

# KazAgroFinance Joint Stock Company

## Interim Condensed Financial Statements

*For the six months ended 30 June 2021*

Table with 2 columns: Description and Amount. The table contains financial data for the six months ended 30 June 2021. The text is very faint and difficult to read, but the structure is clear.

Description	Amount
Assets	
- Non-current assets	
- Current assets	
- Cash and cash equivalents	
- Total assets	
Liabilities	
- Non-current liabilities	
- Current liabilities	
- Total liabilities	
Equity	
- Total equity	

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## **Independent Auditors' Report on Review of Interim Condensed Financial Information**

To the Board of Directors of KazAgroFinance JSC

### ***Introduction***

We have reviewed the accompanying interim condensed statement of financial position of KazAgroFinance JSC as at 30 June 2021, and the related interim condensed statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and notes to the interim condensed financial information (the "interim condensed financial information"). Management is responsible for the preparation and presentation of this interim condensed financial information in accordance with IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this interim condensed 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 interim condensed financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



**KazAgroFinance JSC**

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

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**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed financial information as at 30 June 2021 and for the six-month period then ended is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.

**Other matter**

The financial statements of the Company as at and for the year ended 31 December 2020 were audited by other auditors who expressed an unmodified opinion on those statements on 1 March 2021.

The corresponding figures for the six-month period ended 30 June 2020 are not reviewed and not audited.



Assel Urdabayeva  
Authorised representative (Audit Partner)  
KPMG Audit LLC  
Almaty, Republic of Kazakhstan

6 August 2021

**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION**

as at 30 June 2021

*(KZT thousand)*

	<i>Note</i>	<i>Unaudited 30 June 2021</i>	<i>31 December 2020</i>
<b>Assets</b>			
Cash and cash equivalents	4	33.102.624	12.235.576
Amounts due from credit institutions	5	3.875.636	39.618.524
Loans to customers	6	27.799.538	30.701.902
Finance lease receivables	7	294.919.193	258.160.169
Property held for finance lease	8	8.806.308	4.288.552
Corporate income tax current assets		134.115	134.115
Property, plant and equipment		880.840	939.426
Intangible assets		485.049	535.146
VAT and other taxes recoverable		6.646.834	6.127.673
Advances paid		2.812.132	1.254.879
Other assets		2.112.530	1.083.223
<b>Total assets</b>		<b>381.574.799</b>	<b>355.079.185</b>
<b>Liabilities</b>			
Amounts due to the Shareholder	9	23.037.165	53.444.325
Amounts due to credit institutions	10	65.194.473	63.549.227
Debt securities issued	11	99.679.180	98.237.807
Payables to suppliers	12	22.291.001	5.212.367
Deferred corporate income tax liabilities		7.971.075	1.800.269
Advances received		9.734.442	7.957.142
Deferred VAT liabilities		8.775.724	8.301.324
Other liabilities		2.110.005	1.487.935
<b>Total liabilities</b>		<b>238.793.065</b>	<b>239.990.396</b>
<b>Equity</b>			
Share capital	15	82.837.204	82.837.204
Additional paid-in capital	15	56.818.898	31.607.374
Reserve funds	15	1.436.184	1.436.184
Retained earnings/ (Accumulated losses)	15	1.689.448	(791.973)
<b>Total equity</b>		<b>142.781.734</b>	<b>115.088.789</b>
<b>Total equity and liabilities</b>		<b>381.574.799</b>	<b>355.079.185</b>
<b>Book value per ordinary share (KZT)</b>	15	<b>1.717,79</b>	<b>1.382,88</b>

A.B. Seitzhanov



Acting Chairperson of the Management Board

G. T. Shodanova

Chief Accountant

6 August 2021

The notes set out on pages 6 to 20 form an integral part of these interim condensed financial statements.

**INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS**

for the six months ended 30 June 2021

*(KZT thousand)*

	Note	For the six months ended 30 June	
		2021 (unaudited)	2020 (unaudited and unreviewed)
<b>Interest income calculated using the effective interest rate</b>			
Loans to customers		1.931.886	1.522.170
Amounts due from credit institutions		1.215.161	956.165
Interest income on investment securities		510.989	422.577
		<b>3.658.036</b>	2.900.912
<b>Other interest income</b>			
Finance lease receivables		20.288.931	14.506.401
		<b>20.288.931</b>	14.506.401
<b>Total interest income</b>		<b>23.946.967</b>	17.407.313
<b>Interest expense</b>			
Amounts due to the Shareholder		(1.936.191)	(1.804.952)
Debt securities issued		(5.571.913)	(3.863.242)
Amounts due to credit institutions		(3.477.920)	(3.583.315)
<b>Total interest expense</b>		<b>(10.986.024)</b>	(9.251.509)
<b>Net interest income</b>		<b>12.960.943</b>	8.155.804
Credit loss expense	13	(2.067.358)	(849.829)
<b>Net interest income after credit loss expense</b>		<b>10.893.585</b>	7.305.975
Net gain / (loss) on derivative financial instruments		25.536	(2.350)
Net foreign exchange gains		33.418	1.046.430
Other income		344.946	135.005
<b>Non-interest income expense</b>		<b>403.900</b>	1.179.085
Personnel expenses		(1.551.123)	(1.504.420)
Other operating expenses		(492.053)	(516.614)
Net loss from modification of loans to customers and finance lease receivables non-resulting in derecognition		(47.104)	(146.075)
Other impairment and reserves		(141.042)	(333.746)
<b>Non-interest expense</b>		<b>(2.231.322)</b>	(2.500.855)
<b>Profit before income tax</b>		<b>9.066.163</b>	5.984.205
Corporate income tax expense	14	(13.359)	(7.223)
<b>Profit for the reporting period</b>		<b>9.052.804</b>	5.976.982

A.B. Seitzhanov

G. T. Shodanova

6 August 2021



Acting Chairperson of the Management Board

Chief Accountant

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**INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME****for the six months ended 30 June 2021***(KZT thousand)*

	<i>For the six months ended 30 June</i>	
	<b>2021 (unaudited)</b>	<b>2020 (unaudited and unreviewed)</b>
<b>Profit for the period</b>	<b>9.052.804</b>	<b>5.976.982</b>
<b>Other comprehensive income</b>		
Other comprehensive income for the reporting period	—	—
<b>Total comprehensive income for the reporting period</b>	<b>9.052.804</b>	<b>5.976.982</b>

A.B. Seitzhanov

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6 August 2021



Acting Chairperson of the Management Board

Chief Accountant



**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY****for the six months ended 30 June 2021***(KZT thousand)*

	Share capital	Additional paid-in capital	Reserve funds	Accumulated losses/Retained earnings	Total
<b>At 31 December 2019</b>	82,837,204	26,156,975	1,436,184	(1,171,377)	109,258,986
Total comprehensive income for the reporting year <i>(unaudited and unreviewed)</i>	-	-	-	5,976,982	5,976,982
Dividends declared (Note 15) <i>(unaudited and unreviewed)</i>	-	-	-	(9,210,964)	(9,210,964)
Gain on initial recognition of loans received from the Shareholder at below-market rates (Note 15) <i>(unaudited and unreviewed)</i>	-	1,606,274	-	-	1,606,274
<b>At 30 June 2020 (unaudited and unreviewed)</b>	82,837,204	27,763,249	1,436,184	(4,405,359)	107,631,278
<b>At 31 December 2020</b>	82,837,204	31,607,374	1,436,184	(791,973)	115,088,789
Total comprehensive loss for the reporting period <i>(unaudited)</i>	-	-	-	9,052,804	9,052,804
Dividends declared (Note 15) <i>(unaudited)</i>	-	-	-	(6,718,739)	(6,718,739)
Gain on initial recognition of loans received from the Shareholder at below-market rates net of tax in the amount of KZT 6,302,881 thousand (Note 9) <i>(unaudited)</i>	-	25,211,524	-	-	25,211,524
Recovery of provision in relation to guarantee issued to the subsidiary of the Shareholder <i>(unaudited)</i>	-	-	-	147,356	147,356
<b>At 30 June 2021 (unaudited)</b>	82,837,204	56,818,898	1,436,184	1,689,448	142,781,734

A.B. Seizhanov

Acting Chairperson of the Management Board

G. T. Shodanova

Chief Accountant

6 August 2021





**INTERIM CONDENSED STATEMENT OF CASH FLOWS**

for the six months ended 30 June 2021

(KZT thousand)

	For the six months ended 30 June	
	2021 (unaudited)	2020 (unaudited and unreviewed)
<b>Cash flows from operating activities:</b>		
Interest receipts	19,745,211	16,246,533
Interest payments	(8,129,146)	(7,323,681)
Personnel expenses payments	(1,567,648)	(1,427,775)
Other operating expenses payments	(368,457)	(340,279)
Other income receipts	174,004	134,978
Realised losses less gains from dealing in foreign currencies	(3,881)	(58,680)
<b>Cash flows from operating activities before changes in operating assets and liabilities</b>	<b>9,850,083</b>	<b>7,231,096</b>
<i>Net (increase) / decrease in operating assets</i>		
Amounts due from credit institutions	35,770,897	854,337
Loans to customers	2,753,569	2,264,244
Finance lease receivables	(22,938,064)	(5,293,535)
VAT and other taxes recoverable	(61,733)	(60,619)
Advances paid	(2,539,366)	(948,730)
Other assets	(259,205)	(408,846)
<i>Net increase / (decrease) in operating liabilities</i>		
Advances received	3,159,608	381,765
Other liabilities	608,040	(305,084)
<b>Net cash from operating activities before income tax</b>	<b>26,343,829</b>	<b>3,714,628</b>
Income tax paid	(182,274)	(143,425)
<b>Net cash from operating activities</b>	<b>26,161,555</b>	<b>3,571,203</b>
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment and intangible assets	(34,074)	(7,110)
Sales / (purchases) of other financial assets	773	(2,762,615)
<b>Net cash used in investing activities</b>	<b>(33,301)</b>	<b>(2,769,725)</b>
<b>Cash flows from financing activities</b>		
Proceeds from loans due to the Shareholder	5,835,875	7,100,000
Repayment of loans due to the Shareholder	(5,564,395)	(6,709,820)
Receipt of loans due to credit institutions	8,161,000	7,700,000
Repayment of loans due to credit institutions	(7,029,490)	(24,617,063)
Dividends paid to the Shareholder	(6,718,739)	–
Proceeds from debt securities issued	–	22,999,112
<b>Net cash (used in) / from financing activities</b>	<b>(5,315,749)</b>	<b>6,472,229</b>
Effect of exchange rate fluctuations on cash and cash equivalents	55,191	733,478
<b>Effect of movements in expected credit losses (ECL) on cash and cash equivalents</b>	<b>(648)</b>	<b>(448)</b>
<b>Net increase in cash and cash equivalents</b>	<b>20,867,048</b>	<b>8,006,737</b>
<b>Cash and cash equivalents as at the beginning of the reporting period</b>	<b>12,235,576</b>	<b>20,580,665</b>
<b>Cash and cash equivalents as at the end of the reporting period</b>	<b>33,102,624</b>	<b>28,587,402</b>

A.B. Seitzhanov

G. T. Shodanova

6 August 2021



Acting Chairperson of the Management Board

Chief Accountant

The notes set out on pages 6 to 20 form an integral part of these interim condensed financial statements.

## 1. Corporate information

KazAgroFinance Joint Stock Company (the “Company”) was established by the Decree of the Government of the Republic of Kazakhstan No. 1777 dated 24 November 1999 “On Certain Agricultural Issues”, under Kazakhstan legislation. The Company carries out its activities based on the license No. 16 dated 31 March 2006 issued by the National Bank of the Republic of Kazakhstan (the “NBRK”) for conducting operations provided for by the banking legislation of the RK. Besides, the Company has a status of a financial agency according to the Resolution of the NBRK No. 195 dated 23 September 2006.

The Company’s principal activity is:

- leasing activity in the agricultural industry;
- crediting and other activities that meet the goals and objectives of the Company provided for by the Charter and not prohibited by the legislative instruments;
- participation in implementing programmes funded by the Government of the Republic of Kazakhstan and other programmes aimed to develop agro-industrial complex.

The Company’s registered office is 51 Kenesary Str., Nur-Sultan, Republic of Kazakhstan.

As of 30 June 2021, the Company has 15 registered branches throughout the Republic of Kazakhstan (as of 31 December 2020: 16 registered branches in the Republic of Kazakhstan).

Until 18 March 2021, KazAgro National Management Holding Joint Stock Company owned 100% of the Company's shares. In accordance with section 52 of the National Action Plan for the Implementation of President of Kazakhstan’s State of the Nation Address of 1 September 2020 “Kazakhstan in a New Reality: Time for Action,” approved by the Decree No. 413 of the President of the Republic of Kazakhstan of 14 September 2020, a single development institution has been established through the merger of National Managing Holding Baiterek Joint Stock Company and KazAgro National Management Holding Joint Stock Company.

On 18 March 2021, 100% of the Company's shares were transferred to National Managing Holding Baiterek Joint Stock Company.

As at 30 June 2021, the Company’s sole shareholder is National Managing Holding Baiterek JSC (“Baiterek” or the “Shareholder”).

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

### Kazakhstan business environment

The Company’s operations are primarily located in Kazakhstan. Consequently, the Company is exposed to the economic and financial markets of Kazakhstan which display characteristics of an emerging market. The legal, tax and regulatory frameworks continue development, but are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments contribute to the challenges faced by entities operating in Kazakhstan. Depreciation of the Kazakhstan Tenge, volatility in the global price of oil and the COVID-19 coronavirus pandemic have also increased the level of uncertainty in the business environment. The condensed interim financial statements reflect management’s assessment of the impact of the Kazakhstan business environment on the operations and the financial position of the Company. The future business environment may differ from management’s assessment.

## 2. Basis of preparation of interim condensed financial statements

### Statement of compliance

These interim condensed financial statements for the six months ended 30 June 2021 have been prepared in accordance with IAS 34 *Interim Financial Reporting*. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the last annual financial statements as at and for the year ended 31 December 2020.

These interim condensed financial statements do not include all the information required for full annual financial statements prepared in accordance with International Financial Reporting Standards (“IFRSs”).

### Basis of measurement

The interim condensed financial statements are prepared on the historical cost basis.

### Functional and presentation currency

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

Financial information presented in KZT is rounded to the nearest thousand.

## 2. Basis of preparation of interim condensed financial statements (continued)

### Use of estimates and judgements

Preparing the interim condensed financial statements requires management to make judgements, estimates assumptions that affect the application of accounted policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from those estimates.

The significant judgements made by management in applying the Company's accounting policies are the key sources of estimation uncertainty were the same as those that applied to the last annual financial statements, except for the significant judgements, estimates and assumptions areas described in Notes 6, 7, 9 and 17.

## 3. Significant accounting policies

The accounting policies applied in these interim condensed financial statements are the same as those the Company applied for preparation of the last financial statements.

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2021, they do not have a material effect on the Company's interim condensed financial statements.

## 4. Cash and cash equivalents

	Unaudited 30 June 2021 '000 KZT	31 December 2020 '000 KZT
<b>Deposits with original maturities of less than three months</b>		
- rated from BB- to BB+	-	1.466
<b>Total deposits with original maturities of less than three months</b>	-	1.466
<b>Cash in current bank accounts</b>		
- rated from BBB- to BBB+	15.332.407	-
- rated from BB- to BB+	17.771.158	12.220.394
- rated from B- to B+	-	1
- not rated (Citibank)	-	14.008
<b>Total cash in current bank accounts</b>	<b>33.103.565</b>	12.234.403
<b>Gross cash and cash equivalents</b>	<b>33.103.565</b>	12.235.869
Allowance for expected credit losses	(941)	(293)
<b>Net cash and cash equivalents</b>	<b>33.102.624</b>	12.235.576

As at 30 June 2021 the Company has one bank, whose balances exceeded 10% of equity. The gross value of these balances as of 30 June 2021 amounted to KZT 15.332.409 thousand (unaudited) or 46.32% (unaudited) of total cash and cash equivalents (31 December 2020: KZT 12.064.354 thousand or 98.6%).

As at 30 June 2021 cash and cash equivalents include current accounts denominated in foreign currency in the amount of KZT 3.494.697 thousand (unaudited) (31 December 2020: 4.628.855 thousand).

The above table is based on the credit ratings assigned by Standard & Poor's or other agencies converted into Standard & Poor's scale. None of cash and cash equivalents are past due.

### Credit quality analysis

Cash mainly comprises low-risk instruments with a high credit rating.

As at 30 June 2021 the Company recognised a loss allowance for cash and cash equivalents equal to 12-month expected credit losses.

## 5. Amounts due from credit institutions

	Unaudited 30 June 2021 '000 KZT	31 December 2020 '000 KZT
<b>Amounts due from credit institutions</b>		
- rated from BB- to BB+	3.875.722	39.619.641
<b>Total amounts due from credit institutions</b>	<b>3.875.722</b>	<b>39.619.641</b>
Allowance for expected credit losses	(86)	(1.117)
<b>Net cash and cash equivalents</b>	<b>3.875.636</b>	<b>39.618.524</b>

The above table is based on the credit ratings assigned by Standard & Poor's or other agencies converted into Standard & Poor's scale. None of the amounts due from credit institutions are past due.

As at 30 June 2021 amounts due from credit institutions include accounts denominated in foreign currency in the amount of KZT 1.110.886 thousand (unaudited) (31 December 2020: 5.392.411 thousand).

As at 30 June 2021 the Company had no exposures to banks, whose balances exceeded 10% of equity (31 December 2020: exposure to one bank amounting to KZT 23.898.811 thousand or 60,3%).

### Credit quality analysis

Amounts due from credit institutions mainly comprises low-risk instruments with a high credit rating.

As at 30 June 2021 the Company recognised a loss allowance for amounts due from credit institutions equal to 12-month expected credit losses.

## 6. Loans to customers

	<i>Unaudited</i> 30 June 2021 '000 KZT	<i>31 December</i> 2020 '000 KZT
Loans to legal entities	40.137.372	43.741.763
<b>Total loans to customers</b>	<b>40.137.372</b>	<b>43.741.763</b>
Allowance for expected credit losses	(12.337.834)	(13.039.861)
<b>Loans to customers</b>	<b>27.799.538</b>	<b>30.701.902</b>

Movement in loss allowance for loans to customers for the six months ended 30 June 2021 and 30 June 2020 are as follows:

	<i>Unaudited</i> <i>for the six months ended 30 June 2021</i>			<i>Total</i>
	<i>Stage 1</i> 12-month ECL	<i>Stage 2</i> Lifetime ECL for assets not credit-impaired	<i>Stage 3</i> Lifetime ECL for assets credit- impaired	
<b>ECL allowance at 1 January 2021</b>	<b>17.605</b>	<b>139.338</b>	<b>12.882.918</b>	<b>13.039.861</b>
New financial assets originated or purchased	110.108	-	-	110.108
Transfers to Stage 1	87.926	(87.926)	-	-
Transfers to Stage 2	-	22.617	(22.617)	-
Transfers to Stage 3	-	(51.410)	51.410	-
Net charge of loss allowance	(86.082)	(8.761)	(1.046.677)	(1.141.520)
Unwinding of discount on present value of expected credit losses	-	-	329.385	329.385
<b>At 30 June 2021</b>	<b>129.557</b>	<b>13.858</b>	<b>12.194.419</b>	<b>12.337.834</b>

## 6. Loans to customers (continued)

	<i>Unaudited and unreviewed for the six months ended 30 June 2020</i>			<i>Total</i>
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	
	<i>12-month ECL</i>	<i>Lifetime ECL for assets not credit-impaired</i>	<i>Lifetime ECL for assets credit- impaired</i>	
<b>ECL allowance at 1 January 2020</b>	209.178	60.111	11.310.699	11.579.988
New financial assets originated or purchased	39.120	701	3.305	43.126
Transfers to Stage 1	271.678	(271.678)	-	-
Transfers to Stage 2	(111.862)	492.587	(380.725)	-
Transfers to Stage 3	(1.131)	(41.482)	42.613	-
Net charge of loss allowance	(291.626)	77.719	62.252	(151.655)
Unwinding of discount on present value of expected credit losses	-	-	206.511	206.511
<b>At 30 June 2020</b>	<b>115.357</b>	<b>317.958</b>	<b>11.244.655</b>	<b>11.677.970</b>

The following table provides information on the credit quality of the loan portfolio as at 30 June 2021 and 31 December 2020:

	<i>Unaudited 30 June 2021</i>			<i>Total</i>
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	
	<i>12-month ECL</i>	<i>Lifetime ECL for assets not credit-impaired</i>	<i>Lifetime ECL for assets credit- impaired</i>	
- not overdue	4.456.320	685.913	7.797.208	12.939.441
- overdue up to 30 days	7.943	-	4.496.695	4.504.638
- overdue more than 31 days and less than 90 days	-	-	431.202	431.202
- overdue more than 91 days and less than 180 days	-	-	1.659.398	1.659.398
- overdue more than 181 days and less than 1 year	-	-	1.665.591	1.665.591
- overdue more than 1 year	-	-	18.937.102	18.937.102
	<b>4.464.263</b>	<b>685.913</b>	<b>34.987.196</b>	<b>40.137.372</b>
Allowance for expected credit losses	(129.557)	(13.858)	(12.194.419)	(12.337.834)
<b>Total loans to customers</b>	<b>4.334.706</b>	<b>672.055</b>	<b>22.792.777</b>	<b>27.799.538</b>

	<i>31 December 2020</i>			<i>Total</i>
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	
	<i>12-month ECL</i>	<i>Lifetime ECL for assets not credit-impaired</i>	<i>Lifetime ECL for assets credit- impaired</i>	
- not overdue	3.416.052	1.746.228	8.102.906	13.265.186
- overdue up to 30 days	1.026.640	-	2.361.340	3.387.980
- overdue more than 31 days and less than 90 days	-	339.886	3.752.447	4.092.333
- overdue more than 91 days and less than 180 days	-	-	199.986	199.986
- overdue more than 181 days and less than 1 year	-	-	5.360.416	5.360.416
- overdue more than 1 year	-	-	17.435.862	17.435.862
	<b>4.442.692</b>	<b>2.086.114</b>	<b>37.212.957</b>	<b>43.741.763</b>
Allowance for expected credit losses	(17.607)	(139.336)	(12.882.918)	(13.039.861)
<b>Total loans to customers</b>	<b>4.425.085</b>	<b>1.946.778</b>	<b>24.330.039</b>	<b>30.701.902</b>

## 6. Loans to customers (continued)

### Concentration of loans to customers

As of 30 June 2021, the Company had a concentration of loans represented by KZT 12.375.220 thousand (unaudited) issued by the Company to ten largest unrelated parties or 44.5% (unaudited) of the gross loan portfolio (31 December 2020: KZT 12.495.568 thousand or 40.7% of total loans to customers). As of 30 June 2021, the allowance for expected credit losses of KZT 3.193.041 thousand (unaudited) was formed against these loans (31 December 2020: KZT 2.914.834 thousand).

Loans are issued to clients within the Republic of Kazakhstan carrying out activities in the agricultural sector of the economy:

## 7. Finance lease receivables

The analysis of finance lease receivables as at 30 June 2021 (unaudited) is as follows:

	Unaudited 30 June 2021	31 December 2020
Less than 1 year	98.104.853	89.980.499
From 1 to 2 years	60.774.487	52.942.445
From 2 to 3 years	61.527.572	53.842.787
From 3 to 4 years	57.120.544	47.742.737
From 4 to 5 years	55.719.232	44.663.558
More than 5 years	150.175.892	121.308.537
<b>Minimum lease payments</b>	<b>483.422.580</b>	<b>410.480.563</b>
Less unearned finance income		
Less than 1 year	(5.084.216)	(4.086.146)
From 1 to 5 years	(73.410.492)	(58.163.721)
More than 5 years	(83.237.799)	(64.920.421)
<b>Less unearned finance income, total</b>	<b>(161.732.507)</b>	<b>(127.170.288)</b>
Allowance for expected credit losses	(26.770.880)	(25.150.106)
<b>Finance lease receivables</b>	<b>294.919.193</b>	<b>258.160.169</b>

### Allowance for expected credit losses for finance lease receivables

Movement in loss allowance for finance lease receivables for the six months ended 30 June 2021 and 30 June 2020 are as follows:

	<i>Unaudited</i>			<i>Total</i>
	<i>for the six months ended 30 June 2021</i>			
	<i>Stage 1 12-month ECL</i>	<i>Stage 2 Lifetime ECL for assets not credit- impaired</i>	<i>Stage 3 Lifetime ECL for assets credit- impaired</i>	
<b>ECL allowance at 1 January 2021</b>	<b>4.059.909</b>	<b>1.086.352</b>	<b>20.003.845</b>	<b>25.150.106</b>
New financial assets originated or purchased	1.595.248	18.375	2.806	1.616.429
Transfer to Stage 1	926.147	(618.402)	(307.745)	–
Transfer to Stage 2	(95.863)	820.377	(724.514)	–
Transfer to Stage 3	(355.802)	(324.753)	680.555	–
Net charge of loss allowance	(1.812.733)	4.292	2.077.026	268.585
Write-offs	–	–	(264.240)	(264.240)
<b>At 30 June 2020</b>	<b>4.316.906</b>	<b>986.241</b>	<b>21.467.733</b>	<b>26.770.880</b>

## 7. Finance lease receivables (continued)

	<i>Unaudited and unreviewed for the six months ended 30 June 2020</i>			<i>Total</i>
	<i>Stage 1 12-month ECL</i>	<i>Stage 2 Lifetime ECL for assets not credit- impaired</i>	<i>Stage 3 Lifetime ECL for assets credit- impaired</i>	
<b>ECL allowance at 1 January 2020</b>	3.683.399	1.099.941	17.812.877	22.596.217
New financial assets originated or purchased	965.828	–	6.445	972.273
Transfer to Stage 1	1.523.811	(1.518.250)	(5.561)	–
Transfer to Stage 2	(919.028)	2.693.960	(1.774.932)	–
Transfer to Stage 3	(58.194)	(2.460.477)	2.518.671	–
Net charge of loss allowance	(2.520.178)	1.677.579	730.797	(111.802)
Write-offs	–	–	(81.641)	(81.641)
<b>At 30 June 2020</b>	<b>2.675.638</b>	<b>1.492.753</b>	<b>19.206.656</b>	<b>23.375.047</b>

### Credit quality of finance lease portfolio

The following table provides information on the credit quality of the finance lease portfolio as at 30 June 2021 and 31 December 2020:

	<i>Unaudited 30 June 2021</i>			<i>Total</i>
	<i>Stage 1 12-month ECL</i>	<i>Stage 2 Lifetime ECL for assets not credit-impaired</i>	<i>Stage 3 Lifetime ECL for assets credit- impaired</i>	
- not overdue	252.341.657	3.794.110	10.617.695	266.753.462
- overdue up to 30 days	8.859.783	446.336	1.648.671	10.954.790
- overdue more than 31 days and less than 90 days	–	4.799.505	2.893.644	7.693.149
- overdue more than 91 days and less than 180 days	–	–	4.896.263	4.896.263
- overdue more than 181 days and less than 1 year	–	–	3.258.654	3.258.654
- overdue more than 1 year	–	–	28.133.755	28.133.755
	<b>261.201.440</b>	<b>9.039.951</b>	<b>51.448.682</b>	<b>321.690.073</b>
Allowance for expected credit losses	<b>(4.316.908)</b>	<b>(986.240)</b>	<b>(21.467.732)</b>	<b>(26.770.880)</b>
<b>Finance lease receivables</b>	<b>256.884.532</b>	<b>8.053.711</b>	<b>29.980.950</b>	<b>294.919.193</b>

	<i>31 December 2020</i>			<i>Total</i>
	<i>Stage 1 12-month ECL</i>	<i>Stage 2 Lifetime ECL for assets not credit-impaired</i>	<i>Stage 3 Lifetime ECL for assets credit- impaired</i>	
- not overdue	216.908.940	5.122.520	11.025.474	233.056.934
- overdue up to 30 days	5.348.822	1.110.358	1.394.135	7.853.315
- overdue more than 31 days and less than 90 days	–	3.520.275	4.901.814	8.422.089
- overdue more than 91 days and less than 180 days	–	–	906.618	906.618
- overdue more than 181 days and less than 1 year	–	–	9.969.412	9.969.412
- overdue more than 1 year	–	–	23.101.907	23.101.907
	<b>222.257.762</b>	<b>9.753.153</b>	<b>51.299.360</b>	<b>283.310.275</b>
Allowance for expected credit losses	<b>(4.059.911)</b>	<b>(1.086.352)</b>	<b>(20.003.843)</b>	<b>(25.150.106)</b>
<b>Finance lease receivables</b>	<b>218.197.851</b>	<b>8.666.801</b>	<b>31.295.517</b>	<b>258.160.169</b>



## 8. Property held for finance lease

	<i>Unaudited</i> <i>30 June 2021</i>	<i>31 December</i> <i>2020</i>
Equipment held for finance lease	7.747.137	3.436.243
Collateral transferred to ownership	1.890.750	1.801.143
Other materials	36.354	31.372
	<b>9.674.241</b>	5.268.758
Impairment allowance	<b>(867.933)</b>	(980.206)
<b>Property held for finance lease</b>	<b>8.806.308</b>	4.288.552

## 9. Amounts due to the Shareholder

As at 30 June 2021 and 31 December 2020 amounts due to the Shareholder include:

	<i>Currency</i>	<i>Maturity</i>	<i>Unaudited</i> <i>30 June 2021</i>	<i>31 December</i> <i>2020</i>
Loan agreement № 25	Tenge	2041	10.308.413	-
Loan agreement № 86	Tenge	2021	10.276.650	10.544.278
Framework agreement № 63	Tenge	2022	2.011.317	3.018.335
Framework agreement № 113	Tenge	2023	440.785	500.277
Framework agreement № 35	Tenge	2023	-	19.807.393
Framework agreement № 39	Tenge	2027	-	4.329.926
Loan agreement № 118	Tenge	2021	-	991.912
Loan agreement № 64	Tenge	2023	-	834.736
Loan agreement № 22	Tenge	2030	-	13.417.468
			<b>23.037.165</b>	53.444.325

As part of the optimisation of the structure of the loan previously provided by KazAgro Holding to the Company from the National Fund of the Republic of Kazakhstan, by combining the amounts due under the agreements previously concluded, a Loan Agreement No. 25 of 16 June 2021 was signed. The amount of the loan is KZT 50.000.000 thousand, with maturity on 10 February 2041, nominal interest rate - 1.02% per annum, effective interest rate - 11.98% per annum. The purpose of the loan is purchase of locally manufactured and/or assembled agricultural machinery, including self-propelled, trailing and mounted equipment, as well as locally manufactured and/or assembled vehicles for the transportation of agricultural products, processed agricultural products and biological assets for further transfer of the assets under a finance lease to entities operating in the agro-industry. The conclusion of this agreement resulted in the derecognition of the agreements which were entered into previously, funded from the resources of the National Fund of the Republic of Kazakhstan, and the recognition of a new liability under Loan Agreement No. 25 dated 16 June 2021. The difference between the carrying amount of old financial instrument and the fair value of the new one in the amount of KZT 31.514.405 thousand (unaudited) (excluding tax effect in the amount of 6.302.881 thousand, unaudited) was recognised in equity in the additional paid-in capital reserve to reflect the new terms negotiated with the controlling party. As at 30 June 2021, the carrying amount is KZT 10.308.413 thousand (unaudited).

On 24 July 2018, Loan Agreement No. 86 was concluded between the Company and the Shareholder for the amount of KZT 10.000.000 thousand for 12 months with the possibility of prolongation by the decision of the Shareholder's Management Board up to 36 months. On 20 March 2020, Addendum No. 2 was concluded, providing for the extension of the loan to 36 months. As of 30 June 2021, the amount outstanding under this agreement is KZT 10.276.650 thousand (31 December 2020: KZT 10.544.278 thousand).

As at 30 June 2021 and 31 December 2020 the Company meets the requirements related to compliance with the restrictive covenants under the agreements with the creditors.

## 10. Amounts due to credit institutions

As at 30 June 2021 and 31 December 2020 amounts due to credit institutions comprise:

	<i>Currency</i>	<i>Maturity date</i>	<i>Unaudited 30 June 2021</i>	<i>31 December 2020</i>
Halyk Bank of Kazakhstan JSC	KZT	2024-2025	43.242.200	36.605.399
Agrarian Credit Corporation JSC	KZT	2025-2029	14.929.899	15.515.127
SB Sberbank of Russia JSC	KZT	2023	5.101.539	9.152.623
ROSEKSIMBANK JSC	RUB	2022-2023	1.920.835	2.276.078
<b>Amounts due to credit institutions</b>			<b>65.194.473</b>	<b>63.549.227</b>

During the six months ended 30 June 2021, the Company raised KZT 8.161,000 thousand from Halyk Bank of Kazakhstan JSC through a drawdown of funds under the Company's credit line dated 13 August 2019, maturing in 2025.

### Financial covenants

Under the terms of loan agreements with credit institutions, the Company is obliged to comply with certain financial covenants, including prudential standards established by the NBRK for the subsidiaries of Baiterek operating in the agricultural sector of Kazakhstan.

As at 30 June 2021 and 31 December 2020 the Company meets the requirements related to compliance with the restrictive covenants under the agreements with the creditors.

## 11. Debt securities issued

As at 30 June 2021 and 31 December 2020, issued debt securities comprise:

	<i>Maturity date</i>	<i>Rate, %</i>	<i>Currency</i>	<i>Unaudited 30 June 2021</i>	<i>31 December 2020</i>
The third issue of coupon bonds as part of the second bond programme	24 December 2024	12,0%	KZT	20.570.940	19.351.821
The fourth issue as part of the second bond programme	24 December 2024	12,0%	KZT	19.426.051	19.301.533
The second issue of coupon bonds	12 June 2022	8,5%	KZT	18.052.931	18.044.098
The third issue of bonds as part of the first bond programme	16 January 2023	8,0%	KZT	17.334.909	17.263.736
The first issue of coupon bonds as part of the second bond programme	8 November 2023	12,0%	KZT	12.184.494	12.173.321
The second issue of bonds as part of the second bond programme	14 November 2021	15,0%	KZT	8.152.996	8.148.029
The first issue of coupon bonds	12 June 2024	8,5%	KZT	3.956.859	3.955.269
<b>Debt securities issued</b>				<b>99.679.180</b>	<b>98.237.807</b>

As at 30 June 2021 and 31 December 2020 the Company complied with all the terms of the covenants related to the debt securities issued.

## 12. Payables to suppliers

As of 30 June 2021 and 31 December 2020 accounts payable to suppliers include the Company's payables to suppliers for property for subsequent transfer to finance lease, as follows:

	<i>Unaudited 30 June 2021</i>	<i>31 December 2020</i>
Agricultural machinery	21.422.904	4.658.610
Equipment	563.715	469.026
Cattle	771	783
Other	303.611	83.948
<b>Payables to suppliers</b>	<b>22.291.001</b>	<b>5.212.367</b>

### 13. Credit loss expense

The table below presents credit loss expense on financial instruments recognised in profit or loss for the period ended 30 June:

	Note	<i>For the six months ended</i>	
		<i>30 June 2021</i> <i>(unaudited)</i>	<i>30 June 2020</i> <i>(unaudited and</i> <i>unreviewed)</i>
Finance lease receivables	7	(1.885.014)	(860.471)
Other assets		(1.160.049)	(70.603)
Undrawn credit lines		(54.484)	(28.337)
Cash and cash equivalents		(648)	(391)
Issued guarantees		394	1.803
Investment securities		–	(44)
Amounts due from credit institutions		1.031	(315)
Loans to customers	6	1.031.412	108.529
<b>Credit loss expense</b>		<b>(2.067.358)</b>	<b>(849.829)</b>

### 14. Taxation

	<i>For the six months ended</i>	
	<i>30 June 2021</i> <i>(unaudited)</i>	<i>30 June 2020</i> <i>(unaudited and</i> <i>unreviewed)</i>
Current corporate income tax expense	182.274	143.425
Deferred corporate income tax expense - origination and decrease of temporary differences	6.170.805	265.366
Net of deferred tax recognised in equity	(6.339.720)	(401.568)
<b>Corporate income tax expense</b>	<b>13.359</b>	<b>7.223</b>

The Company's applicable tax rate for current and deferred tax is 20% (2020: 20%).

Income tax expense is recognised at an amount determined by multiplying the profit before tax for the interim reporting period by management's best estimate of the weighted-average annual income tax rate expected for the full financial year, adjusted for the tax effect of certain items recognised in full in the interim period. As such, the effective tax rate in the interim condensed financial statements may differ from management's estimate of the effective tax rate for the annual financial statements.

#### Reconciliation of effective tax rate:

	Unaudited		Unaudited and unreviewed	
	Six months ended 30 June 2021 KZT'000	%	Six months ended 30 June 2020 KZT'000	%
<b>Profit before income tax</b>	<b>9.066.163</b>	<b>100</b>	<b>5.984.205</b>	<b>100</b>
Income tax at the applicable tax rate	1.813.233	20	1,196.841	20
Non-taxable interest income on finance lease receivables	(2.423.829)	(27)	(1.974.488)	(33)
Expenses for corporate income tax withheld at the source of payment of income	182.274	2	143.425	2
Non-deductible credit loss expenses	413.503	5	641.445	11
Other non-deductible expense	28.178	-	-	-
<b>Corporate income tax expense</b>	<b>13.359</b>	<b>-</b>	<b>7.223</b>	<b>-</b>

### 15. Equity

As of 30 June 2021 and 31 December 2020, the total number of authorised and paid ordinary shares comprised 82.837.204 shares at the offering price of KZT 1.000 per share. The owner of an ordinary share has the right to one vote and an equal right for dividends. Distributable income is determined based on income recorded in the Company's financial statements.

In accordance with the decision of the Shareholder of 12 March 2021, the Company declared dividends for 2020 in the amount of KZT 6.718.739 thousand or KZT 81,11 per an ordinary share. During the reporting period the dividends were paid in full.

## 15. Equity (continued)

In accordance with the decision of the Shareholder of 29 May 2020, the Company declared and paid dividends for 2019 for KZT 9.210.964 thousand or KZT 111,19 per an ordinary share.

Under the Company's policy, reserve capital is formed to cover general risks, including deferred losses and other contingent risks and liabilities. The reserve capital is subject to distribution based on the Shareholder's decision made during the general meeting. During the 6 months of 2021 and 2020, reserve capital remained unchanged. As at 30 June 2021 and 31 December 2020, the reserve funds amounted to KZT 1.436.184 thousand.

The Company transferred reserve for notional distribution in the amount of KZT 9.613.442 thousand recognised in the latest annual financial statements of the Company as at 31 December 2020 to retained earnings in equity. The Company previously recognised discount at initial recognition of financial assets, the terms of which were determined by the Shareholder, within the reserve for notional distribution.

	<i>As previously reported</i>	<i>Reclassification</i>	<i>Adjusted</i>
Reserve for notional distribution	(9.613.442)	9.613.442	-
Retained earnings/ (Accumulated losses)	8.821.469	(9.613.442)	(791.973)

### Book value of ordinary shares

As of 30 June 2021, the book value per ordinary share calculated as per the Kazakhstan Stock Exchange methodology is KZT 1.717,79 (31 December 2020: KZT 1 382,88).

	<i>Unaudited 30 June 2021</i>	<i>31 December 2020</i>
Assets	381.574.799	355.079.185
Intangible assets	(485.049)	(535.146)
Liabilities	(238.793.065)	(239.990.396)
<b>Net assets</b>	<b>142.296.685</b>	<b>114.553.643</b>
<b>The number of ordinary shares at the calculations date (shares)</b>	<b>82.837.204</b>	<b>82.837.204</b>
<b>Book value per share (KZT)</b>	<b>1.717,79</b>	<b>1.382,88</b>

## 16. Commitments and contingent liabilities

### Litigation

In the ordinary course of business, the Company is subject to legal actions and complaints. Management believes that the ultimate liability, if any, arising from such actions or complaints, will not have a material adverse effect on the Company's operations and financial position.

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

### Taxation

Kazakhstani commercial, and in particular, tax legislation contains regulations, interpretation of which could vary, and in certain cases, the legislation could be amended with indirect retrospective impact. Also, the Company's management's interpretation of the legislation may differ from that of tax authorities, and as a result, transactions carried out by the Company could be estimated by tax authorities in another way, and this could result in an additional charge of taxes, fines and penalties. The company's management considers that all necessary tax accruals were fulfilled and, correspondingly, there were no allowances charged in the statements. Tax periods remain open for 5 (five) years.

### Undrawn credit lines

As at 30 June 2021 and 31 December 2020, the Company's commitments and contingencies comprised the following:

	<i>Unaudited 30 June 2021</i>	<i>31 December 2020</i>
<b>Credit related commitments</b>		
Undrawn credit lines	12.711.577	10.017.928
Issued guarantees	-	285.994
Allowance for expected credit losses for contingent liabilities	(227.194)	(173.104)
<b>Total</b>	<b>12.484.383</b>	<b>10.130.818</b>

## 16. Commitments and contingent liabilities (continued)

On 16 June 2011, the Company has entered into a financial guarantee agreement in the amount of 6.661.130 Islamic dinars with the Islamic Development Bank, which guarantees meeting liabilities of Agriculture Financial Support Fund JSC under the loan facility agreement. This guarantee was secured by the counter-guarantee of KazAgro (Baiterek). On 24 June 2021, the loan received by Agriculture Financial Support Fund JSC was repaid in full.

The analysis of changes in allowance for expected credit losses for the undrawn credit lines and issued guarantees for the six months ended 30 June 2021 and 2020 is as follows:

	<i>Undrawn credit lines</i>	<i>Issued guarantees</i>	<i>Total</i>
<b>ECL allowance at 1 January 2021</b>	172.710	394	173.104
Net charge of loss allowance	54.484	(394)	54.090
<b>At 30 June 2021 (unaudited)</b>	<b>227.194</b>	<b>–</b>	<b>227.194</b>

	<i>Undrawn credit lines</i>	<i>Issued guarantees</i>	<i>Total</i>
<b>ECL allowance at 1 January 2020</b>	156.868	3.251	160.119
Net charge of loss allowance	(28.337)	1.803	(26.534)
<b>At 30 June 2020 (unaudited and unreviewed)</b>	<b>128.531</b>	<b>5.054</b>	<b>133.585</b>

As at 30 June 2021 and 30 June 2020 the Company recognised reserve for expected credit losses in the amount of 12-month expected credit losses.

## 17. Fair values of financial instruments

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;
- Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

### Financial instruments not recorded at fair value in the statement of financial position

The following table provides an analysis of financial instruments recorded by the level of the fair value hierarchy as at 30 June 2021:

	<i>Fair value measurement using</i>			<i>Total</i>
	<i>Quoted prices in active markets (Level 1)</i>	<i>Significant observable inputs (Level 2)</i>	<i>Significant unobservable inputs (Level 3)</i>	
<b>Assets with a disclosed fair value</b>				
Cash and cash equivalents	–	33.102.624	–	33.102.624
Amounts due from credit institutions	–	3.875.636	–	3.875.636
Loans to customers	–	4.637.926	15.986.551	20.624.477
Finance lease receivables	–	270.520.523	29.980.950	300.501.473
Other financial assets	–	1.737.710	–	1.737.710
<b>Total financial assets with a disclosed fair value</b>	<b>–</b>	<b>313.874.419</b>	<b>45.967.501</b>	<b>359.841.920</b>
<b>Financial liabilities with a disclosed fair value</b>				
Amounts due to the Shareholder	–	22.937.521	–	22.937.521
Amounts due to credit institutions	–	64.169.611	–	64.169.611
Debt securities issued	60.180.684	37.111.921	–	97.292.605
Payables to suppliers	–	22.291.001	–	22.291.001
Other financial liabilities	–	227.194	–	227.194
<b>Total financial liabilities with a disclosed fair value</b>	<b>60.180.684</b>	<b>146.737.248</b>	<b>–</b>	<b>209.163.561</b>

## 17. Fair value of financial instruments (continued)

The following table provides an analysis of financial instruments recorded by the level of the fair value hierarchy as at 31 December 2020:

	<i>Fair value measurement using</i>			<i>Total</i>
	<i>Quoted prices in active markets (Level 1)</i>	<i>Significant observable inputs (Level 2)</i>	<i>Significant unobservable inputs (Level 3)</i>	
<b>Assets with a disclosed fair value</b>				
Cash and cash equivalents	–	12.235.576	–	12.235.576
Amounts due from credit institutions	–	39.618.524	–	39.618.524
Loans to customers	–	6.302.549	16.487.521	22.790.070
Finance lease receivables	–	234.734.703	22.531.090	257.265.793
Other financial assets	–	891.709	–	891.709
<b>Total financial assets with a disclosed fair value</b>	<b>–</b>	<b>293.783.061</b>	<b>39.018.611</b>	<b>332.801.672</b>
<b>Financial liabilities with a disclosed fair value</b>				
Amounts due to the Shareholder	–	52.560.662	–	52.560.662
Amounts due to credit institutions	–	63.116.978	–	63.116.978
Debt securities issued	60.220.574	36.516.517	–	96.737.091
Payables to suppliers	–	5.212.367	–	5.212.367
Other financial liabilities	–	173.104	–	173.104
<b>Total financial liabilities with a disclosed fair value</b>	<b>60.220.574</b>	<b>157.579.628</b>	<b>–</b>	<b>217.800.202</b>

Set out below is a comparison by a class of the carrying amounts and fair values of the Company's financial instruments recorded in the financial statements.

	<i>30 June 2021 (unaudited)</i>			<i>31 December 2020</i>		
	<i>Carrying amount</i>	<i>Fair value</i>	<i>Unrecognised (loss)/income</i>	<i>Carrying amount</i>	<i>Fair value</i>	<i>Unrecognised (loss)/income</i>
<b>Financial assets</b>						
Cash and cash equivalents	33.102.624	33.102.624	–	12.235.576	12.235.576	–
Amounts due from credit institutions	3.875.636	3.875.636	–	39.618.524	39.618.524	–
Loans to customers	27.799.538	20.624.477	(7.175.061)	30.701.902	22.790.070	(7.911.832)
Finance lease receivables	294.919.193	300.501.473	5.582.280	258.160.169	257.265.793	(894.376)
Other financial assets	1.737.710	1.737.710	–	891.709	891.709	–
	<b>361.434.701</b>	<b>359.841.920</b>	<b>(1.592.781)</b>	<b>341.607.880</b>	<b>332.801.672</b>	<b>(8.806.208)</b>
<b>Financial liabilities</b>						
Amounts due to the Shareholder	23.037.165	22.937.521	99.644	53.444.325	52.560.662	883.663
Amounts due to credit institutions	65.194.473	64.169.611	1.024.862	63.549.227	63.116.978	432.249
Debt securities issued	99.679.180	97.292.605	2.386.575	98.237.807	96.737.091	1.500.716
Payables to suppliers	22.291.001	22.291.001	–	5.212.367	5.212.367	–
Other financial liabilities	227.194	227.194	–	173.104	173.104	–
	<b>210.429.013</b>	<b>206.917.932</b>	<b>3.511.081</b>	<b>220.616.830</b>	<b>217.800.202</b>	<b>2.816.628</b>
<b>Total unrecognised change in unrealised fair value</b>			<b>1.918.300</b>			<b>(5.989.580)</b>

### Valuation techniques and assumptions

The following describes the methodologies and assumptions used to determine fair values for assets and liabilities recorded at fair value in the financial statements and those items that are not measured at fair value in the statement of financial position, but whose fair value is disclosed.

#### Assets for which fair value approximates carrying value

For financial assets and financial liabilities that are liquid or having a short - term maturity (less than three months), it is assumed that the carrying amounts approximately to their fair value. This assumption is also applied to demand deposits and savings accounts without a specific maturity.

## 17. Fair value of financial instruments (continued)

### Fixed rate financial instruments

The fair values of unquoted financial instruments are estimated by discounting future cash flows using rates currently available for financial instruments on similar terms, credit risk and remaining maturities.

For assets whose fair value is disclosed in the financial statements, future cash flows are discounted using the average market rate of financial instruments with similar maturities based on statistics published by the National Bank of the Republic of Kazakhstan. The indicated approach is used in determining the fair value of loans to customers and finance lease receivables. As at 30 June 2021 the average value of the market rate comprised 14.4% (unaudited) (31 December 2020: 13.1%, unaudited).

In the case of liabilities with fair values disclosed in the financial statements, future cash flows are discounted at the average market rate of financial instruments with similar maturities and credit ratings. As at 30 June 2021 market rates used to estimate fair value ranged from 11.83% to 11.96% per annum for loans denominated in Tenge (unaudited) (31 December 2020: from 9.94% to 12.00% per annum, unaudited).

The future cash flows comprise repayment of principal and interest calculated at the interest rate stipulated by the agreement for the amount of principal.

## 18. Risk Management

Management of risk is fundamental to the business of the Company and is an essential element of the Company's operations. The major risks faced by the Company are those related to market risk, which includes price, interest rate and currency risk, credit risk and liquidity risk.

### Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and share prices, will adversely affect the Company's earnings or the value of its investments in financial instruments. Market risk consists of foreign exchange risk, interest rate risk, yield curve risk and other market risks. Market risk arises from open positions in interest rate, currency and equity financial instruments, which are exposed to general and specific market movements and changes in the level of volatility of market prices and foreign exchange rates.

The objective of market risk management is to ensure that the exposure to market risk does not go beyond the acceptable limits, while ensuring the optimisation of the profitability received for risk accepted. The Risk Management Department is responsible for market risk management. The Company manages market risk by setting open position limits in relation to the size of the portfolio of separate financial instruments, interest rate gap, foreign exchange position, loss limits and regularly monitors their compliance.

### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rates on the financial assets and financial liabilities of the Company are fixed. During the reporting period there have been no significant changes in the exposure of the Company to interest rate risk.

### Currency risk

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

The tables below indicate the currencies to which the Company had significant exposure on 31 December on its non-trading monetary assets and liabilities and its forecast cash flows. The analysis calculated the effect of a possible change in exchange rates in relation to tenge on the statement of profit or loss (due to non-trading monetary assets and liabilities whose fair value is sensitive to changes in the exchange rates). The effect on equity does not differ from the effect on the statement of profit or loss. The analysis assumes that all other variables remain constant. The negative amount in the table reflects a potential net reduction in the statement of profit or loss or equity, while a positive amount reflects a net potential increase.

<i>Currency</i>	<i>Exchange rate change, % 2021</i>	<i>Effect on pre-tax profit 2021</i>	<i>Exchange rate change, % 2020</i>	<i>Effect on pre-tax profit 2020</i>
USD	-10,0%	57.093	-10,0%	(871.271)
USD	10,0%	(57.093)	10,0%	871.271
EUR	-20,0%	713.197	-20,0%	105.005
EUR	20,0%	(713.197)	20,0%	(105.005)
RUB	-8,0%	161.560	-8,0%	194.054
RUB	8,0%	(161.560)	8,0%	(194.054)



## 19. Related party transactions

In accordance with IAS 24 *Related Party Disclosures*, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Related parties may enter into transactions that unrelated parties might not. Prices and terms of such transactions may differ from prices and terms of transactions between unrelated parties.

*Transactions with government-related entities (except for transactions with the Shareholder)*

The Republic of Kazakhstan, acting through the State Property Committee under the Ministry of Finance, controls the Company and has a significant impact on its activities.

The Republic of Kazakhstan directly and indirectly controls and has significant influence over a significant number of entities through its government agencies and other organisations (together referred to as “government-related entities”). The Company executes bank transactions with these entities such as raising of loans and placement of cash.

The outstanding balances for related party transactions as at 30 June 2021 are as follows:

	Shareholder, unaudited	Fellow subsidiaries, unaudited	Transactions with government- related entities, unaudited
<b>ASSETS</b>			
Corporate income tax current assets	-	-	134.115
VAT and other taxes recoverable	-	-	6.646.834
<b>LIABILITIES</b>			
Amounts due to Shareholder (nominal interest rates: 1.00%-14.50%)	23.037.165	-	-
Debt securities issued (nominal interest rates: 8.00%-12.00%)	44.546.203	3.008.978	-
Amounts due to credit institutions (nominal interest rates: 5.00%)	-	14.929.899	-
Deferred corporate income tax liabilities	-	-	8.775.724
Deferred VAT liabilities	-	-	7.971.075

Income and expense items for related party transactions for the six months ended 30 June 2021 are as follows:

	Shareholder, unaudited	Fellow subsidiaries, unaudited	Transactions with government- related entities, unaudited
Interest expense	4.007.239	795.682	-
Income tax expense	-	-	13.359

The outstanding balances for related party transactions as at 31 December 2020 are as follows:

<i>'000 KZT</i>	Shareholder, unaudited	Fellow subsidiaries, unaudited	Transactions with government- related entities, unaudited
<b>ASSETS</b>			
Corporate income tax current assets	-	-	134.115
VAT and other taxes recoverable	-	-	6.127.673
<b>LIABILITIES</b>			
Amounts due to Shareholder (nominal interest rates: 1.00%-14.50%)	53.444.325	-	-
Debt securities issued (nominal interest rates: 8.00%-12.00%)	43.963.105	586.998	-
Amounts due to credit institutions (nominal interest rates: 5.00%)	-	15.515.127	-
Deferred corporate income tax liabilities	-	-	1.800.269
Deferred VAT liabilities	-	-	8.301.324

## 19. Related party transactions (continued)

Income and expense items for related party transactions for the six months ended 30 June 2020 are as follows:

<i>(Unaudited and unreviewed)</i>	Ultimate parent company, unaudited	Associates and joint ventures, unaudited	Transactions with other companies and entities, unaudited
Interest expense	3.546.938	817.907	-
Income tax expense	-	-	7.223

Compensation of key management personnel consisting of 5 (five) persons (2020: 5 persons) comprised of the following:

	<i>For the six months ended 30 June 2021 (unaudited)</i>	<i>For the six months ended 30 June 2020 (unaudited and unreviewed)</i>
Salaries and other short-term benefits	70.182	37.756
Social security costs	6.530	3.510
<b>Total key management personnel compensation</b>	<b>76.712</b>	<b>41.266</b>

## 20. Analysis by segments

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

## 21. Subsequent events

In July 2021 the Company received loans from SB Sberbank of Russia JSC in the amount of KZT 9.333.333 thousand with maturity until 2026 and Halyk Bank of Kazakhstan JSC in the amount of KZT 1.423.000 thousand with maturity until 2025.