				
Loans to small- and medium-sized businesses	7,268,033	22,528,828	795,534	-
Other loans	-	-	-	-
Total	7,268,033	22,528,828	795,534	-

The table below provides effect of collateral at 31 December 2021:

	Over-collateralised assets		Under-collateralised assets	
	Carrying value of the assets	Fair value of collateral	Carrying value of the assets	Fair value of collateral
<i>(in thousands of Kazakhstani Tenge)</i>				
Loans to small- and medium-sized businesses	212,125	2,028,050	39,129	-
Other loans	994	7,507	-	-
Total	213,119	2,287,805	39,129	-

9 Investments in Debt Securities

	30 June 2022 (Unaudited)	31 December 2021
<i>(In thousands of Kazakhstani Tenge)</i>		
Debt securities at fair value through other comprehensive income (FVOCI)	20,212,998	40,536,848
Debt securities at amortised cost	5,693,296	5,529,965
Debt securities designated as at fair value through profit or loss (FVTPL) at initial recognition	70,880	934,811
Total investments in debt securities	25,977,174	47,001,624

9 Investments in Debt Securities (Continued)

The table below discloses investments in debt securities at 30 June 2022 by measurement categories and classes:

<i>(In thousands of Kazakhstani Tenge)</i>	Debt securities designated as at FVTPL at initial recognition	Debt securities at FVOCI	Debt securities at AC	Total
National Bank of the Republic of Kazakhstan bonds	-	8,262,623	-	8,262,623
Kazakhstani government bonds	70,880	8,157,647	-	8,228,527
Corporate bonds	-	4,737,629	4,873,036	9,610,665
Other corporate bonds	-	-	830,282	830,282
Total investment in debt securities as of 30 June 2022 (fair value or gross carrying amount)	70,880	21,157,899	5,703,318	26,932,097
Credit loss allowance	-	(944,901)	(10,022)	(954,923)
Total investment in debt securities as of 30 June 2022 (book value)	70,880	20,212,998	5,693,296	25,977,174

The table below discloses investments in debt securities at 31 December 2021 by measurement categories and classes:

<i>(In thousands of Kazakhstani Tenge)</i>	Debt securities designated as at FVTPL at initial recognition	Debt securities at FVOCI	Debt securities at AC	Total
National Bank of the Republic of Kazakhstan bonds	-	27,542,151	-	27,542,151
Kazakhstani government bonds	934,811	6,087,499	-	7,022,310
Corporate bonds	-	4,980,711	4,712,972	9,693,683
Bonds of international financial organizations	-	1,943,378	-	1,943,378
Other corporate bonds	-	-	829,645	829,645
Total investments in debt securities at 31 December 2021 (fair value or gross carrying value)	934,811	40,553,739	5,542,617	47,031,167
Credit loss allowance	-	(16,891)	(12,652)	(29,543)
Total investments in debt securities at 31 December 2021 (carrying value)	934,811	40,536,848	5,529,965	47,001,624

(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.

9 Investments in Debt Securities (Continued)

Analysis by credit quality of securities designated at fair value through profit or loss outstanding at 30 June 2022 is as follows:

<i>(In thousands of Kazakhstani Tenge)</i>	Kazakhstani government bonds	Total
Neither past due nor impaired		
- BBB- rated	70,880	70,880
Total gross carrying amount of assets at fair value through profit or loss	70,880	70,880

Analysis by credit quality of securities at fair value through profit or loss outstanding at 31 December 2021 is as follows:

<i>(In thousands of Kazakhstani Tenge)</i>	Kazakhstani government bonds	Total
Neither past due nor impaired		
- BBB- rated	934,811	934,811
Total gross carrying amount of assets at fair value through profit or loss	934,811	934,811

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 2022, 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>	Stage 1 (12-months ECL)	Stage 3 (Lifetime ECL for credit impaired assets)	Total
National Bank of the Republic of Kazakhstan bonds			
- BBB- rated	8,300,186	-	8,300,186
Kazakhstani corporate bonds			
- BBB- rated	11,946,445	-	11,946,445
Corporate bonds			
- B- to B+ rated	654,195	-	654,195
- unrated	-	992,646	992,646
Total gross carrying amount of assets at amortised cost	20,900,826	992,646	21,893,472
Less credit loss allowance	(6,359)	(938,542)	(944,901)
Less fair value adjustment from AC to FV	(681,469)	(54,104)	(735,573)
Carrying value (fair value)	20,212,998	-	20,212,998

Investments in unrated debt securities classified in Stage 3 represent investments in bonds of a bank subsidiary of a Russian bank in Kazakhstan. Due to the risk of sanctions against this bank, the Fund has created a credit loss allowance for the entire amount of these bonds.

9 Investments in Debt Securities (Continued)

A credit risk analysis for debt securities at fair value through other comprehensive income as of 31 December 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>	Stage 1 (12 months ECL)	Total
National Bank of the Republic of Kazakhstan bonds		
- BBB- rated	27,564,440	27,564,440
Kazakhstani corporate bonds		
- BBB- rated	9,524,841	9,524,841
Bonds of international financial organizations		
- BBB- to BBB+ rated	1,950,276	1,950,276
Corporate bonds		
- BB- to BB+ rated	1,108,830	1,108,830
- B- to B+ rated	527,525	527,525
Total AC gross carrying amount on 31 December 2021	40,675,912	40,675,912
Less: credit loss allowance	(16,891)	(16,891)
Less: fair value adjustment from AC to FV	(122,173)	(122,173)
Carrying value (fair value) on 31 December 2021	40,536,848	40,536,848

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

During 6 months of 2022 and during 2021, 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

The carrying amount of debt securities at AC at 30 June 2022 below also represents the Fund's maximum exposure to credit risk on these assets:

<i>(In thousands of Kazakhstani Tenge)</i>	Stage 1 (12-months ECL)	Acquired or created impaired	Total
Corporate bonds			
- B+ rated	830,282	4,873,036	5,693,318
Gross carrying amount	830,282	4,873,036	5,693,318
Credit loss allowance	(10,022)		(10,022)
Carrying amount	820,260	4,873,036	5,693,296

9 Investments in Debt Securities (Continued)

The carrying amount of debt securities at AC at 31 December 2021 below also represents the Fund's maximum exposure to credit risk on these assets:

<i>(In thousands of Kazakhstani Tenge)</i>	Stage 1 (12-months ECL)	Acquired or created impaired	Total
Corporate bonds			
- B+ rated	829,645	4,712,972	5,542,617
Gross carrying amount	829,645	4,712,972	5,542,617
Credit loss allowance	(12,652)	-	(12,652)
Carrying amount	816,993	4,873,036	5,529,965

10 Other Assets

<i>(In thousands of Kazakhstani Tenge)</i>	30 June 2022 (unaudited)	31 December 2021
Accounts receivable at AC	446,908	184,258
Less: Credit loss allowance	(87,591)	(76,807)
Total financial assets within other assets	359,317	107,451
Reposessed collateral	4,315,369	4,393,698
Taxes other than on income	269,434	297,618
Services prepaid	187,915	119,564
Raw materials and supplies	41,202	35,777
Construction in progress	31,261	16,588
Other	4,494	8,794
Less: Provision for impairment	(2,901)	(3,524)
Total other assets	5,206,091	4,975,966

Reposessed collateral represents real estate received by the Fund in settlement of overdue loans. The Fund expects to dispose of the assets in the foreseeable future.

Refer to Note 24 for disclosure of the fair value of other financial assets. Information on related party balances is disclosed in Note 25.

11 Borrowed Funds

	30 June 2022 (unaudited)	31 December 2021
<i>(In thousands of Kazakhstani Tenge)</i>		
Baiterek NMH JSC (6.57% - 6.71%)	99,418,660	96,380,615
Municipal authorities (0.01% - 1%)	50,825,406	53,144,684
Samruk-Kazyna NWF JSC (2% - 5.5%)	19,416,325	19,416,325
Ministry of Finance of Republic of Kazakhstan (0%)	393,117	360,905
Total borrowed funds	170,053,508	169,302,529

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.

	Baiterek NMH JSC	MIO, JSC NWF Samruk-Kazyna, Ministry of Finance of the Republic of Kazakhstan	Debt securities issued	Finance lease	Total
<i>(In thousands of Kazakhstani Tenge)</i>					
Liabilities under financial activities at 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
Liabilities under financial activities at 30 June 2021	93,391,153	78,595,020	209,139	105,955	172,301,267
Liabilities under financial activities at 1 January 2022	96,380,615	72,921,914	1,244,178	4,714	170,551,421
Cash flow	(158,100)	(2,853,774)	(71,250)	(85,378)	(3,168,502)
Exchange rate adjustments	-	32,212	-	-	32,212
Other changes not related to cash flows	3,196,145	534,496	71,250	356,108	4,157,999
Liabilities under financial activities at 30 June 2022	99,418,660	70,634,848	1,244,178	275,444	171,573,130

Information on the fair value measurements of each category of other borrowed funds is disclosed in Note 24. Information on transactions with related parties is presented in Note 25.

12 Liabilities on Subsidy Programs

<i>(In thousands of Kazakhstani Tenge)</i>	30 June 2022 (unaudited)	31 December 2021
Banks	2,900,353	5,557,895
Municipal authorities	53,353,083	2,235,070
Total liabilities on subsidy programs	56,253,436	7,792,965

Liabilities on subsidy programs represent funds received from local municipal authorities, republican budget from the Ministry of National Economy of the Republic of Kazakhstan, the "United Nations Development Program in the Republic of Kazakhstan". Such funds are then transferred to second-tier banks including to their regional branches as payment for government-subsidised projects in accordance with the national entrepreneurship development project for 2021-2025, the Mechanism of crediting and financial leasing of priority projects.

The increase in liabilities to municipal authorities is associated with the receipt by the Fund of funds from the Ministry of National Economy of the Republic of Kazakhstan for the further provision of subsidies to small and medium-sized businesses during 2022.

Information on the assessment of the fair value of obligations under subsidy programs is disclosed in Note 24. Information on transactions with related parties is disclosed in Note 25.

13 Deferred Income and Provision for Credit Related Commitments

<i>(In thousands of Kazakhstani Tenge)</i>	30 June 2022 (unaudited)	31 December 2021
Financial guarantees (provision for credit related commitments) (Note 22)	29,993,895	25,556,498
Deferred income on financial guarantees	30,024,805	31,303,925
Advances received for the issue of financial guarantees	20,058,698	1,403
Total deferred income and provision for credit related commitments	80,077,398	56,861,826

Financial guarantees are guarantees issued by the Fund as part of the implementation of the National Entrepreneurship Development Project for 2021-2025 in accordance with RK government regulation No. 728 dated 12 October 2021 and the Mechanism of crediting and financial leasing of priority projects, approved by the RK government regulation dated 11 December 2018 No. 820 "On some issues of ensuring long-term tenge liquidity to solve the problem of affordable lending".

Within the program, the Fund acts as a financial agent between the program coordinator and a small or medium-sized business entity. The cost of the commission paid by the local program coordinator to the Fund is 20% of the amount of the financial guarantee. The resulting commission value is deferred to income by attributing straight to income over the life of the issued guarantee.

Advances received for the issuance of financial guarantees represent mainly advances received by the Fund from the Ministry of National Economy of the Republic of Kazakhstan, aimed at providing guarantees by the Fund to small and medium-sized businesses. Additional information on guarantee programs is provided in Note 22.

Critical accounting estimates and judgements regarding deferred income and provision for credit related commitments are presented in Note 5. Refer to Note 24 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 25.

14 Other Liabilities

<i>(in thousands of Kazakhstani Tenge)</i>	30 June 2022 (unaudited)	31 December 2021
Finance lease	275,444	4,714
Accrued liabilities and other creditors	125,339	127,435
Accounts payable	94,611	325,541
Total financial liabilities within other liabilities	495,394	457,690
Advances received	52,992	127,488
Taxes payable other than on income	69,605	91,173
Unused vacation reserve	95,097	169,509
Accrued employee benefit costs	4,275	130,300
Other	1,817	542
Total other liabilities	719,180	976,702

All the above liabilities are expected to be settled less than twelve months after the end of the period.

Refer to Note 24 for disclosure of the fair value of each type of other financial liabilities. Information on related party balances is disclosed in Note 25.

15 Share Capital

<i>In thousands of Kazakhstani Tenge except for number of shares</i>	Number of outstanding shares (in thousands)	Ordinary shares	Total
At 1 January 2021	27,762	102,920,273	102,920,273
New shares issued	-	-	-
At 30 June 2021	27,762	102,920,273	102,920,273
At 31 December 2021	27,762	102,920,273	102,920,273
New shares issued	-	-	-
At 30 June 2022	27,762	102,920,273	102,920,273

On 20 May 2022, at the meeting of the Sole Shareholder, the Fund declared dividends for the year ended 31 December 2021, for a total amount of Tenge 17,521,673 thousand. The entire dividend amount was paid to the Sole Shareholder on 13 June 2022.

On 26 May 2021 at the meeting of the Sole Shareholder, the Fund declared 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.

16 Interest Income and Expense

<i>(In thousands of Kazakhstani Tenge)</i>	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)	Three months ended 30 June 2022 (unaudited)	Three months ended 30 June 2021 (unaudited)
Interest income calculated using effective interest rate method				
Due from financial institutions	7,820,967	8,252,645	3,293,254	3,900,679
Cash and cash equivalents	7,384,918	2,463,582	5,051,362	1,521,383
Investment securities at fair value through other comprehensive income	1,340,507	965,397	574,620	544,276
Loans and advances to customers	419,082	66,367	397,522	35,100
Investment securities at AC	196,701	187,088	99,987	94,934
Total interest income	17,162,175	11,935,079	9,416,745	6,096,372
Other similar income				
Investment securities at fair value through profit or loss	21,844	89,454	9,136	44,868
Total other similar income	21,844	89,454	9,136	44,868
Interest expense				
Borrowed funds	(3,730,641)	(3,535,381)	(1,886,566)	(1,787,329)
Debt securities issued	(71,250)	(11,750)	(35,625)	(5,875)
Expenses for the repayment of finance lease interest	(13,733)	(5,890)	(6,536)	(2,497)
Total interest expense	(3,815,624)	(3,553,021)	(1,928,727)	(1,795,701)
Net interest income	13,368,395	8,471,512	7,497,154	4,345,539

Interest income for six months ended 30 June 2022 includes Tenge 2,069,506 thousand (six months ended 30 June 2021: Tenge 1,890,958 thousand) interest income from unwinding of discount on loans given at rates below the market and Tenge 1,258,371 thousand (six months ended 30 June 2021: Tenge 1,051,600 thousand) interest income from unwinding of discount on investments in debt securities.

Interest income for three months ended 30 June 2022 includes Tenge 1,044,857 thousand (three months ended 30 June 2021: Tenge 949,927 thousand) interest income from unwinding of discount on loans given at rates below the market and Tenge 523,726 thousand (six months ended 30 June 2021: Tenge 577,272 thousand) interest income from unwinding of discount on investments in debt securities.

During six months ended 30 June 2022, the Fund was withheld corporate income tax at source in the amount of Tenge 875,434 thousand (six months ended 30 June 2021: Tenge 810,120 thousand) from interest received by the Fund.

Interest expense for the six months ended 30 June 2022 includes interest expense in the amount of Tenge 2,806,949 thousand (six months ended 30 June 2021: Tenge 2,632,709 thousand) from unwinding of discount on loans received at below market rates. Interest expense for the three months ended 30 June 2022 includes interest expense in the amount of Tenge 1,422,543 thousand (three months ended 30 June 2021: Tenge 1,334,249 thousand) from unwinding of discount on loans received at below market rates.

17 Fee and Commission Income, net

<i>(In thousands of Kazakhstani Tenge)</i>	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)	Three months ended 30 June 2022 (unaudited)	Three months ended 30 June 2021 (unaudited)
Guarantees issued	11,017,016	7,103,421	5,506,752	4,183,456
Financial Agent Services	51,852	360,361	51,852	360,368
Commission fees for early repayment of a loan	-	(3)	-	-
Total fee and commission income	11,068,868	7,463,779	5,558,604	4,543,824

17 Fee and Commission Income, net (Continued)

Fee and commission income consists of income from issued guarantees (Note 13), subsidising services for the State Institution of the Ministry of National Economy of the Republic of Kazakhstan, as an operator and financial agent (Note 12), and support services for start-up entrepreneurs within the State Business Support and Development Program "Business Roadmap 2025".

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

During the 6 months of 2022, the Fund received partial early repayments from four 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 31,477,333 thousand (six months ended 30 June 2021: Tenge 4,375,005 thousand). The remaining income in the amount of Tenge 102,263 thousand relates to early repayments of loans from microfinance organizations and loans received by the Fund under the assignment agreement, for which the Fund recognized a loss at initial recognition (Note 2).

During 3 months ended 30 June 2022, 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 14,005,591 thousand (three months ended 30 June 2021: Tenge 1,344,796 thousand). The remaining income in the amount of Tenge 94,189 thousand relates to early repayments of loans from microfinance organizations and loans received by the Fund under the assignment agreement, for which the Fund recognized a loss at initial recognition.

The Fund recognized income from the derecognition of financial assets on loans that were issued using the financing received from NMH Baiterek JSC in 2014-2015 (Note 5). Upon receipt of these funds, the Fund recognized income on initial recognition of borrowings at below market rates in the statement of profit or loss. If the Fund directs the funds received to repay loans from NMH Baiterek JSC, the Fund recognizes a loss upon derecognition of financial liabilities. As of June 30, 2022, the Fund has no obligation to return these funds ahead of schedule to NMH Baiterek JSC, and therefore this loss was not recognized in profit or loss in this period.

19 Net loss on Initial Recognition of Assets at Below Market Rates

During 6 months ended 30 June 2022, the Fund recognized a net loss on initial recognition of loans and advances to customers accepted by the Fund under assignment agreements in the amount of Tenge 1,820,575 thousand. The Fund also recognized a net loss on initial recognition of due from financial institutions at below market rates in the amount of Tenge 1,446,683 thousand. Information about loans and advances to customers is disclosed in Note 8. Critical estimates and judgments in determining the fair value of financial instruments are disclosed in Note 5.

During 3 months ended 30 June 2022, the Fund recognized a net loss on initial recognition of loans and advances to customers accepted by the Fund under assignment agreements in the amount of Tenge 1,569,830 thousand. The Fund also recognized a net loss on initial recognition of due from financial institutions at below market rates in the amount of Tenge 1,446,683 thousand.

20 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 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)	Three months ended 30 June 2022 (unaudited)	Three months ended 30 June 2021 (unaudited)
Current income tax expense	2,532,165	2,777,862	1,314,937	1,450,458
Deferred income tax expense/(benefit)	6,178,456	761,815	3,107,197	397,781
Income tax expense for the period	8,706,621	3,539,677	4,422,134	1,848,239

Significant deferred income tax expense during the 6 and 3 months ended 30 June 2022 arose from the fact that the Fund recognized income from the derecognition of financial assets measured at amortized cost. In 2014-2015, the Fund recognized a loss on initial recognition of loans issued at below market rates (Note 5). In respect of this loss, the Fund created a deferred tax asset in the same periods. Income received from the derecognition of financial assets reduces this deferred tax asset.

21 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 the 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).

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

Assets and liabilities for the reportable segments for the period ended 30 June 2022 are set out below:

<i>(In thousands of Kazakhstani Tenge)</i>	Note	Project operation	Investing operation	Total
Cash and cash equivalents	6	103,288,049	160,407,712	263,695,761
Due from financial institutions	7	163,295,761	47,802	163,343,563
Loans and advances to customers		8,063,567	-	8,063,567
Due from subsidy programs		104,595	-	104,595
Investments in debt securities	8	-	25,977,174	25,977,174
Total reportable segment assets		274,751,972	186,432,688	461,184,660
Borrowed funds	11	170,053,508	-	170,053,508
Debt securities in issue			1,244,178	1,244,178
Liabilities on subsidy programs	12	56,253,436	-	56,253,436
Deferred income and provision for credit related commitments	13	80,077,398	-	80,077,398
Total reportable segment liabilities		306,384,342	1,244,178	307,628,520
Capital expenditure				38,255

Capital expenditure represents additions to premises and equipment.

21 Segment Analysis (Continued)

Income and expense for the reportable segments for the period ended 30 June 2022 are set out below:

<i>(In thousands of Kazakhstani Tenge)</i>	Project operation	Investing operation	Total
Interest income due from financial institutions	7,764,745	56,222	7,820,967
Interest income from loans and advances to customers	419,082	-	419,082
Interest income from investments in debt securities	-	1,559,052	1,559,052
Interest income from cash and cash equivalents	-	7,384,918	7,384,918
Interest expense on borrowed funds	(3,730,641)	-	(3,730,641)
Interest expense on debt securities in issue	-	(71,250)	(71,250)
Expenses for the repayment of interest on finance lease	(13,733)	-	(13,733)
Net interest income	4,439,453	8,928,942	13,368,395
Recovery of provision for impairment	1,131,832	9,116	1,140,948
Net interest income after provision for impairment	5,571,285	8,938,058	14,509,343
Fee and commission income	11,068,868	-	11,068,868
Gains less losses from debt securities at fair value through profit or loss	-	12,665	12,665
Net loss on initial recognition of assets at below market rates	(3,267,258)	-	(3,267,258)
Gains less losses from derecognition of financial assets measured at amortised cost	31,579,596	-	31,579,596
(Provision for)/Recovery of impairment for credit related commitments	(6,200,837)	-	(6,200,837)
Foreign exchange translation gains less losses	(32,212)	143,583	111,371
Expenses on realisation of Fund's programs	(480,899)	-	(480,899)
General and administrative expenses	(1,388,340)	(103,792)	(1,492,132)
Segment result	36,850,203	8,990,514	45,840,717

Assets and liabilities for the reportable segments at 31 December 2021 are set out below:

<i>(In thousands of Kazakhstani Tenge)</i>	Note	Project operation	Investing operation	Total
Cash and cash equivalents	7	8,438,524	68,443,859	76,882,383
Due from financial institutions	8	234,179,331	5,124,629	239,303,960
Loans and advances to customers		252,248	-	252,248
Due from subsidy programs		77,899	-	77,899
Investments in debt securities	9	-	47,001,624	47,001,624
Total reportable segment assets		242,948,002	120,570,112	363,518,114
Borrowed funds	11	169,302,529	-	169,302,529
Debt securities in issue		-	1,244,178	1,244,178
Liabilities on subsidy programs	12	7,792,965	-	7,792,965
Deferred income and provision for credit related commitments	13	56,861,826	-	56,861,826
Total reportable segment liabilities		233,957,320	1,244,178	235,201,498
Capital expenditure		-	-	175,363

Capital expenditure represents additions to premises and equipment.

21 Segment Analysis (Continued)

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>	Project operation	Investing operation	Total
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	-	1,241,939	1,241,939
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 income on debt securities in issue	-	(11,750)	(11,750)
Expenses for the repayment of interest on finance lease	(5,890)	-	(5,890)
Net interest income	4,414,405	4,057,107	8,471,512
Provision for impairment	(169,212)	8,874	(160,338)
Net interest income after provision for impairment	4,245,193	4,065,981	8,311,174
Fee and commission income	7,463,779	-	7,463,779
Gains less losses from debt securities 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
(Provision for)/Recovery of impairment for credit related commitments	154,152	-	154,152
Foreign exchange translation losses less gains	120,074	(68,069)	52,005
Expenses on realisation of Fund's programs	(328,511)	-	(328,511)
General and administrative expenses	(1,042,865)	(67,216)	(1,110,081)
Segment result	14,986,827	3,987,379	18,974,206

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

<i>(In thousands of Kazakhstani Tenge)</i>	30 June 2022 (unaudited)	31 December 2021
Total reportable segment assets	461,184,660	363,518,114
Premises and equipment	2,340,303	2,121,829
Intangible assets	240,733	267,623
Current income tax prepayment	1,694,611	3,357,383
Deferred tax asset	-	3,132,896
Long-term assets for sale	111,056	153,173
Other assets	5,206,091	4,975,966
Total assets	470,777,454	377,526,984
<i>(In thousands of Kazakhstani Tenge)</i>	30 June 2022 (unaudited)	31 December 2021
Total reporting segment liabilities	307,628,520	235,201,498
Deferred tax liability	3,041,560	-
Other liabilities	719,180	976,702
Total liabilities	311,389,260	236,178,200

21 Segment Analysis (Continued)

<i>(In thousands of Kazakhstani Tenge)</i>	Six months ended 30 June 2022 (non-audited)	Six months ended 30 June 2021 (non-audited)
Segment result	45,840,717	18,974,206
General and administrative expenses	(1,056,738)	(1,233,745)
Net other operating expenses	72,590	50,977
Profit before tax	44,856,569	17,791,438
Income tax expense	(8,706,621)	(3,539,677)
Profit for the period	36,149,948	14,251,761

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 during 6 months of 2022.

22 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 related to loans received. As of 30 June 2022 and 31 December 2021, 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 23.

22 Contingencies and Commitments (Continued)

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.

Outstanding credit related commitments are as follows:

<i>(In thousands of Kazakhstani Tenge)</i>	Note	30 June 2022 (unaudited)	31 December 2021
Guarantees issued		282,033,879	280,534,620
Guarantees issued as collateral of loans		-	20,470,000
Undrawn credit lines		4,147,438	4,273,663
Less: Provision for credit related commitments	12	(29,993,895)	(25,556,498)
Total credit related commitments, net of provision		256,187,422	279,721,785

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. The remaining increase in guarantees issued relates to the total increase in guarantee volume for the small- and medium-sized businesses.

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.

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 outstanding contractual commitments 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>	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)
Carrying amount at 1 January	(25,556,498)	(24,585,176)
Losses charged to profit or loss	(7,732,384)	(753,730)
Unused amounts reversed	1,531,547	907,882
Provisions created against deferred income	1,763,440	(5,392,797)
Carrying amount at the end of the reporting period	(29,993,895)	(29,823,821)

22 Contingencies and Commitments (Continued)

An analysis of credit related commitments by credit quality based on credit risk grades at 30 June 2022 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
Guarantees issued				
<i>Not overdue:</i>	218,961,657	37,905,095	8,322,311	265,189,063
<i>Overdue:</i>				
- less than 31 days overdue	4,297,133	2,226,229	724,287	7,247,649
- 31 to 60 days overdue	-	3,537,368	612,430	4,149,798
- 61 to 90 days overdue	-	892,812	90,806	983,618
- over 90 days overdue	-	-	4,463,751	4,463,751
Unrecognised gross amount	223,258,790	44,561,504	14,213,585	282,033,879
Provision for financial guarantees	9,629,043	6,977,391	13,146,998	29,753,432
Loan commitments				
Internal assessment of the Fund				
- Good	4,147,438	-	-	4,147,438
Unrecognised gross amount	4,147,438	-	-	4,147,438
Provision for loan commitments	240,463	-	-	240,463

22 Contingencies and Commitments (Continued)

An analysis of credit related commitments by credit quality based on credit risk grades at 31 December 2021 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
Guarantees issued				
<i>Not overdue</i>	221,200,155	46,631,679	5,487,913	273,319,747
<i>Overdue:</i>				
- less than 31 days overdue	2,461,702	1,528,629	305,252	4,295,583
- 31 to 60 days overdue	-	968,126	176,221	1,144,347
- 61 to 90 days overdue	-	376,794	124,637	501,431
- over 90 days overdue	-	-	1,273,511	1,273,511
Unrecognised gross amount	223,661,857	49,505,228	7,367,534	280,534,619
Provision for financial guarantees	(11,156,233)	(7,303,151)	(6,814,674)	(25,274,058)
Issued financial guarantees against the security of loans				
- B rated	20,470,000	-	-	20,470,000
Unrecognised gross amount	20,470,000	-	-	20,470,000
Provision for financial guarantees against the security of loans	(41,977)	-	-	(41,977)
Loan commitments				
- B- to B+ rated	318,663	-	-	318,663
Internal assessment of the Fund				
- Good	2,500,000	-	-	2,500,000
- Satisfactory	1,455,000	-	-	1,455,000
Unrecognised gross amount	4,273,663	-	-	4,273,663
Provision for loan commitments	(240,463)	-	-	(240,463)

23 Financial Risk Management

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

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 2022 are consistent with those applied during the year 2021.

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.

23 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 2021, the Fund took into account the existence of restructuring in 2021 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 2022, 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 2021.

Currency risk. The following table shows the foreign currency exposure structure of financial assets and liabilities as at 30 June 2022:

<i>(In thousands of Kazakhstani Tenge)</i>	Tenge	US Dollar	Other	Total
FINANCIAL ASSETS				
Cash and cash equivalents	263,694,838	82	841	263,695,761
Due from financial institutions	163,295,761	47,802	-	163,343,563
Due from subsidy programs	104,595	-	-	104,595
Loans and advances to customers	8,063,567	-	-	8,063,567
Investment securities	25,977,174	-	-	25,977,174
Other financial assets	359,316	-	-	359,316
Total financial assets	461,495,251	47,884	841	461,543,976
FINANCIAL LIABILITIES				
Borrowed funds	169,660,391	393,117	-	170,053,508
Debt securities issued	1,244,178	-	-	1,244,178
Liabilities on subsidy programs	56,253,436	-	-	56,253,436
Deferred income and provision for credit related commitments	60,018,700	-	-	60,018,700
Other financial liabilities	495,394	-	-	495,394
Total financial liabilities	287,672,099	393,117	-	288,065,216
Net position as at 30 June 2020	173,823,152	(345,233)	841	173,478,760

23 Financial Risk Management (Continued)

The following table shows the foreign currency exposure structure of financial assets and liabilities as at 31 December 2021:

<i>(In thousands of Kazakhstani Tenge)</i>	Tenge	US Dollar	Other	Total
FINANCIAL ASSETS				
Cash and cash equivalents	76,881,842	75	466	76,882,383
Investments in debt securities	47,001,624	-	-	47,001,624
Due from financial institutions	239,236,581	67,379	-	239,303,960
Due from subsidy programs	77,899	-	-	77,899
Loans and advances to customers	252,248	-	-	252,248
Other financial assets	97,037	-	-	97,037
Total financial assets	363,547,231	67,454	466	363,615,151
FINANCIAL LIABILITIES				
Borrowed funds	168,941,624	360,905	-	169,302,529
Debt securities in issue	1,244,178	-	-	1,244,178
Liabilities under subsidy programs	7,792,965	-	-	7,792,965
Deferred income and provision for credit related commitments	56,860,423	-	-	56,860,423
Other financial liabilities	457,690	-	-	457,690
Total financial liabilities	235,296,880	360,905	-	235,657,785
Net position as at 31 December 2021	128,250,351	(293,451)	466	127,957,366

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>	At 30 June 2022		At 30 June 2021	
	Impact on profit or loss	Impact on equity	Impact on profit or loss	Impact on equity
US Dollar strengthening by 15.12% (2022: strengthening by 5%)	(41,759)	(41,759)	(9,343)	(9,343)
US Dollar weakening by 5% (2021: weakening by 3.98%)	41,759	41,759	9,343	9,343

23 Financial Risk Management (Continued)

Liquidity risk. The maturity analysis for discounted financial assets and liabilities as at 30 June 2022 is as follows:

<i>(In thousands of Kazakhstani Tenge)</i>	Demand and less than 1 month	1-3 months	3-6 months	6-12 months	Over 1 year	Total
30 June 2022						
FINANCIAL ASSETS						
Cash and cash equivalents	263,695,761	-	-	-	-	263,695,761
Investment securities at fair value through profit or loss	-	-	-	-	70,880	70,880
Investment securities at AC	-	-	-	-	5,693,296	5,693,296
Investment securities at FVOCI	4,957,620	3,305,003	-	5,133,957	6,816,418	20,212,998
Due from financial institutions	2,285,411	1,267,205	1,938,397	5,153,230	152,699,320	163,343,563
	104,595					104,595
Due from subsidy programs						
Loans and advances to customers	2,467,094	1,238,662	1,413,344	978,236	1,966,231	8,063,567
Other financial assets	334,359	2,653	6,750	653	14,902	359,316
Total financial assets	273,844,840	5,813,523	3,358,491	11,266,076	167,261,047	461,543,977
FINANCIAL LIABILITIES						
Borrowed funds	800,136	1,012	135,350	1,196,640	167,920,370	170,053,508
Debt securities issued	-	-	-	44,178	1,200,000	1,244,178
Liabilities on subsidy programs	2,900,336	19,953,100	33,400,000	-	-	56,253,436
Guarantees issued and undrawn credit lines	733,400	4,532,082	11,162,188	23,473,211	246,280,436	286,181,317
Other financial liabilities	247,173	27,754	42,417	87,737	90,313	495,394
Total potential future payments for financial obligations	4,681,045	24,513,948	44,379,955	24,801,766	415,491,119	514,227,833
Liquidity gap arising from financial instruments	269,163,795	(18,700,425)	(41,381,464)	(13,535,690)	(248,230,072)	(52,683,857)
Cumulative liquidity gap on financial instruments	269,163,795	250,463,795	209,081,906	195,546,216	(52,683,856)	(105,367,713)

The liquidity requirements for payments under guarantees 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.

23 Financial Risk Management (Continued)

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. The maturity analysis of discounted financial assets and liabilities as at 31 December 2021 is as follows:

<i>(In thousands of Kazakhstani Tenge)</i>	Demand and less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	Over 1 year	Total
31 December 2021						
FINANCIAL ASSETS						
Cash and cash equivalents	76,882,383	-	-	-	-	76,882,383
Investment securities at fair value through profit or loss	-	-	855,623	-	79,188	934,811
Due from financial institutions	2,108,220	4,926,042	3,660,388	7,724,396	220,884,914	239,303,960
Due from subsidy programs	77,899	-	-	-	-	77,899
Loans and advances to customers	232,596	9,338	3,453	5,541	1,320	252,248
Investment securities at fair value through other comprehensive income	12,234,817	15,394,761	4,838,410	-	8,068,860	40,536,848
Investment securities at amortised cost	-	-	-	-	5,529,965	5,529,965
Other financial assets	56,922	2,210	-	16,498	21,407	97,037
Total financial assets	91,592,837	20,332,351	9,357,874	7,746,435	234,585,654	363,615,151
FINANCIAL LIABILITIES						
Borrowed funds	764,673	334,177	83,742	209,981	167,909,956	169,302,529
Debt securities in issue	-	-	-	44,178	1,200,000	1,244,178
Liabilities on subsidy programs	5,557,895	2,235,070	-	-	-	7,792,965
Guarantees issued and undrawn credit lines	1,752,558	3,357,097	3,361,122	21,347,324	275,460,182	305,278,283
Other financial liabilities	457,690	-	-	-	-	457,690
Total potential future payments for financial obligations	8,532,816	5,926,344	3,444,864	21,601,483	444,570,138	484,075,645
Liquidity gap arising from financial instruments	83,060,021	14,406,007	5,913,010	(13,855,048)	(209,984,484)	(120,460,494)
Cumulative liquidity gap on financial instruments	83,060,021	97,466,028	103,379,038	89,523,990	(120,460,494)	(240,920,988)

23 Financial Risk Management (Continued)

The financial liabilities of the Fund as of 30 June 2022 by the terms remaining to maturity based on contractual undiscounted liabilities to repay are as follows:

<i>(In thousands of Kazakhstani Tenge)</i>	Demand and less than 1 month	1-3 months	3-6 months	6-12 months	Over 1 year	Total
30 June 2022						
FINANCIAL LIABILITIES						
Borrowed funds	670,268	42,721	522,467	1,889,627	289,204,070	292,329,153
Debt securities in issue	-	-	-	44,178	1,200,000	1,244,178
Liabilities on subsidy programs	2,900,336	19,953,100	33,400,000	-	-	56,253,436
Guarantees issued and undrawn credit lines	733,400	4,532,082	11,162,188	23,473,211	246,280,436	286,181,317
Other financial liabilities	247,173	27,754	42,417	87,737	90,312	495,393
Total potential future payments on financial liabilities	4,551,177	24,555,657	45,127,072	25,494,753	536,774,819	636,503,478

The financial liabilities of the Fund as of 31 December 2021 by the terms remaining to maturity based on contractual undiscounted liabilities to repay are as follows:

<i>(In thousands of Kazakhstani Tenge)</i>	Demand and less than 1 month	1-3 months	3-6 months	6-12 months	Over 1 year	Total
31 December 2021						
FINANCIAL LIABILITIES						
Borrowed funds	667,028	778,652	470,821	902,030	292,518,273	295,336,804
Debt securities in issue	-	-	-	44,178	1,200,000	1,244,178
Liabilities on subsidy programs	5,557,895	2,235,070	-	-	-	7,792,965
Guarantees issued and undrawn credit lines	1,752,558	3,357,097	3,361,122	21,347,324	275,460,182	305,278,283
Other financial liabilities	457,689	-	-	-	-	457,689
Total potential future payments for financial obligations	8,435,170	6,370,819	3,831,943	22,293,532	569,178,455	610,109,919

24 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:

(In thousands of Kazakhstani Tenge)	30 June 2022		31 December 2021	
	Level 1	Level 2	Level 1	Level 2
FINANCIAL ASSETS				
<i>Investment debt securities at fair value through profit or loss</i>				
- Corporate bonds	-	-	-	-
- Kazakhstani government bonds	-	70,880	-	934,811
<i>Investment debt securities at fair value through other comprehensive income</i>				
- NBRK notes	-	8,262,623	-	27,542,151
- Corporate bonds	-	-	-	-
- Kazakhstani government bonds	-	8,157,647	-	6,087,499
- Bonds of NWF Samruk-Kazyna JSC	-	3,272,287	-	3,420,495
- Bonds of the second-tier banks of RK	-	1,465,342	-	1,543,324
- Bonds of foreign banks and financial institutions	-	-	-	1,943,378
TOTAL ASSETS RECURRING FAIR VALUE MEASUREMENTS	-	21,228,779	-	41,471,658

24 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 2022 (unaudited)			Carrying amount
	Level 1	Level 2	Level 3	
FINANCIAL ASSETS				
Cash and cash equivalents	48,035,512	215,660,249	-	263,695,761
Due from financial institutions				
- Loans given to financial institutions and loans given under islamic financing programs	-	117,048,940	-	163,295,761
- Placements with other banks with original maturities of more than three months	-	47,802	-	47,802
Due from subsidy programs	-	-	-	-
- Due from subsidy programs	-	-	-	-
Loans and advances to customers	-	-	-	-
- Loans to small and middle size entities	-	-	8,063,567	8,063,567
Investment securities at amortised cost	-	-	5,693,296	5,693,296
Other financial assets				
- Other	-	-	463,912	463,912
TOTAL FINANCIAL ASSETS CARRIED AT AMORTISED COST	48,035,512	332,756,991	14,220,775	441,260,099
FINANCIAL LIABILITIES				
Borrowed funds				
- Baiterek NMH JSC	-	47,451,128	-	99,418,660
- Municipal authorities	-	32,228,745	-	50,825,406
- Samruk-Kazyna NWF JSC	-	18,783,253	-	19,416,325
- Ministry of Finance of the Republic of Kazakhstan	-	393,117	-	393,117
Debt securities issued	-	-	1,244,178	1,244,178
Liabilities on subsidy programs	-	-	-	-
- Municipal authorities	-	-	53,353,083	53,353,083
- Banks	-	-	2,900,353	2,900,353
Deferred income and provision for credit related commitments				
- Financial guarantees	-	-	60,018,700	60,018,700
Other financial liabilities				
- Other	-	-	495,394	495,394
TOTAL FINANCIAL LIABILITIES CARRIED AT AMORTISED COST	-	98,856,243	118,011,708	288,065,216

24 Fair Value Disclosures (Continued)

(In thousands of Kazakhstani Tenge)	31 December 2021			Carrying value
	Level 1	Level 2	Level 3	
FINANCIAL ASSETS				
Cash and cash equivalents	2,361,621	74,520,763	-	76,882,383
Due from financial institutions				
- Loans given to financial institutions and loans given under islamic financing programs	-	181,681,531	-	234,179,331
- Placements with other banks with original maturities of more than three months	-	5,124,628		5,124,629
Due from subsidy programs				
- Due from subsidy programs	-	-	77,899	77,899
Loans and advances to customers				
- Loans to small and medium-sized entities	-	-	252,248	252,248
Investment securities at amortised cost	-	-	5,529,965	5,529,965
Other financial assets				
- Other	-	-	97,037	97,037
TOTAL ASSETS CARRIED AT AMORTISED COST	2,361,621	261,326,922	5,957,149	322,143,492
FINANCIAL LIABILITIES				
Borrowed funds				
- Baiterek NMH JSC	-	53,741,777	-	96,380,615
- Samruk-Kazyna NWF JSC	-	19,145,461	-	19,416,325
- Municipal authorities	-	35,351,529	-	53,505,589
- Debt securities in issue			1,244,178	1,244,178
Liabilities on subsidy programs				
- Municipal authorities	-	-	2,235,070	2,235,070
- Banks	-	-	5,557,895	5,557,895
Deferred income and provision for credit related commitments				
- Financial guarantees	-	-	56,861,826	56,861,826
Other financial liabilities				
- Other	-	-	457,690	457,690
TOTAL LIABILITIES CARRIED AT AMORTISED COST	-	108,238,767	66,356,659	235,659,188

25 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.

Other related parties include the Government of the Republic of Kazakhstan, state-owned and quasi-state-owned companies and other companies that have identified signs of being related to the Fund.

25 Related Party Transactions (Continued)

At 30 June 2022, the outstanding balances with related parties were as follows:

<i>(In thousands of Kazakhstani Tenge)</i>	Sole shareholder	Entities under control of the Shareholder	Other related parties
Cash and cash equivalents <i>(contractual interest rate: 0%)</i>	-	218,997	48,035,512
Investment securities at fair value through profit or loss <i>(contractual interest rate: 4.87-9.1%)</i>	-	-	70,880
Investment securities at fair value through other comprehensive income	-	-	19,692,557
Due from financial institutions <i>(contractual interest rate: 2%-8.5%)</i>	-	-	-
Current income tax prepayment <i>(contractual interest rate: 15%)</i>	-	-	1,694,611
Deferred tax liability	-	-	3,041,560
Other financial assets	-	-	17,423
Other assets	-	-	269,821
Borrowed funds <i>(contractual interest rate: 0.01% – 10.65%)</i>	99,418,660	-	70,634,848
Liabilities on subsidy programs <i>(contractual interest rate: 0%)</i>	-	-	53,353,072
Other financial liabilities <i>(contractual interest rate: 0%)</i>	-	82,327	-
Other liabilities <i>(contractual interest rate: 0%)</i>	-	-	20,141,252

The income and expense items with related parties during the six months ended 30 June 2022 were as follows:

<i>(In thousands of Kazakhstani Tenge)</i>	Sole shareholder	Entities under control of the Shareholder	Other related parties
Interest income	-	(4,290)	1,245,646
Interest expense	(3,196,145)	-	(534,496)
Commission income	-	-	51,853
Commission expense	-	-	-
Gains less losses from securities at fair value through profit or loss	-	-	12,665
Gains less losses/(losses less gains) from foreign currency transactions	-	-	105,659
Interest expense - other	-	-	-
Provision for the impairment of credit portfolio	-	-	-
Provision for the impairment of other financial assets and liabilities	-	-	-
Administrative and other operating expenses	-	(26,373)	(66,418)
Other income and expenses	-	-	1,063
Income tax expense	-	-	(8,706,621)

Aggregate amounts lent to and repaid by related parties during the six months ended 30 June 2022 were as follows:

<i>(In thousands of Kazakhstani Tenge)</i>	Sole shareholder	Entities under control of the Shareholder	Other related parties
Amounts received from related parties during the period	-	-	1,450,000
Amounts repaid by the Fund during the period	158,100	-	(4,303,774)

25 Related Party Transactions (Continued)

At 31 December 2021, the outstanding balances with related parties were as follows:

<i>(In thousands of Kazakhstani Tenge)</i>	Sole shareholder	Entities under control of the Shareholder	Other related parties
Cash and cash equivalents (contractual interest rate: 0%)	-	301,281	2,361,621
Investment debt securities at fair value through profit or loss (contractual interest rate: 4.93%-7.68%)	-	-	934,811
Investment debt securities at fair value through other comprehensive income (contractual interest rate: 0%)	-	-	37,050,145
Due on subsidy programs	-	10,414	-
Current income tax prepayment (interest rate: 15%)	-	-	3,357,383
Deferred tax asset (interest rate: 20%)	-	-	3,132,896
Other financial assets (interest rate: 0%)	-	-	212
Other assets	-	661	297,771
Borrowed funds (contractual interest rate: 0.1%-5.5%)	96,380,615	-	72,921,914
Liabilities on subsidy programs (contractual interest rate: 0%)	-	-	2,235,059
Other financial liabilities	-	1,427	-
Other liabilities	-	-	98,873

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>	Sole shareholder	Entities under control of the Shareholder	Other related parties
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 the impairment of credit portfolio	-	-	(190,646)
Provision for the impairment of other financial assets and liabilities	-	-	-
Administrative and other operating expenses	-	(33,184)	(81,048)
Other income and expenses	-	-	1,063
Income tax expense	-	-	(3,539,677)

25 Related Party Transactions (Continued)

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

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

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>	Sole shareholder	Entities under control of the Shareholder	Other related parties
Amounts received from related parties during the period	-	-	800,000
Amounts repaid by the Fund during the period	158,100	-	8,021,847

Key management compensation. Key management personnel includes members of the Board of Directors, members of the Management Board, Managing Directors, and Chief of Staff.

Key management compensation is presented below:

<i>(In thousands of Kazakhstani Tenge)</i>	Six months ended 30 June 2022 (unaudited)		Six months ended 30 June 2021 (unaudited)	
	Expense	Accrued liability	Expense	Accrued liability
<i>Short-term benefits:</i>				
- Salaries	137,143	18,749	126,010	16,074
- Short-term bonuses	60,575	-	47,383	-
- Benefits in-kind	1,439	-	937	-
Total	199,157	18,749	174,330	16,074

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.

26 Events after the End of the Reporting Period

No significant events occurred after the reporting date.