

SB JSC “Bank Home Credit”

Interim Condensed
Financial Information
for the three months ended
31 March 2021

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SB JSC “Bank Home Credit”
Interim Condensed Statement of Profit or Loss and Other Comprehensive Income
for the three months ended 31 March 2021

	Note	Unaudited three-month period ended 31 March 2021 KZT'000	Unaudited three-month period ended 31 March 2020 KZT'000
Interest income calculated using the effective interest method	4	21,107,967	24,895,643
Interest expense	4	(6,736,663)	(8,433,979)
Net interest income		14,371,304	16,461,664
Fee and commission income	5	3,664,214	4,266,597
Fee and commission expense	5	(1,310,958)	(1,005,332)
Net fee and commission income		2,353,256	3,261,265
Net (loss) gain on financial instruments at fair value through profit or loss	6	(586,288)	13,739,758
Net gain resulted from modification of financial assets measured at amortised cost		258,054	-
Net foreign exchange loss		(537,109)	(12,879,981)
Income from penalties		441,146	321,597
Other operating income, net		321,079	122,092
Operating income		16,621,442	21,026,395
Impairment (losses)/recoveries		(933,627)	(1,343,792)
General administrative expenses	7	(8,092,974)	(7,960,092)
Profit before income tax		7,594,841	11,722,511
Income tax expense	8	(1,484,439)	(2,374,661)
Profit and total comprehensive income for the period		6,110,402	9,347,850
Other comprehensive income, net of income tax			
<i>Items that are or may be reclassified subsequently to profit or loss:</i>			
Movement in fair value reserve (debt instruments):			
- Net change in fair value		4,687	67,613
- Net change in expected credit losses		(1,168)	(32,109)
- Cash flows hedging - effective portion of changes in fair value		44,938	758,700
Other comprehensive income for the period, net of income tax		48,457	794,204
Total comprehensive income for the period		6,158,859	10,142,054

The interim condensed financial information as set out on pages 3 to 31 was approved by the Bank management on 14 May 2021 and was signed on its behalf by:


Karel Horak
Chairman of the Board


Sandugash Shakenova
Acting Chief Accountant

SB JSC “Bank Home Credit”
Interim Condensed Statement of Financial Position as at 31 March 2021

	Note	Unaudited 31 March 2021 KZT'000	31 December 2020 KZT'000
ASSETS			
Cash and cash equivalents	9	78,441,608	66,107,784
Placements with banks		1,494,942	1,477,222
Loans to retail customers	10	298,176,283	297,490,660
Investment securities			
- Not pledged under sale and repurchase agreements	11	4,964,575	5,064,610
Financial instruments at fair value through profit or loss		5,932,356	4,799,205
Property, plant and equipment and intangible assets		13,027,004	13,219,653
Other assets		5,197,255	5,523,052
Total assets		407,234,023	393,682,186
LIABILITIES			
Financial instruments at fair value through profit or loss		2,119,013	1,623,961
Deposits and balances from banks	12	55,842,833	50,764,946
Current accounts and deposits from customers			
- Current accounts and deposits from retail customers	13	146,558,476	137,684,061
- Current accounts and deposits from corporate customers	13	43,177,199	41,465,385
Debt securities issued	14	33,096,504	30,446,842
Other borrowed funds		-	6,002,436
Certificates of deposit		23,763,121	19,488,485
Lease liabilities	21	3,713,145	3,770,012
Other liabilities		9,694,576	9,325,729
Total liabilities		317,964,867	300,571,857
EQUITY			
	15		
Share capital		5,199,503	5,199,503
Retained earnings		84,081,458	87,971,088
Hedging reserve		(83,859)	(128,796)
Fair value reserve		72,054	68,534
Total equity		89,269,156	93,110,329
Total liabilities and equity		407,234,023	393,682,186

SB JSC “Bank Home Credit”
Interim Condensed Statement of Cash Flows for the three months ended 31 March 2021

	Unaudited Three months ended 31 March 2021 KZT'000	Unaudited Three months ended 31 March 2020 KZT'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest receipts	22,763,333	25,426,601
Interest payments	(5,026,398)	(7,558,903)
Fee and commission receipts	3,852,543	4,352,390
Fee and commission payments	(1,313,505)	(1,009,998)
Net payments from financial instruments at fair value through profit or loss	(1,168,216)	(2,228,515)
Net receipts (payments) from foreign exchange	46,817	(190,462)
Receipts from penalties	441,146	321,597
Other income receipts, net	321,079	122,092
General administrative expenses	(7,387,141)	(7,729,514)
Increase/(decrease) in operating assets		
Loans to retail customers	(3,638,215)	(2,164,496)
Placements with banks	(67,076)	1,340,787
Investment securities	(16,597)	16,087
Other assets	165,675	(814,428)
Increase/(decrease) in operating liabilities		
Current accounts and deposits from customers	10,392,595	(14,684,959)
Balances and deposits from banks	4,071,715	(2,490,972)
Certificates of deposit	4,249,543	1,211,066
Other liabilities	754,235	10,571,917
Net cash provided from operating activities before income tax paid	28,441,533	4,490,290
Income tax paid	(751,355)	(2,193,067)
Cash flows from operating activities	27,690,178	2,297,223
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, equipment and intangible assets	(662,391)	(1,792,540)
Proceeds from sale of property, plant and equipment	1,624	16,674
Cash flows used in investing activities	(660,767)	(1,775,866)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from other borrowed funds	-	-
Repayment of other borrowed funds	(6,000,000)	(1,000,000)
Issue of debt securities	1,719,724	-
Repayment of debt securities	-	-
Payment of dividends	(10,000,032)	-
Payments on lease liabilities	(437,373)	(294,523)
Net cash used in financing activities	(14,717,681)	(1,294,523)
Net increase/(decrease) in cash and cash equivalents	12,311,730	(773,166)
Effect of changes in exchange rates on cash and cash equivalents	22,613	3,209,910
Effect of changes in expected credit losses on cash and cash equivalents	(519)	(83)
Cash and cash equivalents at the beginning of the period	66,107,784	65,153,329
Cash and cash equivalents as at the end of the period (Note 9)	78,441,608	67,589,990

SB JSC “Bank Home Credit”
Interim Condensed Statement of Changes in Equity for the three months ended 31 March 2021

KZT'000	Share capital	Fair value reserve	Retained earnings	Total equity
Balance at 1 January 2020	5,199,503	41,929	76,666,184	81,907,616
Total comprehensive income for the period (unaudited)				
Profit for the period (unaudited)	-	-	9,347,850	9,347,850
Other comprehensive income for the period (unaudited)				
<i>Items that are or may be reclassified subsequently to profit or loss:</i>				
Movement in fair value reserve (debt instruments) (unaudited)				
- Net change in fair value (unaudited)	-	67,613	-	67,613
- Net change in expected credit losses (unaudited)	-	(32,109)	-	(32,109)
- Cash flows hedging - effective portion of changes in fair value	-	758,700	-	758,700
Total other comprehensive income for the period (unaudited)	-	794,204	-	794,204
Total comprehensive income for the period (unaudited)	-	794,204	9,347,850	10,142,054
Balance at 31 March 2020 (unaudited)	5,199,503	836,133	86,014,034	92,049,670

KZT'000	Share capital	Fair value reserve	Hedging reserve	Retained earnings	Total equity
Balance at 1 January 2021	5,199,503	68,534	(128,796)	87,971,088	93,110,329
Total comprehensive income for the period (unaudited)					
Profit for the period (unaudited)	-	-	-	6,110,402	6,110,402
Other comprehensive income for the period (unaudited)					
<i>Items that are or may be reclassified subsequently to profit or loss:</i>					
Movement in fair value reserve (debt instruments) (unaudited)			-		
- Net change in fair value (unaudited)		4,687	-	-	4,687
- Net change in expected credit losses (unaudited)		(1,168)	-	-	(1,168)
- Cash flows hedging - effective portion of changes in fair value		-	44,938	-	44,938
Total other comprehensive income for the period (unaudited)	-	3,519	44,938	-	48,457
Total comprehensive income for the period (unaudited)	-	3,519	44,938	6,110,402	6,158,859
Dividends declared and paid (Note 16(b)) (unaudited)	-	-	-	(10,000,032)	(10,000,032)
Balance at 31 March 2021 (unaudited)	5,199,503	72,053	(83,858)	84,081,458	89,269,156

1 Introduction

(a) Organisation and operations

Private Bank FTD was established in 1993 and subsequently renamed to Bank Alma-Ata in December 1994. In December 1995, the Bank was re-registered as Open Joint Stock Company International Bank Alma-Ata. Due to a change in legislation, the Bank was re-registered as a joint stock company in November 2004. On 4 November 2008, International Bank Alma-Ata JSC was renamed to Home Credit Bank JSC. In January 2013 the Bank was acquired by Home Credit and Finance Bank incorporated in the Russian Federation, in this connection the Bank was renamed to Subsidiary Bank Joint Stock Company Home Credit and Finance Bank (short name SB JSC “Bank Home Credit”) on 4 April 2013.

The principal activities of the Bank are retail lending, deposit taking and customer accounts maintenance, issuing guarantees, cash and settlement operations and foreign exchange. The activities of the Bank are regulated by the National Bank of the Republic of Kazakhstan (the “NBRK”). The Bank holds license No.1.2.36/40 dated 3 February 2020 to carry out banking activity and activity on securities market.

The Bank’s registered head office is: 248, Nursultan Nazarbayev Avenue, Almaty, Republic of Kazakhstan. As at 31 March 2021, the Bank had 17 branches and 48 bank offices, unaudited (31 December 2020: 17 branches and 48 bank offices).

Debt securities issued by the Bank are listed on Kazakhstan Stock Exchange (KASE) and AIX stock exchange.

As at 31 March 2021 the Bank was 100% owned by Home Credit and Finance Bank incorporated in the Russian Federation. The ultimate parent company is PPF Financial Holdings B.V. registered in the Netherlands.

(b) Kazakhstan business environment

The Bank’s operations are primarily located in Kazakhstan. Consequently, the Bank 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.

To continue as a going concern, the Bank keeps carrying out its operations using a remote access: 50% of the head office employees are working remotely and takes measures to protect health of the employees working on site including provision of the individual protective devices, observance of distancing regime, and disinfection of the Bank’s premises. The Bank provides centralized vaccination in private medical clinic to all interested employees by Sputnik-V vaccine. In addition, the Bank provides a PCR test for the Bank’s employees, if required, and pays 100% of sick leave for employees who had a diagnosis of Covid-19 and pneumonia.

Taking into account the Bank’s current operational and financial performance along with other currently available public information, within the three-month period ended 31 March 2021, the Bank adjusted macroeconomic indicators in estimates of expected credit losses. However, management cannot preclude the possibility that extended lockdown periods, an escalation in severity of such measures, or a consequential adverse impact of such measures on the economic environment will have an adverse effect on the Bank in the medium and longer term. Moreover, the Bank also considers negative development scenarios and is ready to adapt its operational plans accordingly. The Bank continues to monitor the situations closely and will respond to mitigate the impact of such events and circumstances as they occur.

The interim condensed financial information reflects management’s assessment of the impact of the Kazakhstan business environment on the operations and financial position of the Bank. The future business environment may differ from management’s assessment.

2 Basis of preparation

(a) Statement of compliance

The accompanying interim condensed financial statements are prepared in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting* and are to be read in conjunction with the financial statements of the Bank as at 31 December 2020 and for the year then ended. 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 Bank since the annual reporting period 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”).

(b) Basis of measurement

The interim condensed financial information is prepared on the historical cost basis except that financial instruments at fair value through profit or loss and investment securities measured at fair value through other comprehensive income are stated at fair value.

(c) Functional and presentation currency

The functional currency of the Bank is the Kazakhstan Tenge (KZT) as, being the national currency of the Republic of Kazakhstan, it reflects the economic substance of the majority of underlying events and circumstances relevant to them.

The KZT is also the presentation currency for the purposes of this interim condensed financial information.

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

(d) Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results could differ from those estimates.

3 Significant accounting policies

(a) Hedge accounting

The Bank applies the financial derivative instruments to hedge exposure to currency risk arising from financing activities.

The Bank applies the accounting of cash flows hedging against possible changes in cash flows, which are caused by certain risk associated with recognised asset or liability and may have impact on profit or loss. However, not all financial derivatives of the Bank meet the requirements to be applicable to hedge accounting according to IFRS 9.

At the inception of the hedging relationships the Bank documents the hedge relationships between the hedged item and hedging instrument, including description of the nature of the risk being hedged, hedging objectives and strategies and method to be used to assess the hedge effectiveness, including analysis of the sources of hedge ineffectiveness and how to determine the hedge ratio). At the inception of the hedging relationship this relationship should meet all hedge effectiveness requirements.

Hedge effectiveness is the extent to which changes in the fair value or the cash flows of the hedging instrument offset changes in the fair value or the cash flows of the hedged item. Effective portion of changes in fair value of a hedging instrument is recognised in other comprehensive income and stated as a hedge reserve within equity. The remaining portion of the gain or loss on the hedging instrument is recognised immediately in profit or loss for the period. The amount that has been accumulated in the hedge reserve is reclassified from other comprehensive income into profit or loss as a reclassification adjustment in the same period or periods during which the hedged expected future cash flows affect profit or loss.

A hedging relationship is discontinued when it ceases to meet the criteria of hedge accounting, with due consideration of possible rebalancing of this hedging relationship.

A hedging relationship is subject to termination in cases when:

- risk management objective for a hedging relationship has changed;
- a hedging instrument expires or is sold, terminated or settled;
- there is no longer an economic relationship between the hedged item and the hedging instrument; and
- the effect of credit risk starts to dominate the value changes that result from that economic relationship between the hedged item and the hedging instrument.

(b) Write-offs

Loans and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Bank determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Recoveries of amounts previously written off are included in 'impairment losses on financial instruments' in the statement of profit or loss and other comprehensive income.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Bank's procedures for recovery of amounts due.

The Bank applies partial write-off for loans with overdue of more than 180 days, and full write-off for loans with overdue more than 1080 days.

4 Net interest income

	Unaudited Three months ended 31 March 2021 KZT'000	Unaudited Three months ended 31 March 2020 KZT'000
Interest income under the effective interest method:		
Loans to retail customers	20,220,051	23,679,284
Cash and cash equivalents	750,025	946,664
Investment securities	137,891	269,695
Total interest income calculated using the effective interest method	21,107,967	24,895,643
Interest expense		
Current accounts and deposits from customers	(3,900,946)	(3,864,578)
Debt securities issued	(1,030,035)	(1,388,060)
Balances and deposits from banks	(761,671)	(830,389)
Other borrowed funds	(163,954)	(1,047,555)
Certificates of deposit	(779,636)	(758,406)
Lease liabilities	(100,421)	(129,464)
REPO transactions	-	(415,352)
Investment securities	-	(175)
Total interest expense	(6,736,663)	(8,433,979)
Net interest income	14,371,304	16,461,664

5 Net fee and commission income

	Unaudited Three months ended 31 March 2021 KZT'000	Unaudited Three months ended 31 March 2020 KZT'000
Fee and commission income:		
Commission income from insurance	3,034,251	3,853,219
Card operations	430,665	212,869
Fees for early loan repayments	188,257	169,831
Transfer operations	6,333	3,974
Fees from partners	-	7,138
Other fee and commission income	4,708	19,566
Total fee and commission income	3,664,214	4,266,597
Fee and commission expense:		
Card processing	(377,246)	(272,438)
Commissions paid for verification services	(264,833)	(268,975)
Settlements	(357,782)	(191,185)
Commissions paid to partners	(84,576)	(86,337)
Deposit insurance fund contributions	(108,394)	(106,805)
Other	(118,127)	(79,592)
Total fee and commission expense	(1,310,958)	(1,005,332)
Net fee and commission income	2,353,256	3,261,265

In the following table, fee and commission income from contracts with customers in the scope of IFRS 15 is disaggregated by major types of commission income.

The fees and commission presented in this note include income of KZT 3,659,506 thousand, unaudited (the three months ended 31 March 2020: KZT 4,247,031 thousand, unaudited) and expense of KZT 1,192,831 thousand, unaudited (the three months ended 31 March 2020: KZT 925,740 thousand, unaudited) relating to financial assets and financial liabilities not measured at FVTPL. These figures exclude amounts incorporated in determining the effective interest rate on such financial assets and financial liabilities.

Contract balances

The following table provides information about receivables and liabilities from contracts with customers.

KZT'000	Unaudited	
	31 March 2021	31 December 2020
Receivables, which are included in ‘other assets’	2,401,915	2,390,767

Fee and commission income from contracts with customers is measured based on the consideration specified in a contract with a customer. The Bank recognises revenue when it transfers control over a service to a customer.

6 Net (loss)/gain on financial instruments at fair value through profit or loss

	Unaudited Three months ended 31 March 2021 KZT'000	Unaudited Three months ended 31 March 2020 KZT'000
1 to 2-year currency swaps with PPF Banka A.S., net	(529,547)	7,959,452
2-year currency swaps with Sovcombank JSC, net	(56,264)	1,030,576
Short-term currency swaps with Home Credit and France Bank LLC	(477)	-
1-year currency swaps with VTB Bank JSC, net	-	4,892,793
Short-term currency swaps on KASE, net	-	(143,063)
	(586,288)	13,739,758

7 General administrative expenses

	Unaudited Three months ended 31 March 2021 KZT'000	Unaudited Three months ended 31 March 2020 KZT'000
Employee compensation and payroll related taxes	3,626,195	4,206,078
Depreciation and amortisation	1,092,223	1,098,300
Information technology	908,425	571,782
Professional services	685,525	458,810
Telecommunication and postage	719,844	650,153
Occupancy	168,491	167,818
Taxes other than income tax	226,844	203,875
Advertising and marketing	298,038	98,443
Collectors' services	420,833	338,241
Travel expenses	15,568	53,647
Other	(69,012)	112,945
	8,092,974	7,960,092

8 Income tax expense

	Unaudited Three months ended 31 March 2021 KZT'000	Unaudited Three months ended 31 March 2020 KZT'000
Income tax expense		
Current year income tax expense	1,774,732	(547,028)
Tax overprovided in prior periods	(394,699)	(415,850)
	1,380,033	(962,878)
Deferred tax expense		
Origination and reversal of temporary differences	104,406	3,337,539
Total income tax expense	1,484,439	2,374,661

In 2021, the applicable tax rate for current and deferred tax was 20% (2020: 20%), it is used for calculation of deferred tax liabilities as at 31 March 2021.

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 Three months ended 31 March 2021 KZT'000	%	Unaudited Three months ended 31 March 2020 KZT'000	%
Profit before income tax	7,594,841	100.0	11,722,511	100.0
Income tax at the applicable tax rate	1,518,968	20.0	2,344,502	20.0
Non-deductible costs	360,170	4.7	446,009	3.8
Overprovided in prior periods	(394,699)	(5.2)	(415,850)	(3.5)
	1,484,439	19.5	2,374,661	20.3

9 Cash and cash equivalents

	Unaudited	
	31 March 2021	31 December 2020
	KZT'000	KZT'000
Cash on hand	9,043,883	8,606,937
Nostro accounts with the NBRK (rated BBB-)	29,433,488	26,310,853
Nostro accounts with other banks		
- rated from BBB- to BBB+	5,885,136	2,949,842
- rated from BB- to BB+	194,836	234,534
- not rated	27,902	59
Nostro accounts with other banks	6,107,874	3,184,435
Loss allowance	(1,159)	(663)
Net total nostro accounts with other banks	6,106,715	3,183,772
Cash equivalents		
Term deposits with the NBRK (rated BBB-)	33,857,522	28,006,222
Total cash equivalents	33,857,522	28,006,222
Total cash and cash equivalents	78,441,608	66,107,784

Cash equivalent balances that are not rated pertain to the Kazakh bank, having a rating not higher than the sovereign credit rating.

The credit ratings are presented by reference to the credit ratings of Standard and Poor’s credit rating agency or analogues of similar international agencies.

All cash and cash equivalents are included in Stage 1 of the credit risk grade.

As at 31 March 2021 the Bank has one counterparty (31 December 2020: one counterparty), whose balances exceeded 10% of equity. The gross value of these balances as at 31 March 2021 is KZT 63,291,010 thousand, unaudited (31 December 2020: KZT 54,317,075 thousand).

Minimum reserve requirements

In accordance with regulations issued by the NBRK, minimum reserve requirements are calculated as a total of specified proportions of different groups of banks liabilities. Banks are required to comply with these requirements by maintaining average reserve assets (local currency cash and balances NBRK) equal or in excess of the average minimum requirements. As at 31 March 2021, the minimum reserve is KZT 3,664,407 thousand, unaudited (31 December 2020: KZT 3,227,586 thousand).

10 Loans to retail customers

	Unaudited	
	31 March 2021	31 December 2020
	KZT'000	KZT'000
Loans to retail customers		
Cash loans	156,070,294	156,486,137
POS loans	104,766,347	106,355,806
Credit cards	44,453,905	43,819,299
Total loans to retail customers	305,290,546	306,661,242
Loss allowance	(7,114,263)	(9,170,582)
Net loans to retail customers	298,176,283	297,490,660

Measurement of expected credit losses

COVID-19 outbreak has influenced and continues having significant influence on the entities operating in the country and economic environment of the Bank. The current situation is dynamic and there is material uncertainty as to how it will develop in the future.

To assess impact of COVID-19 on allowance for expected credit losses, the Bank divided the loan portfolio into 3 parts:

The first part of the portfolio is the part where significant deterioration from the current delay of payments is observed during the first months of the crisis impact (the “COVID portfolio”). The loans are identified based on the analysis of contracts that are falling again within those overdue for 30 and more days and stay below this threshold for a certain period of time (generally, for 3-9 months). The goal is to exclude customers who unexpectedly appeared to be overdue with the expected impact of the COVID-19 crisis on their behaviour. For all customers included in the COVID portfolio the expected credit losses are assessed for lifetime. The gross carrying amount of the COVID portfolio is KZT 842,845 thousand as at 31 March 2021.

The second part of the portfolio is the part where payment holiday (“PayHol”) was offered during the period of the COVID-19 pandemic. During payment holiday, the Bank performed qualitative assessments (analysis of impact on business sectors on a collective basis, analysis of data obtained during the collection processes, qualitative studies). This assessment led to the final assessment that the credit risk has increased significantly for this portfolio.

As at 31 March 2021, the gross carrying amount of PayHol portfolio is KZT 27,492,993 thousand.

The remaining part of the portfolio is the part, which does not meet the descriptions above (hereinafter, the “non-COVID portfolio”). Expected credit losses for this part of the portfolio were assessed using techniques applied prior to the COVID-19 pandemic.

(a) Analysis of movements in the credit loss allowance

KZT'000	Unaudited			
	Three months ended 31 March 2021			
	Stage 1	Stage 2	Stage 3	Total
Loans to retail customers at amortised cost				
Balance at 1 January	3,176,776	1,293,586	4,700,220	9,170,582
Transfer to Stage 1	47,548	(47,548)	-	-
Transfer to Stage 2	(107,195)	358,306	(251,111)	-
Transfer to Stage 3	(52,285)	(1,130,364)	1,182,649	-
New financial assets originated or purchased*	862,828	104,501	7,788	975,117
Net remeasurement of loss allowance	(798,159)	929,154	(276,748)	(145,753)
Recoveries (write-offs)	-	-	(2,677,506)	(2,677,506)
Unwinding of discount on present value of ECLs	-	-	(208,177)	(208,177)
Balance at 31 March	3,129,513	1,507,635	2,477,115	7,114,263

KZT'000	Unaudited Three months ended 31 March 2020			
	Stage 1	Stage 2	Stage 3	Total
Loans to retail customers at amortised cost				
Balance at 1 January	4,327,288	1,855,781	7,212,771	13,395,840
Transfer to Stage 1	79,526	(79,526)	-	-
Transfer to Stage 2	(193,580)	194,636	(1,056)	-
Transfer to Stage 3	(13,214)	(1,673,118)	1,686,332	-
New financial assets originated or purchased*	1,099,664	67,812	246	1,167,722
Net remeasurement of loss allowance	(1,004,424)	1,853,885	(753,005)	96,456
Recoveries (write-offs)	-	-	(949,640)	(949,640)
Unwinding of discount on present value of ECLs	-	-	370,252	370,252
Balance at 31 March	4,295,260	2,219,470	7,565,900	14,080,630

* Includes new financial assets issued during the period, including transfers of these loans between stages.

(b) Credit quality of loans to retail customers

The Bank considers loans which are overdue for more than 90 days to be non-performing. As at 31 March 2021 total impairment allowance to gross carrying amount of non-performing loans was 57%, unaudited (31 December 2020: 62%).

KZT'000	31 March 2021 (unaudited)			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL for assets not credit-impaired	Stage 3 Lifetime ECL for assets credit- impaired	
Loans to retail customers at amortised cost:				
<i>Cash loans</i>				
Not overdue	132,267,380	7,369,982	3,703,380	143,340,742
Overdue less than 30 days	2,447,053	1,109,386	411,202	3,967,641
Overdue 31-90 days	-	1,851,443	319,211	2,170,654
Overdue 91-180 days	-	-	2,474,722	2,474,722
Overdue 181-360 days	-	-	2,243,547	2,243,547
Overdue more than 360 days	-	-	1,872,988	1,872,988
Total gross carrying amount	134,714,433	10,330,811	11,025,050	156,070,294
Loss allowance	(1,593,074)	(660,208)	(1,417,470)	(3,670,752)
Carrying amount	133,121,359	9,670,603	9,607,580	152,399,542

KZT'000	31 March 2021 (unaudited)			
	Stage 1 12-month ECL	Stage 2	Stage 3	Total
		Lifetime ECL for assets not credit-impaired	Lifetime ECL for assets credit- impaired	
<i>POS loans</i>				
Not overdue	90,170,009	4,913,089	1,002,748	96,085,846
Overdue less than 30 days	1,711,695	702,015	126,518	2,540,228
Overdue 31-90 days	-	1,651,446	124,951	1,776,397
Overdue 91-180 days	-	-	1,559,002	1,559,002
Overdue 181-360 days	-	-	1,440,496	1,440,496
Overdue more than 360 days	-	-	1,364,378	1,364,378
Total gross carrying amount	91,881,704	7,266,550	5,618,093	104,766,347
Loss allowance	(1,150,211)	(601,996)	(750,039)	(2,502,246)
Carrying amount	90,731,493	6,664,554	4,868,054	102,264,101
<i>Credit cards</i>				
Not overdue	37,068,781	3,795,502	200,690	41,064,973
Overdue less than 30 days	655,802	359,254	15,891	1,030,947
Overdue 31-90 days	-	712,263	17,105	729,368
Overdue 91-180 days	-	-	732,502	732,502
Overdue 181-360 days	-	-	576,955	576,955
Overdue more than 360 days	-	-	319,160	319,160
Total gross carrying amount	37,724,583	4,867,019	1,862,303	44,453,905
Loss allowance	(386,228)	(245,431)	(309,606)	(941,265)
Carrying amount	37,338,355	4,621,588	1,552,697	43,512,640
Total loans to retail customers	264,320,720	22,464,380	18,505,446	305,290,546
Loss allowance	(3,129,513)	(1,507,635)	(2,477,115)	(7,114,263)
Loans to retail customers net of loss allowance	261,191,207	20,956,745	16,028,331	298,176,283
KZT'000	31 December 2020			
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL for assets not credit-impaired	Lifetime ECL for assets credit-impaired	Total
<i>Loans to retail customers at amortised cost:</i>				
<i>Cash loans</i>				
Not overdue	133,667,201	6,040,496	3,056,890	142,764,587
Overdue less than 30 days	2,152,266	875,132	398,522	3,425,920
Overdue 31-90 days	-	1,982,183	592,030	2,574,213
Overdue 91-180 days	-	-	3,764,923	3,764,923
Overdue 181-360 days	-	-	1,995,665	1,995,665
Overdue more than 360 days	-	-	1,960,829	1,960,829
Total gross carrying amount	135,819,467	8,897,811	11,768,859	156,486,137
Loss allowance	(1,663,715)	(697,067)	(2,466,956)	(4,827,738)
Carrying amount	134,155,752	8,200,744	9,301,903	151,658,399
<i>POS loans</i>				
Not overdue	93,621,712	1,429,266	2,644,864	97,695,842
Overdue less than 30 days	1,257,880	341,315	267,577	1,866,772
Overdue 31-90 days	-	1,101,822	396,347	1,498,169
Overdue 91-180 days	-	-	2,509,020	2,509,020
Overdue 181-360 days	-	-	1,368,932	1,368,932
Overdue more than 360 days	-	-	1,417,071	1,417,071
Total gross carrying amount	94,879,592	2,872,403	8,603,811	106,355,806
Loss allowance	(1,117,275)	(415,401)	(1,639,153)	(3,171,829)
Carrying amount	93,762,317	2,457,002	6,964,658	103,183,977

KZT'000	31 December 2020			
	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL for assets not credit-impaired	Lifetime ECL for assets credit-impaired	
<i>Credit cards</i>				
Not overdue	36,904,808	2,439,712	1,051,267	40,395,787
Overdue less than 30 days	561,061	168,603	106,791	836,455
Overdue 31-90 days	-	541,232	227,297	768,529
Overdue 91-180 days	-	-	1,108,342	1,108,342
Overdue 181-360 days	-	-	394,699	394,699
Overdue more than 360 days	-	-	315,487	315,487
Total gross carrying amount	37,465,869	3,149,547	3,203,883	43,819,299
Loss allowance	(395,786)	(181,118)	(594,111)	(1,171,015)
Carrying amount	37,070,083	2,968,429	2,609,772	42,648,284
Total loans to retail customers	268,164,928	14,919,761	23,576,553	306,661,242
Loss allowance	(3,176,776)	(1,293,586)	(4,700,220)	(9,170,582)
Loans to retail customers net of loss allowance	264,988,152	13,626,175	18,876,333	297,490,660

11 Investment securities

	Unaudited	31 December 2020
	31 March 2021	KZT'000
	KZT'000	KZT'000
Investment securities measured at fair value through other comprehensive income	4,964,575	5,064,610
Total investment securities	4,964,575	5,064,610

Investment securities measured at fair value through other comprehensive income

	Unaudited	31 December 2020
	31 March 2021	KZT'000
	KZT'000	KZT'000
<i>Debt securities</i>		
Corporate bonds		
- rated from B- to B+	4,964,575	5,064,610
	4,964,575	5,064,610

All investment securities are included in Stage 1 of the credit risk grade.

Loss allowance

The following tables show reconciliations from the opening to the closing balances of the loss allowance on investment securities at FVOCI:

KZT'000	Unaudited		Unaudited	
	31 March 2021		31 March 2020	
	Stage 1	Total	Stage 1	Total
Investment securities measured at fair value through other comprehensive income				
Balance at the beginning of the period	59,136	59,136	58,747	58,747
Net remeasurement of loss allowance	(1,168)	(1,168)	(32,109)	(32,109)
Balance at the end of the period	57,968	57,968	26,638	26,638

The above loss allowance is not recognised in the interim condensed statement of financial position because the carrying amount of investment securities at FVOCI is their fair value.

12 Deposits and balances from banks

	Unaudited	
	31 March 2021	31 December 2020
	KZT'000	KZT'000
Loro accounts	127,132	131,003
Term deposits	55,715,701	50,633,943
	55,842,833	50,764,946

As at 31 March 2021 the Bank has one counterparty whose balances exceeded 10% of the Bank's equity (31 December 2020: one counterparty). As at 31 March 2021 these balances amounted to KZT 41,547,104 thousand, unaudited (31 December 2020: KZT 36,349,307 thousand).

13 Current accounts and deposits from customers

	Unaudited	
	31 March 2021	31 December 2020
	KZT'000	KZT'000
Corporate		
- Current accounts	1,369,065	661,043
- Term deposits	41,808,134	40,804,342
Current accounts and deposits from corporate customers	43,177,199	41,465,385
Retail		
- Current accounts	20,192,309	21,221,390
- Term deposits	126,366,167	116,462,671
Current accounts and deposits from retail customers	146,558,476	137,684,061
	189,735,675	179,149,446

As at 31 March 2021, the Bank has one customer (31 December 2020: one customer), whose balances exceeded 10% of the Bank's equity. As at 31 March 2021 these balances amounted to KZT 12,211,208 thousand, unaudited (31 December 2020: KZT 11,184,799 thousand).

14 Debt securities issued

	Maturity	Coupon rate,	Unaudited	31 December
		%	31 March 2021	2020
			KZT'000	KZT'000
Unsecured KZT denominated bonds of the 1 th issue program 3	December 2021	13.0	21,431,030	20,729,630
Unsecured KZT denominated bonds of the 4 th issue program 2**	December 2022	13.0	10,154,523	9,717,212
Unsecured USD denominated zero coupon bonds*	January 2023	-	1,510,951	-
			33,096,504	30,446,842

*During the three months ended 31 March 2021 the Bank has issued USD-denominated unsecured zero coupon bonds for the two years. Expected that the yield will be from 2 to 5 percent per annum.

**During the three months ended 31 March 2021 the Bank has issued additional KZT-denominated unsecured bonds of the fourth issue, as part of the second bond programme, with the nominal value of KZT 118,000 thousand, which mature in December 2022 and bear a fixed coupon rate of 13.0%.

15 Equity

(a) Issued capital

As at 31 March 2021 the authorised share capital comprised 160,240 ordinary shares (31 December 2020: 160,240 ordinary shares) and issued and outstanding share capital comprised 34,890 ordinary shares (31 December 2020: 34,890 ordinary shares). The shares do not have nominal value.

(b) Dividends

The amount of available for distribution reserves of the Bank is based on the actual values of the capital adequacy ratios of the Bank k1, k1-2 and k2, taking into account the equity buffers, which must be at least equal to the capital adequacy ratios established by the legislation of the Republic of Kazakhstan, taking into account these equity buffers. In the event that the actual values of the Bank's capital ratios k1, k1-2 and k2 are not lower than those established by the legislation of the Republic of Kazakhstan, but any of these ratios is lower than the established values of capital adequacy ratios taking into account the equity buffers, then the use of retained earnings of the Bank is subject to a restriction according to the minimum amount of the restriction of undistributed net income in accordance with the legislation of the Republic of Kazakhstan, regarding the termination of payment of dividends and redemption of shares, except for cases stipulated by the law of the Republic of Kazakhstan “On Joint Stock Companies”.

As at 31 March 2021 reserves available for distribution amounted to KZT 30,952,355 thousand, unaudited (31 December 2020: KZT 35,188,433 thousand).

During the three months ended 31 March 2021, the Bank has declared and paid dividends of KZT 10,000,032 thousand or KZT 286,616 per share (for the three months ended 31 March 2020: no dividends were declared and paid).

16 Book value per share

The calculation of book value per share as at 31 March 2021 is based on the number of outstanding ordinary shares of 34,890, unaudited (31 December 2020: 34,890) and net assets calculated in accordance with the Listing Rules of Kazakhstan Stock Exchange as follows:

	Unaudited	31 December 2020
	31 March 2021	31 December 2020
	KZT'000	KZT'000
Total assets	407,234,023	393,682,186
Intangible assets	(5,598,620)	(5,604,142)
Total liabilities	(317,964,867)	(300,571,857)
Net assets	83,670,536	87,506,187

The following table shows the book value per share calculations as at 31 March 2021 and 31 December 2020:

	Unaudited	31 December 2020
	31 March 2021	31 December 2020
Net assets, KZT'000	83,670,536	87,506,187
Outstanding number of ordinary shares at the end of the period/year, share	34,890	34,890
Book value per share (in KZT)	2,398,124	2,508,059

17 Earnings per share

The calculation of basic earnings per share is based on the net profit attributable to ordinary shareholders and weighted average number of ordinary shares outstanding calculated as follows:

	Unaudited 31 March 2021	Unaudited 31 March 2020
Net profit attributable to ordinary shareholders, KZT'000	6,110,402	9,347,850
Weighted average number of ordinary shares	34,890	34,890
Earnings per share, in KZT (basic and diluted)	175,133	267,923

There are no potentially dilutive shares for the periods ended 31 March 2021 and 31 March 2020.

18 Analysis by segments

The Bank's operations are highly integrated and constitute a single business segment for the purposes of IFRS 8 *Segment Reporting*. An operating segment is a component of the Bank that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Bank), whose operating results are regularly reviewed by the chief operating decision maker, the Management Board, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. Assets are concentrated primarily in the Republic of Kazakhstan, and the majority of revenues and net income are derived from operations in, and connected with the Republic of Kazakhstan.

19 Capital management

The NBRK sets and monitors capital requirements for the Bank.

Bank defines as capital those items defined by statutory regulation as capital for credit institutions. Under the current capital requirements set by the NBRK the Bank has to maintain: a ratio of tier 1 capital to risk weighted assets, contingent liabilities, operational and market risk above the prescribed minimum levels. As at 31 March 2021, this minimum level of tier 1 capital to risk weighted assets, contingent liabilities, operational and market risk was 0.055, unaudited (31 December 2020: 0.055) and the minimum level of total capital to risk weighted assets, contingent liabilities, operational and market risk was 0.080, unaudited (31 December 2020: 0.080). The Bank was in compliance with the statutory capital requirements as at 31 March 2021, unaudited, and 31 December 2020.

The following table shows the composition of the Bank's capital calculated in accordance with the requirements of the NBRK:

	Unaudited 31 March 2021 KZT'000	31 December 2020 KZT'000
Tier 1 capital		
Share capital	5,199,503	5,199,503
Retained earnings of prior periods	77,971,056	64,666,152
Profit for the period	6,110,402	23,304,936
Intangible assets	(5,598,620)	(5,604,142)
Revaluation reserve	97,945	138,194
Total tier 1 capital	83,780,286	87,704,643

	Unaudited 31 March 2021 KZT'000	31 December 2020 KZT'000
Total tier 2 capital	-	-
Total capital	83,780,286	87,704,643
Total credit risk-weighted assets	434,571,826	433,567,478
Total credit risk-weighted assets and liabilities, including market and operational risk	534,889,586	526,827,856
Ratio of total capital to credit risk-weighted assets and liabilities, including market and operational risk (total capital adequacy ratio)	15.7%	16.7%
Ratio of total tier 1 capital to credit risk-weighted assets and liabilities, including market and operational risk (tier 1 capital adequacy ratio)	15.7%	16.7%

The Bank’s policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders’ return is also considered and the Bank recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and advantages and security afforded by a sound capital position.

20 Credit related commitments

The Bank has outstanding credit related commitments to extend loans. These credit related commitments take the form of approved loans and credit card limits and overdraft facilities.

The contractual amounts of credit related commitments are set out in the following table by category. The amounts reflected in the table for credit related commitments assume that amounts are fully advanced.

	Unaudited 31 March 2021 KZT'000	31 December 2020 KZT'000
Contracted amount		
Loan and credit line commitments	38,280,474	35,549,454
	38,280,474	35,549,454

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

As at 31 March 2021 the Bank had no counterparties whose commitment balances exceeded 10% of the Bank’s equity (31 December 2020: none).

The table below provides an analysis of the of loan and credit line commitments by the credit risk grade in accordance with IFRS 9:

	Unaudited 31 March 2021 KZT'000	31 December 2020 KZT'000
Loan and credit line commitments		
Stage 1	37,361,428	34,953,288
Stage 2	919,046	596,166
	38,280,474	35,549,454

21 Leases

Leases in which the Bank is a lessee

The Bank leases mainly property items. The leases typically run for a period 3 years. Some leases include an option to renew the lease for additional 5 years after the end of non-cancellable period. Some leases provide for additional rent payments that are based on changes in local price indices. Previously, these leases were classified as operating leases under IAS 17.

Information about leases under which the Bank is a lessee is presented below.

(a) Right-of-use assets

Right-of-use assets related to leased properties that do not meet the definition of 'investment property' are presented within property, plant and equipment and intangible assets.

KZT'000	Real estate	Total
Balance at 1 January 2021	3,809,160	3,809,160
Depreciation charge for the year	(278,889)	(278,889)
Additions of right-of-use assets	348,615	348,615
Derecognition of right-of-use assets	(71,269)	(71,269)
Balance at 31 March 2021, unaudited	3,807,617	3,807,617

KZT'000	Real estate	Total
Balance at 1 January 2020	3,542,858	3,542,858
Depreciation charge for the year	(1,077,208)	(1,077,208)
Additions of right-of-use assets	1,677,083	1,677,083
Derecognition of right-of-use assets	(333,573)	(333,573)
Balance at 31 December 2020, unaudited	3,809,160	3,809,160

(b) Lease liability

Terms and conditions of outstanding lease liabilities as at 31 March 2021 were as follows, unaudited:

KZT'000	Currency	Year of maturity	Nominal value	Carrying amount
Lease liability	KZT	2021-2030	5,924,727	3,713,145

(c) Amounts recognised in profit or loss for the period, unaudited

	KZT'000
Leases under IFRS 16	
Interest on lease liabilities	100,421
Expenses related to short-term leases	168,491

(d) Amounts recognised in interim condensed statement of cash flows, unaudited

	KZT'000
Total cash outflow for leases	437,373

22 Related party transactions

(a) Control relationship

The Bank's parent company is Home Credit and Finance Bank (Russia). Publicly available financial statements are produced by the Bank's parent company.

(b) Transactions with members of the Board of Directors and the Management Board

Total remuneration included in personnel expenses for the three months ended 31 March 2021 and 31 March 2020 is as follows:

	Unaudited Three months ended 31 March 2021 KZT'000	Unaudited Three months ended 31 March 2020 KZT'000
Members of the Board of Directors	102,625	86,495
Members of the Management Board	92,317	198,449
	194,942	284,944

(b) Transactions with members of the Board of Directors and the Management Board

The outstanding balances and average interest rates as at 31 March 2021 and 31 December 2020 for transactions with the members of the Management Board and the Board of Directors are as follows:

	Unaudited 31 March 2021 KZT'000	Average interest rate, %	31 December 2020 KZT'000	Average interest rate, %
Interim condensed statement of financial position				
ASSETS				
Loans to customers	793	46.80	483	39.00
LIABILITIES				
Current accounts and deposits from customers	20,506	2.30	28,013	5.17

The amounts included in profit or loss in relation to transactions with the members of the Board of Directors and the Management Board for the Three months ended 31 March 2021 and 31 March 2020 are as follows:

	Unaudited Three months ended 31 March 2021 KZT'000	Unaudited Three months ended 31 March 2020 KZT'000
Interim condensed statement of profit or loss and other comprehensive income		
Interest income	7	-
Interest expense	(163)	(369)
	(156)	(369)

(c) Transactions with the parent

As at 31 March 2021 and 31 December 2020 transactions with the parent included in the interim condensed statement of financial position were as follows:

	Unaudited 31 March 2021 KZT'000	Average interest rate, %	31 December 2020 KZT'000	Average interest rate, %
Interim condensed statement of financial position				
ASSETS				
Cash and cash equivalents				
- USD	98	-	97	-
- EUR	103	-	107	-
- RUB	11	-	11	-
LIABILITIES				
Deposits and balances from banks				
- KZT	383,304	7.30	379,406	7.27
- USD	41,163,801	6.25	35,969,902	6.25
Debt securities issued				
- KZT	5,212,119	13.0	5,041,535	13.0

During the three months ended 31 March 2021 and 31 March 2020 transactions with the parent included in the interim condensed statement of profit or loss and other comprehensive income were as follows:

	Unaudited Three months ended 31 March 2021 KZT'000	Unaudited Three months ended 31 March 2020 KZT'000
Interim condensed statement of profit or loss and other comprehensive income		
Interest expense		
Deposits and balances from banks		
- KZT	(6,899)	-
- USD	(599,321)	(385,192)
	(606,220)	(385,192)
Debt securities issued		
- KZT	(164,057)	-
	(164,057)	-
Net loss on financial instruments at fair value through profit or loss		
- KZT	(477)	-
	(477)	-

(d) Transactions with entities under the control of the ultimate controlling owner

As at 31 March 2021 and 31 December 2020 outstanding balances with entities under the control of the ultimate controlling owner included in the interim condensed statement of financial position were as follows:

	Unaudited 31 March 2021 KZT'000	Average interest rate, %	31 December 2020 KZT'000	Average interest rate, %
Interim condensed statement of financial position				
ASSETS				
Property, plant and equipment and intangible assets*				
- KZT	4,242,149	-	4,376,662	-
Financial instruments at fair value through profit or loss				
- KZT/USD	5,066,911	-	4,102,254	-
Other assets				
- EUR	456,530	-	-	-
- USD	25,951	-	-	-
LIABILITIES				
Deposits and balances from banks				
- KZT	122,748	-	129,674	-
- USD	2,540,957	-	1,654,230	-
- EUR	-	-	1,065,736	4.00
Current accounts and deposits from customers				
- USD	6,374,200	6.78	6,314,492	6.78
Financial instruments at fair value through profit or loss				
- KZT	1,814,904	-	1,433,803	-
Other financial liabilities				
- EUR	1,540,153	-	1,738,990	-
- USD	33,660	-	33,344	-
EQUITY				
Hedge reserve	83,859	-	128,796	-

During the three months ended 31 March 2021 and 31 March 2020 transactions with entities under the control of the ultimate controlling owner included in the interim condensed statement of profit or loss and other comprehensive income were as follows:

	Unaudited Three months ended 31 March 2021 KZT'000	Unaudited Three months ended 31 March 2020 KZT'000
Interim condensed statement of profit or loss and other comprehensive income		
Interest expense		
Current accounts and deposits from customers - USD	(75,965)	(103,630)
	<u>(75,965)</u>	<u>(103,630)</u>
Deposits and balances from banks - EUR	(9,572)	(21,049)
	<u>(9,572)</u>	<u>(21,049)</u>
Debt securities issued - KZT	-	(164,057)
	<u>-</u>	<u>(164,057)</u>
Net (loss)/gain on financial instruments at fair value through profit or loss		
- USD	(529,547)	7,959,452
	<u>(529,547)</u>	<u>7,959,452</u>
General and administrative expenses		
General and administrative expenses	(1,573,797)	(994,861)
	<u>(1,573,797)</u>	<u>(994,861)</u>

23 Financial assets and liabilities: fair values and accounting classifications

(a) Accounting classifications and fair values

The table below sets out the carrying amounts and fair values of financial assets and financial liabilities as at 31 March 2021.

KZT'000	Measured at fair value through profit or loss	Measured at fair value through other comprehensive income	Measured at amortised cost	Gross carrying amount	Fair value
Cash and cash equivalents	-	-	69,397,725	69,397,725	69,397,725
Deposits and balances with banks	-	-	1,494,942	1,494,942	1,494,942
Loans to customers	-	-	298,176,283	298,176,283	306,364,412
Investment securities	-	4,964,575	-	4,964,575	4,964,575
Financial instruments at fair value through profit or loss	5,932,356	-	-	5,932,356	5,932,356
Other financial assets	-	-	2,401,915	2,401,915	2,401,915
	5,932,356	4,964,575	371,470,865	382,367,796	390,555,925
Financial instruments at fair value through profit or loss	2,119,013	-	-	2,119,013	2,119,013
Deposits and balances from banks	-	-	55,842,833	55,842,833	56,086,856
Current accounts and deposits from customers	-	-	189,735,675	189,735,675	191,746,646
Debt securities issued	-	-	33,096,504	33,096,504	33,382,243
Certificates of deposit	-	-	23,763,121	23,763,121	23,763,121
Lease liability	-	-	3,713,145	3,713,145	3,713,145
Other financial liabilities	-	-	5,705,125	5,705,125	5,705,125
	2,119,013	-	311,856,403	313,975,416	316,516,149

The table below sets out the carrying amounts and fair values of financial assets and financial liabilities as at 31 December 2020.

KZT'000	Measured at fair value through profit or loss	Measured at fair value through other comprehensive income	Measured at amortised cost	Gross carrying amount	Fair value
Cash and cash equivalents	-	-	57,500,847	57,500,847	57,500,847
Deposits and balances with banks	-	-	1,477,222	1,477,222	1,477,222
Loans to customers	-	-	297,490,660	297,490,660	309,236,414
Investment securities	-	5,064,610	-	5,064,610	5,064,610
Financial instruments at fair value through profit or loss	4,799,205	-	-	4,799,205	4,799,205
Other financial assets	-	-	2,390,767	2,390,767	2,390,767
	4,799,205	5,064,610	358,859,496	368,723,311	380,469,065
Financial instruments at fair value through profit or loss	1,623,961	-	-	1,623,961	1,623,961
Deposits and balances from banks	-	-	50,764,946	50,764,946	50,882,250
Current accounts and deposits from customers	-	-	179,149,446	179,149,446	180,315,111
Debt securities issued	-	-	30,446,842	30,446,842	30,506,240
Other borrowed funds	-	-	6,002,436	6,002,436	6,026,483
Certificates of deposit	-	-	19,488,485	19,488,485	19,488,485
Lease liabilities	-	-	3,770,012	3,770,012	3,770,012
Other financial liabilities	-	-	6,576,384	6,576,384	6,576,384
	1,623,961	-	296,198,551	297,822,512	299,188,926

The estimates of fair value are intended to approximate the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. However, given the uncertainties and the use of subjective judgment, the fair value should not be interpreted as being realisable in an immediate sale of the assets or settlement of liabilities.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Bank determines fair values using other valuation techniques.

Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market-observable prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date that would have been determined by market participants acting at arm's length.

The Bank uses widely recognised valuation models for determining the fair value of financial instruments. Observable prices and model inputs are usually available in the market for listed debt and equity securities, exchange traded derivatives and simple over the counter derivatives such as interest rate swaps.

(b) Fair value hierarchy

The Bank measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements:

- Level 1: quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: inputs other than quotes prices included within Level 1 that are observable either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes all instruments where the valuation technique includes quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: inputs that are unobservable. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument’s valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The table below analyses financial instruments measured at fair value by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the interim condensed statement of financial position:

	Unaudited	
	31 March 2021	31 December 2020
	KZT’000	KZT’000
	Level 1	
Investment securities		
- Corporate bonds	4,964,575	5,064,610
	4,964,575	5,064,610
	Level 2	
Financial instruments at fair value through profit or loss		
- Derivative assets	5,932,356	4,799,205
	5,932,356	4,799,205
- Derivative liabilities	2,119,013	1,623,961
	2,119,013	1,623,961

The table below analyses financial instruments not measured at fair value at 31 March 2021, by the level in the fair value hierarchy into which the fair value measurement is categorised:

KZT’000	Level 2	Level 3	Total fair value	Total carrying amount
Assets				
Cash and cash equivalents	69,397,725	-	69,397,725	69,397,725
Deposits and balances with banks and other financial institutions	1,494,942	-	1,494,942	1,494,942
Loans to customers	285,421,930	20,942,482	306,364,412	298,176,283
Other financial assets	2,401,915	-	2,401,915	2,401,915
Liabilities				
Deposits and balances from banks	56,086,856	-	56,086,856	55,842,833
Current accounts and deposits from customers	191,746,646	-	191,746,646	189,735,675
Debt securities issued	33,382,243	-	33,382,243	33,096,504
Certificates of deposit	23,763,121	-	23,763,121	23,763,121
Other financial liabilities	5,705,125	-	5,705,125	5,705,125

The table below analyses financial instruments not measured at fair value at 31 December 2020, by the level in the fair value hierarchy into which the fair value measurement is categorised:

KZT'000	Level 2	Level 3	Total fair value	Total carrying amount
Assets				
Cash and cash equivalents	57,500,847	-	57,500,847	57,500,847
Deposits and balances with banks	1,477,222	-	1,477,222	1,477,222
Loans to retail customers	289,614,791	19,621,623	309,236,414	297,490,660
Other financial assets	2,390,767	-	2,390,767	2,390,767
Liabilities				
Deposits and balances from banks	50,882,250	-	50,882,250	50,764,946
Current accounts and deposits from customers	180,315,111	-	180,315,111	179,149,446
Debt securities issued	30,506,240	-	30,506,240	30,446,842
Other borrowed funds	6,026,483	-	6,026,483	6,002,436
Certificates of deposit	19,488,485	-	19,488,485	19,488,485
Other financial liabilities	6,576,384	-	6,576,384	6,576,384