



BAITEREK

**Baiterek National Managing Holding
Joint Stock Company**

**Unaudited Condensed Consolidated Interim Financial
Statements**

30 June 2020

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

To the Shareholder and Board of Directors of Baiterek National Managing Holding Joint Stock Company

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Baiterek National Managing Holding Joint Stock Company and its subsidiaries (the "Holding") as at 30 June 2020, and the related condensed consolidated interim statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and notes to the condensed consolidated interim financial information (the "condensed consolidated interim financial information"). Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

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



Baiterek National Managing Holding Joint Stock Company

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

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Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial information as at 30 June 2020 and for the six-month period then ended is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.



Assel Urdabayeva
Authorised representative (Partner)
KPMG Audit LLC
Nur-Sultan, Republic of Kazakhstan

1 September 2020

Baiterek National Managing Holding Joint Stock Company
Condensed Consolidated Interim Statement of Financial Position

<i>(In thousands of Kazakhstani Tenge)</i>	Note	30 June 2020, unaudited	31 December 2019
ASSETS			
Cash and cash equivalents	4	543,282,004	426,485,149
Other assets measured at fair value through profit or loss	5	114,668,518	129,090,348
Loans to banks and financial institutions	6	372,556,781	373,726,776
Deposits with banks and financial institutions	7	178,364,414	153,084,094
Loans to customers	8	2,907,369,483	2,746,486,738
Investment securities:	9		
- Investment securities owned by the Holding		1,084,059,534	723,525,225
- Investment securities pledged under guarantee and repurchase agreements		-	45,748,418
Finance lease receivables	10	406,002,748	357,267,765
Equity accounted investees		2,389	44,665
Investment property		6,392,235	6,143,053
Current income tax prepayment		19,077,706	16,956,072
Deferred income tax asset		9,547,409	4,689,447
Property, plant and equipment		17,530,488	17,208,804
Intangible assets		6,675,072	5,511,838
Non-current assets held for sale		17,533,074	21,873,725
Other financial assets		31,023,411	20,246,200
Other assets	11	185,662,852	165,958,878
TOTAL ASSETS		5,899,748,118	5,214,047,195
LIABILITIES			
Customer accounts	12	913,485,763	834,085,159
Debt securities issued	13	2,003,864,066	1,649,552,916
Subordinated debt		6,748,405	6,516,175
Loans from banks and other financial institutions	14	705,683,576	652,333,946
Loans from the Government of the Republic of Kazakhstan	15	306,024,589	283,784,376
Current income tax liability		27,212	1,047
Deferred income tax liability		25,123,965	26,181,150
Insurance contracts liabilities		11,231,602	9,963,449
Liabilities directly attributable to disposal groups held for sale		4,072	64,318
Other financial liabilities	16	70,678,990	26,983,155
Government grants	17	482,931,567	456,056,346
Other liabilities		51,567,245	41,388,099
TOTAL LIABILITIES		4,577,371,052	3,986,910,136
EQUITY			
Share capital	18	1,024,218,712	917,218,712
Securities fair value reserve		(8,615,561)	(7,224,576)
Business combination reserve and additional paid-in capital		162,089,157	160,093,819
Other reserves		14,969,627	14,007,062
Retained earnings		129,618,225	142,942,619
Net assets attributable to the Holding's owners		1,322,280,160	1,227,037,636
Non-controlling interests		96,906	99,423
TOTAL EQUITY		1,322,377,066	1,227,137,059
TOTAL LIABILITIES AND EQUITY		5,899,748,118	5,214,047,195

Approved for issue and signed by Management on 1 September 2020:

Yersain Yerbulatovich Khamitov
Managing Director, Member of Management Board



Kuralay Damirovna Yessengarayeva
Chief Accountant

Baiterek National Managing Holding Joint Stock Company
Condensed Consolidated Interim Statement of Profit or Loss

<i>(In thousands of Kazakhstani Tenge)</i>	Note	Six-month period ended 30 June 2020, unaudited	Six-month period ended 30 June 2019, unaudited
Interest income calculated using the effective interest method	19	172,273,297	139,237,891
Other interest income	19	24,173,226	17,673,832
Interest expense	19	(105,678,202)	(83,090,634)
Net interest income	19	90,768,321	73,821,089
Provision for loan portfolio impairment	8	(43,415,571)	(4,247,715)
Net interest income after provision for loan portfolio impairment		47,352,750	69,573,374
Fee and commission income		3,096,544	5,698,170
Fee and commission expense		(3,268,237)	(7,977,436)
Net fee and commission expense		(171,693)	(2,279,266)
Net (loss)/gain on financial instruments at fair value through profit or loss	20	(23,155,181)	554,554
Net foreign exchange gain/(loss)		2,374,233	(1,110,082)
Net gain/(loss) on financial assets at fair value through other comprehensive income		4,456,932	(539,938)
Net gain/(loss) resulted from derecognition of financial assets measured at amortised cost		2,485,125	(1,550,426)
Net insurance premiums earned		1,664,104	1,105,583
Net insurance reimbursements incurred and changes in insurance contract provisions		(3,163,903)	(1,512,294)
Other operating income/(expense), net	21	533,962	(1,694,969)
Operating income		32,376,329	62,546,536
Provision for of impairment of other financial assets and credit related commitments	22	(8,742,848)	(2,707,346)
Administrative expenses	23	(23,925,398)	(22,017,767)
Share of financial result of associates and joint ventures		(4,789)	9,569
(Loss)/profit before income tax		(296,706)	37,830,992
Income tax benefit/(expense)	24	1,744,591	(6,308,754)
PROFIT FOR THE PERIOD		1,447,885	31,522,238
Profit/(loss) attributable to:			
- owners of the Holding		1,450,402	31,489,315
- non-controlling interests		(2,517)	32,923
PROFIT FOR THE PERIOD		1,447,885	31,522,238

Baiterek National Managing Holding Joint Stock Company
Condensed Consolidated Interim Statement of Comprehensive Income

(In thousands of Kazakhstani Tenge)	Note	Six-month period ended 30 June 2020, unaudited	Six-month period ended 30 June 2019, unaudited
PROFIT FOR THE PERIOD		1,447,885	31,522,238
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Securities fair value reserve:			
- Net change in fair value		2,900,143	6,325,155
- Net change in fair value transferred to profit or loss		(4,291,128)	539,938
Translation of financial information of foreign operations to presentation currency		-	(24,186)
Other comprehensive (loss)/ income for the period		(1,390,985)	6,840,907
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		56,900	38,363,145
Total comprehensive income attributable to:			
- owners of the Holding		59,417	38,330,222
- non-controlling interests		(2,517)	32,923
Total comprehensive income for the period		56,900	38,363,145

Baiterek National Managing Holding Joint Stock Company
Condensed Consolidated Interim Statement of Changes in Equity

<i>(In thousands of Kazakhstani Tenge)</i>	Share capital	Securities fair value reserve	Foreign currency translation reserve	Business combination reserve and additional paid-in capital	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2019	846,218,712	(12,280,740)	3,751,446	133,682,001	7,964,010	81,775,074	1,061,110,503	70,191	1,061,180,694
Profit for the period, unaudited	-	-	-	-	-	31,489,315	31,489,315	32,923	31,522,238
Other comprehensive income, unaudited	-	6,865,093	(24,186)	-	-	-	6,840,907	-	6,840,907
Total comprehensive income for the period, unaudited	-	6,865,093	(24,186)	-	-	31,489,315	38,330,222	32,923	38,363,145
Share issue – cash contribution, unaudited (Note 18)	49,000,000	-	-	-	-	-	49,000,000	-	49,000,000
Recognition of discount on loans from the Government of the Republic of Kazakhstan, less taxes of Tenge 4,424,583 thousand, unaudited (Note 15)	-	-	-	17,698,331	-	-	17,698,331	-	17,698,331
Disposal of subsidiary of QazTech Ventures JSC, unaudited	-	-	-	-	-	(2,400,372)	(2,400,372)	-	(2,400,372)
Transfers and other movements, unaudited	-	-	-	-	(55,597)	55,597	-	-	-
Balance at 30 June 2019, unaudited	895,218,712	(5,415,647)	3,727,260	151,380,332	7,908,413	110,919,614	1,163,738,684	103,114	1,163,841,798

Baiterek National Managing Holding Joint Stock Company
Condensed Consolidated Interim Statement of Changes in Equity

<i>(In thousands of Kazakhstani Tenge)</i>	Share capital	Securities fair value reserve	Business combination reserve and additional paid-in capital	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2020	917,218,712	(7,224,576)	160,093,819	14,007,062	142,942,619	1,227,037,636	99,423	1,227,137,059
Profit for the period, unaudited	-	-	-	-	1,450,402	1,450,402	(2,517)	1,447,885
Other comprehensive loss, unaudited	-	(1,390,985)	-	-	-	(1,390,985)	-	(1,390,985)
Total comprehensive income for the period, unaudited	-	(1,390,985)	-	-	1,450,402	59,417	(2,517)	56,900
Share issue – cash contribution, unaudited (Note 18)	107,000,000	-	-	-	-	107,000,000	-	107,000,000
Dividends declared (Note 18)	-	-	-	-	(11,198,660)	(11,198,660)	-	(11,198,660)
Recognition of discount on loans from the Government of the Republic of Kazakhstan, less taxes of Tenge 513,996 thousand, unaudited (Note 15)	-	-	2,055,988	-	-	2,055,988	-	2,055,988
Disposal of subsidiary of QazTech Ventures JSC, unaudited	-	-	(60,650)	-	(2,613,036)	(2,673,686)	-	(2,673,686)
Other payments to shareholders, unaudited	-	-	-	-	(535)	(535)	-	(535)
Transfers and other movements, unaudited	-	-	-	962,565	(962,565)	-	-	-
Balance at 30 June 20120, unaudited	1,024,218,712	(8,615,561)	162,089,157	14,969,627	129,618,225	1,322,280,160	96,906	1,322,377,066

The notes set out on pages 8 to 62 form an integral part of these condensed consolidated interim financial statements.

Baiterek National Managing Holding Joint Stock Company
Condensed Consolidated Interim Statement of Cash Flows

	Six-month period ended 30 June 2020, unaudited	Six-month period ended 30 June 2019, unaudited
<i>(In thousands of Kazakhstani Tenge)</i>		
Cash flows from operating activities		
Interest received	136,432,790	131,689,624
Interest paid	(66,585,878)	(58,193,738)
Fee and commission receipts	8,698,335	5,809,359
Fee and commission payments	(2,922,463)	(7,494,674)
Dividends received	112,349	9,621
Receipts on operations with financial instruments at fair value through profit or loss	-	406,437
Net foreign exchange dealing loss	(115,074)	(92,777)
Net insurance premiums receipts	2,000,857	438,016
Net insurance claims reimbursements	(3,209,100)	(30,749)
Other operating income received	2,209,374	522,864
Administrative and other operating expenses paid	(22,692,251)	(22,085,403)
Income tax paid	(5,592,170)	(8,069,328)
Cash flows from operating activities before changes in operating assets and liabilities	48,336,769	42,909,252
<i>Net (increase)/decrease in:</i>		
- other assets at fair value through profit or loss	(3,673,777)	(5,176,128)
- loans to banks and financial institutions	(11,045,636)	(15,666,451)
- deposits	(25,510,451)	(32,145,608)
- loans to customers	(191,403,808)	(38,551,581)
- finance lease receivables	10,627,921	9,756,288
- other financial assets	6,568,683	4,944,650
- other assets	(76,413,383)	(33,414,092)
<i>Net increase in:</i>		
- customer accounts	63,141,652	113,311,342
- other financial liabilities	37,639,155	21,664,981
- other liabilities	7,503,072	7,961,442
Net cash (used in) from operating activities	(134,229,803)	75,594,095
Cash flows from investing activities		
Acquisition of investment securities	(930,010,470)	(287,990,647)
Proceeds from disposal and redemption of investment securities	506,779,300	266,114,826
Acquisition of property, equipment and intangible assets	(2,967,104)	(2,024,831)
Proceeds from disposal of property, plant and equipment, intangible assets	63,554	433,433
Proceeds from disposal of investment property	-	27,000
Proceeds from disposal of associates and joint ventures	535	67,850
Net cash used in investing activities	(426,134,185)	(23,372,369)

Baiterek National Managing Holding Joint Stock Company
Condensed Consolidated Interim Statement of Cash Flows

	Six-month period ended 30 June 2020, unaudited	Six-month period ended 30 June 2019, unaudited
<i>(In thousands of Kazakhstani Tenge)</i>		
Cash flows from financing activities		
Receipts of loans from banks and other financial institutions (Note 14)	130,027,727	1,500,000
Repayment of loans from banks and other financial institutions (Note 14)	(83,808,736)	(165,710,432)
Receipts of loans from the Government of the Republic of Kazakhstan (Note 15)	86,825,113	64,704,766
Repayment of loans from the Government of the Republic of Kazakhstan	(2,511,229)	(478,205)
Proceeds from debt securities issued (Note 13)	473,050,000	69,828,939
Repayment/repurchase of debt securities issued (Note 13)	(41,206,179)	(4,734,890)
Proceeds from placement of ordinary shares (Note 18)	107,000,000	49,000,000
Dividends paid	(11,198,660)	-
Other payments to shareholders	(535)	-
Net cash from financing activities	658,177,502	14,110,178
Effect of changes in exchange rates on cash and cash equivalents	18,988,929	522,535
Effect of movements in impairment allowance on cash and cash equivalents	(5,588)	186,041
Net increase in cash and cash equivalents	116,796,855	67,040,480
Cash and cash equivalents at the beginning of the period	426,485,149	644,172,147
Cash and cash equivalents at the end of the period (Note 4)	543,282,004	711,212,627

1 Introduction

These condensed consolidated interim financial statements comprise the financial statements of Baiterek National Managing Holding Joint Stock Company (the “Holding Company”) and its subsidiaries (the “Holding”).

The Holding was incorporated in accordance with the Decree No.571 dated 22 May 2013 of the President of the Republic of Kazakhstan “On some measures for optimisation of the system of management of the development institutions and financial organisations and development of the national economy” and Decree No.516 dated 25 May 2013 of the Government of the Republic of Kazakhstan “On measures for implementation of the Decree No. 571 dated 22 May 2013 of the President of the Republic of Kazakhstan”. As at 30 June 2020 and 31 December 2019, the ultimate controlling party of the Holding is the Government of the Republic of Kazakhstan.

Principal activity

The Holding’s mission is support of sustainable economic development of the Republic of Kazakhstan in order to implement state policy and achieve the goals set by the “Strategy - 2050”.

The Holding Company is actively involved in completing national strategic and social tasks through development institutions through the implementation of Nurly-Zhol State Program for Infrastructure Development in 2020-2025, “Nurly Zher” Housing Construction Program in 2020-2025, State Program of the Industrial and Innovative Development of the Republic of Kazakhstan in 2020-2025, Unified Program for Business Support and Development “Business Road Map – 2025”, Programme “Economics of Simple Things”, State Program for the development of productive employment and mass entrepreneurship for 2017-2021 “Enbek”, State Program for Development of Regions in 2020-2025, State Program for Support of Domestic Producers, State Program for Financing of Small and Medium Businesses in Manufacturing Industry, State Program “Leaders of Competitiveness - National Champions 2.0”, and President of the Republic of Kazakhstan Program “National Plan - 100 Specific Steps”.

The Holding’s main objectives and targets are as follows:

- introduction of an efficient risk management system;
- increase of transparency and population’s confidence in the economy;
- provision of synergies from subsidiaries’ activities;
- increase of economic efficiency of subsidiaries’ activity / break-even principle;
- attraction of additional investments;
- interaction with the private sector.

The Holding’s structure comprises eleven subsidiaries engaged in the implementation of state policy and state programs having the following directions of activity pursuant to the Holding’s strategy:

- Development institutions include the Development Bank of Kazakhstan JSC, Investment Fund of Kazakhstan JSC, Export Insurance Company “KazakhExport” JSC, Damu Entrepreneurship Development Fund JSC, QazTech Ventures JSC and Kazyna Capital Management JSC. The aim of these institutions is to provide credit, investment and other financial and non-financial support to investment projects in priority sectors of economy directed to diversify the economy and development of the secondary sector, export of Kazakhstani products, development of innovations and development of small and medium sized business.
- Financial institutions include Housing Construction Savings Bank of Kazakhstan JSC, Mortgage Organisation Kazakhstan Mortgage Company JSC and Housing Construction Guarantee Fund JSC. The aim of these institutions is to provide, attract and decrease the cost of long-term financing for mortgages and participation in the implementation of state residential and construction policies.
- Baiterek Development JSC, an institution established to support entrepreneurs in the processing industry and improve the issues of the real estate market that have arisen from 2008-2010 financial crisis. In March 2020 the Holding Company made a decision to merge Baiterek Development JSC with Mortgage Organisation Kazakhstan Mortgage Company JSC. In July, the merger agreement has been signed, all assets and liabilities of Baiterek Development JSC were transferred to Mortgage Organisation Kazakhstan Mortgage Company JSC.
- Kazakhstan Project Preparation Fund LLP, an institution established to structure and support infrastructure projects, including public-private partnership projects.

Baiterek National Managing Holding Joint Stock Company
Notes to the Condensed Consolidated Interim Financial Statements – 30 June 2020

Below are major subsidiaries included into these condensed consolidated interim financial statements of the Holding:

Name of subsidiary	Abbreviated name	Country of incorporation	Ownership, %	
			30 June 2020, unaudited	31 December 2019
Development Bank of Kazakhstan JSC	DBK JSC	Republic of Kazakhstan	100.00	100.00
Investment Fund of Kazakhstan JSC	IFK JSC	Republic of Kazakhstan	100.00	100.00
KazakhExport Export Insurance Company JSC	KE JSC	Republic of Kazakhstan	100.00	100.00
DAMU Entrepreneurship Development Fund JSC	DAMU EDF JSC	Republic of Kazakhstan	100.00	100.00
QazTech Venture JSC	QTV JSC	Republic of Kazakhstan	100.00	100.00
Kazyna Capital Management JSC	KCM JSC	Republic of Kazakhstan	100.00	100.00
Housing Construction Savings Bank of Kazakhstan JSC	HCSBK JSC	Republic of Kazakhstan	100.00	100.00
Mortgage Organisation Kazakhstan Mortgage Company JSC	KMC JSC	Republic of Kazakhstan	100.00	100.00
Housing Construction Guarantee Fund JSC	HCGF JSC	Republic of Kazakhstan	100.00	100.00
Baiterek Development JSC	BD JSC	Republic of Kazakhstan	100.00	100.00
Kazakhstan Project Preparation Fund LLP	KPPF LLP	Republic of Kazakhstan	97.70	97.70

Registered address and place of business. The Holding's legal address and actual place of business is: 55a Mangilik Yel Avenue, Yessil district, Nur-Sultan, Republic of Kazakhstan.

Operating environment of the Holding. The Holding's operations are primarily located in the Republic of Kazakhstan. Consequently, the Holding is exposed to the economic and financial markets of the Republic of Kazakhstan, which display emerging-market characteristics. Legal, tax and regulatory frameworks continue to develop, but are subject to varying interpretations and frequent changes that, together with other legal and fiscal impediments, contribute to the challenges faced by entities operating in the Republic of Kazakhstan.

During the first half of 2020 there has been significant global market turmoil triggered by outbreak the coronavirus. On 11 March 2020 World Health Organization announced that the spread of the new coronavirus infection became a pandemic. In response to a potentially serious threat of the COVID-19 virus for public health, in accordance with new legislation state of emergency was introduced throughout the territory of the Republic of Kazakhstan for the period from 16 March to 12 May 2020 in order to protect life and health of citizens. During the state of emergency, local authorities gradually introduced additional measures to ensure social distancing, including the termination of the work of schools, higher educational institutions, restaurants, cinemas, theatres, museums, as well as sports facilities.

Due to business disruptions and self-isolation regimes imposed in many countries, global oil demand fell sharply, leading to oversupply and oil prices decreased sharply. On 12 April 2020 the world's largest oil manufacturers, including Kazakhstan, agreed to a record cut in crude oil production for stabilization of the oil market, which nevertheless did not lead to a decrease in pressure on oil prices. A sharp decline in prices and volumes of oil production leads to a corresponding decrease in income of oil companies and, consequently, a decrease in contributions to the state budget, which is likely to entail serious economic and social consequences and will provoke a decrease in public sector spending.

Taking into consideration the current operating and financial results of the Holding, as well as information currently available to the public within six-month period ended 30 June 2020, the Holding adjusted its macroeconomic indicators in calculating expected credit losses. However, one cannot exclude the possibility that the prolongation of the self-isolation regime for a long time, further tightening measures to prevent the further spread of infection, or the adverse effect of such measures on the economic environment in which the Holding will have an adverse effect on its operations in medium and long term. In addition, the Holding analyses possible negative scenarios for the development of the situation and is ready to adapt accordingly their operating plans. The Holding continues to closely monitor the situation and will take the necessary measures to mitigate the consequences of possible negative events and circumstances as they arise.

The condensed separate interim financial statements reflect management's assessment of the impact of the Kazakhstan business environment on the operations and separate financial position of the Holding. The future business environment may differ from management's assessment.

2 Basis of Preparation

Statement of compliance. The accompanying condensed consolidated interim financial statements are prepared in accordance with International Financial Reporting Standard ("IFRS") IAS 34 *Interim Financial Reporting*. They do not include all of the information required for the full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Holding as at and for the year ended 31 December 2019, as these condensed consolidated interim financial statements provide an update of previously reported financial information.

Baiterek National Managing Holding Joint Stock Company
Notes to the Condensed Consolidated Interim Financial Statements – 30 June 2020

Basis of measurement. These condensed consolidated interim financial statements are prepared on the historical cost basis, except that financial instruments through other comprehensive income and through profit or loss are stated at fair value.

Functional and presentation currency. The functional currency of the Holding is the Kazakhstani tenge ("Tenge") 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 the Holding.

Tenge is also the presentation currency for the purposes of these condensed consolidated interim financial statements.

Financial information presented in Tenge is rounded to the nearest thousand, unless otherwise stated.

Use of estimates and judgments. The preparation of the condensed consolidated interim financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In preparing these condensed consolidated interim financial statements the significant judgments made by management in applying the Holding's accounting policies and the key sources of estimation uncertainty are the same as those that applied to the Holding's consolidated financial statements for the year ended 31 December 2019, except for the significant judgements, estimates and assumptions areas described in Notes 8, 9, 10, 13, 14, 15, 21 and 28.

3 Summary of significant accounting policies

The accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the last annual consolidated financial statements.

New amendments and interpretations. A number of new amendments and interpretations are effective from 1 January 2020 but they do not have a material effect on the Holding's condensed consolidated interim financial statements.

Comparative information. Comparative information is reclassified to conform to changes in presentation of the condensed consolidated interim financial statements in the current period. Management made certain classifications which affected comparative information, for the purpose of presentation of the condensed consolidated interim financial statements for the six-month period ended 30 June 2020.

The effect of changes due to reclassifications on the corresponding figures can be summarised as follows:

<i>(In thousands of Kazakhstani Tenge)</i>	As previously reported	Reclassification	As reclassified
Consolidated statement of financial position as at 31 December 2019			
Cash and cash equivalents	414,582,134	11,903,015	426,485,149
Investment securities owned by the Holding	735,428,240	(11,903,015)	723,525,225

4 Cash and Cash Equivalents

<i>(In thousands of Kazakhstani Tenge)</i>	30 June 2020, unaudited	31 December 2019
Cash balances with the National Bank of the Republic of Kazakhstan («NBRK»)	247,315,488	118,866,733
Correspondent accounts and overnight placements with other banks	109,924,023	42,714,617
Receivables under reverse repurchase agreements with original maturities of less than three months	72,957,498	148,745,135*
Current accounts	47,820,451	38,030,246
Notes of NBRK maturing within three months	56,742,807	70,416,525
Mandatory reserves with the NBRK	7,900,769	7,640,811
Cash on hand	2,723,659	2,778,774
Total cash and cash equivalents before impairment allowance	545,384,695	429,192,841
Less: impairment allowance	(2,102,691)	(2,707,692)
Total cash and cash equivalents	543,282,004	426,485,149

* Restated, see Note 3, Comparative information

The credit quality of cash and cash equivalents balances may be summarised based on Standard and Poor's ratings or Moody's or Fitch ratings as follows as at 30 June 2020:

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<i>(In thousands of Kazakhstani Tenge)</i>	Cash balances with the NBRK, including mandatory reserves, unaudited	Current accounts, unaudited	NBRK notes, unaudited	Correspondent accounts and overnight placements with other banks, unaudited	Total, unaudited
<i>Not past due</i>					
- NBRK, unrated	255,216,257	-	56,742,807	-	311,959,064
- AA- to AA+ rated	-	-	-	64,079,189	64,079,189
- A- to A+ rated	-	-	-	1,132,384	1,132,384
- BBB- to BBB+ rated	-	16,878,760	-	8,575	16,887,335
- BB- to BB+ rated	-	18,381,404	-	44,703,875	63,085,279
- B- to B+ rated	-	470,046	-	-	470,046
- D rated	-	2,040,141	-	-	2,040,141
- unrated	-	10,050,100	-	-	10,050,100
Total cash and cash equivalents, excluding cash on hand and receivables under reverse repurchase agreements before impairment allowance	255,216,257	47,820,451	56,742,807	109,924,023	469,703,538
Less: impairment allowance	(56,392)	(2,043,776)	(2,513)	(10)	(2,102,691)
Total cash and cash equivalents, excluding cash on hand and receivables under reverse repurchase agreements after impairment allowance	255,159,865	45,776,675	56,740,294	109,924,013	467,600,847

The credit quality of cash and cash equivalents balances may be summarised based on Standard and Poor's ratings or Moody's or Fitch ratings as follows as at 31 December 2019:

<i>(In thousands of Kazakhstani Tenge)</i>	Cash balances with the NBRK, including mandatory reserves	Current accounts	Notes of NBRK maturing within three months	Correspondent accounts and overnight placements with other banks	Total
- NBRK (unrated)	126,507,544	-	70,416,525	-	196,924,069
- AA- to AA+ rated	-	-	-	7,901,932	7,901,932
- A- to A+ rated	-	-	-	20,098,358	20,098,358
- BBB- to BBB+ rated	-	6,487,723	-	18,669	6,506,392
- BB- to BB+ rated	-	16,751,863	-	14,692,918	31,444,781
- B- to B+ rated	-	1,435,544	-	-	1,435,544
- D rated	-	2,665,458	-	-	2,665,458
- unrated (Citibank JSC)	-	10,689,658	-	2,740	10,692,398
Total cash and cash equivalents, excluding cash on hand and receivables under reverse repurchase agreements before impairment allowance	126,507,544	38,030,246	70,416,525	42,714,617	277,668,932
Less: impairment allowance	(7,246)	(2,679,301)	(13,561)	(6)	(2,700,114)
Total cash and cash equivalents, excluding cash on hand and receivables under reverse repurchase agreements after impairment allowance	126,500,298	35,350,945	70,402,964	42,714,611	274,968,818

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As at 30 June 2020 and 31 December 2019, the Holding entered into reverse repurchase agreements at Kazakhstan Stock Exchange. The subject of these agreements were treasury notes of the Ministry of Finance of the Republic of Kazakhstan and notes of the National Bank of the Republic of Kazakhstan. The carrying amount of those agreements and fair value of securities pledged amounted to Tenge 72,957,498 thousand and Tenge 73,755,794 thousand, respectively (unaudited) (31 December 2019: Tenge 148,745,135 thousand and Tenge 150,427,353 thousand).

30 June 2020, unaudited			
<i>(In thousands of Kazakhstani Tenge)</i>	Stage 1 12-month ECL	Stage 3 Lifetime ECL credit-impaired	Total
Cash and cash equivalents			
Cash on hand	2,723,659	-	2,723,659
NBRK, unrated	311,959,064	-	311,959,064
- rated from AA- to AA+	64,079,189	-	64,079,189
- rated from A- to A+	1,132,384	-	1,132,384
- rated from BBB- to BBB+	16,887,335	-	16,887,335
- rated from BB- to BB+	63,085,279	-	63,085,279
- rated from B- to B+	470,046	-	470,046
- D rated	-	2,040,141	2,040,141
- not rated (Stage 1 – Citibank Kazakhstan JSC)	10,050,100	-	10,050,100
Receivables under reverse repurchase agreements with original maturities of less than three months	72,957,498	-	72,957,498
	543,344,554	2,040,141	545,384,695
Loss allowance	(62,550)	(2,040,141)	(2,102,691)
Total cash and cash equivalents	543,282,004	-	543,282,004

31 December 2019			
<i>(In thousands of Kazakhstani Tenge)</i>	Stage 1 12-month ECL	Stage 3 Lifetime ECL credit-impaired	Total
Cash and cash equivalents			
Cash on hand	2,778,774	-	2,778,774
NBRK, unrated	196,924,069	-	196,924,069
- rated from AA- to AA+	7,901,932	-	7,901,932
- rated from A- to A+	20,098,358	-	20,098,358
- rated from BBB- to BBB+	6,506,392	-	6,506,392
- rated from BB- to BB+	31,444,781	-	31,444,781
- rated from B- to B+	1,435,544	-	1,435,544
- D rated	-	2,665,458	2,665,458
- not rated (Stage 1 – Citibank Kazakhstan JSC)	10,692,398	-	10,692,398
Receivables under reverse repurchase agreements with original maturities of less than three months	148,745,135	-	148,745,135
	426,527,383	2,665,458	429,192,841
Loss allowance	(42,234)	(2,665,458)	(2,707,692)
Total cash and cash equivalents	426,485,149	-	426,485,149

As at 30 June 2020, the Holding had 1 bank (unaudited) (31 December 2019: 1 bank) with aggregated cash and cash equivalent balances above 10.00% of equity. The gross value of this balance as at 30 June 2020 was Tenge 311,959,064 thousand (unaudited) (31 December 2019: Tenge 196,924,069 thousand) or 57.42% of the cash and cash equivalents (unaudited) (31 December 2019: 47.50%).

Currency risk and interest rate analysis of financial instruments at fair value through profit or loss is disclosed in Note 25. Information on related party balances is disclosed in Note 30.

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5 Other Assets Measured at Fair Value through Profit or Loss

<i>(In thousands of Kazakhstani Tenge)</i>	30 June 2020, unaudited	31 December 2019
Derivative financial instruments	43,270	148,478
Other assets measured at fair value through profit or loss		
Investments in joint ventures	46,157,012	47,465,606
Investments in associates	24,621,711	33,476,165
Other equity investments	43,842,524	47,938,213
Other financial assets	4,001	61,886
Total assets measured at fair value through profit or loss	114,668,518	129,090,348

The Holding accounts for its investments in associates and joint ventures at fair value through profit or loss in accordance with IFRS 9, as it uses the exemption from the need to use the equity method to account for investments in associates and joint ventures for organizations specializing in venture capital investment.

<i>(In thousands of Kazakhstani Tenge)</i>	2020	Share of equity, %	2019	Share of equity, %
Investments in joint ventures				
AstanaGAS KMG JSC	40,150,121	50.00	40,150,121	50.00
Baikonyr Solar LLP	3,483,953	49.00	4,242,000	49.00
VTB Capital 12BF Innovation Fund L.P.	1,508,280	49.00	1,850,814	49.00
Makinsky thermal insulation plant LLP	832,599	49.00	1,000,000	49.00
Best Meat LLP	182,059	49.00	222,671	49.00
	46,157,012		47,465,606	
Investments in associates				
CITIC-KAZYNA Investment L.P.	11,018,192	49.90	14,129,220	49.90
Kazakhstan Growth Fund L.P.	7,999,700	49.50	11,845,214	49.50
ADM KCRF L.P.	3,522,237	49.50	4,989,676	49.50
KazMyaso LLP	1,453,163	49.00	1,777,329	49.00
Temirbeton-1 LLP	528,419	22.00	634,726	22.00
Burundaisky mineral water LLP	100,000	45.30	100,000	45.30
	24,621,711		33,476,165	
Other equity investments				
Kazakhstan Infrastructure Fund C.V.	13,504,070	95.20	20,003,556	95.20
AITAS LUX S.A.R.L	13,896,315	19.50	13,053,592	19.50
EMC Agro LLP	3,173,962	9.90	1,585,000	9.90
TsATEC Green Energy LLP	2,498,326	19.39	2,956,040	19.39
TsAEC JSC	1,846,874	1.50	1,983,059	1.50
Continental Logistic LLC	1,601,003	18.45	-	-
Quanterix Corporation	1,332,440	0.43	1,085,053	0.43
500 Startups V.L.P	1,109,163	15.83	762,360	15.83
Wolfenson Capital Partners L.P.	1,010,149	9.90	1,701,273	9.90
BRBAPK LLP	1,000,000	8.30	1,000,000	8.30
Group of companies Allur JSC	711,799	15.50	1,624,724	15.50
MRIF CASP C.V.	625,220	9.10	787,492	9.10
Falah Growth Fund L.P.	613,325	10.00	666,512	10.00
" Quest Ventures Fund II Asia L.P.	590,589	20.00	-	-
Wellington Partners Ventures III Fund L.P.	167,817	5.13	254,061	5.13
Mining Chemical Company LLP	88,876	7.20	108,006	7.20
Islamic Infrastructure Fund Limited Partnership	41,869	1.30	339,785	1.30
Vertex III (C.I.) Fund L.P.	14,107	3.95	23,126	3.95
Flagship Ventures Fund 2004 L.P.	4,195	6.60	4,574	6.60
Almex-Baiterek Fund LLC	12,425	7.00	-	-
	43,842,524		47,938,213	

6 Loans to Banks and Financial Institutions

	30 June 2020, unaudited	31 December 2019
<i>(In thousands of Kazakhstani Tenge)</i>		
Loans to banks and financial institutions		
- BB- to BB+ rated	157,186,927	147,214,849
- B- to B+ rated	207,231,640	222,027,342
- CCC- to CCC+ rated	190,017	-
- D rated	3,843,745	3,916,957
- unrated*	22,575,284	18,011,666
Gross loans to banks and financial institutions	391,027,613	391,170,814
Less: impairment allowance	(18,470,832)	(17,444,038)
Total loans to banks and financial institutions	372,556,781	373,726,776

*Unrated loans are mainly issued to micro-financial organisations of the Republic of Kazakhstan.

The following table provides information on the credit quality of the loans to banks and financial institutions as at 30 June 2020 (unaudited) and 31 December 2019:

<i>(In thousands of Kazakhstani Tenge)</i>	30 June 2020, unaudited			POCI	Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit- impaired	Stage 3 Lifetime ECL credit- impaired		
Loans to banks and financial institutions					
<i>With externally rated credit risk</i>					
- rated from BB- to BB+	157,186,927	-	-	-	157,186,927
- rated from B- to B+	157,509,819	43,788,875	4,243,107	1,689,839	207,231,640
- CCC- to CCC+ rated	-	190,017	-	-	190,017
- rated D	-	-	3,843,745	-	3,843,745
<i>With internally rated credit risk</i>					
- stable rating	10,400,437	-	-	-	10,400,437
- satisfactory rating	12,083,738	-	91,109	-	12,174,847
	337,180,921	43,978,892	8,177,961	1,689,839	391,027,613
Loss allowance	(3,604,645)	(10,371,246)	(4,494,941)	-	(18,470,832)
Total loans to banks and financial institutions	333,576,276	33,607,646	3,683,020	1,689,839	372,556,781

<i>(In thousands of Kazakhstani Tenge)</i>	31 December 2019			POCI	Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit- impaired	Stage 3 Lifetime ECL credit- impaired		
Loans to banks and financial institutions					
<i>With externally rated credit risk</i>					
- rated from BB- to BB+	147,214,849	-	-	-	147,214,849
- rated from B- to B+	192,459,283	23,089,649	4,868,912	1,609,498	222,027,342
- D rated	-	-	3,916,957	-	3,916,957
<i>With internally rated credit risk</i>					
- stable rating	9,610,785	-	-	-	9,610,785
- satisfactory rating	4,543,697	-	-	-	4,543,697
- unsatisfactory rating	-	-	3,857,184	-	3,857,184
	353,828,614	23,089,649	12,643,053	1,609,498	391,170,814
Loss allowance	(4,928,776)	(6,842,024)	(5,673,238)	-	(17,444,038)
Total loans to banks and financial institutions	348,899,838	16,247,625	6,969,815	1,609,498	373,726,776

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Movements in the provision for impairment of loans to banks and other financial institutions are as follows:

	Six-month period ended 30 June 2020, unaudited				Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit- impaired	Stage 3 Lifetime ECL credit- impaired	POCI	
<i>(In thousands of Kazakhstani Tenge)</i>					
Balance as at 1 January	4,928,776	6,842,024	5,673,238	-	17,444,038
Transfer to Stage 2, unaudited	(1,355,953)	1,355,953	-	-	-
Impairment allowance charge/(reversal) during the period, unaudited (Note 22)	31,822	2,173,269	(1,176,986)	-	1,028,105
Unwinding of discount on present value of ECLs, unaudited	-	-	(1,311)	-	(1,311)
Balance as at 30 June, unaudited	3,604,645	10,371,246	4,494,941	-	18,470,832

	Six-month period ended 30 June 2019, unaudited				Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit- impaired	Stage 3 Lifetime ECL credit- impaired	POCI	
<i>(In thousands of Kazakhstani Tenge)</i>					
Balance as at 1 January	5,265,683	2,895,627	11,792,819	-	19,954,129
Impairment allowance charge/(reversal) during the period, unaudited (Note 22)	823,537	(111,980)	(220,973)	130	490,714
Unwinding of discount on present value of ECLs, unaudited	-	-	24,108	-	24,108
Write-offs, unaudited	-	-	(1,868,343)	-	(1,868,343)
Balance as at 30 June, unaudited	6,089,220	2,783,647	9,727,611	130	18,600,608

As at 30 June 2020 the Holding had no outstanding balances of loans to banks and financial institutions whose total balances exceed 10% of equity, unaudited (31 December 2019: no banks).

Refer to Note 28 for the estimated fair value of each class of amounts of loans to banks and financial institutions. Information on related party balances is disclosed in Note 30.

7 Deposits

	30 June 2020, unaudited	31 December 2019
<i>(In thousands of Kazakhstani Tenge)</i>		
Deposits		
- BBB- to BBB+ rated	26,981,234	17,094,481
- BB- to BB+ rated	151,680,108	136,279,430
- B- to B+ rated	71,317	59,318
- D rated	16,629,380	16,154,351
Gross deposits	195,362,039	169,587,580
Less: impairment allowance	(16,997,625)	(16,503,486)
Total deposits	178,364,414	153,084,094

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The following table provides information on the credit quality of the deposits as at 30 June 2020 (unaudited) and 31 December 2019:

	30 June 2020, unaudited			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit- impaired	Stage 3 Lifetime ECL credit- impaired	Total
<i>(In thousands of Kazakhstani Tenge)</i>				
Deposits				
- rated from BBB- to BBB+	26,981,234	-	-	26,981,234
- rated from BB- to BB+	151,680,108	-	-	151,680,108
- rated from B- to B+	71,317	-	-	71,317
- D rated	-	-	16,629,380	16,629,380
	178,732,659	-	16,629,380	195,362,039
Loss allowance	(368,245)	-	(16,629,380)	(16,997,625)
Total deposits	178,364,414	-	-	178,364,414

	31 December 2019			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit- impaired	Stage 3 Lifetime ECL credit- impaired	Total
<i>(In thousands of Kazakhstani Tenge)</i>				
Deposits				
- rated from BBB- to BBB+	17,094,481	-	-	17,094,481
- rated from BB- to BB+	136,234,095	-	45,335	136,279,430
- rated from B- to B+	59,318	-	-	59,318
- D rated	-	-	16,154,351	16,154,351
	153,387,894	-	16,199,686	169,587,580
Loss allowance	(303,800)	-	(16,199,686)	(16,503,486)
Total deposits	153,084,094	-	-	153,084,094

Movements in the provision for impairment of deposits are as follows:

	Six-month period ended 30 June 2020, unaudited			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Total
<i>(In thousands of Kazakhstani Tenge)</i>				
Balance as at 1 January	303,800	-	16,199,686	16,503,486
Impairment allowance reversal during the period, unaudited (Note 22)	50,023	-	(81,190)	(31,167)
Effect of changes in foreign exchange rates, unaudited	14,423	-	510,883	525,306
Balance as at 30 June, unaudited	368,246	-	16,629,379	16,997,625

	Six-month period ended 30 June 2019, unaudited			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Total
<i>(In thousands of Kazakhstani Tenge)</i>				
Balance as at 1 January	1,058,094	6,634	17,675,589	18,740,317
Impairment allowance reversal during the period, unaudited (Note 22)	(357,555)	(6,634)	(1,072,501)	(1,436,690)
Effect of changes in foreign exchange rates, unaudited	(4,822)	-	(87,961)	(92,783)
Balance as at 30 June, unaudited	695,717	-	16,515,127	17,210,844

As at 30 June 2020 the Holding had no outstanding balances of deposits whose total balances exceed 10% of equity, unaudited (31 December 2019: no banks).

8 Loans to Customers

<i>(In thousands of Kazakhstani Tenge)</i>	30 June 2020, unaudited	31 December 2019
Loans to customers at amortised cost		
Corporate loans	1,710,216,462	1,584,021,190
Mortgage loans	1,120,713,370	1,059,586,050
Loans issued to small and medium entities ("SME")	2,518,623	1,653,566
Accrued interest	110,259,885	98,771,901
Gross loans to customers measured at amortised cost	2,943,708,340	2,744,032,707
Less: impairment allowance on loans	(124,858,995)	(79,041,218)
Total net loans to customers measured at amortised cost	2,818,849,345	2,664,991,489
Loans to customers measured at fair value through profit or loss	88,520,138	81,495,249
Total loans to customers	2,907,369,483	2,746,486,738

In determining the fair value of loans to customers measured at fair value through profit or loss, management made assumptions that the following market rates are appropriate for the Holding: from 15.61% to 17.40% in KZT and 4.24% in USD (unaudited) (31 December 2019: from 12.60% to 15.92% in KZT and 5.26% in USD). None of the loans to customers measured at fair value through profit or loss are past due.

A state of emergency was declared in Kazakhstan during the period from 16 March to 11 May 2020 due to the coronavirus pandemic. During the period from 15 March to 15 June the borrowers (mortgage loans) were provided a deferment of payment as part of the procedure of suspension of payment of the principal debt and interest in relation to the loans issued to individuals and business entities that have suffered as a result of introduction of the state of emergency. As at 30 June 2020 the mortgage loans overdue 90-179 days are classified to Stage 1, as there were technical defaults prior to the period of introduction of the state of emergency, which were subsequently repaid.

Assessment of COVID-19 impact on expected credit losses

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

To assess impact of COVID-19 on allowance for expected credit losses the Holding has adjusted forward-looking information used to calculate allowance for expected credit losses. The Holding has generated three scenarios of economic development (optimistic, baseline and pessimistic), which are based on different estimates of duration and severity of economic implications for different markets, efficiency of the measures of response and support taken by the government and oil price volatility. Baseline scenario represents the most probable outcome.

The Holding has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variable and credit risk and credit losses.

Corporate loans

The key driver is GDP forecast. The economic scenarios include the following key indicators for the Republic of Kazakhstan for 2020-2024 (unaudited):

	2020	2021	2022	2023	2024
GDP growth (optimistic scenario)	(0.9%)	3.8%	3.5%	4.9%	3.9%
GDP growth (baseline scenario)	(1.7%)	(1.3%)	1.0%	2.7%	2.2%
GDP growth (pessimistic scenario)	(3.1%)	(2.5%)	(1.5%)	0.5%	0.5%

In addition, to assess COVID-19 impact on allowance for expected credit losses the Holding has adjusted loss given default (LGD) estimates. The Holding has adjusted its estimates taking into account a possible extension of the realisation period of collateral for 12 months due to COVID-19 outbreak.

Mortgage loans

The forward-looking information used in the models for measurement of expected credit losses, including forecast of macroeconomic indicators for the first half of 2020, are the following:

- limitation of business activity as a result of decrease of income of enterprises and individuals;
- updated forecasts of oil prices and Kazakhstan GDP;
- impact of developments on various sectors of economy.

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To calculate allowance for expected credit losses for mortgage loans at 30 June 2020, the Holding:

- has remeasured both 12-month PD and lifetime PD of financial instruments by updating the risk factors, including macro adjustments. Worsening of forecasts for the following 12-month risk factors has resulted in the increased value of 12-month PD. Worsening of forecast of “GDP Growth” risk factor is negative versus the GDP growth forecast in the Republic of Kazakhstan in 2019;
- has transferred certain borrowers from Stage 1 to Stage 2;
- has transferred certain borrowers from Stage 2 to Stage 3.

Significant changes in the gross carrying amount of loans to customers (corporate and mortgage loans) during the period that contributed to changes in loss allowance are further explained below:

The high volume of loans to customers (corporate and mortgage loans) originated during the six months ended 30 June 2020 resulted in increase of the gross carrying amount by Tenge 347,131,961 thousand (unaudited). The corresponding increase in loss allowance for 12-month expected credit losses amounted to Tenge 1,639,212 thousand (unaudited).

Transfer of ‘loans to customers’ (corporate and mortgage loans) from Stage 1 to Stage 2 with gross carrying amount of Tenge 72,832,614 thousand (unaudited) resulted in increase of the allowance for expected credit losses by Tenge 2,435,784 thousand (unaudited).

During the six months ended 30 June 2020, loans to customers (corporate and mortgage loans) with the gross carrying amount of Tenge 47,863,829 thousand (unaudited) were transferred from Stage 1 and Stage 2 to Stage 3. During the six months ended 30 June 2020, the Holding increased the allowance for expected credit losses on these loans for the total amount of Tenge 15,927,510 thousand (unaudited).

During the six months ended 30 June 2020, loans to customers (mortgage loans) with the gross carrying amount of Tenge 73,415,681 thousand (unaudited) at Stage 1 and Tenge 15,725,278 thousand at Stage 2 were repaid.

During the six months ended 30 June 2020, one loan to customer (corporate loan) was converted from Euro-denominated to Tenge-denominated loan, which result in substantial modification. The carrying amount of Euro-denominated loan at the modification date was Tenge 10,410,863 thousand (unaudited). New financial instrument in the form of Tenge-denominated loan was recognised at fair value of Tenge 10,410,863 thousand (unaudited). The fair value of the new financial instrument on initial recognition was calculated using an annual market interest rate of 16.73% (unaudited).

Movements in the impairment allowance for loans to customers measured at amortised cost for the six months ended 30 June 2020 and 30 June 2019 are as follows:

	Six-month period ended 30 June 2020, unaudited				
(In thousands of Kazakhstani Tenge)	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	POCI	Total
Provision for loan impairment as at 1 January	6,667,197	28,047,145	39,760,244	4,566,632	79,041,218
Transfer to Stage 1, unaudited	260,671	(246,558)	(14,113)	-	-
Transfer to Stage 2, unaudited	(627,898)	738,683	(110,785)	-	-
Transfer to Stage 3, unaudited	(59,617)	(5,237,132)	5,296,749	-	-
Impairment allowance (charge)/reversal during the period, unaudited	9,417,589	14,156,090	17,652,372	531,368	41,757,419
Effect of changes in foreign exchange rates, unaudited	184,819	234,857	202,849	59,517	682,042
Unwinding of discount on present value of ECLs, unaudited	-	-	1,784,700	-	1,784,700
New financial assets originated or purchased	1,639,212	-	-	18,940	1,658,152
Other changes, unaudited	80,751	36,836	(131,195)	(50,928)	(64,536)
Provision for loan impairment as at 30 June, unaudited	17,562,724	37,729,921	64,440,821	5,125,529	124,858,995

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	Six-month period ended 30 June 2019, unaudited				
(In thousands of Kazakhstani Tenge)	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	POCI	Total
Provision for loan impairment as at 1 January	7,302,977	28,758,594	16,022,364	6,698,035	58,781,970
Transfer to Stage 1, unaudited	102,891	(90,556)	(12,335)	-	-
Transfer to Stage 2, unaudited	(47,697)	427,001	(379,304)	-	-
Transfer to Stage 3, unaudited	(3,349)	(31,437)	34,786	-	-
Impairment allowance (charge)/reversal during the period, unaudited	(665,458)	5,104,900	(2,814,147)	1,597,760	3,223,055
Transfer to non-current asset held for sale, unaudited	-	-	(1,115,027)	-	(1,115,027)
Effect of changes in foreign exchange rates, unaudited	(8,595)	(62,927)	(336,033)	(38,413)	(445,968)
Unwinding of discount on present value of ECLs, unaudited	-	-	512,178	-	512,178
New financial assets originated or purchased	984,860	39,054	746	-	1,024,660
Other changes, unaudited	(153,162)	(59,575)	69,164	-	(143,573)
Provision for loan impairment as at 30 June, unaudited	7,512,467	34,085,054	11,982,392	8,257,382	61,837,295

Credit quality

Analysis by credit quality of loans outstanding as at 30 June 2020 is as follows:

	30 June 2020, unaudited				
(In thousands of Kazakhstani Tenge)	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	POCI	Total
Loans to customers at amortised cost					
<i>With internally rated credit risk</i>					
- rated from BBB- to BBB+	345,959,705	88,720,741	-	-	434,680,446
- rated from BB- to BB+	238,481,092	11,741,844	-	-	250,222,936
- rated from B- to B+	738,500,902	133,887,814	-	-	872,388,716
- rated from CCC- to CCC+	41,108,878	83,355,945	8,627,941	10,933,017	144,025,781
- rated D	-	-	113,349,616	4,918,190	118,267,806
- not rated*	961,007,203	148,142,835	14,801,895	170,722	1,124,122,655
	2,325,057,780	465,849,179	136,779,452	16,021,929	2,943,708,340
Loss allowance	(17,562,724)	(37,729,921)	(64,440,821)	(5,125,529)	(124,858,995)
Total loans to customers at amortised cost	2,307,495,056	428,119,258	72,338,631	10,896,400	2,818,849,345

*Not rated loans to customers are represented by mortgage loans issued to individuals.

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(In thousands of Kazakhstani Tenge)	30 June 2020, unaudited				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit- impaired	Stage 3 Lifetime ECL credit- impaired	POCI	Total
Mortgage loans (unrated)					
- not overdue	949,343,936	131,509,287	2,367,416	107,113	1,083,327,752
- overdue less than 30 days	9,344,720	10,690,507	273,971	14,252	20,323,450
- overdue more than 31 days and less than 90 days	-	7,963,522	176,623	18,777	8,158,922
- overdue more than 91 days and less than 180 days	-	-	7,044,682	23,646	7,068,328
- overdue more than 181 days and less than 1 year	-	-	1,260,004	6,934	1,266,938
- overdue more than 1 year	-	-	3,977,265	-	3,977,265
	958,688,656	150,163,316	15,099,961	170,722	1,124,122,655
Loss allowance	(2,107,507)	(1,400,318)	(6,243,291)	(170,722)	(9,921,838)
Total mortgage loans at amortised cost	956,581,149	148,762,998	8,856,670	-	1,114,200,817

Analysis by credit quality of loans outstanding at 31 December 2019 is as follows:

(In thousands of Kazakhstani Tenge)	31 December 2019				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit- impaired	Stage 3 Lifetime ECL credit- impaired	POCI	Total
Loans to customers at amortised cost					
<i>With internally rated credit risk</i>					
- rated from BBB- to BBB+	356,875,284	63,833,960	-	-	420,709,244
- rated from BB- to BB+	498,715,553	7,799,743	-	-	506,515,296
- rated from B- to B+	371,163,353	129,149,492	-	-	500,312,845
- rated from CCC- to CCC+	32,772,533	126,435,833	18,081,684	9,894,573	187,184,623
- rated D	-	-	61,403,866	4,774,609	66,178,475
- not rated	924,246,059	130,769,358	7,965,111	151,696	1,063,132,224
	2,183,772,782	457,988,386	87,450,661	14,820,878	2,744,032,707
Loss allowance	(6,667,197)	(28,047,145)	(39,760,244)	(4,566,632)	(79,041,218)
Total loans to customers at amortised cost	2,177,105,585	429,941,241	47,690,417	10,254,246	2,664,991,489

The following table sets out information about overdue status of mortgage loans by credit quality stages:

(In thousands of Kazakhstani Tenge)	31 December 2019				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit- impaired	Stage 3 Lifetime ECL credit- impaired	POCI	Total
Mortgage loans (unrated)					
- not overdue	920,001,107	121,790,130	2,204,355	144,605	1,044,140,197
- overdue less than 30 days	4,244,952	5,817,564	274,675	1,475	10,338,666
- overdue more than 31 days and less than 90 days	-	3,161,664	214,798	4,359	3,380,821
- overdue more than 91 days and less than 180 days	-	-	1,027,332	1,257	1,028,589
- overdue more than 181 days and less than 1 year	-	-	295,822	-	295,822
- overdue more than 1 year	-	-	3,948,129	-	3,948,129
	924,246,059	130,769,358	7,965,111	151,696	1,063,132,224
Loss allowance	(1,209,261)	(677,421)	(4,472,446)	(151,696)	(6,510,824)
Total mortgage loans at amortised cost	923,036,798	130,091,937	3,492,665	-	1,056,621,400

Significant credit exposures. As at 30 June 2020 the Holding had 4 borrowers (unaudited) (31 December 2019: 3 borrowers) with the total amount issued to each borrower above 10% of equity. The gross value of these loans was Tenge 927,107,252 thousand (unaudited) (31 December 2019: Tenge 609,186,008 thousand), or 31.89% of loan portfolio less impairment allowance (unaudited) (31 December 2019: 22.18%).

Refer to Note 28 for the estimated fair value of each class of loans and advances to customers. Information on related party balances is disclosed in Note 30.

Currency risk exposure and interest rate analysis are disclosed in Note 25.

9 Investment Securities

<i>(In thousands of Kazakhstani Tenge)</i>	30 June 2020, unaudited	31 December 2019
Investment securities measured at amortised cost	742,713,758	392,737,326
Investment securities measured at fair value through other comprehensive income	332,783,167	368,156,729
Investment securities measured at fair value through profit or loss	8,562,609	8,379,588
Total investment securities	1,084,059,534	769,273,643

Investment securities measured at amortised cost

<i>(In thousands of Kazakhstani Tenge)</i>	30 June 2020, Unaudited	31 December 2019
Bonds of regional authorities	449,628,608	190,390,451
NBRK notes (unrated)	116,679,271	102,743,478
Corporate bonds	89,938,480	75,725,541
Bonds of the Ministry of Finance of the Republic of Kazakhstan	62,177,864	3,478,266
Bonds of Kazakhstani banks	10,986,072	10,988,970
Bonds of Kazakhstani banks (POCI-asset)	8,380,622	8,122,368
Bonds of NWF "Samruk-Kazyna" JSC	6,748,404	6,516,175
Bonds of banks from OECD countries	4,675,257	-
Investment securities measured at amortised cost before impairment allowance	749,214,578	397,965,249
Less: impairment allowance	(6,500,820)	(5,227,923)
Total investment securities measured at amortised cost	742,713,758	392,737,326

Bonds of regional authorities. During six month-period ended 30 June 2020 the Holding purchased 65,159,183 bonds and 180,000,000 bonds issued by the regional authorities at the value of Tenge 1,000 per one bond, which mature in 2022 (unaudited), and 200,000,000 bonds issued by the regional authorities at the value of Tenge 1,000 per one bond, which mature in 2030 (unaudited). The bonds bear a coupon rate of 0.35% p.a., 4.25% p.a. and 6.10% p.a., respectively (unaudited). Bonds were recognised at fair value of Tenge 329,406,481 thousand (unaudited) measured using a market rate of 9.78%-14.53% p.a. (unaudited). Loss from discount on difference between the nominal value and fair value in the amount of Tenge 115,752,702 thousand (unaudited) was compensated through decrease in the liability for government grant received to purchase these bonds in the amount of Tenge 119,711,438 thousand (unaudited) (Note 17). During six month-period ended 30 June 2020 regional authorities repurchased bonds for the amount of Tenge 82,187,935 thousand (unaudited) in accordance with the schedule.

During six month-period ended 30 June 2019 the Holding purchased 75,746,838 bonds issued by the regional authorities at the value of Tenge 1,000 per one bond, which mature in 2021 (unaudited). The bonds bear a coupon rate of 0.35% p.a. (unaudited). Bonds were recognised at fair value of Tenge 66,057,269 thousand (unaudited) measured using a market rate of 8.84%-8.85% p.a. (unaudited). Loss from discount on difference between the nominal value and fair value in the amount of Tenge 10,821,935 thousand (unaudited) was compensated through decrease in the liability for government grant received to purchase these bonds (Note 17). During six month-period ended 30 June 2019 regional authorities repurchased bonds for the amount of Tenge 27,930,958 thousand (unaudited) in accordance with the schedule.

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Corporate bonds. During six month-period ended 30 June 2020 the Holding purchased 10,000,000 bonds issued by Transtelecom JSC at the value of Tenge 1,000 per one bond, which mature in 2027 and the coupon rate 11.50% p.a. in order to invest free cash available.

During six month-period ended 30 June 2019 the Holding purchased 40,000,000 bonds issued by Novacom Corporation LLC ("Partner") at the value of Tenge 1,000 per one bond, which mature in 2029 in order to finance an investment project for the purchase, development of land plots with a total area of 202 hectares located in Almaty, Turksib district, Kairat village, through the repurchase of Partner bonds (unaudited). At the time of the repurchase of the bonds, the Partner had a long-term credit rating from the S&P Global Ratings rating agency in foreign and national currency at level "B", the outlook was "stable". In accordance with the decision of the Asset and Liability Management Committee of the Holding dated 27 June 2019, a maximum limit for the transaction was set in the amount of Tenge 65,000,000 thousand until 31 December 2029. The coupon rate on bonds is 12.00% p.a. which is the market interest rate at initial recognition.

The following table provides information on the credit quality of the investment securities measured at amortised cost as at 30 June 2020 (unaudited) and 31 December 2019:

30 June 2020, unaudited				
(In thousands of Kazakhstani Tenge)	Stage 1 12-month ECL	Stage 3 Lifetime ECL credit-impaired	POCI	Total
Investment securities at amortised cost				
NBRK, unrated	116,679,271	-	-	116,679,271
- rated from BBB- to BBB+	524,417,467	-	-	524,417,467
- rated from BB- to BB+	6,748,404	-	-	6,748,404
- rated from B- to B+	90,886,088	-	8,380,622	99,266,710
- not rated	-	2,102,726	-	2,102,726
	738,731,230	2,102,726	8,380,622	749,214,578
Loss allowance	(2,989,688)	(2,102,726)	(1,408,406)	(6,500,820)
Total investment securities measured at amortised cost	735,741,542	-	6,972,216	742,713,758

31 December 2019				
(In thousands of Kazakhstani Tenge)	Stage 1 12-month ECL	Stage 3 Lifetime ECL credit-impaired	POCI	Total
Investment securities at amortised cost				
NBRK, unrated	114,646,493	-	-	114,646,493
- rated from BBB- to BBB+	201,363,476	-	-	201,363,476
- rated from BB- to BB+	6,516,175	-	-	6,516,175
- rated from B- to B+	77,117,026	-	8,122,368	85,239,394
- not rated	-	2,102,726	-	2,102,726
	399,643,170	2,102,726	8,122,368	409,868,264
Loss allowance	(1,716,791)	(2,102,726)	(1,408,406)	(5,227,923)
Total investment securities measured at amortised cost	397,926,379	-	6,713,962	404,640,341

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Movements in the impairment allowance on investment securities measured at amortised cost are as follows:

	Six-month period ended 30 June 2020, unaudited			
(In thousands of Kazakhstani Tenge)	Stage 1 12-month ECL	Stage 3 Lifetime ECL credit-impaired	POCI	Total
Balance as at 1 January	1,716,791	2,102,726	1,408,406	5,227,923
Impairment allowance charge during the period, unaudited (Note 22)	1,272,897	-	-	1,272,897
Balance as at 30 June, unaudited	2,989,688	2,102,726	1,408,406	6,500,820

	Six-month period ended 30 June 2019, unaudited			
(In thousands of Kazakhstani Tenge)	Stage 1 12-month ECL	Stage 3 Lifetime ECL credit-impaired	POCI	Total
Balance as at 1 January	7,633	2,102,726	1,408,406	3,518,765
Impairment allowance charge during the period, unaudited (Note 22)	926,252	-	13,268	939,520
Balance as at 30 June, unaudited	933,885	2,102,726	1,421,674	4,458,285

Investment securities measured at fair value through other comprehensive income

(In thousands of Kazakhstani Tenge)	30 June 2020, unaudited	31 December 2019
Bonds of the Ministry of Finance of the Republic of Kazakhstan	97,126,763	109,330,984
Bonds of other states	87,694,790	138,633,191
Corporate bonds	62,683,502	41,022,364
Bonds of NWF "Samruk-Kazyna" JSC	39,609,066	41,508,582
Bonds of banks from OECD countries	22,543,595	19,882,000
Bonds of Kazakhstani banks	15,689,408	17,774,394
NBRK notes	7,430,896	-
Total debt investment securities measured at fair value through other comprehensive income	332,778,020	368,151,515
Corporate shares	5,147	5,214
Total investment securities measured at fair value through other comprehensive income	332,783,167	368,156,729

As at 31 December 2019 bonds of the Ministry of Finance of the Republic of Kazakhstan measured at fair value through other comprehensive income with the carrying amount of Tenge 535,607 thousand are pledged under repurchase agreements, and with the carrying amount of Tenge 45,212,811 thousand are pledged as a part of obtaining a state guarantee for a loan with Asian Development Bank.

Currency risk exposure and interest rate analysis are disclosed in Note 25.

Information on investment securities issued by the related parties is disclosed in Note 30.

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The following table provides information on the credit quality of the investment securities measured at fair value through other comprehensive income as at 30 June 2020 (unaudited) and 31 December 2019:

	30 June 2020, unaudited			
	Stage 1	Stage 2	Stage 3	
(In thousands of Kazakhstani Tenge)	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit-impaired	Total
Investment securities at FVOCI				
NBRK, unrated	7,430,896	-	-	7,430,896
- rated from AAA- to AAA+	8,178,586	-	-	8,178,586
- rated from AA- to AA+	25,515,077	-	-	25,515,077
- rated from BBB- to BBB+	195,744,752	-	-	195,744,752
- rated from BB- to BB+	92,771,523	-	-	92,771,523
- rated from B- to B+	1,622,717	-	-	1,622,717
- not rated	-	1,514,469	-	1,514,469
Total investment securities at FVOCI	331,263,551	1,514,469	-	332,778,020

	31 December 2019			
	Stage 1	Stage 2	Stage 3	
(In thousands of Kazakhstani Tenge)	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit-impaired	Total
Investment securities at FVOCI				
- rated from AAA- to AAA+	2,135,988	-	-	2,135,988
- rated from AA- to AA+	88,119,585	-	-	88,119,585
- rated from A- to A+	17,751,952		-	17,751,952
- rated from BBB- to BBB+	179,114,244			179,114,244
- rated from BB- to BB+	76,473,873	-	-	76,473,873
- rated from B- to B+	1,657,076	2,898,797	-	4,555,873
Total investment securities at FVOCI	365,252,718	2,898,797	-	368,151,515

Investment securities measured at fair value through profit or loss

<i>(In thousands of Kazakhstani Tenge)</i>	30 June 2020, unaudited	31 December 2019
Bonds of the Ministry of Finance of the Republic of Kazakhstan (BBB-)	1,434,967	1,435,984
Bonds of Kazakhstani banks (BB- to BB+)	1,247,421	1,210,088
Bonds of Kazakhstani banks (B- to B+)	3,148,267	3,058,406
Corporate bonds (unrated)	2,731,954	2,675,110
Total investment securities measured at fair value through profit or loss	8,562,609	8,379,588

10 Finance Lease Receivables

The components of net investments in finance lease as at 30 June 2020 and 31 December 2019 are as follows:

<i>(In thousands of Kazakhstani Tenge)</i>	30 June 2020, unaudited	31 December 2019
Less than one year	73,772,713	55,811,167
From 1 to 2 years	60,294,696	62,576,330
From 2 to 3 years	53,191,206	49,513,020
From 3 to 4 years	46,461,366	41,333,930
From 4 to 5 years	44,961,909	41,882,217
More than five years	305,704,676	282,743,859
Minimum lease payments	584,386,566	533,860,523
Less: unearned finance income		
Less than one year	(21,718,251)	(21,769,627)
From one to five years	(87,856,668)	(85,451,424)
More than five years	(58,870,254)	(62,639,834)
Less unearned finance income, total	(168,445,173)	(169,860,885)
Loss allowance	(18,061,589)	(13,383,804)
Net investment in finance lease	397,879,804	350,615,834
Embedded derivative financial instrument at fair value through profit or loss	8,122,944	6,651,931
Finance lease receivables	406,002,748	357,267,765

<i>(In thousands of Kazakhstani Tenge)</i>	30 June 2020, unaudited	31 December 2019
Leases to large corporates	135,415,248	99,399,088
Leases to small- and medium-sized companies	111,128,687	95,965,677
Leases to individuals	169,397,458	168,634,873
Loss allowance	(18,061,589)	(13,383,804)
Net investment in finance lease	397,879,804	350,615,834
Embedded derivative financial instrument at fair value through profit or loss	8,122,944	6,651,931
Finance lease receivables	406,002,748	357,267,765

Embedded derivative financial instrument

The repayment of investment in finance leases of Tenge 7,335,326 thousand and Tenge 16,735,822 thousand is linked to any appreciation of the US dollar and Russian rouble against Tenge, respectively (unaudited) (31 December 2019: Tenge 7,908,031 thousand and Tenge 14,980,142 thousand (unaudited) is linked to appreciation of US dollar and Russian rouble against Tenge). If the rate of US dollar and Russian rouble increases, the amount receivable is increased by the respective index. If the rate of US dollar and Russian rouble decreases, the amount receivable is not adjusted below the original amount in Tenge.

Base for calculation of embedded derivative includes all future payments under finance lease agreements and contingent liabilities linked to appreciation of US dollar and Russian rouble against Tenge and as at 30 June 2020 amounts to Tenge 8,922,053 thousand and Tenge 24,073,713 thousand (unaudited), respectively (31 December 2019: Tenge 10,100,626 thousand linked to appreciation of US dollar against Tenge and Tenge 23,639,588 thousand linked to appreciation of Russian rouble against Tenge).

These embedded derivatives are recorded at fair value in the financial statements in finance lease receivables. The estimated amount of the embedded derivatives, which is included in finance lease receivables as at 30 June 2020 is Tenge 8,122,944 thousand (unaudited) (31 December 2019: Tenge 6,651,931 thousand). Fair value is calculated using a model based on the Black-Scholes option pricing model.

The management uses the following assumptions for valuation of the embedded derivatives:

- risk-free rates are estimated using yield curves for respective currencies and range from 0.268% to 0.282% for US dollar, and from 4.743% to 5.710% for Russian rouble, and from 8.103% to 11.002% for Tenge (unaudited) (31 December 2019: from 1.581% to 1.851% for US Dollar, from 6.431% to 6.726% for Russian rouble and from 9.058% to 9.149% for Tenge);
- volatility in the model is defined based on the historical half-year observations of fluctuations in actual foreign exchange rates;
- no transaction cost is included in the model.

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If the spreads between Tenge and US Dollar risk-free rates narrow by 0.5% under all the contracts, the fair value of the embedded derivative financial instrument would decrease by Tenge 119,386 thousand (unaudited). If the spreads between Tenge and Russian ruble risk-free rates narrows by 0.5% under all the contracts, the fair value of the embedded derivative financial instrument would decrease by Tenge 258,913 thousand (unaudited). Decrease in the US Dollar rate volatility by 50% would result in decrease of the fair value of embedded derivative financial instrument by Tenge 7,483 thousand (unaudited). Decrease of the Russian ruble rate volatility by 50% would result in decrease of the fair value of embedded derivative financial instrument by Tenge 329,080 thousand (unaudited).

Credit quality of finance lease portfolio

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

<i>(In thousands of Kazakhstani Tenge)</i>	Stage 1 12-month expected credit losses	Stage 2 Life-time expected credit losses for credit unimpaired assets	Stage 3 Life-time expected credit losses for credit impaired assets	At FVPL (embedded financial derivative)	Total
Finance lease receivables					
Corporate customers					
<i>With externally rated credit risk</i>					
- rated from BBB- to BBB+	89,176,849	-	-	-	89,176,849
- rated from B- to B+	6,083,874	-	-	3,902,178	9,986,052
<i>With internally rated credit risk</i>					
- rated from BB to BB+	17,286,452	4,049,220	-	900,208	22,235,880
- rated from B- to B+	78,679,667	12,451,832	103,493	3,320,558	94,555,550
- rated CCC+	10,418,861	5,259,450	760,655	-	16,438,966
- rated from CCC- to CCC	586,344	1,508,414	15,153,117	-	17,247,875
- rated D	-	49,111	4,966,498	-	5,015,609
	202,232,047	23,318,027	20,983,763	8,122,944	254,656,781
Loss allowance	(3,603,887)	(2,013,011)	(9,056,167)	-	(14,673,065)
Total corporate customers	198,628,160	21,305,016	11,927,596	8,122,944	239,983,716
Retails and individuals					
- not overdue	131,518,648	830,210	486,284	-	132,835,142
- overdue less than 30 days	9,510,199	186,363	4,938	-	9,701,500
- overdue more than 30 days and less than 90 days	805,991	12,030,199	59,056	-	12,895,246
- overdue more than 90 days and less than 360 days	361,771	-	12,671,600	-	13,033,371
- overdue more than 1 year	-	-	942,297	-	942,297
	142,196,609	13,046,772	14,164,175	-	169,407,556
Loss allowance	(855,376)	(804,621)	(1,728,527)	-	(3,388,524)
Total retails and individuals	141,341,233	12,242,151	12,435,648	-	166,019,032
Total finance leases	339,969,393	33,547,167	24,363,244	8,122,944	406,002,748

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The following table provides information on the credit quality of the finance lease portfolio as at 31 December 2019:

<i>(In thousands of Kazakhstani Tenge)</i>	Stage 1 12-month expected credit losses	Stage 2 Life-time expected credit losses for credit unimpaired assets	Stage 3 Life-time expected credit losses for credit impaired assets	At FVPL (embedded financial derivative)	Total
Finance lease receivables					
Corporate customers					
<i>With externally rated credit risk</i>					
- rated from BBB- to BBB+	61,324,574	-	-	-	61,324,574
- rated from B- to B+	6,750,757	-	-	3,094,473	9,845,230
<i>With internally rated credit risk</i>					
- rated from BB to BB+	21,274,110	-	136,350	619,194	22,029,654
- rated from B- to B+	64,216,948	9,085,963	-	2,938,264	76,241,175
- rated CCC+	3,830,140	-	819,798	-	4,649,938
- rated from CCC- to CCC	7,640,208	-	2,155,051	-	9,795,259
- rated D	-	-	18,120,744	-	18,120,744
	165,036,737	9,085,963	21,231,943	6,651,931	202,006,574
Loss allowance	(2,702,783)	(74,558)	(9,122,075)	-	(11,899,416)
Total corporate customers	162,333,954	9,011,405	12,109,868	6,651,931	190,107,158
Retails and individuals					
- not overdue	147,284,036	369,758	111,576	-	147,765,370
- overdue less than 30 days	9,830,170	103,576	-	-	9,933,746
- overdue more than 30 days and less than 90 days	-	3,910,637	8,182	-	3,918,819
- overdue more than 90 days and less than 360 days	-	-	6,863,919	-	6,863,919
- overdue more than 1 year	-	-	163,141	-	163,141
	157,114,206	4,383,971	7,146,818	-	168,644,995
Loss allowance	(333,708)	(409,580)	(741,100)	-	(1,484,388)
Total retails and individuals	156,780,498	3,974,391	6,405,718	-	167,160,607
Total finance leases	319,114,452	12,985,796	18,515,586	6,651,931	357,267,765

Movements in the impairment allowance for finance lease receivables are as follows:

<i>(In thousands of Kazakhstani Tenge)</i>	Six-month period ended 30 June 2020, unaudited			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit- impaired	Stage 3 Lifetime ECL credit- impaired	
Balance as at 1 January	(3,036,491)	(484,138)	(9,863,175)	(13,383,804)
Transfer to Stage 1	(13,118)	9,928	3,190	-
Transfer to Stage 2	307,022	(644,405)	337,383	-
Impairment allowance (reversal)/charge during the year (Note 22)	(1,716,676)	(1,678,837)	(996,815)	(4,392,328)
Other movements	-	(20,180)	(265,277)	(285,457)
Balance as at 30 June	(4,459,263)	(2,817,632)	(10,784,694)	(18,061,589)

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	Six-month period ended 30 June 2019, unaudited			
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Total
<i>(In thousands of Kazakhstani Tenge)</i>				
Balance as at 1 January	(3,196,544)	(528,923)	(8,917,411)	(12,642,878)
Transfer to Stage 1	(5,492)	5,034	458	-
Transfer to Stage 2	122,111	(143,002)	20,891	-
Transfer to Stage 3	951	214,523	(215,474)	-
Impairment allowance (reversal)/charge during the year (Note 22)	789,616	(146,056)	(678,917)	(35,357)
Other movements			1,079	1,079
Balance as at 30 June	(2,289,358)	(598,424)	(9,789,374)	(12,677,156)

11 Other Assets

	30 June 2020, unaudited	31 December 2019
<i>(In thousands of Kazakhstani Tenge)</i>		
Advances for equipment to be transferred under finance lease agreements	158,518,464	138,736,602
Assets to be transferred under finance lease agreements	15,288,536	17,096,694
Repossessed collateral	4,699,467	903,392
Inventory and consumables	4,664,184	8,999,679
Prepayments to suppliers for goods and services	3,596,305	2,317,060
Foreclosed assets under finance lease	2,257,224	2,260,183
Prepayments for construction in progress	1,116,728	199,481
Construction in progress	1,591,374	1,534,061
Prepaid taxes other than on income	767,726	743,419
Other	868,129	758,595
Other assets before impairment allowance	193,368,137	173,549,166
Less: impairment allowance	(7,705,285)	(7,590,288)
Total other assets	185,662,852	165,958,878

Advances for equipment to be transferred under finance lease agreements. The amount of advances for equipment to be transferred under finance lease agreements comprises the advances paid to suppliers in the amount of Tenge 134,868,740 thousand (unaudited) (31 December 2019 Tenge 107,306,831 thousand) and cash deposited under irrevocable letters of credit in the amount of Tenge 23,649,497 thousand (unaudited) (31 December 2019: Tenge 31,429,771 thousand).

As at 30 June 2020 an impairment allowance of Tenge 5,487,043 thousand was recognised for advances paid under finance lease agreements (31 December 2019: Tenge 5,463,509 thousand), which takes into consideration the terms of restructuring, financial position of a counteragent and availability of the finished goods for transfer.

Assets to be transferred under finance lease agreements. Assets to be transferred under finance lease contracts comprise the equipment and residential complexes purchased during the reporting period which the Holding is planning to transfer to the lessees in 2020-2021.

12 Customer Accounts

<i>(In thousands of Kazakhstani Tenge)</i>	30 June 2020, unaudited	31 December 2019
State and public organisations		
- Current accounts	2,209,111	117,857
Other legal entities		
- Advances received as collateral for customer commitments	4,628,818	4,420,840
- Current accounts	557,357	2,458,004
Individuals		
- Term deposits	576,162,310	520,990,279
- Advances received as collateral for customer commitments	309,304,260	285,840,765
- Current accounts/on demand accounts	20,623,907	20,257,414
Total customer accounts	913,485,763	834,085,159

Term deposits of individuals mainly include housing savings of HCSBK JSC's customers. According to the terms of the Contract on house construction savings, the HCSBK JSC's depositors have the right to receive housing loan in the amount equal to a difference between contract amount and their accumulated deposits, estimated fees and state premium based on the decision of government, in the case if all requirements of signed contract of house construction savings are fulfilled.

13 Debt Securities Issued

<i>(In thousands of Kazakhstani Tenge)</i>	30 June 2020, unaudited	31 December 2019
Other Tenge-denominated bonds	1,167,775,196	869,705,274
US dollars-denominated Eurobonds	532,696,231	534,479,515
Tenge-denominated Eurobonds	265,070,145	200,477,811
Mortgage bonds	38,322,494	44,890,316
Total debt securities issued	2,003,864,066	1,649,552,916

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Other Tenge denominated bonds. Other Tenge-denominated bonds comprise the following bonds:

(In thousands of Kazakhstani Tenge)	Placement date	Date of maturity	Face value		Carrying amount	
			30 June 2020	2019	30 June 2020	2019
KZ2C0Y20F251 (not listed)	25.03.2016	25.03.2036	202,000,000	202,000,000	68,412,055	66,146,402
KZ2C00006716 (not listed)	25.06.2020	24.06.2030	200,000,000	-	122,099,098	-
KZ2C00006666 (not listed)	09.04.2020	02.04.2022	180,000,000	-	154,036,874	-
	13.03.2015,					
KZP01Y20E920 (not listed)	31.03.2015	13.03.2035	170,000,000	170,000,000	67,521,691	65,470,500
KZ2C0Y20E676 (not listed)	15.04.2014	15.04.2034	100,000,000	100,000,000	42,432,633	41,154,826
KZ2C0Y20E775 (not listed)	10.12.2014	10.12.2034	100,000,000	100,000,000	40,818,232	39,592,832
	21.01.2015,					
KZP01Y30E879 (not listed)	16.02.2015	21.01.2045	92,500,000	92,500,000	19,199,548	18,619,962
KZ2C0Y15G093	20.12.2018	27.12.2033	77,700,000	77,700,000	79,891,888	81,452,262
KKZ2C00003580	25.05.2016	25.05.2026	65,000,000	65,000,000	65,861,097	65,875,707
	28.12.2018,					
KZPO4M87F618 (not listed)	21.01.2019	12.03.2026	50,295,700	50,295,700	32,036,377	30,804,829
KZ2C0Y20E742 (not listed)	30.10.2014	30.10.2034	50,000,000	50,000,000	20,181,579	19,563,509
KZ2C0Y15F871 (not listed)	25.10.2018	on demand	40,150,000	40,150,000	40,152,733	40,150,736
KZ2C00005916	16.07.2019	16.07.2024	40,000,000	40,000,000	41,859,653	41,865,659
KZ2C00006088	28.06.2019	28.06.2029	40,000,000	40,000,000	41,921,111	41,921,111
KZP02Y20E738 (not listed)	26.03.2015	26.03.2035	38,095,125	38,095,125	17,811,357	17,123,286
KZ2C00004190	03.12.2019	03.12.2029	29,500,000	30,000,000	29,712,029	29,716,778
KZ2C00003911	06.06.2017	06.06.2024	28,000,000	28,000,000	28,173,535	28,176,862
KZ2C00006203	29.08.2019	28.08.2029	25,000,000	25,000,000	25,826,042	25,826,042
KZ2C00005908	18.06.2019	18.06.2026	23,484,000	23,484,000	23,548,707	23,551,770
KZP01Y20E730 (not listed)	15.07.2014	15.07.2034	23,000,000	23,000,000	19,995,053	19,175,385
KZP02Y30E877 (not listed)	29.01.2016	29.01.2046	22,500,000	22,500,000	4,765,287	4,628,911
KZP01Y09F615 (not listed)	19.10.2017	29.03.2026	21,100,000	21,100,000	13,001,227	12,469,501
KZ2C00006765 (not listed)	14.05.2020	14.05.2040	20,000,000	-	1,556,797	-
KZ2C00003002	29.12.2014	29.12.2024	20,000,000	20,000,000	19,998,338	20,000,651
KZ2C00003903	31.05.2017	31.05.2022	20,000,000	20,000,000	20,161,320	20,162,478
KZ2C00006286	07.10.2019	07.10.2039	20,000,000	20,000,000	3,100,008	2,962,155
KZ2C0Y15F871	17.07.2019	17.07.2026	20,000,000	20,000,000	20,919,950	20,919,362
KZ2C00003648	01.08.2016	01.08.2026	17,500,000	17,500,000	18,498,443	18,502,142
KZPO3M89F616 (not listed)	16.10.2018	12.03.2026	15,004,300	15,004,300	9,218,171	8,835,917
KZ2C00003713	28.07.2016	28.07.2031	15,000,000	15,000,000	15,940,877	15,944,506
KZP02Y20E928 (not listed)	29.09.2015	29.09.2035	15,000,000	15,000,000	5,687,415	5,512,678
KZ2C0Y20F236 (not listed)	03.02.2016	03.02.2036	15,000,000	15,000,000	5,454,564	5,283,854
KZP03Y20E736 (not listed)	09.03.2016	09.03.2036	15,000,000	15,000,000	4,429,292	4,271,628
KZPO2M92F612 (not listed)	12.07.2018	12.03.2026	10,600,000	10,600,000	6,753,210	6,493,410
KZ2C00004273	18.06.2020	18.06.2030	10,550,000	-	9,273,899	-
KZ2C00004000	22.08.2017	22.08.2032	8,836,000	8,836,000	9,177,862	9,179,384
KZ2C00004018	23.08.2017	23.08.2030	8,836,000	8,836,000	9,179,395	9,180,939
KZ2C00004026	24.08.2017	24.08.2028	8,836,000	8,836,000	9,167,849	9,169,300
			1,858,487,125	1,448,437,125	1,167,775,196	869,705,274

During six-month ended 30 June 2020, the Holding issued the bonds for the total amount of Tenge 410,550,000 thousand (unaudited):

- unsecured coupon bonds with total nominal value of Tenge 200,000,000 thousand (KZ2C00006716) issued with a coupon rate of 6.00% p.a. which mature in 10 years. The funds were used for the purposes of regional development, as part of the instruction of the President of the Republic of Kazakhstan at the meeting "On the situation with coronavirus and anti-crisis measures" held on the 23 March 2020;

- unsecured coupon bonds with total nominal value of Tenge 180,000,000 thousand (KZ2C00006666) issued with a coupon rate of 4.00% p.a. which mature in 2 years. The funds were used to repurchase of debt securities of local executive bodies issued for the purposes of construction of new housing as part of the implementation of the state policy to provide the population with housing;

- unsecured coupon bonds with nominal value of Tenge 20,000,000 thousand (KZ2C00006765) issued with a coupon rate of 0.15% p.a. and maturity in 2040. The funds were used to finance the buyers of motor vehicles manufactured in Kazakhstan;

- unsecured coupon bonds with nominal value of Tenge 10,550,000 thousand (KZ2C00004273) issued with a coupon rate of 11.00% p.a. and maturity in 2030.

Debt securities (KZ2C00006666, KZ2C00006716 and KZ2C00006765) issued during six-month ended 30 June 2020 were acquired by Kazakhstan Sustainability Fund JSC and the NBRK.

During six-month period ended 30 June 2019, the Holding issued the bonds for the total amount of Tenge 69,235,078 thousand (unaudited):

- unsecured coupon bonds with total nominal value of Tenge 40,000,000 thousand (unaudited) issued with a coupon rate of 9.50% p.a. which mature in 2029. The funds will be used to purchase of debt securities issued by Novacom Corporation LLC (Note 9);

- unsecured coupon bonds with a nominal value of Tenge 23,484,000 thousand (unaudited) issued on 18 June 2019 with a coupon rate of 10.00% p.a. which mature on June 2026;

- unsecured coupon bonds with nominal value of Tenge 5,751,078 thousand (unaudited) issued with a coupon rate of 0.15% p.a. and maturity in 2026. The funds will be used to finance purchase of debt securities issued by the local executive authorities of the regions (cities of Nur-Sultan and Almaty) for the purpose of construction of the housing real estate and its further purchase.

In accordance with the above-mentioned programs of state support and development, the Council for Management of the National Fund of the Republic of Kazakhstan sets terms and conditions for financing in the form of interest rates, financing schedule and related requirements for the Holding and commercial banks acting as program agents and end-use borrowers. In addition, the Government has approved special conditions, under which the Holding may provide further financing to the commercial banks and companies. For this reason, the difference that has arisen upon valuation of bonds (KZ2C00006666, KZ2C00006716 and KZ2C00006765) purchased by Kazakhstan Sustainability Fund JSC and the NBRK on behalf of the National Fund of the Republic of Kazakhstan during six-month period ended 30 June 2020 at the fair value at the placement date, was recognised as a government subsidy, as the Kazakhstan Sustainability Fund JSC and the NBRK acted in the interests of the Government and not the Holding's ultimate shareholder, because all terms and conditions of the loans have been agreed on at the Government level in the resolution concerning financing of the above-mentioned programs, and the Government does not expect any direct economic benefits from these programs in its capacity of the Holding's shareholder as the ultimate beneficiaries are the subjects specified by the programs. Thus, during six-month period ended 30 June 2020 the Holding accounted for the income of Tenge 127,152,815 thousand (unaudited) (six-month period ended 30 June 2019: Tenge 2,505,198 thousand (unaudited)), recognised in government grants in the condensed consolidated interim statement of financial position (Note 17).

In determining the fair value of the issued bonds upon initial recognition, the Holding has applied the market interest rates of 13.27%- 14.53% p.a. (unaudited) (six-month period ended 30 June 2019: 8.54% p.a. (unaudited)).

US dollars-denominated Eurobonds. Eurobonds comprise the following bonds issued by the Holding's subsidiary, DBK JSC:

- medium-term bonds with nominal value of USD 1,000,000 thousand issued on 10 December 2012 at coupon rate of 4.125% p.a. which mature in December 2022;
- long-term bonds with nominal value of USD 97,416 thousand issued on 23 March 2006 at coupon rate of 6.00% p.a. which mature in March 2026;
- long-term bonds with nominal value of USD 100,000 thousand issued on 3 June 2005 at coupon rate of 6.50% per annum which has been redeemed in June 2020.

Tenge-denominated Eurobonds. Eurobonds comprise the following bonds issued by the Holding's subsidiary, DBK JSC:

- On 4 May 2018 DBK JSC issued bonds denominated in Tenge for the total amount of Tenge 100,000,000 thousand having a coupon rate of 8.95% p.a. and maturing on 4 May 2023.
- On 14 December 2018 DBK JSC issued bonds denominated in Tenge for the total amount of Tenge 100,000,000 thousand having a coupon rate of 9.50% p.a. and maturing on 14 December 2020.
- On 12 February 2020 DBK JSC issued bonds denominated in Tenge for the total amount of Tenge 62,500,000 thousand having a coupon rate of 10.75% p.a. and maturing on 12 February 2025.

Mortgage bonds. Mortgage bonds comprise debt securities issued by KMC JSC denominated in Tenge and US Dollar. These bonds have floating and fixed coupon rates varying from 2.99% to 10.50% p.a. (effective interest rates vary from 7.00% to 12.72% p. a.) (unaudited). They will be redeemed during 2020-2039. Bonds are secured by customer loan agreements and relevant real estate which is the collateral for these loans. Floating coupon rates are dependent on the inflation rate which is based on the inflation index for the recent 12 months according to data reported by the Agency of Statistics of the Republic of Kazakhstan, and subject to semi-annual revision in accordance with the issue date.

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Reconciliation of movements of liabilities to cash flows arising from financing activities

(In thousands of Kazakhstani Tenge)

	2020	2019
Balance at 1 January	1,649,552,916	1,439,786,546
Changes due to cash flows from financing activities		
Proceeds from debt securities issued	473,050,000	69,828,939
Repurchase/redemption of debt securities issued	(41,206,179)	(4,734,890)
Total changes due to cash flows from financing activities	431,843,821	65,094,049
Other changes		
Discount at initial recognition	(128,458,167)	(2,517,701)
Interest expense (Note 19)	71,407,245	51,906,786
Interest paid	(51,046,880)	(34,264,798)
Effect of changes in exchange rates	30,868,449	(5,094,865)
Other	(303,318)	278,149
Balance at 30 June	2,003,864,066	1,515,188,166

14 Loans from Banks and Other Financial Institutions

	30 June 2020, unaudited	31 December 2019
(In thousands of Kazakhstani Tenge)		
Loans from National Welfare Fund "Samruk-Kazyna" JSC	65,373,212	65,706,702
Loans with fixed interest rate		
Loans from OECD banks and other financial institutions	-	11,088,390
Loans from non-OECD banks and other financial institutions	207,351,884	223,212,484
	207,351,884	234,300,874
Loans with floating interest rate		
Loans from non-OECD banks and other financial institutions	459,641,351	364,305,254
	732,366,447	664,312,830
Less unamortised portion of borrowing costs	(26,682,871)	(11,978,884)
Total loans from banks and other financial institutions	705,683,576	652,333,946

Reconciliation of movements of liabilities to cash flows arising from financing activities

(In thousands of Kazakhstani Tenge)

	2020	2019
Balance at 1 January	652,333,946	837,499,715
Changes due to cash flows from financing activities		
Receipt of loans from banks and other financial institutions	130,027,727	1,500,000
Repayment of loans from banks and other financial institutions	(83,808,736)	(165,710,432)
Total changes due to cash flows from financing activities	46,218,991	(164,210,432)
Other changes		
Interest expense (Note 19)	16,016,369	17,856,128
Interest paid	(14,783,436)	(18,903,480)
Discount at initial recognition	(17,579,548)	-
Effect of changes in exchange rates	23,136,411	(7,936,881)
Other changes	340,843	-
Balance at 30 June	705,683,576	664,305,050

During the six months ended 30 June 2020, the Holding raised two loans denominated in US Dollar from a foreign bank for the amount of Tenge 130,027,727 thousand (unaudited). Upon initial recognition of these loans the Holding recognised an income of Tenge 16,965,245 thousand in other income (Note 21). The fair value of these loans at initial recognition was calculated using the interest rates of 6.91% p.a. and 7.35% p.a. (unaudited), respectively. These loans mature in 2030 и 2034, respectively.

15 Loans from the Government of the Republic of Kazakhstan

During six-month period ended 30 June 2020 the Holding received loans from the Ministry of Finance of the Republic of Kazakhstan in the total amount of Tenge 86,825,113 thousand (unaudited):

- a loan of Tenge 20,000,000 thousand has been received at the rate of 0.05% p.a. and with maturity in 20 years. The borrowed funds are intended to finance the renewal of the passenger car fleet of "Passenger Transportation" JSC;
- a loan of Tenge 10,000,000 thousand has been received at the rate of 0.10% p.a. and with maturity in 15 years. The borrowed funds are intended to finance the renewal of the passenger bus fleet;
- a loan of Tenge 3,000,000 thousand has been received at the rate of 0.01% p.a. and with maturity in 25 years. The borrowed funds will be used to provide preliminary and interim housing loans to participants in the "Nurly Zher" Housing Construction Program;
- a loan of Tenge 49,000,000 thousand has been received at the rate of 0.01% p.a. and with maturity in 25 years. The borrowed funds will be used to provide preliminary and interim housing loans to participants in the "Bakytty Otbasy" State Program;
- loans of Tenge 4,825,113 thousand have been received at the rates in the range of 0.01%-0.10% p.a. and with maturity in 5-7 years. All borrowed funds are intended to finance small and medium entities.

During six-month period ended 30 June 2019 the Holding received loans from the Ministry of Finance of the Republic of Kazakhstan in the total amount of Tenge 64,704,766 thousand (unaudited):

- a loan of Tenge 14,000,000 thousand (unaudited) has been provided at the rate of 0.10% p.a. and with maturity in 8 years. The borrowed funds will be used to provide a long-term lease financing under the Unified Program for Business Support and Development "Business Road Map – 2020".
- a loan of Tenge 10,000,000 thousand (unaudited) has been provided at the rate of 0.10% p.a. and with maturity in 18 years. The borrowed funds are intended to finance domestic car manufacturers through conditional financing of second-tier banks to further finance individuals - buyers of vehicles manufactured in Kazakhstan and to provide financing to legal entities and individual entrepreneurs, which take for lease vehicles of special purpose.
- a loan of Tenge 28,000,000 thousand has been provided at the rate of 0.15% p.a. and with maturity in 20 years and is subject to partial early repayment of principal in the amount of Tenge 1,000 thousand upon expiry of 80 months. All borrowed funds are under "Nurly Zher" Housing Construction Program and intended to provide advance loans and bridge housing loans the "Nurly Zher" Program's participants;
- loans of Tenge 12,704,766 thousand have been received at the rates in the range of 0.01%-0.10% p.a. and with maturity in 7 years. All borrowed funds are intended to finance small and medium entities.

During six-month period ended 30 June 2020, the Holding stated income of Tenge 69,132,325 thousand (unaudited) as government grants (six-month period ended 30 June 2019: Tenge 11,034,674 thousand (unaudited) as government grants), recognised in other liability in the condensed consolidated interim statement of financial position. The Holding used estimated market interest rates of 13.44% – 13.46% p.a. (six-month period ended 30 June 2019: 8.73 – 8.76% p.a.) to measure the fair value of the loans received from the Government of the Republic of Kazakhstan at initial recognition by discounting their future contractual cash flows.

The Holding recognised the discount of Tenge 2,569,984 thousand (unaudited) (six-month period ended 30 June 2019: Tenge 22,122,914 thousand) arising upon initial recognition of the loan received with nominal value of Tenge 3,000,000 thousand (unaudited) (six-month period ended 30 June 2019: Tenge 28,000,000 thousand) and interest rate at 0.01% p.a. (six-month period ended 30 June 2019: 0.15% p.a.) directly in equity as an additional paid-in capital (less effect of the respective income tax of Tenge 513,996 thousand (unaudited) ((six-month period ended 30 June 2019: Tenge 4,424,583 thousand))), as management determined that the Government acted in the capacity of a shareholder when providing the Holding with said financing instruments at interest rates below market rates, without any additional conditions.

16 Other Financial Liabilities

Other financial liabilities comprise the following:

<i>(In thousands of Kazakhstani Tenge)</i>	30 June 2020, unaudited	31 December 2019
Funds to be transferred under government programme	42,494,899	5,865,771
Commitments to provide loans at a below-market interest rate	10,762,587	5,448,924
Provision for credit related commitments	6,553,146	3,588,310
Other accounts payable	2,823,584	2,906,852
Payables on banking activity	2,409,127	2,541,735
Payables for mortgage loans acquired	1,526,267	1,400,374
Amounts placed by customers as security for letters of credit	718,962	1,323,744
Trade payables to suppliers and contractors	328,897	1,228,570
Accrued fee and commission expenses	471,655	672,961
Amounts payable under repurchase agreements	457,963	535,607
Interest strip payable	66,872	266,974
Other	2,065,031	1,203,333
Total other financial liabilities	70,678,990	26,983,155

Funds to be transferred under government programme. Funds to be transferred under government programme are placed by the Ministry of Economic Development and Trade of the Republic of Kazakhstan and municipal bodies. Such funds are further transferred to local banks as payment against projects subsidised by the Government under the “Road Map of Business – 2025”.

Commitments to provide a loan at a below-market interest rate and credit related commitments. The Holding recognises commitments to provide a loan at a below-market interest rate and credit related commitments at fair value. Subsequently they are measured at the higher of the loss allowance determined in accordance with IFRS 9 and the amount initially recognised.

17 Government Grants

Government grants. The Holding recorded as government grants the amount of benefits received from loans provided at low interest rates by the National Fund of the Republic of Kazakhstan, NWF Samruk-Kazyna JSC and Ministry of Finance of the Republic of Kazakhstan.

<i>(In thousands of Kazakhstani Tenge)</i>	Six-month period ended 30 June 2020, unaudited	Six-month period ended 30 June 2019, unaudited
Balance as at 1 January	456,056,346	411,155,878
Government grant on loans received from the Government of the Republic of Kazakhstan through receipt of Loan from the Government (Note 15)	69,132,325	11,034,674
Government grants received from the Government of the Republic of Kazakhstan by means of issue of debt securities (Note 13)	127,152,815	2,505,198
Utilisation of government grant upon issuance of loans to borrowers under the State Program of Industrial-Innovative Development of the Republic of Kazakhstan	(18,535,906)	(1,121,874)
Utilisation of government grant for commissioning of residential properties under housing credit and lease agreements, under Nurly Zher program	(1,921,649)	(1,754,390)
Utilisation of government grants upon issuance of finance lease agreements (Note 19)	(4,796,302)	(3,236,665)
Utilisation of government grants upon issuance of low interest loans to commercial banks	(14,524,662)	(4,835,632)
Amortisation for the period	(5,010,290)	(5,247,786)
Utilisation of government grant for bonds of local executive bodies under Nurly Zher program (Note 9)	(119,711,438)	(10,821,935)
Utilisation of government grant for loans issued under the State program "Bakytty otbasy"	(4,909,672)	-
Balance as at 30 June, unaudited	482,931,567	397,677,468

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Subsequent to initial recognition, the Holding charged to profit or loss an amount corresponding to the renegotiated debt provided to the borrowers on favourable terms upon fulfilment of the conditions of state programs (Notes 6, 8, 9 and 10). The Holding is responsible for allocation of benefits to the ultimate borrowers through low interest loans.

During the period ended 30 June 2020 the government grants transferred to profit or loss (Note 21) amounted to Tenge 164,613,617 thousand (unaudited) (30 June 2019: Tenge 23,781,617 thousand (unaudited)) and were included in other expenses.

18 Share Capital

<i>(In thousands of Kazakhstani Tenge, except for number of shares)</i>	30 June 2020, unaudited	31 December 2019
Authorised ordinary shares	5,000,086,550	5,000,086,550
Authorised but not issued ordinary shares	(3,975,867,838)	(4,082,867,838)
Total issued shares paid	1,024,218,712	917,218,712
Par value per share, in Tenge	1,000	1,000
Issued share capital paid	1,024,218,712	917,218,712

Each ordinary share carries one vote.

During six-month-period ended 30 June 2020, the Holding issued shares for the total nominal amount of Tenge 107,000,000 thousand (unaudited) (during six-month period ended 30 June 2019: the Holding issued shares for the total nominal amount of Tenge 49,000,000 thousand).

During six-month-period ended 30 June 2020, the Holding has declared and paid dividends in the amount of Tenge 11,198,660 thousand (during six-month period ended 30 June 2019: no dividends declared). Dividends per ordinary share are Tenge 11.86.

19 Net Interest Income

<i>(In thousands of Kazakhstani Tenge)</i>	Six-month period ended 30 June 2020, unaudited	Six-month period ended 30 June 2019, unaudited
Interest income calculated using the effective interest method		
Loans to customers	104,815,405	82,448,614
Investment securities measured at amortised cost	28,980,324	15,016,429
Loans to banks and financial institutions	15,075,619	12,127,901
Cash and cash equivalents	7,699,526	14,032,641
Investment securities measured at fair value through other comprehensive income	8,939,347	9,132,910
Deposits	6,669,075	6,300,956
Other	94,001	178,440
Total interest income calculated using the effective interest method	172,273,297	139,237,891
Other interest income		
Finance lease receivables	19,507,533	14,237,636
Loans to customers	3,951,024	2,982,418
Financial instruments at fair value through profit or loss	714,669	453,778
Total other interest income	24,173,226	17,673,832
Interest expense		
Debt securities issued	(71,407,245)	(51,906,786)
Loans from banks and other financial institutions	(16,016,369)	(17,856,128)
Loans from the Government of the Republic of Kazakhstan	(9,615,686)	(6,765,846)
Customer accounts	(8,290,837)	(6,263,795)
Subordinated debt	(237,973)	(220,487)
Other	(110,092)	(77,592)
Total interest expense	(105,678,202)	(83,090,634)
Net interest income	90,768,321	73,821,089

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During six-month-period ended 30 June 2020, interest income on finance lease receivables included government grant amortisation in the amount of Tenge 4,796,302 thousand (unaudited) (during six-month period ended 30 June 2019: Tenge 3,236,665 thousand).

20 Net (Loss)/Gain on Assets Measured at Fair Value through Profit or Loss

	Six-month period ended 30 June 2020, unaudited	Six-month period ended 30 June 2019, unaudited
<i>(In thousands of Kazakhstani Tenge)</i>		
Gains less losses on derivative financial instruments	1,629,180	1,472,526
Dividend income from other assets measured at fair value through profit or loss	140,223	9,621
Gains less losses on trading securities	42,431	292,708
Loss on revaluation of loans to customers at fair value through profit or loss	(6,554,144)	(4,711,318)
(Losses less gains)/gains less losses on other assets measured at fair value through profit or loss	(18,412,871)	3,491,017
Total net (loss)/gain on assets measured at fair value through profit or loss	(23,155,181)	554,554

21 Other Operating Income/(Expense), net

	Six-month period ended 30 June 2020, unaudited	Six-month period ended 30 June 2019, unaudited
<i>(In thousands of Kazakhstani Tenge)</i>		
Other income from utilisation of government grants (Note 17)	164,613,617	23,781,617
Gain on initial recognition of financial liabilities at below market rates	18,270,597	-
Gain from early prepayment of loans	1,131,614	2,794,797
Gain from sales of non-current assets held for sale	472,072	263,818
Gain from sale of own property	66,082	227,102
Rental income on investment property	36,653	42,066
Revenue from provision of services or sale of goods	32,935	25,604
Fines and penalties	-	66,748
Charge for of impairment of other assets	(117,240)	(2,687,939)
Loss from repayment of loans from banks and other financial institutions before maturity	(324,647)	(1,737,718)
Impairment loss on investment property	(405,744)	-
Loss at initial recognition on loan commitments below market rates	(18,953,854)	(1,450,165)
Loss at initial recognition on loans issued at the below market rates	(48,362,673)	(11,947,720)
Loss at initial recognition on purchased bonds of regional authorities at the below market rates (Note 9)	(115,752,702)	(10,821,935)
Other, net	(172,748)	(251,244)
Total other operating income/(expense), net	533,962	(1,694,969)

During the six months ended 30 June 2020, the Holding recognised a gain in the amount of Tenge 18,270,597 thousand (unaudited) on initial recognition of liabilities at below-market rate, including arising upon receipt of a loan from a foreign bank in the amount of Tenge 16,965,245 thousand (unaudited) and arising from issuance of bonds in the amount of Tenge 1,305,352 thousand (unaudited). Funds obtained from the receipt of the loan were used to issue loans to customers. Loss at initial recognition of these loans to customers amounted to Tenge 13,391,354 thousand (unaudited) for the six months ended 30 June 2020. As at 30 June 2020 the Holding recognised a commitment to provide loans at below market rate in the amount of Tenge 1,407,155 thousand (unaudited) in relation to the unused credit facility limit provided to these borrowers.

During the six months ended 30 June 2020, the Holding recognised expenses of Tenge 18,953,854 thousand (unaudited) (for the six months ended 30 June 2019: Tenge 1,451,742 thousand) at initial recognition of the fair value of liabilities on provision of loans at below market rates.

During the six months ended 30 June 2020, losses on initial recognition of loans to banks arose from issuance of loans with a nominal interest rate from 1.00%, the market interest rates of which ranged from 15.45% to 18.67% per annum (unaudited) on initial recognition (for the six months ended 30 June 2019: with a nominal rate from 0.10% to 2.00% per annum, the market rates on which on initial recognition ranged from 8.45% to 15.00% per annum, unaudited).

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During the six months ended 30 June 2020, losses on initial recognition of loans to customers arose from issuance of loans with a nominal interest rate from 3.89% to 15.00% per annum, the market interest rates of which ranged from 9.23% to 18.64% per annum on initial recognition (for the six months ended 30 June 2019: with nominal rates ranging from 6.00% to 13.97%, the market rates on which ranged from 6.24% to 14.90% per annum on initial recognition, unaudited).

22 Provision for Impairment of Other Financial Assets and Credit Related Commitments

	Six-month period ended 30 June 2020, unaudited	Six-month period ended 30 June 2019, unaudited
<i>(In thousands of Kazakhstani Tenge)</i>		
Deposits (Note 7)	31,167	1,436,690
Other financial assets	(5,139)	130,926
Cash and cash equivalents	(5,588)	177,269
Investment securities measured at fair value through other comprehensive income	(512,698)	(19,987)
Loans to banks and financial institutions (Note 6)	(1,028,105)	(490,714)
Investment securities measured at amortised cost (Note 9)	(1,272,897)	(939,520)
Contingent liabilities	(1,557,260)	(2,966,653)
Finance lease receivables (Note 10)	(4,392,328)	(35,357)
Total provision for impairment of other financial assets and credit related commitments	(8,742,848)	(2,707,346)

23 Administrative Expenses

	Six-month period ended 30 June 2020, unaudited	Six-month period ended 30 June 2019, unaudited
<i>(In thousands of Kazakhstani Tenge)</i>		
Personnel costs	13,831,195	12,121,117
Professional services	2,111,658	1,904,210
Depreciation of property, plant and equipment	1,203,448	955,031
Charity and sponsorship	1,005,829	120,000
Communications services	866,757	560,549
Taxes other than on income	677,919	647,264
Repair and technical equipment	667,770	718,701
Amortisation of software and other intangible assets	655,183	489,278
Administrative expense of the Board of Directors	472,988	452,827
Operating lease expense	357,819	320,219
Information services	300,499	230,250
IFC project costs	207,596	-
Expenses on realisation of Damu EDF JSC programmes	205,915	199,574
Business trip expenses	163,411	378,458
Transportation services	126,248	114,179
Staff training	97,179	206,551
Advertising and marketing services	92,560	346,124
Utilities	80,110	337,836
Insurance	57,336	228,965
Security services	52,589	222,673
Materials	47,847	95,566
Other	643,542	1,368,395
Total administrative expenses	23,925,398	22,017,767

During six-month period ended 30 June 2020 the Holding Company has provided sponsorship in the amount of Tenge 1,000,000 thousand related to recovery of houses in Maktaaral district of Turkestan region suffered from the flood mainly to two villages Firdousi (180 houses) and Orgebas (156 houses).

24 Income Tax (Benefit)/Expense

	Six-month period ended 30 June 2020, unaudited	Six-month period ended 30 June 2019, unaudited
<i>(In thousands of Kazakhstani Tenge)</i>		
Current tax	4,639,159	6,282,546
Deferred tax	(6,383,750)	26,208
Income tax (benefit)/expense for the period	(1,744,591)	6,308,754

The income tax rate applicable to the Holding's six-month period ended 30 June 2020 income is 20% (six-month period ended 30 June 2019: 20%).

A reconciliation between the estimated and the actual tax charges is provided below:

	Six-month period ended 30 June 2020, unaudited	Six-month period ended 30 June 2019, unaudited
<i>(In thousands of Kazakhstani Tenge)</i>		
(Loss)/profit before income tax	(296,706)	37,830,992
Income tax at the applicable tax rate	(59,341)	7,566,198
- Non-taxable income on securities	(4,856,966)	(4,221,904)
- Other non-taxable income	(2,147,184)	(1,171,700)
- Non-deductible impairment losses	2,801,590	1,008,277
- Non-deductible expenses on revaluation of loans measured at fair value	3,394,823	199,282
- Other non-deductible expenses	3,171,551	2,870,438
- Adjustment of current income tax expense for prior years	17,184	(158,390)
- Change in unrecognised deferred tax assets	(2,031,690)	119,269
- Recognition of tax effect of previously unrecognised tax losses	(2,169,090)	-
- Other permanent differences	134,532	97,284
Income tax (benefit)/expense for the period	(1,744,591)	6,308,754

25 Financial Risk Management

Management of risk is fundamental to the business and is an essential element of the Holding's operations. The major risks faced by the Holding are those related to market risk, credit risk and liquidity risk.

As at 30 June 2020, there were no significant changes in relation to liquidity risk exposure since 31 December 2019.

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Currency risk

The Holding has assets and liabilities denominated in several foreign currencies. Foreign currency risk arises when the actual or forecasted assets in a foreign currency are either greater or less than the liabilities in that currency. The table below summarises the Holding exposure to foreign currency exchange rate risk as at 30 June 2020:

<i>(in thousands of Kazakhstani Tenge)</i>	Tenge, unaudited	US Dollars, unaudited	Euro, unaudited	Other, unaudited	Total, unaudited
ASSETS					
Cash and cash equivalents	453,315,184	88,129,256	454,019	1,383,545	543,282,004
Other financial instruments at fair value through profit or loss	45,618	1,653	-	-	47,271
Loans to banks and financial institutions	372,556,781	-	-	-	372,556,781
Deposits	161,199,995	10,893,883	-	6,270,536	178,364,414
Loans to customers	2,064,362,575	843,006,908	-	-	2,907,369,483
Investment securities measured at fair value through profit or loss	8,562,609	-	-	-	8,562,609
Investment securities measured at fair value through other comprehensive income	167,603,590	164,864,970	-	314,607	332,783,167
Investment securities measured at amortised cost	730,102,763	12,610,995	-	-	742,713,758
Finance lease receivables*	406,002,748	-	-	-	406,002,748
Other financial assets	30,966,447	56,964	-	-	31,023,411
Total monetary financial assets	4,394,718,310	1,119,564,629	454,019	7,968,688	5,522,705,646
LIABILITIES					
Customer accounts	908,954,542	4,531,210	11	-	913,485,763
Debt securities issued	1,471,167,836	532,696,230	-	-	2,003,864,066
Subordinated debt	6,748,405	-	-	-	6,748,405
Loans from banks and other financial institutions	117,379,795	573,545,712	-	14,758,069	705,683,576
Loans from the Government of the Republic of Kazakhstan	305,686,979	337,610	-	-	306,024,589
Insurance contract provisions	11,231,602	-	-	-	11,231,602
Other financial liabilities	68,493,200	1,807,274	372,420	6,096	70,678,990
Total monetary financial liabilities	2,889,662,359	1,112,918,036	372,431	14,764,165	4,017,716,991
Total net position	1,505,055,951	6,646,593	81,588	(6,795,477)	1,504,988,655

* These assets contain embedded derivatives which become effective if the US Dollar or Euro appreciates against Tenge.

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The table below summarises the Holding exposure to foreign currency exchange rate risk at 31 December 2019:

(In thousands of Kazakhstani Tenge)

	Tenge	USD	EUR	Other	Total
ASSETS					
Cash and cash equivalents	381,902,962	40,833,544	2,253,849	1,494,794	426,485,149
Loans to banks and financial institutions	373,726,776	-	-	-	373,726,776
Deposits with banks and financial institutions	126,960,701	16,924,554	2,451,334	6,747,505	153,084,094
Financial instruments at fair value through profit or loss	208,798	1,566	-	-	210,364
Loans to customers	1,934,605,713	800,410,743	11,470,282	-	2,746,486,738
Investment securities measured at fair value through profit or loss	8,379,588	-	-	-	8,379,588
Investment securities measured at fair value through other comprehensive income	166,091,203	201,781,641	-	283,885	368,156,729
Investment securities measured at amortised cost	385,242,567	7,494,759	-	-	392,737,326
Finance lease receivables	357,267,765	-	-	-	357,267,765
Other financial assets	19,326,929	919,248	-	23	20,246,200
Total monetary financial assets	3,753,713,002	1,068,366,055	16,175,465	8,526,207	4,846,780,729
LIABILITIES					
Customer accounts	827,992,369	4,291,790	1,801,000	-	834,085,159
Debt securities issued	1,115,073,402	534,479,514	-	-	1,649,552,916
Subordinated debt	6,516,175	-	-	-	6,516,175
Loans from banks and other financial institutions	127,234,576	498,434,761	10,715,626	15,948,983	652,333,946
Loans from the Government of the Republic of Kazakhstan	283,351,425	432,951	-	-	283,784,376
Insurance contracts liabilities	9,963,449	-	-	-	9,963,449
Other financial liabilities	23,909,646	3,030,825	30,101	12,583	26,983,155
Total monetary financial liabilities	2,394,041,042	1,040,669,841	12,546,727	15,961,566	3,463,219,176
Total net position	1,359,671,960	27,696,214	3,628,738	(7,435,359)	1,383,561,553

* These assets contain embedded derivatives which become effective if the US Dollar or Euro appreciates against Tenge. The above derivative financial instruments are the monetary financial assets or monetary financial liabilities and represent the fair value at the end of the reporting period of a relevant currency.

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

(In thousands of Kazakhstani Tenge)	30 June 2020, unaudited	31 December 2019
US Dollar strengthening by 20% (2019: strengthening by 20%)	1,063,455	4,431,394
US Dollar weakening by 20% (2019: weakening by 20%)	(1,063,455)	(4,431,394)
EUR strengthening by 20% (2019: strengthening by 20%)	13,054	580,598
EUR weakening by 20% (2019: weakening by 20%)	(13,054)	(580,598)
Other currencies strengthening by 20% (2019: strengthening by 20%)	(1,087,276)	(1,189,657)
Other currencies weakening by 20% (2019: weakening by 20%)	1,087,276	1,189,657

The above analysis includes only monetary assets and liabilities. The Holding believes that investments in equity instruments and non-monetary assets will not result in significant currency risk. Risk was calculated only for monetary balances denominated in currencies other than the functional currency of the Holding.

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Management of capital. The Holding's objectives when managing capital are to safeguard the Holding's ability to continue as a going concern, by meeting the capital adequacy requirements based on monitoring of the financial statements, including monitoring of the subsidiaries and established control requirements to capital adequacy on the part of the Board of Directors of the controlled entities, Financial Supervision Committee, National Bank of the Republic of Kazakhstan, investors.

The Holding considers capital as at 30 June 2020 as net assets, which is Tenge 1,322,280,160 thousand (unaudited) (31 December 2019: Tenge 1,227,037,636 thousand). The Holding does not have regulatory capital requirements. As at 30 June 2020 and 31 December 2019, the Holding's subsidiaries complied with all the capital adequacy ratios by exceeding the minimum requirements.

Interest rate risk. The Holding takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest margins may increase as a result of such changes, but may reduce or create losses in the event that unexpected movements arise. Interest rate risk management by the subsidiaries is based on the principles of full coverage of costs: resulting interest income should cover costs for raising and placement of funds and provide for net profit generation and competitiveness. Report on interest rate classifies assets, liabilities, off-balance sheet claims and liabilities which are sensitive to changes in interest rates, and groups them in economically homogeneous and significant items, by time period depending on their maturities (for fixed rates) or time to their next reprice (for floating rates). Time periods and items of recorded assets, liabilities, off-balance sheet claims and liabilities can be changed by the Holding's Management Board.

The table below summarises the Holding's exposure to interest rate risks. The table presents the aggregated amounts of the Holding's financial assets and liabilities at carrying amounts, categorised by the earlier of contractual interest repricing or maturity dates.

<i>(In thousands of Kazakhstani Tenge)</i>	Demand and less than 1 month	From 1 to 6 months	From 6 to 12 months	More than 1 year	Non- interest	Total
30 June 2020						
Total financial assets, unaudited	701,751,894	651,023,127	217,414,352	3,751,971,119	200,545,154	5,522,705,646
Total financial liabilities, unaudited	(344,076,703)	(468,423,064)	(191,128,272)	(2,990,989,716)	(23,099,236)	(4,017,716,991)
Net interest sensitivity gap at 30 June 2020, unaudited	357,675,191	182,600,063	26,286,080	760,981,403	177,445,918	1,504,988,655
31 December 2019						
Total financial assets	611,994,856	577,787,812	212,484,391	3,338,743,151	105,770,519	4,846,780,729
Total financial liabilities	(210,085,192)	(404,462,829)	(273,457,234)	(2,539,183,188)	(36,030,735)	(3,463,219,178)
Net interest sensitivity gap at 31 December 2019	401,909,664	173,324,983	(60,972,843)	799,559,963	69,739,784	1,383,561,551

All of the Holding's debt instruments reprice within 1 year on the average, excluding financial instruments with fixed interest rate.

Sensitivity analysis of profit or loss and equity (net of taxes) to changes in interest rates (interest rate risk) performed based on the conventional scenario of parallel shift in yield curve by 100 basis points upward or downward the interest rates and restated positions on interest-bearing assets and liabilities effective as at 30 June 2020 and 31 December 2019 is as follows:

<i>(In thousands of Kazakhstani Tenge)</i>	30 June 2020 unaudited	31 December 2019
Parallel increase by 100 basis points (2019: 100 basis points)	3,829,482	3,941,537
Parallel decrease by 100 basis points (2019: 100 basis points)	(3,829,482)	(3,941,537)

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The Holding monitors interest rates for its financial instruments. The table below summarises weighted average effective interest rates at the respective reporting date based on reports reviewed by key management personnel. For securities, the interest rates represent yields to maturity based on market quotations at the reporting date:

	30 June 2020, unaudited			31 December 2019		
	Tenge	US Dollar	Other	Tenge	US Dollar	Other
Assets						
Cash and cash equivalents	6.61%	0.02%	0.57%	7.15%	0.86%	1.85%
Loans to banks and financial institutions	6.08%	-	-	5.82%	-	-
Deposits	8.56%	0.73%	2.11%	7.40%	1.58%	-
Loans to customers	8.38%	6.01%	-	8.42%	5.90%	5.90%
Investment securities measured at fair value through other comprehensive income	7.76%	3.50%	5.40%	7.72%	3.17%	5.00%
Investment securities measured at fair value through profit or loss	6.79%	-	-	7.03%	-	-
Investment securities measured at amortised cost	11.21%	4.02%	-	10.71%	-	-
Finance lease receivables	5.31%	-	-	5.56%	-	-
Liabilities						
Customer accounts	1.94%	-	-	1.94%	-	-
Debt securities issued	9.85%	6.37%	-	8.93%	5.27%	-
Subordinated debt	7.67%	-	-	7.67%	-	-
Loans from banks and other financial institutions	6.11%	4.46%	9.98%	6.19%	4.08%	7.94%
Loans from the Government of the Republic of Kazakhstan	7.39%	-	-	6.85%	-	-

26 Analysis by Segment

The Holding has six reportable segments, as described below, which are the Holding's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and strategies. For each of the strategic business units, the Chairman of the Management Board, reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the reportable segments.

- Strategical management;
- Affordable housing;
- Large business support;
- SME support and development;
- Investments development;
- Export insurance and others.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit after income tax as included in the internal management reports that are reviewed by the Chairman of the Management Board. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to others who operate within these industries.

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<i>(In thousands of Kazakhstani Tenge)</i>	30 June 2020, unaudited	31 December 2019
ASSETS		
Strategical management	2,112,872,578	1,699,926,204
Affordable housing	2,475,128,439	2,090,982,992
Large business support	2,857,610,539	2,662,632,541
SME support and development	405,084,608	339,978,863
Investments development	210,620,744	233,926,669
Export insurance and others	117,477,546	90,016,992
Total assets	8,178,794,454	7,117,464,261
LIABILITIES		
Strategical management	1,009,112,735	714,673,384
Affordable housing	2,022,961,897	1,650,614,718
Large business support	2,347,577,463	2,187,058,547
SME support and development	292,139,912	251,367,620
Investments development	54,541,686	53,936,757
Export insurance and others	9,125,401	9,059,283
Total liabilities	5,735,459,094	4,866,710,309
Reconciliations of reportable segment total assets and total liabilities:		
Total assets for reportable segments		
Total assets	8,178,794,454	7,117,464,261
Impact of consolidation	(2,279,046,336)	(1,903,417,066)
Total assets	5,899,748,118	5,214,047,195
Total liabilities for reportable segments		
Total liabilities	5,735,459,094	4,866,710,309
Impact of consolidation	(1,158,088,042)	(879,800,173)
Total liabilities	4,577,371,052	3,986,910,136

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<i>(In thousands of Kazakhstani Tenge)</i>	Strategic management	Affordable housing	Large business support	SME support and development	Investments development	Export insurance and other	Total
Six-month period ended 30 June 2020, unaudited							
Interest income	34,579,946	86,146,856	97,660,954	12,195,751	2,336,548	3,177,838	236,097,893
Interest expense	(33,748,205)	(35,589,371)	(70,455,006)	(5,610,737)	(180,306)	(10,300)	(145,593,925)
Net interest income	831,741	50,557,485	27,205,948	6,585,014	2,156,242	3,167,538	90,503,968
Provision for loan portfolio impairment	-	(7,392,028)	(45,813,288)	(1,374,998)	-	-	(54,580,314)
Net fee and commission (expense)/income	(20,583)	(1,811,491)	(595,251)	2,179,902	-	35,984	(211,439)
Net (loss)/gain on assets measured at fair value through profit or loss	1,507	42,569	(3,923,321)	-	(2,604,164)	32,654	(6,450,755)
Net gain/(loss) on investment securities at fair value through profit or loss	55,592	(613)	6,858,774	44,253	(19,067,538)	-	(12,109,532)
Net insurance premiums earned	-	916,098	-	-	-	816,703	1,732,801
Net gain/(losses) from derecognition of financial assets measured at amortized cost	-	-	(470,325)	2,955,450	-	-	2,485,125
Net insurance claims incurred and changes in insurance contract provisions	-	(1,008,171)	-	-	-	(2,155,732)	(3,163,903)
Other operating income/(expense), net	24,327,509	968,296	(180,641)	290,988	2,106,945	430,706	27,943,803
Operating income/(expense)	25,195,766	42,272,145	(16,918,104)	10,680,609	(17,408,515)	2,327,853	46,149,754
Provision for impairment of other financial assets and credit related commitments	(1,478,500)	(1,139,046)	(2,495,148)	(1,974,407)	63,141	(97,152)	(7,121,112)
Administrative expenses	(3,417,173)	(12,573,993)	(4,009,221)	(2,269,153)	(1,270,111)	(887,517)	(24,427,168)
Share of financial result of associates and joint ventures	-	-	-	-	(4,789)	-	(4,789)
Profit/(loss) before income tax	20,300,093	28,559,106	(23,422,473)	6,437,049	(18,620,274)	1,343,184	14,596,685
Income tax (expense)/benefit	2,406,126	(2,625,283)	3,707,606	(944,489)	(395,769)	(403,600)	1,744,591
Segment result	22,706,219	25,933,823	(19,714,867)	5,492,560	(19,016,043)	939,584	16,341,276

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<i>(In thousands of Kazakhstani Tenge)</i>	Strategic management	Affordable housing	Large business support	SME support and development	Investments development	Export insurance and other	Total
Six-month period ended 30 June 2019, unaudited							
Interest income	22,337,080	59,989,794	85,082,178	11,691,380	2,670,361	2,128,409	183,899,202
Interest expense	(21,766,414)	(22,316,612)	(60,982,625)	(5,107,413)	(165,751)	(12,544)	(110,351,359)
Net interest income	570,666	37,673,182	24,099,553	6,583,967	2,504,610	2,115,865	73,547,843
Provision for loan portfolio impairment	-	(394,708)	(8,370,233)	(47,811)	-	-	(8,812,752)
Net fee and commission income	(3,677,184)	(1,408,077)	1,174,443	1,529,318	-	83,613	(2,297,887)
Net (loss)/gain on assets measured at fair value through profit or loss	-	142,460	(968,411)	-	128,449	32,081	(665,421)
Net gain/(loss) on investment securities at fair value through profit or loss	122	1,726	1,612,213	(407,647)	5,206,841	-	6,413,255
Net insurance premiums earned	-	427,263	-	-	-	723,122	1,150,385
Net losses from derecognition of financial assets measured at amortized cost	-	-	(1,550,426)	-	-	-	(1,550,426)
Net insurance reimbursements/(claims) incurred and changes in insurance contract provisions	-	3,798	-	-	-	(1,516,092)	(1,512,294)
Other operating income/(expense), net	15,834,128	1,932,559	(4,270,481)	17,886	(687,352)	483,028	13,309,768
Operating income	12,727,732	38,378,203	11,726,658	7,675,713	7,152,548	1,921,617	79,582,471
Provision for impairment of other financial assets and credit related commitments	(284,481)	272,534	(2,316,587)	(949,675)	338,202	619,610	(2,320,397)
Administrative expenses	(2,191,556)	(11,705,922)	(3,873,262)	(2,248,059)	(1,621,803)	(896,360)	(22,536,962)
Share of financial result of associates and joint ventures	-	-	-	-	9,569	-	9,569
Profit before income tax	10,251,695	26,944,815	5,536,809	4,477,979	5,878,516	1,644,867	54,734,681
Income tax expense/(benefit)	280	(2,720,747)	(2,383,066)	(592,400)	(384,951)	(227,870)	(6,308,754)
Segment result	10,251,975	24,224,068	3,153,743	3,885,579	5,493,565	1,416,997	48,425,927

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	Six-month period ended 30 June 2020, unaudited	Six-month period ended 30 June 2019, unaudited
<i>(In thousands of Kazakhstani Tenge)</i>		
Reconciliations of reportable segment revenues and profit or loss:		
Reportable segment net interest income	90,503,968	73,547,843
Other adjustments	264,353	273,246
Total net interest income	90,768,321	73,821,089
Reportable segment profit	16,341,276	48,425,927
Impact of consolidation	(14,893,391)	(16,903,689)
Total profit	1,447,885	31,522,238

27 Contingencies and Commitments

Legal proceedings. From time to time and in the normal course of business, claims against the Holding and its subsidiaries may be received. On the basis of its own estimates and internal professional advice, management is of the opinion that no material losses will be incurred in respect of claims, and accordingly no provision has been made in these condensed consolidated interim financial statements.

Tax contingencies. The taxation system in the Republic of Kazakhstan is relatively new and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are often unclear, contradictory and subject to varying interpretation by different tax authorities, including opinions with respect to IFRS treatment of revenues, expenses and other items in the condensed consolidated interim financial statements. Taxes are subject to review and investigation by various levels of authorities, which have the authority to impose severe fines and interest charges. A tax year generally remains open for review by the tax authorities for five subsequent calendar years; however, under certain circumstances a tax year may remain open longer.

These circumstances may create tax risks in the Republic of Kazakhstan that are more significant than in other countries. Management of the Holding believes that it has provided adequately for tax liabilities based on its interpretations of applicable tax legislation, official pronouncements and court decisions. However, the interpretations of the relevant authorities could differ and the effect on these condensed consolidated interim financial statements, if the authorities were successful in enforcing their interpretations, could be significant.

Investment related contingencies. The Holding purchases shares in private equity funds to include in its portfolio. The Holding diversifies the investment portfolio by distributing investments among managers, relevant industries, territories and investment stages. As at 30 June 2020 the contingent capital commitments totalled Tenge 68,991,991 thousand (unaudited) (31 December 2019: Tenge 59,910,628 thousand). Under the constituent agreements of private equity funds, in case of default on capital commitments, after the manager issued a due claim, the Holding may be subject to sanctions, including moratorium on interest, cessation of profit distribution, temporary denial of right to participate in the corporate governance of the funds and forced sale of the Holding's share to co-investors and third parties. As at 30 June 2020 and 31 December 2019, the Holding did not have overdue investment commitments.

Compliance with covenants. The subsidiaries of the Holding are subject to certain covenants primarily relating to their borrowings. Non-compliance with these covenants may result in negative consequences for the Holding. The Holding was in compliance with covenants at 30 June 2020 and 31 December 2019.

Insurance. The insurance industry in the Republic of Kazakhstan is in a developing stage and many forms of insurance protection common in other parts of the world are not yet generally available. The Holding does not have full coverage for its premises and equipment, business interruption, or third-party liability in respect of property or environmental damage arising from accidents on its property or related to operations. Until the Holding obtains adequate insurance coverage, there is a risk that the loss or destruction of certain assets could have a material adverse effect on operations and consolidated financial position of the Holding.

Credit related commitments. The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit, which represent irrevocable assurances that the Holding will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans. Documentary and commercial letters of credit, which are written undertakings by the Holding on behalf of a customer authorising a third party to draw drafts on the Holding up to a stipulated amount under specific terms and conditions, are collateralised by the underlying shipments of goods to which they relate or cash deposits and, therefore, carry less risk than a direct borrowing.

Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Holding is potentially exposed to loss in an amount equal to the total unused commitments, if the unused amounts were to be drawn down. However, the likely amount of loss is less than the total unused commitments since most commitments to extend credit are contingent upon customers maintaining specific credit standards.

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The Holding monitors the term to maturity of credit related commitments, because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments. Outstanding credit related commitments are as follows:

<i>(In thousands of Kazakhstani Tenge)</i>	30 June 2020, unaudited	31 December 2019
Commitments to extend credit that are irrevocable or revocable only in response to a material adverse change	28,881,098	26,241,764
Loan and credit line commitments	158,547,608	287,289,230
Finance lease commitments	142,890,873	133,681,171
Financial guarantees issued	121,422,294	144,613,436
Contingent commitments on innovation grants allocation	6,274,521	3,049,440
Total credit related commitments less provision	458,075,394	594,875,041

As at 30 June 2020 included in loans and credit line commitments related to settlement operations is the amount of Tenge 132,127,605 thousand (unaudited) related to nine borrowers (31 December 2019: Tenge 270,704,270 thousand related to ten borrowers), which, when aggregated with current amount of loans in the amount of Tenge 557,143,705 thousand (unaudited) (31 December 2019: Tenge 932,697,752 thousand) comprise a significant credit exposure.

Credit quality analysis

<i>(In thousands of Kazakhstani Tenge)</i>	Unaudited 30 June 2020 Stage 1 12-month ECL
Loan commitments	
<i>With internally rated credit risk</i>	
- rated from BBB- to BBB+	10,000,000
- rated from BB- to BB+	20,908,757
- rated from B- to B+	127,638,851
Total loan commitments	158,547,608
Loss allowance	1,767,058
Finance guarantee contracts	
- rated from B- to B+	46,021,033
<i>not rated</i>	
- not overdue	69,544,053
- overdue less than 30 days	4,133,018
- overdue more than 31 days and less than 90 days	477,475
- overdue more than 91 days and less than 180 days	1,246,715
Total finance guarantee contracts	121,422,294
Loss allowance	4,786,088

<i>(In thousands of Kazakhstani Tenge)</i>	31 December 2019		
	Stage 1 12-month ECL	Stage 2 Lifetime ECL for not credit impaired assets	Total
Loan commitments			
<i>With internally rated credit risk</i>			
- rated from BBB- to BBB+	46,061,800	-	46,061,800
- rated from BB- to BB+	111,656,667	-	111,656,667
- rated from B- to B+	129,239,272	-	129,239,272
- rated from CCC- to CCC+	-	331,491	331,491
Total loan commitments	286,957,739	331,491	287,289,230
Loss allowance	2,029,985	-	2,029,985
Finance guarantee contracts			
- rated from B- to B+	70,446,847	-	70,446,847
<i>not rated</i>			
- not overdue	66,570,310	-	66,570,310
- overdue less than 30 days	906,086	-	906,086
- overdue more than 31 days and less than 90 days	391,615	-	391,615
- overdue more than 91 days and less than 180 days	311,647	-	311,647
Total finance guarantee contracts	138,626,505	-	138,626,505
Loss allowance	1,558,325	-	1,558,325

28 Fair Value of Financial Instruments

Fair value measurements are analysed by level in the fair value hierarchy as follows:

- level 1 are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities;
- level 2 measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). This level includes instruments estimated based on active market quotations of similar instruments, market quotations for identical or similar instruments that are not considered as active, or other valuation techniques which inputs are directly or indirectly based on observable market data; and
- level 3 measurements are valuations not based on observable market data (that is, unobservable inputs).

Management applies judgement in categorising financial instruments using the fair value hierarchy. If a fair value measurement uses observable inputs that require significant adjustment, that measurement is a Level 3 measurement. The significance of a valuation input is assessed against the fair value measurement in its entirety.

Recurring fair value measurements. Recurring fair value measurements are those that other IFRS require or permit in the condensed consolidated interim statement of financial position at the end of each reporting period. The level in the fair value hierarchy into which the recurring fair value measurements are categorised are as follows:

(In thousands of Kazakhstani tenge)	30 June 2020, unaudited				31 December 2019			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
ASSETS AT FAIR VALUE								
Other assets at fair value through profit or loss	4,001	-	114,621,247	114,625,248	3,913	57,973	128,879,984	128,941,870
Loans to customers	-	-	88,520,138	88,520,138	-	-	81,495,249	81,495,249
Investment securities measured at fair value	163,817,374	175,416,985	2,111,417	341,345,776	200,761,883	173,099,324	2,675,110	376,536,317
Embedded derivative	-	-	8,122,944	8,122,944	-	-	6,651,931	6,651,931
Derivative financial instruments	-	43,270	-	43,270	-	148,478	-	148,478
TOTAL ASSETS AT FAIR VALUE	163,821,375	175,460,255	213,375,746	552,657,376	200,765,796	173,305,775	219,702,274	593,773,845

Level 2 measurements. Level 2 includes Investment securities measured at fair value which fair value was determined based on valuation techniques that apply inputs from observable markets. Observable inputs include transaction prices at markets which are active for similar, but not identical instruments, and prices at markets which are not active for identical instruments. Although all the instruments are listed at the Kazakhstani Stock Exchange, management believes that market for identical instruments is not active.

The Holding applies the discounted cash flow method for investment securities and financial assets at fair value for which fair value cannot be determined based on inputs from observable markets.

For impaired (Stage 3) debt securities, forecasts of estimated cash flows were based on the publicly available information related to the estimated repayment schedule after the restructuring for each respective category of securities. Assumptions in relation to discount rates were based on credit risk premiums of similar issuers that were understood as market quotations of securities in issue which trading has not been suspended.

There were no changes in valuation techniques for level 2 recurring fair value measurements during the six-month periods ended 30 June 2020 and during the year ended 31 December 2019.

Level 3 measurements. Certain Investment securities measured at fair value that are not quoted at the observable markets and cannot be measured based on inputs from observables market were estimated using the discounted cash flow method. Forecasts for such securities were calculated based on the contractual repayment schedule. Assumptions in relation to discount rates were based on active market quotations for identical instruments of the issuer subject to respective adjustment of credit rating for credit rating difference.

The Holding's investments in equity instruments designated as level 3 include contributions to investment funds at fair value through profit or loss. These funds invest primarily in private equity through acquisition of unquoted ordinary shares of the companies from transition economies (mainly, the Republic of Kazakhstan and Russia). The Holding applies fair value of investments recorded in the statements of each fund and estimates the basis for material differences between fair value measured and fair value stated by the fund managing companies.

The appraiser applies a range techniques to measure cost of base portfolio investments depending on the nature of business under review, availability of comparable items at the market, and stage of the company's life cycle.

The control system implemented by the Holding includes preparation of fair value measurement by responsible front-office specialists of the subsidiaries and subsequent review by the executive of the relevant department. Special control mechanisms implemented by the Holding include:

- observable quotations review;
- overview and approval of new models and amendments to models;
- review and approval of new models and amendments to models with participation of the executive of the relevant front-office;
- overview of significant unobservable input, measurement adjustments and significant changes in fair value measurement of Level 3 instruments as compared with the prior period.

There were no significant changes in valuation technique, observable inputs and assumptions for level 3 recurring fair value measurements during the six-month period ended 30 June 2020 (the six-month period ended 30 June 2019: none).

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The table below provides information on significant unobservable inputs used at the year-end to value the most significant companies included in the portfolio of private equity funds categorised into Level 3 of the fair value hierarchy as at 30 June 2020 (unaudited), in addition to sensitivity analysis to changes in unobservable data, which the Holding thinks reasonably possible at the reporting date, assuming that all other variables remain unchanged.

Company industries	Fair value of the Holding's interest	Valuation technique	Significant unobservable input	Reasonable shift	Fair value measurement sensitivity to shifts in unobservable inputs
	13,278,879	Black Scholes option pricing model	Volatility coefficient	+/- 5%	663,944
	397,573	Comparative approach	According to market quotes	+/- 5%	19,879
	28,655	Income approach	Discounted CF	+/- 5%	1,433
Power engineering	20,199	Income approach	Discounted CF	+/- 5%	1,010
	6,125,055	Comparative approach	EBITDA/multiplier	+/- 5%	306,253
	3,483,953	Cost approach	According to historical cost	+/- 5%	174,198
	2,984,664	Income approach	Discounted CF	+/- 5%	149,233
Alternative power engineering	170,758	Cost approach	According to historical cost	+/- 5%	8,538
	40,150,121	Income approach	Discounted CF	+/- 5%	2,007,506
	2,717,835	Income approach	Discounted CF	+/- 5%	135,892
	2,120,859	Cost approach	Adjustment to NAV	+/- 5%	106,043
	1,930,311	Comparative approach	EBITDA/multiplier	+/- 5%	96,516
	1,601,003	Income approach	Discounted CF	+/- 5%	80,050
	711,799	Income approach	Discounted CF	+/- 5%	35,590
Transportation and logistics services	75,340	Cost approach	Adjustment to NAV	+/- 5%	3,767
Real estate	812,673	Cost approach	Adjustment to NAV	+/- 5%	40,634
	8,000,551	Income approach	Discounted CF	+/- 5%	400,028
	2,051,786	Income approach	Discounted CF	+/- 5%	102,589
	1,357,718	Income approach	Discounted CF	+/- 5%	67,886
	528,419	Income approach	Discounted CF	+/- 5%	26,421
	318,360	Cost approach	According to historical cost	+/- 5%	15,918
	88,876	Cost approach	Adjustment to NAV	+/- 5%	4,444
Processing industry	6,718	Cost approach	Adjustment to NAV	+/- 5%	336
Natural resources	755,082	Comparative approach	EBITDA/multiplier	+/- 5%	37,754

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Company industries	Fair value of the Holding's interest	Valuation technique	Significant unobservable input	Reasonable shift	Fair value measurement sensitivity to shifts in unobservable inputs
	1,297,202	Comparative approach	EBITDA/(multiplier)	+/- 5%	64,860
	1,500,257	Cost approach	Adjustment to NAV	+/- 5%	75,013
	1,025,753	Cost approach	Adjustment to NAV	+/- 5%	51,288
	324,772	Comparative approach	According to market quotes	+/- 5%	16,239
Medical diagnostics	100,000	Cost approach	Adjustment to NAV	+/- 5%	5,000
	5,638,499	Income approach	Discounted CF	+/- 5%	281,925
	3,173,962	Cost approach	According to historical cost	+/- 5%	158,698
	1,040,631	Income approach	Discounted CF	+/- 5%	52,032
	1,000,000	Cost approach	According to historical cost	+/- 5%	50,000
	642,263	Cost approach	According to historical cost	+/- 5%	32,113
	510,449	Cost approach	According to historical cost	+/- 5%	25,522
Agriculture	269,708	Cost approach	According to historical cost	+/- 5%	13,485
Electrical industry	391,847	Income approach	Discounted CF	+/- 5%	19,592
Financial services	987,545	Comparative approach	EBITDA/multiplier	+/- 5%	49,377
	2,380,173	Comparative approach	EBITDA/multiplier	+/- 5%	119,009
Entertainment	590,522	Comparative approach	EBITDA/multiplier	+/- 5%	29,526
	42,916	Income approach	Discounted CF	+/- 5%	2,146
Telecom services	7,806	Income approach	Discounted CF	+/- 5%	390
Technology	1,718,054	Cost approach	Adjustment to NAV	+/- 5%	85,903
Other	2,261,701	-	-	-	-
Total	114,621,247				

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The table below demonstrates valuation techniques and inputs used in fair value measurement for level 3 measurements of other financial assets at fair value through profit or loss, and sensitivity of measurement to changes in inputs as at 31 December 2019:

Company industries	Fair value of the Holding's interest	Valuation technique	Significant unobservable input	Reasonable shift	Fair value measurement sensitivity to shifts in unobservable inputs
Power engineering	21,957,960	Black Scholes option pricing model	Volatility coefficient	+/- 5%	1,097,898
	512,750	Comparative approach	EBITDA/(multiplier)	+/- 5%	25,638
	69,248	Income approach	Discounted CF	+/- 5%	3,462
	23,014	Income approach	Discounted CF	+/- 5%	1,151
	5,135,379	Comparative approach	EBITDA/(multiplier)	+/- 5%	256,769
Unconventional energy	4,242,000	Cost approach	According to historical cost	+/- 5%	212,100
	2,956,040	Income approach	Discounted CF	+/- 5%	147,802
	140,995	Cost approach	According to historical cost	+/- 5%	7,050
	40,150,121	Income approach	Discounted CF	+/- 5%	2,007,506
Transportation and logistics services	3,692,950	Income approach	Discounted CF	+/- 5%	184,648
	3,376,158	Comparative approach	EBITDA/(multiplier)	+/- 5%	168,808
	3,292,436	Comparative approach	EBITDA/(multiplier)	+/- 5%	164,622
	2,963,761	Cost approach	According to historical cost	+/- 5%	148,188
	1,624,724	Income approach	Discounted CF	+/- 5%	81,236
Manufacturing	5,638,229	Income approach	Discounted CF	+/- 5%	281,911
	3,053,274	Income approach	Discounted CF	+/- 5%	152,664
	1,000,000	Cost approach	According to historical cost	+/- 5%	50,000
	634,726	Income approach	Discounted CF	+/- 5%	31,736
	570,989	Cost approach	According to historical cost	+/- 5%	28,549
Natural resources	9,240	Cost approach	Adjustment to NAV	+/- 5%	462
	907,276	Comparative approach	EBITDA/(multiplier)	+/- 5%	45,364
Real estate	1,208,257	Cost approach	Adjustment to NAV	+/- 5%	60,413
	1,641,482	Cost approach	Adjustment to NAV	+/- 5%	82,074
Medical diagnostics	1,517,983	Comparative approach	EBITDA/(multiplier)	+/- 5%	75,899
	1,339,114	Cost approach	Adjustment to NAV	+/- 5%	66,956
	172,103	Comparative approach	EBITDA/(multiplier)	+/- 5%	8,605
	100,000	Cost approach	Adjustment to NAV	+/- 5%	5,000

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Industry in which company operates	Fair value of Holding's share	Valuation technique	Significant unobservable input	Reasonable shift	Fair value measurement sensitivity to shifts in unobservable inputs
Agriculture	7,837,137	Income approach	Discounted CF	+/- 5%	391,857
	2,139,191	Cost approach	According to historical cost	+/- 5%	106,960
	1,000,000	Cost approach	According to historical cost	+/- 5%	50,000
	970,883	Income approach	Discounted CF	+/- 5%	48,544
	593,565	Cost approach	According to historical cost	+/- 5%	29,678
	344,162	Cost approach	According to historical cost	+/- 5%	17,208
	313,089	Income approach	Discounted CF	+/- 5%	15,654
	222,671	Cost approach	According to historical cost	+/- 5%	11,134
Electrical engineering industry	465,640	Income approach	Discounted CF	+/- 5%	23,282
Financial services	1,069,144	Comparative approach	EBITDA/(multiplier)	+/- 5%	53,457
	166,144	Comparative approach	EBITDA/(multiplier)	+/- 5%	8,307
	71,277	Comparative approach	EBITDA/(multiplier)	+/- 5%	3,564
Entertainment	3,187,654	Comparative approach	EBITDA/(multiplier)	+/- 5%	159,383
	948,074	Comparative approach	EBITDA/(multiplier)	+/- 5%	47,404
Telecom services	291,105	Income approach	Discounted CF	+/- 5%	14,555
	93,577	Income approach	Discounted CF	+/- 5%	4,679
Technology	790,060	Comparative approach	EBITDA/(multiplier)	+/- 5%	39,503
Other	446,402	-	-	-	-
Total	128,879,984				

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The table below sets out information about significant unobservable inputs used at the end of the period in the measuring financial instruments categorised as Level 3 in the fair value hierarchy as at 30 June 2020 (unaudited):

<i>(In thousands of Kazakhstani Tenge)</i>	Fair value	Valuation technique	Inputs used	Range of inputs (weighted average)	Sensitivity analysis of fair value to unobservable inputs
<i>Loans to customers measured at FVTPL</i>	88,520,138	Discounted cash flow	Discount rate	USD 4.24-5.24%, KZT 14.61%-18.40%	Significant increase in discount rate would result in lower fair value
<i>Embedded derivative</i>	8,122,944	Option model	Volatility of foreign exchange rate	USD 8.51%, RUB: 10.99%	Significant increase in volatility would result in higher fair value
<i>Investment securities measured at fair value</i>	2,111,417	Discounted cash flows	Discount rate	14.71-16.71%	Significant increase in discount rate would result in lower fair value

The table below sets out information about significant unobservable inputs used at the year end in the measuring financial instruments categorised as Level 3 in the fair value hierarchy as at 31 December 2019:

<i>(In thousands of Kazakhstani Tenge)</i>	Fair value	Valuation technique	Inputs used	Range of inputs (weighted average)	Sensitivity analysis of fair value to unobservable inputs
<i>Loans to customers measured at FVTPL</i>	81,495,249	Discounted cash flow	Discount rate	USD 5.26%, KZT 12.60%-15.92%	Significant increase in discount rate would result in lower fair value
<i>Embedded derivative</i>	6,651,931	Option model	Volatility of foreign exchange rate	USD 2.07%, RUB: 4.89%	Significant increase in volatility would result in higher fair value
<i>Investment securities measured at fair value</i>	2,675,110	Discounted cash flows	Discount rate	10.52%	Significant increase in discount rate would result in lower fair value

Although the Holding believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. For fair value measurements of loans to customers and embedded derivatives in Level 3, changing one or more of the assumptions used to reasonably possible alternative assumptions would have the following effects as at 30 June 2020 and as at 31 December 2019:

<i>(In thousands of Kazakhstani Tenge)</i>	Unaudited Effect on profit or loss		Unaudited Effect on profit or loss	
	Favourable	Unfavourable	Favourable	Unfavourable
Loans to customers	2,073,718	(1,970,544)	2,246,277	(2,128,439)
Finance lease receivables - Embedded derivative	962,613	(707,862)	527,727	(461,798)
Total	3,036,331	(2,678,406)	2,774,004	(2,590,237)

The favourable and unfavourable effects of using reasonably possible alternative assumptions are calculated by recalibrating the model values.

- for embedded derivatives: using unobservable inputs based on averages of the upper and lower quartiles respectively of the Holding's ranges of possible estimates. Key inputs and assumptions used in the models as at 30 June 2020 and 31 December 2019:
 - Changing the volatility of USD/RUB exchange rates by 50%;
 - Changing in spread between risk-free rates in KZT and USD/RUB by 0.5%;
 - Changing the estimated discount rate by 100 basis points.
- for loans to customers measured at FVTPL: decrease and increase of the discount rate by 1%.

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A reconciliation of movements in Level 3 of the fair value hierarchy by class of instruments for the six-month period ended 30 June 2020 is as follows (unaudited):

<i>(in thousands of Kazakhstani tenge)</i>	Other assets at fair value through profit or loss	Investment securities measured at fair value	Embedded derivatives	Loans to customers measured at fair value through profit or loss
Fair value as at 1 January 2019	128,879,984	2,675,110	6,651,931	81,495,249
Gains or losses recognised in profit or loss for the period, unaudited	(17,910,255)	(502,616)	1,629,180	(6,554,144)
Purchases, net, unaudited	7,737,575	-	121,643	18,417,829
Repayments and sales, unaudited	(4,086,057)	(61,077)	(279,810)	(4,838,796)
Fair value at 30 June 2019, unaudited	114,621,247	2,111,417	8,122,944	88,520,138

A reconciliation of movements in Level 3 of the fair value hierarchy by class of instruments for the six-month period ended 30 June 2019 is as follows:

<i>(in thousands of Kazakhstani tenge)</i>	Other assets at fair value through profit or loss	Investment securities measured at fair value	Embedded derivatives	Loans to customers measured at fair value through profit or loss
Fair value as at 1 January 2019	117,994,926	1,672,979	3,834,190	42,560,471
Gains or losses recognised in profit or loss for the period, unaudited	3,491,017	55,655	1,934,851	(4,711,318)
Purchases, net, unaudited	5,198,528	-	-	14,166,759
Repayments and sales, unaudited	(269,837)	(5,453)	(213,235)	(647,728)
Fair value at 30 June 2019, unaudited	126,414,634	1,723,181	5,555,806	51,368,184

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Assets and liabilities not measured at fair value but for which fair value is disclosed. Fair values analysed by level in the fair value hierarchy and carrying value of assets and liabilities not measured at fair value at 30 June 2020 are as follows (unaudited):

<i>(In thousands of Kazakhstani Tenge)</i>	Unaudited Level 1	Unaudited Level 2	Unaudited Level 3	Unaudited Total	Unaudited Carrying amount
ASSETS					
Cash and cash equivalents	-	542,933,136	-	542,933,136	543,282,004
Loans to banks and financial institutions	-	317,786,782	4,758,412	322,545,194	372,556,781
Deposits	-	177,358,414	-	177,358,414	178,364,414
Loans to customers	-	2,555,664,774	52,727,554	2,608,392,328	2,818,849,345
Investment securities measured at amortised cost	-	694,446,455	7,908,307	702,354,762	742,713,758
Finance lease receivables (less embedded derivatives)	-	258,708,044	2,044,588	260,752,632	397,879,804
TOTAL	-	4,546,897,605	67,438,861	4,614,336,466	5,053,646,106
LIABILITIES					
Customer accounts	-	913,485,763	-	913,485,763	913,485,763
Debt securities issued	767,827,339	1,059,428,889	-	1,827,256,228	2,003,864,066
Subordinated debt	-	433,832	-	433,832	6,748,405
Loans from banks and other financial institutions	-	644,295,871	-	644,295,871	705,683,576
Loans from the Government of the Republic of Kazakhstan	-	303,168,586	-	303,168,586	306,024,589
TOTAL	767,827,339	2,920,812,941	-	3,688,640,280	3,935,806,399

Fair values analysed by level in the fair value hierarchy and carrying value of assets and liabilities not measured at fair value at 31 December 2019 are as follows:

<i>(In thousands of Kazakhstani Tenge)</i>	Level 1	Level 2	Level 3	Total	Carrying amount
ASSETS					
Cash and cash equivalents	-	426,485,149	-	426,485,149	426,485,149
Loans to banks and financial institutions	-	303,961,303	6,772,758	310,734,061	373,726,776
Deposits with banks and financial institutions	-	152,894,935	-	152,894,935	153,084,094
Loans to customers	-	2,547,804,880	43,918,314	2,591,723,194	2,664,991,489
Investment securities	-	377,809,559	8,037,456	385,847,015	392,737,326
Finance lease receivables (less embedded derivatives)	-	277,034,752	397,489	277,432,241	350,849,016
TOTAL	-	4,085,990,578	59,126,017	4,145,116,595	4,361,873,850
LIABILITIES					
Customer accounts	-	834,085,159	-	834,085,159	834,085,159
Debt securities issued	792,141,723	778,548,224	-	1,570,689,947	1,649,552,916
Subordinated debt	-	1,102,085	-	1,102,085	6,516,175
Loans from banks and other financial institutions	-	624,202,631	17,701,280	641,903,911	652,333,946
Loans from the Government of the Republic of Kazakhstan	-	273,728,086	-	273,728,086	283,784,376
TOTAL	792,141,723	2,511,666,185	17,701,280	3,321,509,188	3,426,272,572

The fair values in level 2 and level 3 of fair value hierarchy were estimated using the discounted cash flows valuation technique. The fair value of floating rate derivative financial instruments that are not quoted in an active market was estimated to be equal to their carrying amount. The fair value of unquoted fixed interest rate instruments was estimated based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risk and remaining maturity.

The following assumptions are used by management to estimate the fair values of financial instruments:

- Discount rates of 4.14% to 20.81% p.a. (unaudited) (31 December 2019: 3.12% to 20.36% p.a.) for foreign currency loans and of 12.13% to 29.72% p.a. (unaudited) (31 December 2019: 6.93% to 30.09% p.a.) for Tenge loans are used for discounting future cash flows on loans to customers;
- Discount rates of 3.34% p.a. (unaudited) (31 December 2019: 3.67% p.a.) for USD and 15.92% to 17.13% p.a. (unaudited) (31 December 2019: 11.69% to 14.39% p.a.) for Tenge are used for discounting future cash flows on investment securities measured at amortised cost;
- Discount rate of 15.92% to 18.14% p.a. (unaudited) (31 December 2019: 9.45% to 12.80% p.a.) is used for discounting future cash flows on loans to banks;
- Discount rate of 10.64% (unaudited) (31 December 2019: 9.10% p.a.) is used for discounting future cash flows on finance lease receivables;
- Discount rates of 2.62% to 4.51% p.a. (unaudited) (31 December 2019: 2.47% to 3.95% p.a.) for USD and 12.12% to 13.72% p.a. (unaudited) (31 December 2019: 10.17% to 10.77% p.a.) for Tenge are used for discounting future cash flows on debt securities issued;
- Discount rates of 13.41% p.a. (unaudited) (31 December 2019: 10.50% to 11.69% p.a.) are used for discounting future cash flows on subordinated debt;
- Discount rates of 12.22% to 13.72% p.a. (unaudited) (31 December 2019: 10.17 – 10.76% p.a.) are used for discounting future cash flows from loans from the Government of the Republic of Kazakhstan.
- Discount rates of 3.33% to 6.31% p.a. (unaudited) (31 December 2019: 2.44% to 5.58% p.a.) for foreign currency loans and of 12.51% to 13.24% p.a. (unaudited) (31 December 2019: 10.69% to 11.31% p.a.) for Tenge loans are used for discounting future cash flows on loans from banks and other financial institutions;
- Discount rates of 12.12% to 13.21% p.a. (unaudited) (31 December 2019: 10.56% to 10.77% p.a.) are used for discounting future cash flows on loans from SWF “Samruk-Kazyna”.

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29 Presentation of Financial Instruments by Measurement Category

As at 30 June 2020 and 31 December 2019, all financial liabilities of the Holding, other than derivative financial instruments, are carried at amortised cost. Derivative financial instruments are designated at fair value through profit or loss.

The following table provides a reconciliation of financial assets with these measurement categories as at 30 June 2020 (unaudited):

<i>(In thousands of Kazakhstani Tenge)</i>	At amortised cost	Fair value through profit or loss	Fair value through other comprehensive income	Total carrying value	Fair value
<i>Financial assets measured at fair value</i>					
Financial instruments at fair value through profit or loss	-	114,668,518	-	114,668,518	114,668,518
Loans to customers	-	88,520,138	-	88,520,138	88,520,138
Investment securities	-	8,562,609	332,783,167	341,345,776	341,345,776
Embedded derivatives	-	8,122,944	-	8,122,944	8,122,944
	-	219,874,209	332,783,167	552,657,376	552,657,376
<i>Financial assets not measured at fair value</i>					
Cash and cash equivalents	543,282,004	-	-	543,282,004	542,933,135
Loans to banks and financial institutions	372,556,781	-	-	372,556,781	322,545,194
Deposits	178,364,414	-	-	178,364,414	177,358,414
Loans to customers	2,818,849,345	-	-	2,818,849,345	2,608,392,328
Investment securities	742,713,758	-	-	742,713,758	702,354,762
Finance lease receivables (less embedded derivatives)	397,879,804	-	-	397,879,804	260,752,632
Other financial assets	31,023,411	-	-	31,023,411	31,023,411
	5,084,669,517	-	-	5,084,669,517	4,645,359,876
TOTAL FINANCIAL ASSETS	5,084,669,517	219,874,209	332,783,167	5,637,326,893	5,198,017,252

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The following table provides a reconciliation of financial assets with these measurement categories as at 31 December 2019:

<i>(In thousands of Kazakhstani Tenge)</i>	At amortised cost	Fair value through profit or loss	Fair value through other comprehensive income	Total carrying value	Fair value
Financial assets measured at fair value					
Financial instruments at fair value through profit or loss	-	129,090,348	-	129,090,348	129,090,348
Loans to customers	-	81,495,249	-	81,495,249	81,495,249
Investment securities	-	8,379,588	368,156,729	376,536,317	376,536,317
Embedded derivatives	-	6,651,931	-	6,651,931	6,651,931
	-	225,617,116	368,156,729	593,773,845	593,773,845
Financial assets not measured at fair value					
Cash and cash equivalents	414,582,134	-	-	414,582,134	414,582,134
Loans to banks and financial institutions	373,726,776	-	-	373,726,776	310,734,061
Deposits	153,084,094	-	-	153,084,094	152,894,935
Loans to customers	2,664,991,489	-	-	2,664,991,489	2,591,723,194
Investment securities	404,640,341	-	-	404,640,341	398,069,916
Finance lease receivables (less embedded derivatives)	350,849,016	-	-	350,849,016	277,432,241
Other financial assets	20,246,200	-	-	20,246,200	20,246,200
	4,382,120,050	-	-	4,382,120,050	4,165,682,681
TOTAL FINANCIAL ASSETS	4,382,120,050	225,617,116	368,156,729	4,975,893,895	4,759,456,526

30 Related Party Transactions

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

The Government of the Republic of Kazakhstan has control over the Holding since it is the ultimate controlling party. The Holding has decided to apply an exemption from disclosure of individually insignificant transactions and outstanding balances with state owned entities.

At 30 June 2020, the outstanding balances with related parties were as follows:

	Ultimate parent organisation, unaudited	Associates and joint ventures, unaudited	Transactions with other companies and entities, unaudited
<i>(in thousands of Kazakhstani tenge)</i>			
ASSETS			
Cash and cash equivalents	-	-	328,214,699
Loans to customers (nominal interest rates: 0.47%-12.50%)	-	-	496,106,288
Other assets measured at fair value through profit or loss	-	70,778,723	10,610,722
Deposits with banks and financial institutions (nominal interest rates: 2.00%-8.50%)	-	-	10,006,877
Investment securities measured at fair value through other comprehensive income (nominal interest rates: 1.45%-10.50%)	1,434,967	-	6,779,189
Investment securities measured at fair value through profit or loss (nominal interest rates: 4.87%-9.10%)	88,400,727	-	65,517,010
Investment securities measured at amortised cost (nominal interest rates: 1.51%-11.50%)	51,545,247	-	586,256,201
Finance lease receivables (nominal interest rate: 6.35%)	-	-	131,928,310
Equity accounted investees	-	2,389	-
Current income tax prepayment	-	-	19,077,706
Deferred income tax assets	-	-	9,547,409
Other financial assets	-	-	6,397,342
Other assets	198	-	65,168,149
LIABILITIES			
Customer accounts (nominal interest rates: 2.00%-7.50%)	-	-	2,622,289
Debt securities issued (nominal interest rates: 0.10%-10.27%)	-	-	1,152,533,183
Subordinated debt (nominal interest rate: 0.01%)	-	-	6,748,404
Loans from banks and other financial institutions (nominal interest rates: 0.27%-5.50%)	-	-	61,333,351
Loans from Government of the Republic of Kazakhstan (nominal interest rates: 0.01%-9.48%)	306,024,589	-	-
Current income tax liability	-	-	27,212
Deferred income tax liability	-	-	25,123,965
Other financial liabilities	42,101,631	-	3,207,763
Government grants	-	-	482,931,567
Credit related commitments (undrawn credit lines)	-	-	4,489,511

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The income and expense items with related parties for the six-month period ended 30 June 2020 were as follows:

	Ultimate parent organisation, unaudited	Associates and joint ventures, unaudited	Transactions with other companies and entities, unaudited
<i>(in thousands of Kazakhstani tenge)</i>			
Total interest income	1,564,775	-	56,869,720
Interest expense	(8,287,855)	-	(38,100,975)
Provision for loan portfolio impairment	-	-	(4,120,750)
Fee and commission income	409,232	-	28,746
Fee and commission expense	(5)	-	(16,529)
Net loss on investment securities at fair value through profit or loss	(733)	-	-
Net loss on other assets at fair value through profit or loss	-	(8,290,993)	(12,441,959)
Net foreign exchange gain	-	-	5,616,911
Net gain on financial assets at fair value through other comprehensive income	-	-	231,650
Net insurance claims incurred and changes in insurance contract provisions	-	-	(128,267)
Other operating income, net	1,063	-	30,982,001
Provision for impairment of other financial assets and credit related commitments	-	-	(123,750)
Administrative expenses	(81,424)	-	(1,079,310)
Share of financial result of associates	-	(4,789)	-
Income tax benefit	-	-	1,744,591

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At 31 December 2019, the outstanding balances with related parties were as follows:

<i>(In thousands of Kazakhstani Tenge)</i>	Ultimate parent organisation	Associates and joint ventures	Transactions with state owned entities
ASSETS			
Cash and cash equivalents	10,167,460	-	213,749,746
Loans to customers (nominal interest rates: 0.47%-10.00%)	-	-	439,648,728
Other assets measured at fair value through profit or loss	-	80,941,771	-
Deposits with banks and financial institutions (nominal interest rates: 2.00%-8.50%)	-	-	13,425,348
Investment securities measured at fair value through other comprehensive income (nominal interest rates: 1.51%-11.00%)	106,230,538	-	57,586,453
Investment securities measured at fair value through profit or loss (nominal interest rates: 4.87%-9.10%)	1,435,984	-	-
Investment securities measured at amortised cost (nominal interest rates: 1.51%-11.00%)	3,475,293	-	306,841,561
Finance lease receivables (nominal interest rates: 5.91%)	-	-	92,560,886
Equity accounted investees	-	44,665	-
Current income tax prepayment	-	-	16,956,072
Deferred income tax asset	-	-	4,689,446
Other financial assets	337	-	6,203,415
Other assets	729,771	-	59,028,601
LIABILITIES			
Customer accounts (nominal interest rates: 2.00%-7.75%)	-	-	2,847,950
Debt securities issued (nominal interest rates: 0.01%-10.89%)	-	-	843,083,873
Subordinated debt (nominal interest rates: 0.01%)	-	-	6,516,175
Loans from banks and other financial institutions (nominal interest rates: 0.57%-5.50%)	-	-	60,906,024
Loans from Government of the Republic of Kazakhstan (nominal interest rates: 0.01%-0.15%)	283,784,376	-	-
Deferred income tax liability	-	-	26,181,150
Current income tax liability	-	-	1,047
Other financial liabilities	3,196,016	-	4,765,964
Government grants	-	-	456,056,346
Credit related commitments (undrawn credit lines)	-	-	4,489,511

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The income and expense items with related parties for the six-month period ended 30 June 2019 were as follows:

<i>(in thousands of Kazakhstani tenge)</i>	Ultimate parent organisation, unaudited	Associates and joint ventures, unaudited	Transactions with other companies and entities, unaudited
Total interest income	8,846,113	-	38,283,656
Interest expense	(6,583,427)	-	(26,141,320)
Reversal of provision for impairment	2,772	-	1,124,575
Fee and commission income	203,396	-	2,237,185
Fee and commission expense	-	-	(1,261)
Net gain on financial assets at fair value through other comprehensive income	101,525	-	-
Net gain from other financial assets at fair value through profit or loss	-	-	88,528
Net foreign exchange loss	-	-	(8,759,713)
Other operating income, net	17,641,938	-	(618,639)
Administrative expenses	(311,393)	-	(210,642)
Share of financial result of associates	-	9,569	-
Income tax expense	-	-	(6,308,754)

Key management compensation is presented below:

<i>(In thousands of Kazakhstani Tenge)</i>	Six-month period ended 30 June 2020, unaudited	Six-month period ended 30 June 2019, unaudited
Members of the Board of Directors and Management Board	307,799	297,768
Total	307,799	297,768

31 Subsequent Events

According to the Order of the Minister of Industry and Infrastructure Development dated 8 July 2020, No.415, a decision was made to merge HCGF JSC with KMC JSC.

As part of implementation of the assigned task that is specified in the Address of the President of the Republic of Kazakhstan Kassym-Zhomart Tokayev - to reduce a number of operators of the housing construction programs, on 16 July 2020 the Management Board of NMH Baiterek JSC made the decision to approve the Agreement on merger of two subsidiaries - BD JSC with KMC JSC. On 16 July 2020 an act was approved for handover of all property, assets and liabilities, rights and obligations of BD JSC to KMC JSC, which became a legal successor of all assets and liabilities of BD JSC.

In July 2020, to support the efficiency of the state policy of provision the population with housing pursuant to the Order of the Prime-Minister of the Republic of Kazakhstan A.U. Mamin (the Order No.17-4/Б-47 dated 14 February 2020), the Holding issued coupon bonds for the amount of Tenge 90,000,000 thousand at the interest rate of 4.00% per annum and with maturity of 20 years. Funds are designated to issue the advances and bridge housing loans to ensure repurchase of housing by HCSBK JSC depositors, who are included in the waiting lists of the local executive bodies.

In July 2020, in accordance with the Decree of the President of the Republic of Kazakhstan dated 8 April 2020, No.299 "On Adjusting the State Budget for 2020", the charter capital of the Holding was increased by Tenge 10,000,000 thousand.

In August 2020, to support the efficiency of the state policy of maintaining employment in Kazakhstan, the Holding issued coupon bonds for the amount of Tenge 200,000,000 thousand at the interest rate of 6.00% and with maturity of 11 years. Funds are designated to repurchase securities issued by the local executive authorities for the purposes of regional development.

On 1 September 2020, the President of the Republic of Kazakhstan Kassym-Zhomart Tokayev, in the Address to the people of the Republic of Kazakhstan, instructed to merge Baiterek NMH JSC and KazAgro NMH JSC.