ForteBank Joint Stock Company

Consolidated Financial Statements

For the year ended 31 December 2024
with Independent Auditor's Report

(the audited financial statements of ForteBank JSC are subject to approval by the annual general meeting of shareholders on April 29, 2025)

CONTENT

«КПМГ Аудит» жауапкершілігі шектеулі серіктестік
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Independent Auditors' Report

To the Shareholders and Board of Directors of ForteBank Joint Stock Company

Opinion

We have audited the consolidated financial statements of ForteBank Joint Stock Company and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) *(IESBA Code)* together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Republic of Kazakhstan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Expected credit losses (ECL) for loans to customers

Please refer to the Notes 3, 4, 15 and 25 in the consolidated financial statements.

Key audit matter	*How the matter was addressed in our audit*
Loans to customers represent 44.5% of total assets and are stated net of allowance for expected credit losses (ECL) that is estimated on a regular basis and is sensitive to assumptions used. The Group applies the ECL valuation model, which requires management to apply professional judgment and to make assumptions related to the following key areas: - timely identification of significant increase in credit risk and default events related to loans to customers (allocation between Stages 1, 2 and 3 in accordance with the IFRS 9); - assessment of probability of default (PD) and loss given default (LGD). Due to the significant volume of loans to customers and the related estimation uncertainty of ECL allowance, this area is a key audit matter.	We assessed the key aspects of changes in the Group's methodology related to the ECL estimate for compliance with the requirements of IFRS 9, with the involvement of our own specialists in financial risks management. To assess adequacy of professional judgment and assumptions made by the management in relation to ECL allowance estimate, we performed the following procedures: - For loans to customers we tested the design and operating effectiveness of controls over timely reflection of delinquency events in the underlying systems. - For a sample of loans to customers, for which a potential change in ECL estimate may have a significant impact on the consolidated financial statements we tested whether Stages are correctly assigned by the Group by analysing financial and non-financial information, as well as assumptions and professional judgments, applied by the Group. - Regarding individually significant loans assigned to Stage 1 and individually insignificant loans assigned to Stages 1, 2 and 3, for which ECL allowance is assessed on a collective basis, we tested the design and implementation of the related PD and LGD models, as well as agreeing input data to supporting documents on a sample basis. - We assessed general predictive capability of the models used by the Group to assess ECL by comparing the estimates made as at 1 January 2024 with actual results for 2024. We also assessed whether the consolidated financial statements disclosures appropriately reflect the Group's exposure to credit risk.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report of the Group for the year 2024 but does not include the consolidated financial statements and our auditors' report thereon. The Annual Report of the Group for the year 2024 is expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

— Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is:

Удабаева Асель Ахметжановна * Қазақстан Республикасының Аудиторы * № МФ-0000096

Assel Urdabayeva
Certified Auditor
of the Republic of Kazakhstan
Auditor's Qualification Certificate
No. МФ-0000096 of 27 August 2012

KPMG Audit LLC
State License to conduct audit #0000021 dated 6 December 2006 issued by the Ministry of Finance of the Republic of Kazakhstan

Sergey Dementyev
General Director of KPMG Audit LLC
acting on the basis of its Charter

7 March 2025

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2024

(millions of tenge)

	Note	*2024*	*2023*
Interest income calculated using the effective interest rate	5	**517,435**	370,380
Other interest income	5	**5,576**	3,424
Interest expense	5	**(260,282)**	(180,758)
Net interest income		**262,729**	193,046
Fee and commission income	6	**36,070**	36,306
Fee and commission expense	6	**(13,679)**	(13,134)
Net gain on financial instruments at fair value through profit or loss	7	**14,604**	1,029
Net gain/(loss) on derecognition of investment securities measured at fair value through other comprehensive income		**267**	(32)
Net foreign exchange gain	8	**13,269**	29,922
Dividends received		**499**	302
Other income	11	**4,192**	8,749
Non-interest income		**55,222**	63,142
Credit loss expenses	9	**(41,806)**	(49,725)
Net loss on derecognition of financial assets measured at amortised cost		**(1,689)**	(4,787)
Net loss on modification of liability that results in derecognition	20	**(3,593)**	-
General and administrative expenses	10	**(87,283)**	(79,106)
Other expenses	11	**(9,237)**	(6,109)
Non-interest expense		**(143,608)**	(139,727)
Profit before corporate income tax		**174,343**	116,461
Corporate income tax expense	12	**(13,997)**	(24)
Profit for the year		**160,346**	116,437

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)

	Note	*2024*	*2023*
Other comprehensive income			
Other comprehensive income/(loss) to be reclassified to profit or loss in the subsequent period			
Net change in fair value of debt instruments at fair value through other comprehensive income		**35,787**	18,791
Changes in allowance for expected credit losses of debt instruments at fair value through other comprehensive income	9	**686**	120
Amount reclassified to profit or loss as a result of derecognition of debt instruments measured at fair value through other comprehensive income		**(267)**	32
Income tax relating to components of other comprehensive income	12	**24**	(298)
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		**36,230**	18,645
Other comprehensive income that will not to be reclassified to profit or loss in the subsequent period			
Gain/(loss) on equity investments measured at fair value through other comprehensive income		**15**	(803)
Total other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods		**15**	(803)
Other comprehensive income for the year, net of income tax		**36,245**	17,842
Total comprehensive income for the year		**196,591**	134,279
Basic and diluted earnings per ordinary share (tenge)	24	**1.77**	1.29

Signed and authorised for release on behalf of the Management of the Bank:

Ravshan Irmatov
Deputy Chairman of the Management Board (CFO)

7 March 2025

Zaure Albossinova
Chief Accountant - Managing Director

The accompanying notes on pages 7 to 73 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2024

(millions of tenge)

	Note	*31 December 2024*	*31 December 2023*
Assets			
Cash and cash equivalents	13	**946,000**	704,042
Amounts due from credit institutions	14	**100,478**	101,430
Securities measured at fair value through profit or loss		**2,888**	3,016
Loans to customers	15	**1,820,134**	1,377,500
Investment securities:			
Held by the Group	16	***677,646***	*789,486*
Pledged under sale and repurchase agreements	16	***436,666***	*164,168*
Property, plant and equipment	17	**54,232**	56,665
Intangible assets		**15,224**	13,867
Other assets	18	**37,668**	43,001
Total assets		**4,090,936**	3,253,175
Liabilities			
Current accounts and deposits from customers	19	**2,867,955**	2,261,023
Amounts due to banks and other financial institutions	20	**77,661**	68,384
Amounts payable under repurchase agreements	27	**435,394**	163,523
Debt securities issued	21	**71,844**	267,250
Subordinated debt	22	**14,389**	14,389
Deferred tax liabilities	12	**10,568**	12,732
Other liabilities	18	**44,941**	36,066
Total liabilities		**3,522,752**	2,823,367
Equity			
Share capital	23	**332,815**	332,815
Additional paid-in capital		**23,651**	23,651
Treasury shares	23	**(3,465)**	(3,465)
Fair value reserve	23	**30,201**	(6,044)
Retained earnings		**184,982**	82,851
Total equity		**568,184**	429,808
Total equity and liabilities		**4,090,936**	3,253,175

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2024

(millions of tenge)

	Note	*2024*	*2023*
Cash flows from operating activities			
Interest income received	5	**477,337**	351,407
Interest expenses paid	5	**(241,733)**	(160,569)
Fee and commission income received		**36,055**	36,666
Fee and commission expenses paid		**(13,668)**	(13,119)
Net realised gain on financial instruments at fair value through profit or loss		**14,712**	919
Net realised gain from foreign currency transactions		**33,427**	32,711
Dividends received		**499**	302
General administrative expenses paid		**(73,117)**	(67,825)
Other operating income received, net		**1,335**	6,922
Decrease/(increase) in operating assets			
Amounts due from credit institutions		**3,433**	(68,030)
Securities measured at fair value through profit or loss		**102**	(203)
Loans to customers		**(423,526)**	(257,223)
Other assets		**3,408**	13,564
Increase/(decrease) in operating liabilities			
Current accounts and deposits from customers		**484,749**	262,824
Amounts due to banks and other credit institutions		**14,121**	9,566
Amounts payable under repurchase agreements		**272,117**	95,453
Other liabilities		**(4,806)**	12,670
Net cash from operating activities before income tax paid		**584,445**	256,035
Corporate income tax paid		**(13,712)**	(2,983)
Net cash flows from operating activities		**570,733**	253,052
Cash flows from investing activities			
Purchase of investment securities measured at fair value through other comprehensive income		**(858,803)**	(600,589)
Proceeds from sale of investment securities at fair value through other comprehensive income		**47,209**	102,804
Redemption of investment securities measured at fair value through other comprehensive income		**501,281**	548,820
Redemption of investment securities measured at amortised cost		**245,096**	4,807
Purchases of property and equipment and intangible assets		**(9,548)**	(6,625)
Proceeds from sale of property, equipment and intangible assets		**92**	4
Net cash (used in)/from investing activities		**(74,673)**	49,221

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

	Note	*2024*	*2023*
Cash flows from financing activities			
Repayment of subordinated debt	28	**–**	(2,313)
Dividends paid to the shareholders of the Bank	23	**(58,214)**	(49,034)
Proceeds from placement of debt securities issued	28	**6,781**	12,862
Redemption of debt securities issued	28	**(3,067)**	(11,382)
Repayment of debt securities issued	28	**(220,000)**	–
Repayment of finance lease liabilities		**(789)**	(760)
Net cash used in financing activities		**(275,289)**	(50,627)
Effect of changes in exchange rates on cash and cash equivalents		**21,190**	(5,573)
Effect of expected credit loss on cash and cash equivalents		**(3)**	7
Net change in cash and cash equivalents		**241,958**	246,080
Cash and cash equivalents at the beginning of the year		**704,042**	457,962
Cash and cash equivalents at the end of the year	13	**946,000**	704,042
Non-monetary transactions			
Repossession of collateral on loans to customers	18	**1,693**	3,022

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2024

(millions of tenge)

	Share capital	*Additional paid-in capital*	*Treasury shares*	*Fair value reserve*	*Retained earnings*	*Total equity*
At 1 January 2023	332,815	23,651	(3,465)	(23,886)	14,645	343,760
Profit for the year	–	–	–	–	116,437	116,437
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods	–	–	–	(803)	–	(803)
Other comprehensive income to be reclassified to profit or loss in subsequent periods	–	–	–	18,645	–	18,645
Total comprehensive income for the year	–	–	–	17,842	116,437	134,279
Transfer of accumulated revaluation reserve resulting from disposal of equity instruments at fair value through other comprehensive income	–	–	–	–	803	803
Dividends declared *(Note 23)*	–	–	–	–	(49,034)	(49,034)
At 31 December 2023	332,815	23,651	(3,465)	(6,044)	82,851	429,808
Profit for the year	**–**	**–**	**–**	**–**	**160,346**	**160,346**
Other comprehensive income that will not to be reclassified to profit or loss in subsequent periods	**–**	**–**	**–**	**15**	**–**	**15**
Other comprehensive income to be reclassified to profit or loss in subsequent periods	**–**	**–**	**–**	**36,230**	**–**	**36,230**
Total comprehensive income for the year	**–**	**–**	**–**	**36,245**	**160,346**	**196,591**
Dividends declared (*Note 23*)	**–**	**–**	**–**	**–**	**(58,215)**	**(58,215)**
At 31 December 2024	**332,815**	**23,651**	**(3,465)**	**30,201**	**184,982**	**568,184**

(millions of tenge)

1. General

Principal activities

These consolidated financial statements include financial statements of ForteBank Joint Stock Company (hereinafter, the "Bank") and its subsidiaries (hereinafter, the "Group").

The Bank was formed in 1999 under the laws of the Republic of Kazakhstan. On 10 February 2015, the Bank was reregistered to ForteBank JSC (formerly, Alliance Bank JSC).

Legal address of the Bank's head office: 010017, Republic of Kazakhstan, Astana, 8/1, Dostyk Street. The Bank's activities are regulated by the Agency for Regulation and Development of the Financial Market of the Republic of Kazakhstan (hereinafter, the "AFM"). The Bank operates under license No. 1.2.29/197/36 for conducting banking and other activities and operations on securities market stipulated by the banking legislation, issued by the AFM on 3 February 2020, which replaces previous licenses.

The Group's primary business is related to commercial banking activities, granting of loans and guarantees, accepting deposits, exchanging foreign currencies, dealing with securities, transferring cash payments, as well as providing other banking services. As at 31 December 2024, Bank's issued securities are listed on the Luxembourg Stock Exchange, Kazakhstan Stock Exchange (hereinafter, the "KASE") and Astana International Exchange (hereinafter, the "AIX") (31 December 2023: Luxembourg Stock Exchange, KASE and AIX).

The Bank is a participant of the Kazakhstan Deposit Insurance Fund (hereinafter, the "KDIF"). The primary objective of the KDIF is to protect interests of depositors in the event of forced liquidation of the participant bank. As at 31 December 2024 and 31 December 2023, depositors can receive limited insurance coverage for deposits, depending on the currency and type of the deposit: in tenge – up to 10 million tenge, in foreign currencies – up to 5 million tenge, savings deposits in tenge - up to 20 million tenge.

As at 31 December 2024 and 31 December 2023, the Group includes the following subsidiaries:

			Ownership interest, %	
Description	***Country of registration***	***Principal activity***	***31 December 2024***	***31 December 2023***
ForteLeasing JSC	Republic of Kazakhstan	Leasing operations	**100.00**	100.00
OUSA Alliance LLP	Republic of Kazakhstan	Doubtful and bad assets management	**100.00**	100.00
OUSA-F LLP	Republic of Kazakhstan	Doubtful and bad assets management	**100.00**	100.00
ONE Technologies LLP	Republic of Kazakhstan	Software development	**100.00**	100.00
ForteFinance JSC	Republic of Kazakhstan	Brokerage and dealer activities, investment portfolio management	**100.00**	100.00

2. Basis of preparation

Shareholders

As at 31 December 2024, Mr B.Zh. Utemuratov was the beneficial owner of 90.91% of the outstanding common shares of the Bank (including 0.2% in the form of outstanding global depositary receipts) (31 December 2023: 81.82% including 0.2% in the form of outstanding global depositary receipts) and was the ultimate controlling shareholder of the Group.

General

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standard Board (IFRS Accounting Standards).

Basis for measurement

The consolidated financial statements have been prepared under the historical cost convention, except for securities at fair value through profit or loss, derivative financial assets, investment securities measured at fair value through other comprehensive income that are carried at fair value.

The Group prepared its consolidated financial statements on a going concern basis.

Functional and presentation currency

The functional currency of the consolidated financial statements of Bank and its subsidiaries is Kazakhstani Tenge as, being the national currency of the Republic of Kazakhstan, it reflects the economic substance of the majority of the Group's transactions and circumstances relevant to them affecting its activities.

The Kazakhstani Tenge is also the presentation currency for the purposes of these consolidated financial statements.

All information of the consolidated financial statements has been rounded to the nearest million tenge, unless otherwise stated.

(millions of tenge)

2. Basis of preparation (continued)

Geopolitical events

As a result of the conflict between the Russian Federation and Ukraine many countries have imposed, and continue to impose, new sanctions on specified Russian entities and individuals. Sanctions have also been imposed on Republic of Belarus.

Volatility in stock and currency markets, restrictions to imports and exports, availability of local materials and services and access to local resources, will directly impact entities that have significant operations or exposures with the Russian Federation, Republic of Belarus or Ukraine. However, the consequence of the current situation may directly or indirectly impact entities other than those with direct interests in the involved in conflict countries.

In order to manage country risk, the Group controls transactions with counterparties within the limits set by the collegiate body of the Bank, which are reviewed on a regular basis.

Inflation and the current economic environment

The impact of the macroeconomic and geopolitical environment has exacerbated inflationary pressures in almost all economies around the world. High and rising energy prices are having a negative impact on the cost of other goods and services, resulting in significant consumer-price increases in many countries.

Prices of many commodities, including food, remain high. According to the Bureau of National Statistics of the Agency for Strategic Planning and Reforms of the Republic of Kazakhstan, in 2024 inflation rate in Kazakhstan was 8.6% (in 2023: 9.8%).

As at 31 December 2023, the Monetary Policy Committee of the National Bank of Kazakhstan (hereinafter, the "NBRK") made decision to reduce the base rate to 15.75% per annum with an interest band of +/-1 percentage points. As at 31 December 2024 the NBRK made decision to reduce the base rate to 15.25% per annum with an interest band of +/-1 percentage points. On 20 January 2025, the NBRK made decision to maintain the base rate at 15.25% per annum with an interest band of +/-1 percentage points.

The Group continues to assess the effect of these events and changing economic conditions on its activities, financial position and financial performance.

Current inflationary pressures, macroeconomic and geopolitical uncertainty, including the impacts of the conflict in Ukraine affect the assumptions associated with the measurement of assets and liabilities.

3. Material accounting policies

Changes in accounting policies

The Group has adopted *Classification of Liabilities as Current or Non-current* (Amendments to IAS 1) and *Non-current Liabilities with Covenants* (Amendments to IAS 1) from 1 January 2024. The amendments apply retrospectively. They clarify certain requirements for determining whether a liability should be classified as current or non-current and require new disclosures for non-current loan liabilities that are subject to covenants within 12 months after the reporting period. The Group's liabilities were not significantly impacted by the amendments There is no retrospective impact on the comparative statement of financial position as at 31 December 2023.

New standards and interpretations not yet adopted

A number of new standards are effective for annual periods beginning after 1 January 2025 and earlier application is permitted. However, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 will replace IAS 1 *Presentation of Financial Statements* and applies for annual reporting periods beginning on or after 1 January 2027.

The new standard introduces the following key new requirements.

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal. Entities' net profit will not change.
- Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under indirect method.

The Group is still in the process of assessing the impact of the new standard, particularly with respect to the structure of the Group's statement of profit or loss, the statement of cash flows and the additional disclosures required for MPMs. The Group is also assessing the impact on how information is grouped in the financial statements, including for items currently labelled as "other".

(millions of tenge)

3. Material accounting policies (continued)

New standards and interpretations not yet adopted (continued)

Other standards

The following amended standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements.

- *Lack of Exchangeability* (Amendments to IAS 21).
- *Classification and Measurement of Financial Instruments* (Amendments to IFRS 9 and IFRS 7).

Reclassification

The following reclassifications were made in the consolidated statement of comprehensive income for the year ended 31 December 2023 to conform to changes in presentation for the year ended 31 December 2024:

	For the year ended 31 December 2023		
Consolidated Statement of Comprehensive Income	***As previously reported***	***Effect of reclassification***	***As reclassified***
Net (loss)/gain on financial instruments at fair value through profit or loss	(958)	1,987	1,029
Net foreign exchange gain	31,909	(1,987)	29,922
Dealing transactions, net	*31,891*	*820*	*32,711*
Foreign exchange revaluation, net	*18*	*(2,807)*	*(2,789)*
	30,951	**–**	**30,951**

The following reclassifications were made in the consolidated statement of cash flows for the year ended 31 December 2023 to conform to changes in presentation for the year ended 31 December 2024:

	For the year ended 31 December 2023		
Consolidated Statement of Cash Flows	***As previously reported***	***Effect of reclassification***	***As reclassified***
Cash flows from operating activities			
Net realised (loss)/income on financial instruments at fair value through profit or loss	(1,068)	1,987	919
Net realised foreign exchange gain	31,891	820	32,711
(Increase)/decrease in operating assets			
Other assets	16,371	(2,807)	13,564
	47,194	**–**	**47,194**
Net cash flows from operating activities	**256,035**	**–**	**256,035**

Basis of consolidation

Subsidiaries, which are entities controlled by the Group, are consolidated. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to manage the significant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee;
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- Voting rights or potential voting rights belonging to the Group.

(millions of tenge)

3. Material accounting policies (continued)

Basis of consolidation (continued)

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated in full; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. If necessary, the accounting policies of subsidiaries are changed to bring it into conformity with the accounting policies of the Group.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction. Losses are attributed to the non-controlling interests even if that results in a deficit balance.

If the Group loses control over a subsidiary, it derecognises the assets (including goodwill) and liabilities of the subsidiary, the carrying amount of any non-controlling interests, the cumulative translation differences, recorded in equity; recognises the fair value of the consideration received, the fair value of any investment retained and any surplus or deficit in profit or loss and reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss.

Fair value measurement

The Group measures financial instruments at fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVOCI), at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Financial instruments

Initial recognition

Date of recognition

All regular way purchases and sales of financial assets and liabilities are recognised on the settlement date i.e. the date on which the asset is delivered by the Group or to the Group. Regular way purchases or sales of financial assets and liabilities that require delivery of assets and liabilities within the period generally established by regulation or convention in the marketplace.

Initial measurement

The classification of financial assets at initial recognition depends on the contractual terms and business model used for managing instruments. Financial instruments are initially measured at their fair value and, except in the case of financial assets and financial liabilities recorded at FVTPL, transaction costs are added to, or subtracted from, this amount.

(millions of tenge)

3. Material accounting policies (continued)

Financial instruments (continued)

Initial recognition (continued)

Measurement categories of financial assets and liabilities

The Group classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- Amortised cost;
- FVOCI;
- FVTPL.

The Group classifies and measures its derivative and trading portfolio at FVTPL. The Group may designate financial instruments at FVTPL, if so doing eliminates or significantly reduces measurement or recognition inconsistencies.

Financial liabilities, other than loan commitments and financial guarantees, are measured at amortised cost or at FVTPL when they are held for trading, are derivative instruments or the fair value designation is applied.

Amounts due from credit institutions, loans to customers, investment securities measured at amortised cost

The Group only measures amounts due from credit institutions, loans to customers and other financial investments at amortised cost if both of the following conditions are met:

- A financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows;
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

These terms are detailed below.

Business model assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Group's business model is not assessed at the level of individual instruments but at a higher level of aggregated portfolios and is based on observable factors, such as:

- How the performance of the business model and the financial assets held within that business model is evaluated and how this information is reported to the key management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The expected frequency, volume and timing of sales are also important aspects of the Group's business model assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

"Solely payments of principal and interest on the principal amount outstanding" test (SPPI test)

As a second step of its classification process, the Group assesses the contractual terms of the financial asset to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgment and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

(millions of tenge)

3. Material accounting policies (continued)

Financial instruments (continued)

Initial measurement (continued)

Debt instruments measured at FVOCI

The Group measures debt instruments at FVOCI, if both of the following conditions are met:

- The instrument is held within a business model which objective is achieved by both collecting contractual cash flows and selling financial assets;
- Contractual terms of the financial assets comply with the SPPI test.

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in other comprehensive income. Interest income and foreign exchange gains and losses are recognised in profit or loss in the same manner as for financial assets measured at amortised cost. On derecognition, cumulative gains or losses previously recognised in other comprehensive income are reclassified from other comprehensive income to profit or loss.

Expected credit losses (ECL) on debt instruments at FVOCI will not decrease the carrying amount of these financial assets in the consolidated statement of financial position that continue to be measured at fair value. Instead, the amount equal to the allowance for expected losses that would be created when measuring the asset at amortised cost is recognised in other comprehensive income as the cumulative amount of the impairment with the recognition of corresponding amounts in profit or loss. The cumulative amount of losses recognised in other comprehensive income is reclassified to profit or loss when the asset is derecognised.

Equity instruments measured at FVOCI

The Group sometimes at initial recognition of some investments in equity instruments makes an irrevocable decision to classify investments in equity instruments at FVTPL if they meet the definition of an equity instrument according to IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these equity instruments are never recycled to profit or loss. Dividends are recognised in profit or loss as other income when the right of the payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the instrument, in which case it is recognised in other comprehensive income. Equity instruments at FVOCI are not subject to an impairment assessment. Upon disposal of such instruments, accumulated revaluation reserve is transferred to retained earnings.

Financial guarantees, letters of credit and credit related commitments

The Group issues guarantees, letters of credit and credit related commitments.

Financial guarantees are initially recognised in the financial statements at fair value, being the premium received. Subsequent to initial recognition, the Group's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the consolidated statement of profit and loss and ECL allowance.

Credit related commitments and letters of credits are commitments under which, over the duration of the commitment, the Group is required to provide a loan with pre-specified terms to the customer. Similar to financial guarantee contracts, these contracts are in the scope of the ECL requirements.

The Group occasionally issues commitments to provide loans at below-market interest rates. Such commitments are initially recognised at fair value and subsequently measured at the higher of an ECL allowance and the amount initially recognised less cumulative income, where appropriate.

Reclassification of financial assets and liabilities

The Group does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company changes the business model for managing financial assets. Financial liabilities are never reclassified. The Group did not reclassify any of its financial assets and liabilities in 2024.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, amount due from the National Bank of the Republic of Kazakhstan, cash balances unencumbered on stock exchange and amounts due from credit institutions that mature within ninety days of the date of origination.

(millions of tenge)

3. Material accounting policies (continued)

Receivables under repurchase and reverse repurchase agreements and securities lending

Sale and repurchase agreements ("repo") are treated as secured financing transactions. Securities sold under sale and repurchase agreements are retained in the consolidated statement of financial position and, in case the transferee has the right by contract or custom to sell or repledge them, reclassified as securities pledged under sale and repurchase agreements. The corresponding liability is presented as a separate item in the consolidated statement of financial position. Securities purchased under agreements to resell ("reverse repo") are recorded as cash and cash equivalents in the consolidated statement of financial position. The difference between sale and repurchase price is treated as interest income and accrued over the life of repo agreements using the effective interest method.

Securities lent to counterparties are retained in the consolidated statement of financial position. Securities borrowed are recorded in the consolidated statement of financial position only if these are sold to third parties. In this case the purchase and sale transaction is recorded within gains less losses from securities at fair value through profit or loss in the consolidated statement of comprehensive income. The obligation to return them is recorded at fair value as a trading liability.

Borrowings

Issued financial instruments or their components are classified as liabilities, where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity instruments. Such instruments include amounts due to banks and other financial institutions, current accounts and deposits from customers, debt securities issued and other borrowed funds. After initial recognition, borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the profit or loss when liabilities are derecognised, as well as through the amortisation process.

If the Group purchases its own debt, it is removed from the consolidated statement of financial position and the difference between the carrying amount of the liability and the consideration paid is recognised in profit or loss.

Offsetting of assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. The right of set-off must not be contingent on a future event and must be legally enforceable in all of the following circumstances:

- The normal course of business;
- The event of default; and
- The event of insolvency or bankruptcy of the entity and all of the counterparties.

These conditions are not generally met in master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.

Restructuring of loans

Where possible, the Group seeks to restructure loans rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions.

The Group derecognises a financial asset, e.g. a loan to a customer, if the related contractual terms are renegotiated to the extent that it in fact becomes a new loan, and records the difference as gains or losses arising from derecognition before impairment loss is recognised. The newly recognised loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be POCI. When assessing whether or not to derecognise a loan to a customer, amongst others, the Group considers the following factors:

- Change in currency of the loan;
- Change in counterparty;
- If the modification is such that the instrument would no longer meet the SPPI criterion.

Derecognition of financial assets and financial liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised from the consolidated statement of financial position where:

- The rights to receive cash flows from the asset have expired;

(millions of tenge)

3. Material accounting policies (continued)

Derecognition of financial assets and financial liabilities (continued)

Financial assets (continued)

- The Group has transferred its right to receive cash flows from the asset, or has assumed an obligation to transfer the received cash flows in full without material delay to a third party under a "pass-through' arrangement; and
- The Group either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value. The extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Write-off

Financial assets are written off in part or in full, only when the Group does not expect to recover their value. If the amount to be written off is higher than the accumulated ECL allowance, the difference is at first recorded as the increase in the allowance that is subsequently applied to the gross carrying amount. All the subsequent reversals are recognised as credit loss expenses. The write-off relates to the derecognition event.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. Such grants are deducted from related expenses when they are reported in the consolidated financial statements.

The benefit of a government loan at a below-market rate of interest is treated as a government grant. The loan is recognised and measured in accordance with IFRS 9 *Financial Instruments*. The benefit of the below-market rate of interest is measured as the difference between the initial carrying amount of the loan determined under IFRS 9 and the proceeds received.

Property, equipment and acquired intangible assets

Property, equipment and acquired intangible assets are carried at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment losses.

Depreciation on property and equipment and intangible assets is charged to profit or loss on a straight-line basis over the estimated useful lives of the individual assets. Land plots, construction-in-progress and assets to be installed are not depreciated. The estimated useful lives of various items of property and equipment are as follows:

	Year
Buildings	10-80
Computers	5-7
Vehicles	5-7
Other	2-25
Intangible assets	1-8

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Costs related to repairs and renewals are charged when incurred and included in other operating expenses, unless they qualify for capitalisation.

(millions of tenge)

3. Material accounting policies (continued)

Equity

Share capital

Ordinary shares and non-redeemable preference shares with discretionary dividends are both classified as equity. External costs directly attributable to the issue of new shares, other than on a business combination, are shown as a deduction from the proceeds in equity. Any excess of the fair value of consideration received over the par value of shares issued is recorded as additional paid-in capital.

Treasury shares

Where the Bank or its subsidiaries purchases the Bank's shares, the consideration paid, including any attributable transaction costs, net of income taxes, is deducted from total equity as treasury shares until they are cancelled or reissued. Where such shares are subsequently sold or reissued, any consideration received is included in equity. Treasury shares are stated at weighted average cost.

Dividends

Dividends are recorded as a liability and deducted from equity only if they were declared before or on the reporting date. Dividends are disclosed when they are proposed before the reporting date or proposed or declared after the reporting date but before the consolidated financial statements are authorised for issue.

Recognition of income and expenses

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest and similar income and expenses

The Group calculates interest income on debt financial assets measured at amortised cost or at FVOCI by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment option) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses. The carrying amount of the financial asset or financial liability is adjusted if the Group revises its estimates of payments or receipts.

When a financial asset becomes credit-impaired, the Group calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the Group reverts to calculating interest income on a gross basis.

For purchased or originated credit-impaired (POCI) financial assets, the Group calculates interest income by calculating the credit-adjusted EIR and applying that rate to the amortised cost of the asset. The credit-adjusted EIR is the interest rate that, at original recognition, discounts the estimated future cash flows (including credit losses) to the amortised cost of the POCI assets.

Interest income on all financial assets at FVTPL is recognised using the contractual interest rate in "Other interest income" in the consolidated statement of profit or comprehensive income.

Loss on recognition of loans issued to customers at below market rate and income from amortisation of government grants are recognised in one item in the consolidated statement of comprehensive income.

Fee and commission income

The Group earns commission income from a diverse range of services it provides to its customers. Fee income can be divided into the following two categories:

<u>Fee income earned from services that are provided over a certain period of time</u>

Fees earned for the provision of services over a period of time are accrued over that period as respective performance obligations are satisfied. These fees include commission income, custody and other management and advisory fees. Loan commitment fees for loans that are likely to be drawn down and other credit related fees are deferred (together with any incremental costs) and recognised as an adjustment to the effective interest rate on the loan.

(millions of tenge)

3. Material accounting policies (continued)

Recognition of income and expenses (continued)

Fee and commission income (continued)

Commission income from providing transaction services

Fees arising from negotiating or participating in the negotiation of a transaction for a third party – such as where the Group's performance obligation is the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses – are recognised on completion of the underlying transaction. Fees or components of fees that are linked to certain performance obligations are recognised after fulfilling the corresponding criteria. When the contract provides for a variable consideration, fee and commission income is only recognised to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognised will not occur until the uncertainty associated with the variable consideration is subsequently resolved.

Customer loyalty programme

The Group offers a number of customer loyalty programmes. Accounting of such programmes varies depending on who is identified as a customer and what is the Group's role under the contract (agent or principal). For the point-based programmes, the Group generally recognized a liability for the accumulated points that are expected to be utilized by the customers, which is reversed to profit or loss as the points expire. Cashbacks on plastic card transactions reduce fee and commission income.

Dividend income

Income is recognised when the Group's right to receive the payment is established.

Segment reporting

An operating segment is a component of a Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same Group); whose operating results are regularly reviewed by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Foreign currency translation

Transactions in foreign currencies are initially recorded in the functional currency, converted at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into Tenge at the market exchange rate established by KASE at the date of the consolidated statement of financial position. Gains and losses resulting from the translation of foreign currency transactions are recognised in the consolidated statement of comprehensive income as gains less losses from foreign currencies - translation differences. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Differences between the contractual exchange rate of a transaction in a foreign currency and the market exchange rate on the date of the transaction are included in gains less losses from foreign currencies dealing.

As at 31 December 2024 the official exchange rate used for translation of monetary balances on foreign currency accounts was 525.11 tenge for 1 US Dollar (31 December 2023: 454.56 tenge for 1 US Dollar).

4. Significant accounting judgements and estimates

Estimation uncertainty

In the process of applying the Group's accounting policies, management has used its judgements and made estimates in determining the amounts recognised in the consolidated financial statements. The most significant use of judgements and estimates are as follows:

Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values.

(millions of tenge)

4. Significant accounting judgements and estimates (continued)

Estimation uncertainty (continued)

Expected credit losses on financial assets

The measurement of impairment losses both under IFRS 9 across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining the ECL and the assessment of a significant increase in credit risk (including whether the collateral value impacts ECL assessment for a portfolio of purchased or originated credit-impaired loans). These estimates are driven by a number of factors, changes in which can result in different levels of allowances for ECL. In addition, large-scale business disruptions can lead to liquidity problems for some organizations and consumers. The Group's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Group's internal credit grading model, which assigns PDs to the individual grades;
- The Group's criteria for assessing if there has been a significant increase in credit risk and so allowances for ECL for financial assets should be measured on a lifetime expected credit losses basis and the qualitative assessment;
- The segmentation of financial assets when their ECL is assessed on a collective basis;
- Development of ECL models, including the various formulae and the choice of inputs;
- Identification of relationships between macroeconomic scenarios and economic data, such as the US dollar exchange rate, inflation rate, and the real wage index, and the effect on Probability of Default (PD), Exposure at Default (EAD), and Loss on Default (LGD); and
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

Under the new model, LGD is calculated based on the Group's statistics about debt recovery rates after default. Debt recovery rate after default is calculated based on various repayment sources, and a potential recovery of debt is considered once a borrower is no longer in default. Based on various debt repayment sources and methods (including settlement mechanisms applied), the repayment scenarios (recovery, recovery as a result of restructuring, collection) and respective repayment sources/methods are considered. LGDs and probabilities of implementation of the scenarios are assessed by subsegment; in calculation of an allowance for a loan, the parameters of the LGD model that correspond to a subsegment of such loan are applied *(Note 15)*.

Collateral assessment

The Group management performs monitoring of collateral on a regular basis. The Group's management uses internal valuation approaches based on Kazakhstani and international requirements or independent valuation to adjust the value of collateral in light of the current market situation.

Taxes

The Republic of Kazakhstan currently has a single Tax Code that regulates main taxation matters. The existing taxes include value added tax, corporate income tax, social and other taxes. Implementing regulations are often unclear or non existent and insignificant amount of precedents has been established. Often, differing opinions regarding legal interpretation exist both among and within government ministries and organisations; thus creating uncertainties and areas of conflict. Tax returns, together with other legal compliance areas (as examples, customs and currency control matters) are subject to review and investigation by a number of authorities, which are enabled by law to impose severe fines, penalties and forfeits. These facts create tax risks in Kazakhstan substantially more significant than typically found in countries with more developed tax systems.

The management believes that the Group's tax position as at 31 December 2024 and 31 December 2023 was in compliance with tax laws of the Republic of Kazakhstan regulating its activities. However, the risk remains that relevant authorities could take differing positions with regard to interpretive tax issues.

(millions of tenge)

5. Net interest income

Net interest income comprises:

	2024	*2023*
Interest income calculated using effective interest rate		
Loans to customers	**313,737**	245,240
Debt securities at FVOCI	**104,482**	72,315
Amounts due from credit institutions and cash equivalents	**80,196**	24,880
Investment securities measured at amortised cost	**15,174**	17,198
Amounts receivable under reverse repurchase agreements	**2,490**	9,442
Other financial assets	**1,356**	1,305
	517,435	370,380
Other interest income		
Finance lease receivables	**5,576**	3,424
	523,011	373,804
Interest expense		
Current accounts and deposits from customers	**(181,376)**	(129,152)
Debt securities issued	**(32,656)**	(31,157)
Amounts payable under repurchase agreements	**(40,063)**	(14,114)
Amounts due to banks and other credit institutions	**(5,051)**	(5,199)
Subordinated debt	**(1,136)**	(1,136)
	(260,282)	(180,758)
Net interest income	**262,729**	193,046

Interest income calculated using the effective interest rate for 2024 includes income in the amount of 12,624 million tenge representing the unwinding of discount on loans to customers (for 2023: 12,399 million tenge).

Interest income received is as follows:

	2024	*2023*
Interest income received		
Loans to customers	**295,894**	230,755
Debt securities at FVOCI	**76,852**	66,308
Amounts due from credit institutions and cash equivalents	**82,731**	22,214
Investment securities measured at amortised cost	**13,794**	19,264
Amounts receivable under reverse repurchase agreements	**2,490**	9,442
Finance lease receivables	**5,576**	3,424
	477,337	351,407

Interest expenses paid comprises:

	2024	*2023*
Interest expenses paid		
Current accounts and deposits from customers	**(183,134)**	(128,500)
Debt securities issued	**(14,497)**	(14,199)
Amounts payable under repurchase agreements	**(40,243)**	(13,857)
Amounts due to banks and other credit institutions	**(2,723)**	(2,784)
Subordinated debt	**(1,136)**	(1,229)
	(241,733)	(160,569)

6. Net fee and commission income

Fee and commission income is as follows:

	2024	*2023*
Card operations	**13,900**	16,035
Settlement operations	**9,639**	9,324
Cash operations	**5,437**	5,485
Commissions on guarantees and letters of credits	**4,850**	3,450
Foreign currency transactions and transactions with securities	**452**	499
Other	**1,792**	1,513
	36,070	36,306

(millions of tenge)

6 Net fee and commissions income (continued)

Fee and commission expense is as follows:

	2024	*2023*
Maintenance of card accounts	**(10,439)**	(9,934)
Maintenance of nostro accounts	**(1,015)**	(940)
Settlement operations	**(905)**	(660)
Customer accounts services by financial agents	**(186)**	(218)
Foreign currency transactions and transactions with securities	**(273)**	(129)
Other	**(861)**	(1,253)
	(13,679)	(13,134)

As at 31 December 2024 and 31 December 2023, the Group recognised contract assets related to contracts with customers in the amount of 1,364 million tenge and 1,348 million tenge in the consolidated statement of financial position within other assets, respectively (*Note 18*).

7. Net gain on financial instruments at fair value through profit or loss

Net gain on financial instruments at fair value through profit or loss comprises:

	2024	*2023*
Net (loss)/gain on change in fair value of trading securities	**(40)**	53
Net gain on derivative financial instruments	**14,644**	976
	14,604	1,029

8. Net gain from foreign currencies

Net gains from foreign currencies is presented as follows:

	2024	*2023*
Dealing transactions, net	**33,427**	32,711
Translation differences, net	**(20,158)**	(2,789)
	13,269	29,922

9. Credit loss expense

Credit loss expenses for 2024 comprised the following:

	2024				
	Stage 1	*Stage 2*	*Stage 3*	*POCI*	*Total*
Cash and cash equivalents	**(2)**	**–**	**–**	**–**	**(2)**
Amounts due from credit institutions	**(19)**	**–**	**–**	**–**	**(19)**
Loans to customers (*Note 15*)	**207**	**(6,860)**	**(29,038)**	**(4,859)**	**(40,550)**
Investment securities measured at amortised cost	**48**	**8**	**–**	**–**	**56**
Investment securities measured at FVOCI	**(732)**	**46**	**–**	**–**	**(686)**
Other financial assets	**–**	**–**	**(602)**	**–**	**(602)**
Financial guarantees, letters of credit and undrawn related commitments	**(3)**	**–**	**–**	**–**	**(3)**
	(501)	**(6,806)**	**(29,640)**	**(4,859)**	**(41,806)**

(millions of tenge)

9 Credit loss expense (continued)

Credit loss expenses for 2023 comprised the following:

	2023				
	Stage 1	***Stage 2***	***Stage 3***	***POCI***	***Total***
Cash and cash equivalents	7	–	–	–	7
Amounts due from credit institutions	(47)	3	–	–	(44)
Loans to customers (*Note 15*)	1,434	(6,806)	(31,071)	(12,249)	(48,692)
Investment securities measured at amortised cost	(31)	54	–	–	23
Investment securities measured at FVOCI	(278)	158	–	–	(120)
Other financial assets	–	–	(922)	–	(922)
Financial guarantees, letters of credit and undrawn related commitments	23	–	–	–	23
	1,108	(6,591)	(31,993)	(12,249)	(49,725)

10. General and administrative expenses

General and administrative expenses comprise:

	2024	***2023***
Salary and related taxes	**(49,702)**	(43,389)
Depreciation and amortization	**(10,807)**	(8,971)
Telecommunication and information services	**(7,381)**	(6,263)
Taxes other than corporate income tax	**(4,181)**	(3,180)
Advertising and marketing	**(3,362)**	(3,010)
Charity and sponsorship	**(3,321)**	(6,750)
Maintenance of buildings	**(1,868)**	(1,529)
Security	**(1,083)**	(974)
Repair and maintenance	**(1,052)**	(797)
Encashment	**(852)**	(565)
Other professional services	**(803)**	(860)
Transportation services	**(641)**	(532)
Business trips	**(578)**	(503)
Lease	**(394)**	(317)
Insurance	**(328)**	(385)
Other	**(930)**	(1,081)
	(87,283)	(79,106)

During 2024 and 2023, the Group provided a sponsorship to Bulat Utemuratov Foundation Private Fund for construction of a school in the city of Essik (Almaty Region). The school of a total area of 12,5 thousand square meters has a capacity of 900 schoolchildren. The construction of the school was completed in September 2024.

The cost of audit and other consulting services provided by one company for 2024 to the Group amounted to 299 million tenge and 15 million tenge, respectively (for 2023: 216 million tenge and 9 million tenge, respectively).

(millions of tenge)

11. Other income and expenses

Other income and expense comprise:

	2024	*2023*
Other income		
Income from operating lease	**897**	900
Net income from government support programmes of the economy	**–**	2,401
Net income from sale of repossessed collateral	**–**	1,842
Other	**3,295**	3,606
	4,192	8,749
Other expenses		
Impairment loss on repossessed collateral	**(1,769)**	–
Expenses on services provided by credit bureaus and public authorities	**(1,089)**	(1,397)
SMS notification expenses	**(949)**	(993)
Provisions for non-financial guarantees	**(687)**	(706)
Other expenses from non-banking activities	**(521)**	(771)
Net loss from government support programmes of the economy	**(465)**	–
Net loss on disposal of repossessed collateral	**(329)**	–
Other	**(3,428)**	(2,242)
	(9,237)	(6,109)

As at 31 December 2024 the Group recognised an impairment loss on collateral in the amount of 1,769 million tenge.

12. Corporate income tax expense

Corporate income tax expenses comprise the following:

	2024	*2023*
Current corporate income tax expense	**(16,137)**	(1,494)
Deferred corporate income tax expense – origination and reversal of temporary differences	**2,140**	1,470
Corporate income tax expense	**(13,997)**	(24)

The income of the Bank and its subsidiaries is subject to taxation in the Republic of Kazakhstan. Kazakhstan legal entities have to file corporate income tax returns to the tax authorities. The statutory corporate income tax rate in 2024 and 2023 was 20%.

Below is the reconciliation of income tax expenses based on statutory rate with income tax expenses recorded in the consolidated financial statements:

	2024	*2023*
Profit before corporate income tax expense	**174,343**	116,461
Statutory corporate income tax rate	**20%**	20%
Theoretical corporate income tax expense at the statutory rate	**(34,869)**	(23,292)
Non-taxable income on state securities and securities officially listed at KASE	**23,571**	18,125
Adjustment of corporate income tax expense for prior years	**(86)**	273
Non-deductible credit loss expense	**(351)**	(319)
Change in tax losses carried forward and unrecognised deferred tax assets	–	5,462
Other	**(2,262)**	(273)
Corporate income tax expense	**(13,997)**	(24)

(millions of tenge)

12. Corporate income tax expense (continued)

Deferred tax assets and liabilities as at 31 December, as well as their movements for the respective years comprise the following:

	2022	*Origination and reversal of temporary differences within profit or loss*	*Origination and reversal of temporary differences within other comprehen-sive income*	*2023*	*Origination and reversal of temporary differences within profit or loss*	*Origination and reversal of temporary differences within other comprehen-sive income*	*2024*
Tax losses carried forward	3,167	(3,167)	–	–	**–**	**–**	**–**
Loans to customers	5,979	(1,480)	–	4,499	**(1,502)**	**–**	**2,997**
Investment securities measured at FVOCI	511	–	(298)	213	**–**	**24**	**237**
Investment securities measured at amortised cost	(3,546)	868	–	(2,678)	**2,678**	**–**	**–**
Debt securities issued	(7,209)	3,385	–	(3,824)	**3,709**	**–**	**(115)**
Amounts due to banks and other credit institutions	(16,371)	(374)	–	(16,745)	**(4,597)**	**–**	**(21,342)**
Property and equipment and intangible assets	7,948	(3,197)	–	4,751	**(1,927)**	**–**	**2,824**
Deferred income from government support programmes of the economy	–	–	–	–	**3,422**	**–**	**3,422**
Other	1,079	(27)	–	1,052	**357**	**–**	**1,409**
Deferred tax assets/(liabilities)	(8,442)	(3,992)	(298)	(12,732)	**2,140**	**24**	**(10,568)**
						–	
Unrecognised deferred tax assets	(5,462)	5,462	–	–	**–**	**–**	**–**
Deferred tax liabilities, net	(13,904)	1,470	(298)	(12,732)	**2,140**	**24**	**(10,568)**

13. Cash and cash equivalents

Cash and cash equivalents comprise:

	31 December 2024	*31 December 2023*
Cash on hand	**63,305**	68,036
Cash on current accounts with the NBRK	**25,596**	39,459
Cash on current accounts with other banks:		
- rated from AA- to AA+	**29,342**	–
- rated from A- to A+	**11,995**	43,716
- rated from BBB- to BBB+	**2,735**	2,384
- rated from BB- to BB+	**996**	238
- rated below B+	**2**	5
- not rated	**18,393**	6,894
Time deposits with the NBRK with contractual maturity 90 days or less	**761,100**	355,798
Amount receivable under reverse repurchase agreements with contractual maturity 90 days or less *(Note 27)*	**6,554**	169,171
Time deposits with other banks rated from A- to A+ with contractual maturity 90 days or less	**21,547**	15,067
Time deposits with credit institutions not rated with contractual maturity 90 days or less	**4,483**	3,276
Cash and cash equivalents before allowance for ECL	**946,048**	704,044
Allowance for ECL	**(48)**	(2)
Cash and cash equivalents	**946,000**	704,042

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

(millions of tenge)

13 Cash and cash equivalents (continued)

As at 31 December 2024, cash balances of 84 million tenge with no external rating assigned and allowance for ECL of 1 million tenge are allocated to Stage 2. As at 31 December 2023, cash balances of 3,240 million tenge with no external rating assigned and allowance for ECL of 1 million tenge are allocated to Stage 2. The remaining cash is allocated to Stage 1.

As at 31 December 2024, current account balances with other non-rated banks comprise mainly balances of 18,247 million tenge on current accounts with Russian banks and credit institutions that are not subject to sanctions (31 December 2023: 6,868 million tenge).

As at 31 December 2024, the Group entered into reverse repurchase agreements at the Kazakhstan Stock Exchange. The subject of these agreements are bonds of the Ministry of Finance of the Republic of Kazakhstan and Eurasian Development Bank, the total fair value of which as at 31 December 2024 is 6,646 million tenge (31 December 2023: bonds of the Ministry of Finance of the Republic of Kazakhstan, Kazakhstan Sustainability Fund JSC (hereinafter, "KSF"), Eurasian Development Bank and Asian Development Bank with a total fair value of 168,970 million tenge).

Minimum reserve requirements

In accordance with regulations issued by the NBRK, minimum reserve requirements are calculated as a percent of specified banks liabilities. Banks are required to comply with these requirements by maintaining average reserve assets (local currency cash and NBRK balances) equal or in excess of the average minimum requirements. As at 31 December 2024, combined minimum reserve requirements of the Group amount to 56,217 million tenge (31 December 2023: 46,859 million tenge).

Concentration of cash and cash equivalents

As at 31 December 2024, the Group has an account with one bank whose balances exceed 10% of total cash and cash equivalents (31 December 2023: one bank). The total balance on the account with the above counterparty as at 31 December 2024 amounts to 786,696 million tenge (31 December 2023: 395,257 million tenge).

14. Amounts due from credit institutions

Amounts due from credit institutions comprise:

	31 December 2024	***31 December 2023***
Current accounts with the NBRK restricted in use	**14,165**	9,696
Deposits with the NBRK with up to 90 days or more	**52,640**	70,846
Loans to other banks:		
- rated from BB- to BB+	**1,405**	–
- rated from B- to B+	**7,123**	–
Deposits with other banks:		
- not rated	**702**	636
Contingent deposits and deposits pledged as a collateral:		
- rated from AA- to AA+	**14,157**	11,387
- rated from A- to A+	**4,764**	114
- rated from BBB- to BBB+	**399**	159
- not rated	**6,075**	9,487
Amounts due from credit institutions before allowance for ECL	**101,430**	102,325
Allowance for ECL	**(952)**	(895)
Amounts due from credit institutions	**100,478**	101,430

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

Amounts on current accounts with the NBRK restricted in use include funds received by the Bank as part of participation in the state programme of lending businesses. As at 31 December 2024 and 31 December 2023, these funds include amounts allocated by Damu Entrepreneurship Development Fund JSC, Development Bank of Kazakhstan JSC, and Industrial Development Fund JSC in favour of the Bank to support entrepreneurship and provide preferential loans to individuals for the purchase of domestically produced passenger vehicles.

Loans to other banks include loans that mature in 2025 and bear interest rates of 3.5% to 6.99% per annum. As at 31 December 2024, the outstanding principal balance was 16,1 million US dollars and the equivalent in tenge was 8,495 million.

As at 31 December 2024 contingent deposits and deposits pledged as collateral with no external credit rating assigned mainly include KASE margin collateral in the amount of 6,019 million tenge (31 December 2023: 5,815 million tenge).

As at 31 December 2024 contingent deposits and deposits pledged as collateral include contingent deposits restricted for use on transactions with providers of payment system services in the amount of 18,116 million tenge (as at 31 December 2023: 14,976 million tenge).

(millions of tenge)

14 Amounts due from credit institutions (continued)

As at 31 December 2024 and 31 December 2023, all balances of amounts due from credit institutions are not overdue and allocated to Stage 1 for ECL measurement purposes.

Concentration of amounts due from credit institutions

As at 31 December 2024, the Group has amounts due from two credit institutions which individual balances exceed 10% of total due from credit institutions (31 December 2023: from two credit institutions). As at 31 December 2024, the total amount of such balances is 80,631 million tenge (31 December 2023: 91,902 million tenge).

15. Loans to customers

Loans to customers comprise:

	31 December 2024				
	Stage 1	*Stage 2*	*Stage 3*	*POCI*	*Total*
Individually significant loans	**766,736**	**4,163**	**825**	**821**	**772,545**
Total individually significant loans	**766,736**	**4,163**	**825**	**821**	**772,545**
Individually insignificant loans					
Corporate loans	**372,297**	**9,831**	**14,147**	**1,282**	**397,557**
Consumer loans	**404,546**	**21,530**	**60,264**	**36**	**486,376**
Car loans	**167,966**	**549**	**488**	**16**	**169,019**
Credit cards	**2,355**	**107**	**1,062**	**–**	**3,524**
Mortgage loans	**31,505**	**295**	**980**	**3,117**	**35,897**
Other loans secured by collateral	**30,561**	**659**	**7,820**	**5,561**	**44,601**
Total individually insignificant loans	**1,009,230**	**32,971**	**84,761**	**10,012**	**1,136,974**
Loans to customers before allowance for ECL	**1,775,966**	**37,134**	**85,586**	**10,833**	**1,909,519**
Allowance for ECL	**(19,955)**	**(10,762)**	**(55,043)**	**(3,625)**	**(89,385)**
Loans to customers	**1,756,011**	**26,372**	**30,543**	**7,208**	**1,820,134**

	31 December 2023				
	Stage 1	*Stage 2*	*Stage 3*	*POCI*	*Total*
Individually significant loans	573,686	1,177	6,252	2,398	583,513
Total individually significant loans	573,686	1,177	6,252	2,398	583,513
Individually insignificant loans					
Corporate loans	276,996	4,842	13,365	1,051	296,254
Consumer loans	417,254	17,248	41,869	1	476,372
Car loans	28,417	45	191	–	28,653
Credit cards	3,095	124	1,029	–	4,248
Mortgage loans	17,534	127	1,185	6,427	25,273
Other loans secured by collateral	29,294	711	11,722	11,723	53,450
Total individually insignificant loans	772,590	23,097	69,361	19,202	884,250
Loans to customers before allowance for ECL	1,346,276	24,274	75,613	21,600	1,467,763
Allowance for ECL	(20,199)	(8,952)	(51,434)	(9,678)	(90,263)
Loans to customers	1,326,077	15,322	24,179	11,922	1,377,500

Analysis of credit quality of loans to legal entities

The following table provides information on the credit quality of loans to legal entities as at 31 December 2024:

	31 December 2024				
	Stage 1	Stage 2	Stage 3	POCI	Total
Loans to large corporate business (CB)					
Not overdue	**601,713**	**–**	**825**	**–**	**602,538**
Expected credit losses	**(2,886)**	**–**	**(486)**	**–**	**(3,372)**
Total loans to CB	**598,827**	**–**	**339**	**–**	**599,166**

(millions of tenge)

15. Loans to customers (continued)

Analysis of credit quality of loans to legal entities (continued)

	31 December 2024				
	Stage 1	Stage 2	Stage 3	POCI	Total
Loans to small and medium businesses (SMB)					
Not overdue	534,752	4,265	5,626	1,253	545,896
Overdue less than 30 days	2,568	5,309	44	261	8,182
Overdue 30-89 days	–	4,407	189	1	4,597
Overdue 90-179 days	–	13	1,198	155	1,366
Overdue 180-360 days	–	–	3,026	–	3,026
Overdue more than 360 days	–	–	4,064	433	4,497
Expected credit losses	(2,779)	(1,134)	(4,983)	(1,401)	(10,297)
Total loans to SMB	534,541	12,860	9,164	702	557,267

Analysis of credit quality of loans to individuals

The following table provides information on the credit quality of loans to individuals as at 31 December 2024:

	31 December 2024				
	Stage 1	Stage 2	Stage 3	POCI	Total
Loans to retail customers					
Consumer loans					
Not overdue	404,161	1,526	7,715	32	413,434
Overdue less than 30 days	385	10,596	1,393	–	12,374
Overdue 30-89 days	–	9,275	1,183	4	10,462
Overdue 90-179 days	–	133	13,559	–	13,692
Overdue 180-360 days	–	–	22,762	–	22,762
Overdue more than 360 days	–	–	13,652	–	13,652
Expected credit losses	(12,750)	(9,420)	(43,859)	(11)	(66,040)
Total consumer loans	391,796	12,110	16,405	25	420,336
Car loans					
Not overdue	167,378	23	240	16	167,657
Overdue less than 30 days	588	249	12	–	849
Overdue 30-89 days	–	274	18	–	292
Overdue 90-179 days	–	3	167	–	170
Overdue 180-360 days	–	–	37	–	37
Overdue more than 360 days	–	–	14	–	14
Expected credit losses	(981)	(56)	(159)	(8)	(1,204)
Total car loans	166,985	493	329	8	167,815
Credit cards					
Not overdue	2,355	8	17	–	2,380
Overdue less than 30 days	–	68	2	–	70
Overdue 30-89 days	–	31	2	–	33
Overdue 90-179 days	–	–	48	–	48
Overdue 180-360 days	–	–	109	–	109
Overdue more than 360 days	–	–	884	–	884
Expected credit losses	(189)	(38)	(739)	–	(966)
Total credit cards	2,166	69	323	–	2,558

(millions of tenge)

15. Loans to customers (continued)

Analysis of credit quality of loans to individuals (continued):

	31 December 2024				
	Stage 1	Stage 2	Stage 3	POCI	Total
Mortgage loans					
Not overdue	31,181	21	278	2,532	34,012
Overdue less than 30 days	324	150	8	171	653
Overdue 30-89 days	–	124	3	73	200
Overdue 90-179 days	–	–	197	47	244
Overdue 180-360 days	–	–	63	28	91
Overdue more than 360 days	–	–	431	266	697
Expected credit losses	(146)	(30)	(380)	(891)	(1,447)
Total mortgage loans	31,359	265	600	2,226	34,450
Other loans secured by collateral					
Not overdue	30,223	31	509	4,549	35,312
Overdue less than 30 days	338	379	83	214	1,014
Overdue 30-89 days	–	249	75	139	463
Overdue 90-179 days	–	–	327	160	487
Overdue 180-360 days	–	–	377	56	433
Overdue more than 360 days	–	–	6,449	443	6,892
Expected credit losses	(224)	(84)	(4,437)	(1,314)	(6,059)
Total other loans secured by collateral	30,337	575	3,383	4,247	38,542
Total loans to retail customers	622,643	13,512	21,040	6,506	663,701

Analysis of credit quality of loans to legal entities

The following table provides information on the credit quality of loans to legal entities as at 31 December 2023:

	31 December 2023				
	Stage 1	Stage 2	Stage 3	POCI	Total
Loans to CB					
Not overdue	424,905	437	5,304	82	430,728
Expected credit losses	(2,737)	(17)	–	–	(2,754)
Total loans to CB	422,168	420	5,304	82	427,974

	31 December 2023				
	Stage 1	Stage 2	Stage 3	POCI	Total
Loans to SMB					
Not overdue	423,998	3,307	3,238	1,955	432,498
Overdue less than 30 days	1,779	610	76	–	2,465
Overdue 30-89 days	–	1,662	619	–	2,281
Overdue 90-179 days	–	3	1,161	–	1,164
Overdue 180-360 days	–	–	2,264	1,383	3,647
Overdue more than 360 days	–	–	6,955	29	6,984
Expected credit losses	(3,895)	(443)	(9,002)	(1,281)	(14,621)
Total loans to SMB	421,882	5,139	5,311	2,086	434,418

(millions of tenge)

15. Loans to customers (continued)

Analysis of credit quality of loans to individuals

The following table provides information on the credit quality of loans to individuals as at 31 December 2023:

	31 December 2023				
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**
Loans to retail customers					
Consumer loans					
Not overdue	413,161	233	5,204	1	418,599
Overdue less than 30 days	4,093	7,840	787	–	12,720
Overdue 30-89 days	–	8,890	976	–	9,866
Overdue 90-179 days	–	285	10,223	–	10,508
Overdue 180-360 days	–	–	15,919	–	15,919
Overdue more than 360 days	–	–	8,760	–	8,760
Expected credit losses	(12,717)	(8,280)	(32,469)	(1)	(53,467)
Total consumer loans	404,537	8,968	9,400	–	422,905
Car loans					
Not overdue	28,351	13	22	–	28,386
Overdue less than 30 days	66	18	–	–	84
Overdue 30-89 days	–	14	–	–	14
Overdue 90-179 days	–	–	12	–	12
Overdue more than 360 days	–	–	157	–	157
Expected credit losses	(282)	(2)	(171)	–	(455)
Total car loans	28,135	43	20	–	28,198
Credit cards					
Not overdue	3,092	5	32	–	3,129
Overdue less than 30 days	3	80	4	–	87
Overdue 30-89 days	–	38	6	–	44
Overdue 90-179 days	–	1	62	–	63
Overdue 180-360 days	–	–	157	–	157
Overdue more than 360 days	–	–	768	–	768
Expected credit losses	(241)	(46)	(889)	–	(1,176)
Total credit cards	2,854	78	140	–	3,072
Mortgage loans					
Not overdue	17,142	18	286	2,790	20,236
Overdue less than 30 days	392	9	4	183	588
Overdue 30-89 days	–	100	23	56	179
Overdue 90-179 days	–	–	86	196	282
Overdue 180-360 days	–	–	46	146	192
Overdue more than 360 days	–	–	740	3,056	3,796
Expected credit losses	(76)	(18)	(697)	(2,974)	(3,765)
Total mortgage loans	17,458	109	488	3,453	21,508
Other loans secured by collateral					
Not overdue	28,320	20	554	5,127	34,021
Overdue less than 30 days	947	30	68	464	1,509
Overdue 30-89 days	27	627	84	315	1,053
Overdue 90-179 days	–	34	352	146	532
Overdue 180-360 days	–	–	431	185	616
Overdue more than 360 days	–	–	10,233	5,486	15,719
Expected credit losses	(251)	(146)	(8,206)	(5,422)	(14,025)
Total other loans secured by collateral	29,043	565	3,516	6,301	39,425
Total loans to retail customers	482,027	9,763	13,564	9,754	515,108

(millions of tenge)

15. Loans to customers (continued)

Analysis of credit quality for corporate customers

The table below provides the credit quality analysis for corporate customers according to internal ratings as at 31 December 2024 and 31 December 2023:

	31 December 2024				
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**
rated AA-	**14,181**	**–**	**–**	**–**	**14,181**
rated A+	**3,269**	**–**	**–**	**–**	**3,269**
rated A	**69,655**	**–**	**–**	**–**	**69,655**
rated A-	**26,681**	**–**	**–**	**–**	**26,681**
rated BBB+	**21,944**	**–**	**–**	**–**	**21,944**
rated BBB	**19,549**	**–**	**–**	**–**	**19,549**
rated BBB-	**79,221**	**–**	**–**	**–**	**79,221**
rated BB+	**72,248**	**–**	**–**	**–**	**72,248**
rated BB	**146,767**	**–**	**–**	**–**	**146,767**
rated BB-	**141,537**	**–**	**–**	**–**	**141,537**
rated B+	**1,701**	**–**	**–**	**–**	**1,701**
rated B	**4,960**	**–**	**–**	**–**	**4,960**
Default	**–**	**–**	**825**	**–**	**825**
Expected credit losses	**(2,886)**	**–**	**(486)**	**–**	**(3,372)**
Total	**598,827**	**–**	**339**	**–**	**599,166**

	31 December 2023				
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**
rated AAA	1,399	–	–	–	1,399
rated AA	18,823	–	–	–	18,823
rated A+	39,531	–	–	–	39,531
rated A	38,563	–	–	–	38,563
rated A-	6,579	–	–	–	6,579
rated BBB+	83,071	–	–	–	83,071
rated BBB	16,977	–	–	–	16,977
rated BBB-	12,395	–	–	–	12,395
rated BB+	44,699	–	–	–	44,699
rated BB	148,450	–	–	–	148,450
rated BB-	8,876	437	4,430	82	13,825
rated B	4,195	–	–	–	4,195
rated CCC-	1,347	–	–	–	1,347
Default	–	–	874	–	874
Expected credit losses	(2,737)	(17)	–	–	(2,754)
Total	422,168	420	5,304	82	427,974

Analysis of movements in gross carrying amount and allowance for ECL

Analysis of movements in gross carrying amount and related ECL for loans to legal entities of corporate business for 2024 is as follows:

	2024				
Loans to CB	***Stage 1***	***Stage 2***	***Stage 3***	***POCI***	***Total***
Gross carrying amount at 1 January	**424,905**	**437**	**5,304**	**82**	**430,728**
New assets originated or purchased	**755,368**	**–**	**–**	**–**	**755,368**
Assets derecognised or repaid (excluding write-offs)	**(625,227)**	**(437)**	**(5,727)**	**(82)**	**(631,473)**
Unwinding of discount	**–**	**–**	**15**	**–**	**15**
Reversal of previously written-off amounts	**–**	**–**	**1,248**	**–**	**1,248**
Write-off	**–**	**–**	**(15)**	**–**	**(15)**
Foreign exchange adjustments	**46,667**	**–**	**–**	**–**	**46,667**
At 31 December	**601,713**	**–**	**825**	**–**	**602,538**

(millions of tenge)

15. Loans to customers (continued)

Analysis of credit quality for corporate customers (continued)

Analysis of movements in gross carrying amount and allowance for ECL (continued)

			2024		
Loans to CB	***Stage 1***	***Stage 2***	***Stage 3***	***POCI***	***Total***
ECL at 1 January	**(2,737)**	**(17)**	**–**	**–**	**(2,754)**
New assets originated or purchased	**(2,508)**	**–**	**–**	**–**	**(2,508)**
Assets derecognised or repaid (excluding write-offs)	**2,600**	**17**	**1,248**	**–**	**3,865**
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	**(35)**	**–**	**(486)**	**–**	**(521)**
Unwinding of discount	**–**	**–**	**(15)**	**–**	**(15)**
Reversal of previously written-off amounts	**–**	**–**	**(1,248)**	**–**	**(1,248)**
Write-off	**–**	**–**	**15**	**–**	**15**
Foreign exchange adjustments	**(206)**	**–**	**–**	**–**	**(206)**
At 31 December	**(2,886)**	**–**	**(486)**	**–**	**(3,372)**

Analysis of movements in gross carrying amount and related ECL for loans to legal entities of small and medium businesses for 2024 is as follows:

			2024		
Loans to SMB	***Stage 1***	***Stage 2***	***Stage 3***	***POCI***	***Total***
Gross carrying amount at 1 January	**425,777**	**5,582**	**14,313**	**3,367**	**449,039**
New assets originated or purchased	**890,790**	**–**	**–**	**790**	**891,580**
Assets derecognised or repaid (excluding write-offs)	**(760,218)**	**(2,637)**	**(6,818)**	**(1,464)**	**(771,137)**
Transfers to Stage 1	**2,695**	**(2,040)**	**(655)**	**–**	**–**
Transfers to Stage 2	**(13,591)**	**13,662**	**(71)**	**–**	**–**
Transfers to Stage 3	**(8,272)**	**(646)**	**8,918**	**–**	**–**
Unwinding of discount	**–**	**–**	**1,121**	**–**	**1,121**
Reversal of previously written-off amounts	**–**	**–**	**1,816**	**801**	**2,617**
Write-off	**–**	**–**	**(4,477)**	**(1,404)**	**(5,881)**
Foreign exchange adjustments	**139**	**73**	**–**	**13**	**225**
At 31 December	**537,320**	**13,994**	**14,147**	**2,103**	**567,564**

			2024		
Loans to SMB	***Stage 1***	***Stage 2***	***Stage 3***	***POCI***	***Total***
ECL at 1 January	**(3,895)**	**(443)**	**(9,002)**	**(1,281)**	**(14,621)**
New assets originated or purchased	**(3,237)**	**–**	**–**	**–**	**(3,237)**
Assets derecognised or repaid (excluding write-offs)	**2,137**	**160**	**3,757**	**979**	**7,033**
Transfers to Stage 1	**(390)**	**41**	**349**	**–**	**–**
Transfers to Stage 2	**389**	**(422)**	**33**	**–**	**–**
Transfers to Stage 3	**122**	**149**	**(271)**	**–**	**–**
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	**2,095**	**(619)**	**(1,389)**	**(1,690)**	**(1,603)**
Unwinding of discount	**–**	**–**	**(1,121)**	**–**	**(1,121)**
Reversal of previously written-off amounts	**–**	**–**	**(1,816)**	**(801)**	**(2,617)**
Write-off	**–**	**–**	**4,477**	**1,404**	**5,881**
Foreign exchange adjustments	**–**	**–**	**–**	**(12)**	**(12)**
At 31 December	**(2,779)**	**(1,134)**	**(4,983)**	**(1,401)**	**(10,297)**

(millions of tenge)

15. Loans to customers (continued)

Analysis of credit quality for corporate customers (continued)

Analysis of movements in gross carrying amount and allowance for ECL (continued)

Analysis of movements in gross carrying amount and related ECL for loans to individuals for 2024 is as follows:

			2024		
Loans to retail customers	***Stage 1***	***Stage 2***	***Stage 3***	***POCI***	***Total***
Gross carrying amount at 1 January	**495,594**	**18,255**	**55,996**	**18,151**	**587,996**
New assets originated or purchased	**508,248**	**–**	**–**	**4,393**	**512,641**
Assets derecognised or repaid (excluding write-offs)	**(308,586)**	**(2,847)**	**(5,561)**	**(3,493)**	**(320,487)**
Transfers to Stage 1	**3,916**	**(2,043)**	**(1,873)**	**–**	**–**
Transfers to Stage 2	**(21,014)**	**22,043**	**(1,029)**	**–**	**–**
Transfers to Stage 3	**(41,229)**	**(12,268)**	**53,497**	**–**	**–**
Unwinding of discount	**–**	**–**	**10,938**	**–**	**10,938**
Reversal of previously written-off amounts	**–**	**–**	**3,468**	**2,620**	**6,088**
Write-off	**–**	**–**	**(44,897)**	**(12,941)**	**(57,838)**
Foreign exchange adjustments	**4**	**–**	**75**	**–**	**79**
At 31 December	**636,933**	**23,140**	**70,614**	**8,730**	**739,417**

			2024		
Loans to retail customers	***Stage 1***	***Stage 2***	***Stage 3***	***POCI***	***Total***
ECL at 1 January	**(13,567)**	**(8,492)**	**(42,432)**	**(8,397)**	**(72,888)**
New assets originated or purchased	**(9,458)**	**–**	**–**	**–**	**(9,458)**
Assets derecognised or repaid (excluding write-offs)	**6,579**	**979**	**5,557**	**2,664**	**15,779**
Transfers to Stage 1	**(2,027)**	**675**	**1,352**	**–**	**–**
Transfers to Stage 2	**732**	**(1,441)**	**709**	**–**	**–**
Transfers to Stage 3	**1,417**	**6,048**	**(7,465)**	**–**	**–**
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	**2,034**	**(7,397)**	**(37,725)**	**(6,812)**	**(49,900)**
Unwinding of discount	**–**	**–**	**(10,938)**	**–**	**(10,938)**
Reversal of previously written-off amounts	**–**	**–**	**(3,468)**	**(2,620)**	**(6,088)**
Write-off	**–**	**–**	**44,897**	**12,941**	**57,838**
Foreign exchange adjustments	**–**	**–**	**(61)**	**–**	**(61)**
At 31 December	**(14,290)**	**(9,628)**	**(49,574)**	**(2,224)**	**(75,716)**

Analysis of movements in gross carrying amount and related ECL for loans to legal entities of corporate business for 2023 is as follows:

			2023		
Loans to CB	***Stage 1***	***Stage 2***	***Stage 3***	***POCI***	***Total***
Gross carrying amount at 1 January	378,581	70	17,504	49	396,204
New assets originated or purchased	628,266	–	–	28	628,294
Assets derecognised or repaid (excluding write-offs)	(575,162)	(63)	(13,479)	6	(588,698)
Transfers to Stage 2	(437)	437	–	–	–
Unwinding of discount	–	–	76	–	76
Reversal of previously written-off amounts	–	–	2,124	–	2,124
Write-off	–	–	(842)	–	(842)
Foreign exchange adjustments	(6,343)	(7)	(79)	(1)	(6,430)
At 31 December	424,905	437	5,304	82	430,728

(millions of tenge)

15. Loans to customers (continued)

Analysis of credit quality for corporate customers (continued)

Analysis of movements in gross carrying amount and allowance for ECL (continued)

	2023				
Loans to CB	***Stage 1***	***Stage 2***	***Stage 3***	***POCI***	***Total***
ECL at 1 January	(3,929)	(2)	(581)	(49)	(4,561)
New assets originated or purchased	(2,958)	–	–	–	(2,958)
Assets derecognised or repaid (excluding write-offs)	3,287	2	2,124	–	5,413
Transfers to Stage 2	7	(7)	–	–	–
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	794	(10)	(191)	49	642
Unwinding of discount	–	–	(76)	–	(76)
Reversal of previously written-off amounts	–	–	(2,124)	–	(2,124)
Write-off		–	842	–	842
Foreign exchange adjustments	62	–	6	–	68
At 31 December	(2,737)	(17)	–	–	(2,754)

Analysis of movements in gross carrying amount and related ECL for loans to legal entities of small and medium businesses for 2023 is as follows:

	2023				
Loans to SMB	***Stage 1***	***Stage 2***	***Stage 3***	***POCI***	***Total***
Gross carrying amount at 1 January	323,376	10,843	16,672	1,247	352,138
New assets originated or purchased	657,159	–	–	1,682	658,841
Assets derecognised or repaid (excluding write-offs)	(549,088)	(5,309)	(7,983)	540	(561,840)
Transfers to Stage 1	5,688	(4,554)	(1,134)	–	–
Transfers to Stage 2	(5,919)	5,919	–	–	–
Transfers to Stage 3	(5,289)	(1,315)	6,604	–	–
Unwinding of discount	–	–	849	–	849
Reversal of previously written-off amounts	–	–	1,563	48	1,611
Write-off	–	–	(2,253)	(150)	(2,403)
Foreign exchange adjustments	(150)	(2)	(5)	–	(157)
At 31 December	425,777	5,582	14,313	3,367	449,039

	2023				
Loans to SMB	***Stage 1***	***Stage 2***	***Stage 3***	***POCI***	***Total***
ECL at 1 January	(9,454)	(530)	(4,399)	(44)	(14,427)
New assets originated or purchased	(4,060)	–	–	–	(4,060)
Assets derecognised or repaid (excluding write-offs)	1,237	134	2,526	65	3,962
Transfers to Stage 1	(282)	224	58	–	–
Transfers to Stage 2	84	(84)	–	–	–
Transfers to Stage 3	304	40	(344)	–	–
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	8,247	(227)	(6,686)	(1,405)	(71)
Unwinding of discount	–	–	(849)	–	(849)
Reversal of previously written-off amounts	–	–	(1,563)	(48)	(1,611)
Write-off	–	–	2,253	150	2,403
Foreign exchange adjustments	29	–	2	1	32
At 31 December	(3,895)	(443)	(9,002)	(1,281)	(14,621)

(millions of tenge)

15. Loans to customers (continued)

Analysis of credit quality for corporate customers (continued)

Analysis of movements in gross carrying amount and allowance for ECL (continued)

Analysis of movements in gross carrying amount and related ECL for loans to individuals for 2023 is as follows:

	2023				
Loans to retail customers	***Stage 1***	***Stage 2***	***Stage 3***	***POCI***	***Total***
Gross carrying amount at 1 January	399,820	18,002	50,305	22,139	490,266
New assets originated or purchased	395,597	–	–	3,488	399,085
Assets derecognised or repaid (excluding write-offs)	(258,406)	(3,266)	(11,717)	(3,156)	(276,545)
Transfers to Stage 1	5,448	(4,332)	(1,116)	–	–
Transfers to Stage 2	(18,457)	18,768	(311)	–	–
Transfers to Stage 3	(28,407)	(10,918)	39,325	–	–
Unwinding of discount	–	–	6,993	–	6,993
Reversal of previously written-off amounts	–	–	4,676	851	5,527
Write-off	–	–	(32,159)	(5,169)	(37,328)
Foreign exchange adjustments	(1)	1	–	(2)	(2)
At 31 December	495,594	18,255	55,996	18,151	587,996

	2023				
Loans to retail customers	***Stage 1***	***Stage 2***	***Stage 3***	***POCI***	***Total***
ECL at 1 January	(8,658)	(6,269)	(29,397)	(1,754)	(46,078)
New assets originated or purchased	(10,066)	–	–	–	(10,066)
Assets derecognised or repaid (excluding write-offs)	4,551	847	5,775	933	12,106
Transfers to Stage 1	(1,199)	731	468	–	–
Transfers to Stage 2	459	(612)	153	–	–
Transfers to Stage 3	942	4,363	(5,305)	–	–
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	402	(7,552)	(34,619)	(11,891)	(53,660)
Unwinding of discount	–	–	(6,993)	–	(6,993)
Reversal of previously written-off amounts	–	–	(4,676)	(851)	(5,527)
Write-off	–	–	32,159	5,169	37,328
Foreign exchange adjustments	2	–	3	(3)	2
At 31 December	(13,567)	(8,492)	(42,432)	(8,397)	(72,888)

(millions of tenge)

15. Loans to customers (continued)

Analysis of credit quality for corporate customers (continued)

Analysis of movements in gross carrying amount and allowance for ECL (continued)

The table below provides an analysis of movements for ECL for loans issued in 2024 and 2023:

	CB	*SMB*	*Consumer loans and credit cards*	*Car loans*	*Mortgage loans*	*Other loans secured by collateral*	*Total loans to customers*
At 1 January 2023	(4,561)	(14,427)	(38,737)	(144)	(1,082)	(6,115)	(65,066)
New assets originated or purchased	(2,958)	(4,060)	(9,329)	(170)	(234)	(333)	(17,084)
Assets derecognised or repaid (excluding write-offs)	5,413	3,962	7,063	92	2,453	2,498	21,481
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	642	(71)	(31,254)	(405)	(6,640)	(15,361)	(53,089)
Unwinding of discount	(76)	(849)	(6,288)	(14)	(99)	(592)	(7,918)
Reversal of previously written-off amounts	(2,124)	(1,611)	(1,027)	(90)	(2,351)	(2,059)	(9,262)
Write-off	842	2,403	24,928	277	4,187	7,936	40,573
Foreign exchange adjustments	68	32	1	(1)	1	1	102
At 31 December 2023	(2,754)	(14,621)	(54,643)	(455)	(3,765)	(14,025)	(90,263)
New assets originated or purchased	**(2,508)**	**(3,237)**	**(8,047)**	**(963)**	**(213)**	**(235)**	**(15,203)**
Assets derecognised or repaid (excluding write-offs)	**3,865**	**7,033**	**9,559**	**229**	**1,439**	**4,552**	**26,677**
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	**(521)**	**(1,603)**	**(41,759)**	**(64)**	**(4,266)**	**(3,811)**	**(52,024)**
Unwinding of discount	**(15)**	**(1,121)**	**(10,652)**	**(12)**	**(95)**	**(179)**	**(12,074)**
Reversal of previously written-off amounts	**(1,248)**	**(2,617)**	**(704)**	**(100)**	**(1,324)**	**(3,960)**	**(9,953)**
Write-off	**15**	**5,881**	**39,282**	**161**	**6,777**	**11,618**	**63,734**
Foreign exchange adjustments	**(206)**	**(12)**	**(42)**	**–**	**–**	**(19)**	**(279)**
At 31 December 2024	**(3,372)**	**(10,297)**	**(67,006)**	**(1,204)**	**(1,447)**	**(6,059)**	**(89,385)**

(millions of tenge)

15. Loans to customers (continued)

Key assumptions and judgements used in estimation of expected credit losses

In determining the allowance for expected credit losses, the Group made the following assumptions:

- Applying a liquidity ratio varying from 0 to 0.95 to the revalued value of pledged property depending on the type of collateral.
- The average period of collateral sale is between three (3) and six (6) years depending on the type of collateral according to the Group's historical data.
- Where evidence of a significant increase in credit risk or impairment/default exists for individual assets since the date of initial recognition, the Group estimates the expected credit losses for each customer/group based on probability-weighted estimates of credit losses for various scenarios taking into account operating cash flows and/or cash flows from the sale of collateral.

In determining the allowance for ECL on loans to corporate customers, assessed on an individual basis the Group made the following assumptions:

- PD on loans allocated to Stage 1 ranged from 0.04% to 10.44% depending on the borrower's internal rating according to the rating model (31 December 2023: from 0.05% to 14.62%).
- LGD on loans allocated to Stage 1 ranged from 9% to 31% (31 December 2023: from 24% to 45%).

The Group estimates the allowance for ECL on loans to SMB customers based on its past historical loss experience on these types of loans.

The significant assumptions used by the Group in determining the allowance for ECL on loans to small and medium business, assessed on a collective basis, include:

- The approach used to estimate the probability of default is based on the number of days past due, taking into account the effects of macroeconomic information; the weighted-average 12-month PD by product group allocated to Stage 1 ranged from 0.01% to 24.35% (31 December 2023: from 0.01% to 19.83%), the weighted-average lifetime PD allocated to Stage 2 ranged from 0.01% to 91.01% (31 December 2023: from 0.01% to 97.38%) depending on the product group of the homogeneous portfolio.
- LGD on loans allocated to Stages 1 and 2 varied from 5% to 36% (31 December 2023: from 3% to 56%).

The Group estimates the allowance for ECL on loans to retail customers based on its past historical loss experience on each type of loan.

The significant assumptions used by the Group in determining the allowance for ECL on loans to retail customers include:

- The approach used to estimate the probability of default is based on the number of days past due, taking into account the effects of macroeconomic information; the weighted-average 12-month PD by product group allocated to Stage 1 ranged from 0.01% to 28.75% (31 December 2023: from 0.01% to 28.22%), the weighted-average lifetime PD allocated to Stage 2 ranged from 0.01% to 98.74% (31 December 2023: 0.17% to 96.90%) depending on the product group of the homogeneous retail portfolio.
- LGD on loans allocated to Stages 1 and 2 varied from 20% to 80% (31 December 2023: from 32% to 91%).

Changes to models used for ECL measurement

In 2024, the Group made the following changes to the model for ECL calculations:

- Application of Weibull adjustment coefficients in assessing credit risk for homogeneous loan segments. As a result of this calculation, the allowance for ECL was decreased by 352 million tenge.
- The ECL effects are recognised in the table 'Analysis of movements in gross carrying amount and allowance for ECL' in the following line item 'Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period'.

Collateral and other credit enhancements

Individually significant corporate loans are subject to assessment and impairment testing on an individual basis. The creditworthiness of a corporate customer is generally the main indicator of the issued credit quality. However, collateral represents additional guarantees, and the Group generally asks corporate borrowers for its provision.

Guarantees and suretyship from individuals such as shareholders of borrowers represented by small and medium-sized businesses are not taken into account in assessing the impairment.

(millions of tenge)

15. Loans to customers (continued)

Collateral and other credit enhancements (continued)

For certain mortgage loans and other loans to individuals, the Group updates the estimated value of collateral at inception of the loan to its current value using automatic revaluation based on analytical price bases based on current information on the real estate market. The Group may also carry out a specific individual valuation of collateral at each reporting date.

The amount and type of collateral required by the Group depends on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of types of collateral and valuation parameters.

The main types of collateral obtained are as follows:

- For commercial lending - charges over real estate properties, inventory and trade receivables;
- For retail lending - mortgages over residential properties.

As at 31 December 2024, Stage 3 and POCI loans to customers net of allowance for ECL amount to 37,751 million tenge (as at 31 December 2023: 36,101 million tenge). As at 31 December 2023, the total fair value of collateral securing such loans, limited to the gross value of the respective loans, amounted to 32,937 million tenge (31 December 2023: 52,345 million tenge).

Concentration of loans to customers

As at 31 December 2024, the Group had a concentration of loans represented by 488,225 million tenge due from the ten largest groups of interrelated borrowers or 25.57% of gross loan portfolio (31 December 2023: 321,700 million tenge or 21.92% of gross loan portfolio). Allowance for ECL on these loans is 2,238 million tenge (31 December 2023: 1,373 million tenge).

Industry and geographical analysis of loans

Loans were issued primarily to customers located within the Republic of Kazakhstan operating in the following economic sectors:

	31 December 2024	***31 December 2023***
Loans to retail customers	**739,417**	587,996
Metallurgy	**253,114**	161,602
Services provided by small and medium businesses	**135,905**	96,162
Wholesale trading	**130,315**	133,381
Transport	**99,076**	43,872
Retail services	**88,717**	61,733
Construction	**75,804**	39,749
Financial services	**75,621**	78,902
Chemical industry	**69,545**	60,031
Real estate activities	**54,521**	47,078
Food industry	**42,572**	45,177
Agriculture	**21,926**	13,498
Post and communication services	**17,179**	12,315
Manufacturing	**11,741**	10,432
Light industry	**11,543**	7,117
Metal products manufacturing	**6,254**	5,194
Consumer goods trading	**2,667**	–
Production of crude oil and natural gas	**2,514**	1,456
Consumer goods manufacturing	**799**	–
Power engineering	**638**	–
Health, science and education	**222**	–
Other	**69,429**	62,068
	1,909,519	1,467,763
Allowance for ECL	**(89,385)**	(90,263)
	1,820,134	1,377,500

(millions of tenge)

15. Loans to customers (continued)

Finance lease receivables

As at 31 December 2024 and 31 December 2023 loans to customers include finance lease receivables of 28,083 million tenge and 16,698 million tenge, respectively.

	31 December 2024	*31 December 2023*
Minimum lease payments receivable	**35,742**	21,193
Unearned finance income	**(7,509)**	(4,107)
Net minimum lease payments receivable	**28,233**	17,086
Less: allowance for ECL	**(150)**	(388)
Net investment in finance leases	**28,083**	16,698
Current portion of minimum lease payments	**21,331**	13,217
Current portion of unearned finance income	**(5,062)**	(3,029)
Current portion of net minimum lease payments receivable	**16,269**	10,188
Non-current portion of minimum lease payments	**14,411**	7,976
Non-current portion of unearned finance income	**(2,447)**	(1,078)
Non-current portion of net minimum lease payments receivable	**11,964**	6,898
Net minimum lease payments receivable	**28,233**	17,086

The analysis of finance lease receivables at 31 December 2024 and 31 December 2023, is as follows:

As at 31 December 2024	*Up to 1 year*	*1 to 2 years*	*2 to 3 years*	*3 to 4 years*	*5 to 6 years*	*Total*
Minimum lease payments receivable	**21,331**	**10,112**	**3,774**	**387**	**138**	**35,742**
Unearned finance income	**(5,062)**	**(1,896)**	**(477)**	**(62)**	**(12)**	**(7,509)**
Net minimum lease payments receivable	**16,269**	**8,216**	**3,297**	**325**	**126**	**28,233**

As at 31 December 2023	*Up to 1 year*	*1 to 2 years*	*2 to 3 years*	*3 to 4 years*	*Total*
Minimum lease payments receivable	13,217	6,564	1,334	78	21,193
Unearned finance income	(3,029)	(930)	(144)	(4)	(4,107)
Net minimum lease payments receivable	10,188	5,634	1,190	74	17,086

The table below provides information on the quality of finance lease receivables as at 31 December 2024 and 31 December 2023:

	31 December 2024				
	Stage 1	*Stage 2*	*Stage 3*	*POCI*	*Total*
Finance lease receivables					
Not overdue	**26,753**	**479**	**138**	**–**	**27,370**
Overdue less than 30 days	**159**	**486**	**7**	**–**	**652**
Overdue 30-89 days	**–**	**–**	**19**	**–**	**19**
Overdue 90-179 days	**–**	**–**	**185**	**–**	**185**
Overdue 180-360 days	**–**	**–**	**7**	**–**	**7**
Net minimum lease payments receivable	**26,912**	**965**	**356**	**–**	**28,233**
Expected credit losses	**(69)**	**(7)**	**(74)**	**–**	**(150)**
Net investment in finance leases	**26,843**	**958**	**282**	**–**	**28,083**

	31 December 2023				
	Stage 1	*Stage 2*	*Stage 3*	*POCI*	*Total*
Finance lease receivables					
Not overdue	16,641	28	262	–	16,931
Overdue less than 30 days	31	123	–	–	154
Overdue 180-360 days	–	–	1	–	1
Net minimum lease payments receivable	16,672	151	263	–	17,086
Expected credit losses	(367)	(5)	(16)	–	(388)
Net investment in finance leases	16,305	146	247	–	16,698

(millions of tenge)

16. Investment securities

Investment securities, including those pledged under repurchase agreements, comprise:

	31 December 2024	*31 December 2023*
Debt securities at amortised cost		
Government bonds		
Treasury bills of the Ministry of Finance of the Republic of Kazakhstan rated BBB-	**33,275**	29,166
Bonds of foreign countries rated at BBB- to BBB+	**1,054**	–
Bonds of foreign countries rated at BB- to BB+	–	913
Total government bonds	**34,329**	30,079
Corporate bonds		
Rated from BBB- to BBB+	**15,737**	174,550
Rated from BB- to BB+	**8,485**	84,228
Total corporate bonds	**24,222**	258,778
Investment securities measured at amortised cost before allowance for ECL	**58,551**	288,857
Allowance for ECL	**(122)**	(162)
Investment securities measured at amortised cost	**58,429**	288,695

	31 December 2024	*31 December 2023*
Debt securities at FVOCI		
Government bonds		
Treasury bills of the United States of America rated AA+	**14,952**	13,610
Treasury bills of the Ministry of Finance of the Republic of Kazakhstan rated BBB-	**949,620**	543,583
Total government bonds	**964,572**	557,193
Corporate bonds		
Rated from BBB- to BBB+	**39,399**	67,206
Rated from BB- to BB+	**26,791**	22,658
Rated below B+	–	2,027
Not rated	**882**	–
Total corporate bonds	**67,072**	91,891
Bonds of banks		
Rated from BBB- to BBB+	**11,849**	12,131
Rated from BB- to BB+	**7,928**	3,120
Not rated	**4,093**	285
Total bonds of banks	**23,870**	15,536
Investments in equity instruments		
Corporate shares	**369**	339
Total investments in equity instruments	**369**	339
Investment securities measured at FVOCI	**1,055,883**	664,959

The following table provides information on the credit quality of investment securities measured at amortised cost, and debt instruments measured at fair value through other comprehensive income as at 31 December 2024 and 31 December 2023.

	31 December 2024			
Debt securities at amortised cost	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Rated from BBB- to BBB+	**49,012**	**1,054**	**–**	**50,066**
Rated from BB- to BB+	**8,485**	**–**	**–**	**8,485**
	57,497	**1,054**	**–**	**58,551**
Allowance for ECL	**(116)**	**(6)**	**–**	**(122)**
Investment securities at amortised cost	**57,381**	**1,048**	**–**	**58,429**

(millions of tenge)

16. Investment securities (continued)

	31 December 2023			
Debt securities at amortised cost	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Rated from BBB- to BBB+	203,716	–	–	203,716
Rated from BB- to BB+	84,228	913	–	85,141
	287,944	913	–	288,857
Allowance for ECL	(154)	(8)	–	(162)
Investment securities at amortised cost	287,790	905	–	288,695

	31 December 2024			
Investment securities measured at FVOCI	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Rated from AA- to AA+	**14,952**	**–**	**–**	**14,952**
Rated from BBB- to BBB+	**1,000,868**	**–**	**–**	**1,000,868**
Rated from BB- to BB+	**14,696**	**20,023**	**–**	**34,719**
Not rated	**1,095**	**3,880**	**–**	**4,975**
Investment securities measured at FVOCI	**1,031,611**	**23,903**	**–**	**1,055,514**

	31 December 2023			
Investment securities measured at FVOCI	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Rated from AA- to AA+	13,610	–	–	13,610
Rated from BBB- to BBB+	622,920	–	–	622,920
Rated from BB- to BB+	8,961	16,817	–	25,778
Rated below B+	–	2,027	–	2,027
Not rated	–	285	–	285
Investment securities measured at FVOCI	645,491	19,129	–	664,620

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

As at 31 December 2024, investment securities measured at FVOCI, represented by treasury bonds of the Ministry of Finance of the Republic of Kazakhstan, with a fair value of 436,666 million tenge, were pledged under the repurchase agreements entered into at the KASE *(Note 27)*.

As at 31 December 2023, investment securities measured at FVOCI, represented by treasury bonds of the Ministry of Finance of the Republic of Kazakhstan and Kazakhstan Sustainability Fund JSC, with a fair value of 164,168 million tenge, were pledged under the repurchase agreements entered into at the KASE *(Note 27)*.

(millions of tenge)

17. Property and equipment

The movements in property and equipment were as follows:

	Land	*Buildings*	*Computers*	*Vehicles*	*Construction in progress and assets to be installed*	*Other*	*Right-of-use assets*	*Total*
Cost								
Balance at 1 January 2023	2,642	44,467	6,130	494	381	31,837	2,887	88,838
Additions	–	137	1,524	594	257	707	1,100	4,319
Transfers	–	–	89	–	(498)	409	–	–
Disposals	–	(184)	(221)	–	(30)	(1,145)	(936)	(2,516)
Balance at 31 December 2023	2,642	44,420	7,522	1,088	110	31,808	3,051	90,641
Additions	**–**	**253**	**556**	**55**	**698**	**976**	**1,881**	**4,419**
Transfers	**–**	**–**	**8**	**–**	**(93)**	**85**	**–**	**–**
Disposals	**–**	**(132)**	**(372)**	**(112)**	**–**	**(1,288)**	**(1,942)**	**(3,846)**
Balance at 31 December 2024	**2,642**	**44,541**	**7,714**	**1,031**	**715**	**31,581**	**2,990**	**91,214**
Accumulated depreciation								
Balance at 1 January 2023	–	(6,222)	(3,774)	(419)	–	(18,253)	(1,150)	(29,818)
Depreciation charge for the year	–	(1,085)	(771)	(81)	–	(3,281)	(705)	(5,923)
Disposals	–	61	222	–	–	1,151	331	1,765
Balance at 31 December 2023	–	(7,246)	(4,323)	(500)	–	(20,383)	(1,524)	(33,976)
Depreciation charge for the year	**–**	**(1,083)**	**(897)**	**(145)**	**–**	**(2,934)**	**(758)**	**(5,817)**
Disposals	**–**	**56**	**371**	**109**	**–**	**1,255**	**1,020**	**2,811**
Balance at 31 December 2024	**–**	**(8,273)**	**(4,849)**	**(536)**	**–**	**(22,062)**	**(1,262)**	**(36,982)**
Carrying amounts								
At 1 January 2023	2,642	38,245	2,356	75	381	13,584	1,737	59,020
At 31 December 2023	2,642	37,174	3,199	588	110	11,425	1,527	56,665
At 31 December 2024	**2,642**	**36,268**	**2,865**	**495**	**715**	**9,519**	**1,728**	**54,232**

As at 31 December 2024, the cost and related accumulated depreciation of fully depreciated property and equipment amounted to 11,607 million tenge (31 December 2023: 9,837 million tenge).

(millions of tenge)

18. Other assets and other liabilities

Other assets comprise:

	31 December 2024	*31 December 2023*
Accounts receivable for sale of pledged property	**6,343**	7,788
Accounts receivable on commission income	**1,364**	1,348
Receivables under government programmes for support of specific population segments	**911**	1,470
Other accounts receivable from banking activities	**1,395**	1,472
	10,013	12,078
Allowance for ECL	**(2,162)**	(2,226)
Other financial assets	**7,851**	9,852
Repossessed collateral	**16,049**	19,864
Prepayments and other accounts receivable	**8,560**	6,911
Taxes prepaid other than corporate income tax	**3,081**	2,690
Investment property	**1,652**	1,572
Inventories held for sale	**685**	745
Other inventories	**577**	195
Other	**180**	2,048
	30,784	34,025
Impairment allowance	**(967)**	(876)
Other non-financial assets	**29,817**	33,149
Total other assets	**37,668**	43,001

The Group repossessed collateral with an estimated value of 1,693 million tenge during 2024 (2023: 3,022 million tenge). Even though the Group is currently actively trying to sell these assets, most of them were not sold within a short period of time. Management still intends to sell the repossessed collateral.

Other liabilities comprise:

	31 December 2024	*31 December 2023*
Payables on payment system services	**2,907**	10,572
Payables on non-banking activities	**2,527**	1,931
Lease liabilities	**1,831**	1,615
Obligations to pay mandatory contributions to the KDIF	**219**	276
Allowance for ECL for credit related commitments *(Note 30)*	**1,645**	1,092
Other	**5,377**	3,644
Other financial liabilities	**14,506**	19,130
Deferred income from government economic support programmes	**17,112**	7,402
Accrued expenses for employee benefits	**8,860**	6,561
Taxes payable other than corporate income tax	**2,930**	2,201
Income tax payable	**513**	–
Other	**1,020**	772
Other non-financial liabilities	**30.435**	16.936
Total other liabilities	**44,941**	36,066

(millions of tenge)

18. Other assets and other liabilities (continued)

The following table provides information on the credit quality of other financial assets as at 31 December 2024:

Other financial assets	31 December 2024			
	Stage 1	Stage 2	Stage 3	Total
Not overdue	5,402	–	–	5,402
Overdue less than 30 days	1,701	–	–	1,701
Overdue 30-90 days	–	572	–	572
Overdue more than 90 days	–		2,338	2,338
Total	7,103	572	2,338	10,013
Allowance for ECL	(11)	(93)	(2,058)	(2,162)
Other financial assets	7,092	479	280	7,851

The comparative information on credit quality for other financial assets as at 31 December 2023 is not disclosed in the Group's consolidated financial statements as reproduction of this information is not practicable.

19. Current accounts and deposits from customers

Current accounts and deposits from customers comprise:

	31 December 2024	*31 December 2023*
Current accounts and demand deposits		
- Retail customers	**164,005**	145,682
- Corporate customers	**589,198**	560,584
Term deposits		
- Retail customers	**823,759**	701,834
- Corporate customers	**1,166,658**	747,627
Guarantee deposits		
- Retail customers	**36,095**	34,721
- Corporate customers	**88,240**	70,575
	2,867,955	2,261,023
Held as security against letters of credit and guarantees ***(Note 30)***	**(257)**	(452)

Concentration of current accounts and deposits from customers

As at 31 December 2024, total amount of account balances of top 10 clients amounted to 442,635 million tenge or 15.43% of total current accounts and deposits from customers (31 December 2023: 277,877 million tenge or 12.29%).

As at 31 December 2024, the Group's outstanding balance of accounts and deposits from individuals and individual entrepreneurs amounted to 414,837 million tenge (31 December 2023: 363,224 million tenge) with limited KDIF insurance coverage on behalf of the Government of the Republic of Kazakhstan.

In accordance with the Civil Code of the Republic of Kazakhstan the Bank is legally obliged to repay the deposit upon demand of a depositor. In case a term deposit is repaid upon demand of the depositor prior to maturity, interest is not paid or paid at considerably lower interest rate, depending on the terms specified in the agreement. The Bank is obligated to repay term and/or conditional deposits or a part thereof within seven calendar days from the date of receipt of the depositor's demand on repayment, and saving deposits – within thirty calendar days from the date of the depositor's demand.

20. Amounts due to banks and other credit institutions

Amounts due to banks and other credit institutions comprise:

	31 December 2024	*31 December 2023*
Loans and deposits from governmental organisations	**68,946**	54,549
Liabilities due to Kazakhstan Sustainability Fund JSC	**8,715**	13,835
	77,661	68,384

(millions of tenge)

20 Amounts due to banks and other credit institutions (continued)

As at 31 December 2024, loans from governmental organisations included loans received from Damu Entrepreneurship Development Fund JSC ("Damu"), Development Bank of Kazakhstan JSC ("DBK") and Industrial Development Fund JSC ("IDF") in the amount of 47,964 million tenge, 11,156 million tenge and 9,809 million tenge, respectively (31 December 2023: Damu, DBK and IDF in the amount of 41,064 million tenge, 7,705 million tenge and 5,748 million tenge, respectively), within the framework of the state programme to support small and medium-sized businesses by the banking sector, as well as the state programme of concessional lending to individuals to purchase passenger vehicles of a domestic manufacturer.

The loan received from IDF in May 2022, with maturity at the end of 2052, in the amount of 15,000 million tenge was recognised at fair value, at a market rate of 14.12% per annum. In March 2024, the Group and IDF revised the terms of the said loan, including by setting new maturity by the middle of the year 2030. The revision of the loan terms resulted in a substantial modification of the financial liability, which was accounted for as the extinguishment of the original financial liability and recognition of a new financial liability which was recognised at fair value using a market rate of 16.62% per annum. As a result of the substantial modification of the loan terms, the Group recognised a loss of 3,593 million tenge, inclusive of derecognition of a deferred liability in the foam of a government grant, in the consolidated statement of comprehensive income.

During 2024, the Group and DBK have concluded agreements for raising additional loans in the amount of 9,000 million tenge, bearing a nominal interest rate of 2.0% per annum, as part of the government programme to support small and medium-sized businesses by the banking sector. The loans were recognised at fair value, using the market rate of 16.90% per annum. As a result, the Group recognised a discount on these loans in the amount of 6,462 million tenge and deferred income on the government grant in the same amount, in other liabilities.

In 2024, the Group concluded a supplemental agreement with KSF as part of the refinancing programme for mortgage loans, whereby from 1 August 2024 the nominal interest rate decreased from 2.99% per annum to 0.1 % per annum, and maturities and other loan terms remained unchanged. Deposits were recognised at fair value, using the market rate of 15.25% per annum. As a result, the Group recognised a discount on these loans in the amount of 5,897 million tenge and deferred income on the government grant in the same amount, in other liabilities.

As at 31 December 2024, the Group has several loan agreements for a total of 10,380 million tenge, which include a covenant whereby the Group is obligated, during the whole term of the loan agreements, to prevent for the current liquidity ratio ("k4") to reduce by 15% or more over a month. In December 2024, the ratio k4 reduced by 16.3%, compared with that one maintained in the prior month, resulting from planned redemption of issued bonds, with a nominal value of 220,000 million tenge *(see Note 21)*. At that, the Bank maintained and continues maintaining the ratio k4 at the level, which significantly exceeds the prudential ratio set by the regulator (at least at 0.3). Since December 2024, no maximum threshold of a financial covenant was exceeded, and the Group complied with the covenant. As of the date of issue of these consolidated financial statements the Group received a confirmation from the relevant creditors that no violations of this covenant were observed, and the early repayment of the loan was not claimed.

The Group had no defaults and other breaches of repayment schedules and the terms of raising funds from banks and other credit institutions, related to principal and interest on the principal amount outstanding, during the years ended 31 December 2024 and 31 December 2023.

21. Debt securities issued

Debt securities issued comprise:

	Maturity date	*Coupon rate*	*31 December 2024*	*31 December 2023*
Bonds in US dollars				
Bonds issued in 2022	2025	2.60%	**1,114**	2,480
Bonds issued in 2023	2025	4.00%	**19,197**	11,416
			20,311	13,896
Bonds in tenge				
Bonds issued in 2018	2024	4.00%	**–**	202,762
Bonds issued in 2015	2025	10.13%	**51,533**	50,592
			51,533	253,354
			71,844	267,250

In September 2023, the Bank carried out the second bond issue on the AIFC Exchange (AIX) under the bond programme with a limit of up to 200,000 thousand US dollars; bonds are due on 6 September 2025 and have a rate of 4% per annum. The total amount of bonds issued and authorised for issue is 50,000 thousand US dollars. The nominal value of the bond is 100 thousand US dollars. As at 31 December 2023, the total nominal value of outstanding bonds issued under this bond programme amounted to 24,800 thousand US dollars (equivalent to 11,273 million tenge). As at 31 December 2024, the total nominal value of outstanding bonds issued under this bond programme amounted to 36,100 thousand US dollars (equivalent to 18,956 million tenge).

(millions of tenge)

21 Debt securities issued

In September 2018, the Bank issued debt securities with a total nominal value of 220,000 million tenge, with a coupon rate of 4% per annum and maturity in 2024. The securities were acquired by Sovereign Wealth Fund Samruk-Kazyna JSC in exchange for a 220,000 million tenge deposit placed with the Bank on similar terms. On 15 December 2024, the Bank has redeemed these debt securities in the amount of 228,800 million tenge, including the coupon amount accrued in accordance with contractual terms.

The Group had no defaults and other breaches of repayment schedules and the terms for issue of bonds, related to principal and interest on the principal amount outstanding, during years ended 31 December 2024 and 31 December 2023.

22. Subordinated debt

As at 31 December 2024 and 31 December 2023, subordinated debt includes tenge-denominated subordinated debt securities issued, maturing in 2025-2031 and having a fixed coupon rate of 8% per annum. The coupon is paid every six months. During 2023, the Bank redeemed subordinated debt securities issued in the amount of 2,313 million tenge, in accordance with the contractual terms.

The Group had no defaults and other breaches of repayment schedules and the terms for issue of subordinated debt, related to principal and interest on the principal amount outstanding, during years ended 31 December 2024 and 31 December 2023.

23. Share capital

The number of authorised, placed and outstanding ordinary shares and share capital as at 31 December 2024 and 31 December 2023 are as follows:

	31 December 2024	*31 December 2023*
Ordinary shares		
Number of authorised shares	**150,003,000,000**	150,003,000,000
Number of issued shares	**92,387,104,089**	92,387,104,089
Number of repurchased shares	**(1,934,434,197)**	(1,934,434,197)
Number of outstanding shares	**90,452,669,892**	90,452,669,892
Total share capital, millions of tenge	**329,350**	329,350

Movements in outstanding, placed and fully paid shares were as follows:

	Number of ordinary shares	*Nominal value of ordinary shares, millions of tenge*
As at 1 January 2024	**90,452,669,892**	**329,350**
Repurchase of shares	–	–
As at 31 December 2024	**90,452,669,892**	**329,350**
As at 1 January 2023	90,452,669,892	329,350
Repurchase of shares	–	–
As at 31 December 2023	90,452,669,892	329,350

In accordance with the resolution of the shareholders dated 17 April 2024, the Bank declared dividends on ordinary shares for the year ended 31 December 2023, in the amount of 58,215 million tenge, at the rate of 0.6436 tenge per ordinary share. As at 31 December 2024, the Bank paid dividends in the amount of 58,214 million tenge. In accordance with the resolution of shareholders dated 2 May 2023, the Bank declared and paid dividends on ordinary shares for the year ended 31 December 2022, in the amount of 49.034 million tenge, at the rate of 0.5421 tenge per ordinary share.

(millions of tenge)

23 Share capital

Fair value reserve

This reserve records fair value changes on financial assets at FVOCI.

The movement in the fair value reserve is as follows:

	2024	*2023*
At 1 January	**(6,044)**	(23,886)
Net change in fair value of debt instruments at fair value through other comprehensive income	**35,787**	18,791
Change in loss allowance for expected credit losses on debt instruments at fair value through other comprehensive income	**686**	120
Amount reclassified to profit or loss as a result of derecognition of debt financial instruments at fair value through other comprehensive income	**(267)**	32
Income tax relating to components of other comprehensive income	**24**	(298)
Gains/(losses) on equity instruments at fair value through other comprehensive income	**15**	(803)
At 31 December	**30,201**	(6,044)

24. Earnings per share

The following table shows the profit and number of shares used to calculate basic and diluted earnings per share:

	2024	*2023*
Net profit attributable to shareholders of the Bank	**160,346**	116,437
A weighted average number of ordinary shares for the year ended 31 December	**90,452,669,892**	90,452,669,892
Basic and diluted earnings per share, in tenge	**1,77**	1,29

As at 31 December 2023 and 2024, the Bank has no financial instruments diluting earnings per share.

25. Risk management

Introduction

Risk management is inherent in the bank activities and is an essential element of the Group's operations. The major risks faced by the Group are those related to market risk, credit risk, liquidity risk and operational risks.

The risk management policies aim to identify, analyse and manage the risks faced by the Group, to set appropriate risk limits and controls, and to continuously monitor risk levels and adherence to limits. Risk management policies and procedures are reviewed regularly to reflect changes in market conditions and emerging best practice.

Risk management structure

Board of Directors

The Board of Directors has overall responsibility for the oversight of the risk management framework, overseeing the management of key risks and reviewing risk management policies and procedures as well as approving significantly large exposures.

Management Board

The Management Board is responsible for monitoring and implementing risk mitigation measures and making sure that the Group operates within established risk parameters. The Head of Risk Management Unit (Credit Risk Function, Strategic Risk Function and Collateral Function) is responsible for the overall risk management and compliance functions, ensuring the implementation of common principles and methods for identifying, measuring, managing and reporting both financial and non-financial risks. He reports directly to the Chairman of the Management Board and indirectly to the Board of Directors.

Risk Committees

Credit risk is controlled by a system of credit committees. For improving the efficiency of decision-making process, the Group has established a hierarchy of credit committees depending on the type and amount of risk exposure. Market risks, liquidity risk, as well as credit risks in terms of counterparties and country risks are managed and controlled by the Asset and Liability Management Committee (hereinafter "ALMC"), both at the level of the portfolio as a whole and at the level of individual transactions. Operational risks, including information technology and information security risks, are monitored by the Operations Committee.

(millions of tenge)

25. Risk management (continued)

Risk management structure (continued)

Credit Risk Function, Strategic Risk Function

Both external and internal risk factors are identified and managed throughout the Group. Particular attention is given to identifying the full range of risk factors and determining the level of assurance over current risk mitigation procedures. In addition to the standard analysis of risks to which the Group is exposed, the risk management monitors financial and non-financial risks by holding regular meetings with divisions of the first line of defense to obtain an expert judgement in certain areas of development of the Group's activities.

Bank Treasury

The Bank's Treasury is responsible for managing the Group's assets and liabilities and the overall financial structure. It is also primarily responsible for the funding and liquidity risks of the Group.

Internal audit

Risk management processes throughout the Group are audited annually by the internal audit function, that examines both the adequacy of the procedures and the Group's compliance with the procedures. Internal Audit discusses the results of all assessments with management, and reports its findings and recommendations to the Audit Committee.

Risk measurement and reporting systems

The Group's risks are measured using a method which reflects the expected loss likely to arise in normal circumstances based on statistical models. The models make use of probabilities derived from historical experience, adjusted to reflect the economic environment. Except for expected losses, the Group also runs worst case scenarios that may arise in the event that extreme events which are unlikely to occur do, in fact, occur.

Monitoring and controlling risks is primarily performed based on limits established by the Group. These limits reflect the business strategy and market environment of the Group as well as the level of risk that the Group is willing to accept. Also, the Group monitors and measures the overall risk-bearing capacity about the aggregate risk exposure across all risks types and activities.

Information compiled from all the businesses is examined and processed to analyse, control and early identify risks. This information is presented and explained to the Management Board, the Risk Committees, and the head of each business division. The reporting contains information on the total amount of credit, market, operational risks, liquidity indicator and changes in the level of risks. On a monthly basis the Management Board and collegial bodies under the Management Board and on a quarterly basis the Board of Directors receive a detailed risk report, which contains all the information necessary to assess the Group's risks and make appropriate decisions.

For all levels throughout the Group, specifically tailored risk reports are prepared and distributed in order to ensure that all business divisions have access to extensive, necessary and up-to-date information.

Discussions are regularly held at meetings of the Management Board of the Bank, authorized collegial bodies and other employees of the Group on compliance with and maintenance of established limits, investments, liquidity, as well as changes in the level of risk.

Risk mitigation

As part of risk management, the Group uses a wide range of instruments to manage exposures arising from changes in foreign exchange rates, portfolio price risk, derivative financial instruments, credit risk, and exposures arising from forecast transactions.

The Group is not active in the stock and derivatives markets and actively uses collateral to mitigate its credit risk.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographical location.

In order to avoid excessive concentrations of risks, the Group's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio.

Credit risk

Credit risk is the risk that the Group will incur a loss because its customers, clients or counterparties failed to discharge their contractual obligations. The Group manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical and industry concentrations, and by monitoring exposures in relation to such limits.

(millions of tenge)

25. Risk management (continued)

Credit risk (continued)

The Group has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties, including regular collateral revisions. Counterparty limits are established by the use of a credit risk classification system, which assigns each counterparty a risk rating. Risk ratings are subject to regular revision. The asset quality assessment procedure allows the Group to assess the amount of potential losses on the risks to which it is exposed and to take the necessary measures if necessary.

Credit-related commitments risks

The Group makes available to its customers guarantees which may require that the Group make payments on their behalf. Such payments are collected from customers based on the terms of the letter of credit. They expose the Group to similar risks to loans and these are mitigated by the same control processes and policies.

The carrying amount of components of the consolidated statement of financial position without the influence of risk mitigation through the use of master netting agreements and collateral agreements, most accurately reflects the maximum credit exposure on these components.

Where financial instruments are recorded at fair value, the carrying value represents the current credit risk exposure but not the maximum risk exposure that could arise in the future as a result of changes in values.

For more detail on the maximum exposure to credit risk for each class of financial instruments references shall be made to the specific notes. The effect of collateral and other risk mitigation techniques is shown in *Notes 15 and 16*.

Impairment assessment

The Group calculates ECL for insignificant assets on a collective basis and individually significant on the basis of several probability-weighted scenarios to estimate expected cash shortfalls, which are discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive. The mechanics of the ECL calculations are outlined below and the key elements are as follows:

Probability of Default (PD)	*The Probability of Default* is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period if the facility has not been previously derecognised and is still in the portfolio.
Exposure at Default (EAD)	*The Exposure at Default* is an estimate of the exposure at a future default date, taking into account expected changes in the exposure (EAD) after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities and accrued interest from missed payments.
Loss Given Default (LGD)	*The Loss Given Default* is an estimate of the loss arising in the case where default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

The allowance for ECL is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). The 12mECL is the portion of LTECL that represents the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECL and 12mECL are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of a default occurring over the remaining life of the financial instrument. Based on the above process, the Group groups its loans issued as described below:

Stage 1:	When loans are first recognised, the Group recognises an allowance based on 12mECL.
Stage 2:	When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECL.
Stage 3:	Loans considered credit-impaired. The Group recognises an allowance for the LTECL.
POCI:	Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at initial recognition and interest revenue is subsequently recognised based on a credit-adjusted EIR. Loss allowance for ECL is only recognised or released to the extent that there is a subsequent change in the lifetime expected credit losses.

(millions of tenge)

25. Risk management (continued)

Credit risk (continued)

Definition of default and cure

The Group considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days and over 90 days (60 days and more for individual financial assets) past due on its contractual payments.

As a part of a qualitative assessment of whether a customer is in default, the Group also considers a variety of instances that may indicate unlikeliness to pay. When such events occur, the Group carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate. Such events include:

- Internal rating of the borrower (corporate business)/counterparty bank indicating default or near-default;
- Suspension of the loan contractual interest accrual due to the deterioration of a financial condition of the borrower;
- Write-off of a portion and/or the entire outstanding amount of the borrower, which was caused by a significant increase in credit risk since a loan has been provided;
- Sale of loans at a significant discount;
- Availability of court decisions on declaring the borrower bankrupt in accordance with the legislation of the Republic of Kazakhstan (not applicable to the co-borrower);
- Blocking of the counterparty's correspondent account (by court order or otherwise);
- Withdrawal of rating assigned at the time of issuing a loan;
- Appeal of the counterparty bank to the court, with an application for declaring it bankrupt in accordance with the legislation of the country of the counterparty bank;
- Revocation/suspension of the licence of the counterparty bank;
- Decease of the borrower;
- If the borrower is the issuer of securities registered on the stock exchange, and such securities are undergoing or have gone through the procedure for cancelling the issue of securities;
- Debt restructuring due to deterioration of financial condition of the borrower for the last 12 months;
- Moving the borrower to the unit working with non-performing loans.

It is the Group's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3 when none of the default criteria have been present at the reporting date subject to a reduction of the debt on this financial instrument as a result of the repayment of its portion, as well as in the case of restructuring, at least 12 months have passed since the restructuring. The decision whether to classify an asset as Stage 2 or Stage 1 once cured depends on the updated credit grade, at the time of the cure, and whether this indicates there has been a significant increase in credit risk compared to initial recognition.

The internal rating and PD estimation process

The Bank's Credit Risk Department operates its internal rating models. For corporate business and small and medium-sized businesses borrowers, a single rating model is used. The models incorporate both qualitative and quantitative information and, in addition to information specific to the borrower, utilise supplemental external information that could affect the borrower's behaviour. Where practical, they also build on information from the national and international external rating agencies. PDs, incorporating forward-looking information and the IFRS 9 stage classification of the exposure, are assigned for each grade. This is repeated for each economic scenario as appropriate.

Treasury and interbank relationships

The Group's treasury and interbank relationships and counterparties comprise financial services institutions, banks, broker-dealers, exchanges and clearing-houses. To assess such relationships, the Group's Strategic Risks Function uses publicly available information, such as external ratings of international rating agencies, on which the ECL calculations are based.

Corporate and small business lending

For corporate loans, the borrowers are assessed by specialised credit risk employees of the Group. The credit risk assessment is based on a financial model that takes into account various historical, current and forward-looking information such as:

- Historical financial information together with forecasts and budgets prepared by the client. This financial information includes realised and expected results, solvency ratios, liquidity ratios and any other relevant ratios to measure the client's financial performance. Some of these indicators are captured in covenants with the clients and are, therefore, measured with greater attention;

(millions of tenge)

25. Risk management (continued)

Credit risk (continued)

Corporate and small business lending (continued)

- Any publicly available information on the clients from external parties. This includes external rating grades issued by rating agencies, independent analyst reports, publicly traded bond prices or press releases and articles;
- Any macro-economic or geopolitical information, e.g., GDP growth relevant for the specific industry and geographical segments where the client operates;
- Other reasonable and supportable information about the quality of the client's management and capabilities that is relevant to assess the entity's performance.

The complexity and granularity of the rating techniques varies based on the exposure of the Bank and the complexity and size of the customer.

The Group's internal credit rating grades are as follows:

Internal rating grade	*Internal rating description*
AAA AA+ AA AA- A+ A A-	Minimum credit risk (range of PD from 0,0509% to 0,9189%)
BBB+ BBB BBB- BB+ BB	Low credit risk (range of PD from 0,9189% (inclusive) to 6,8867%)
BB- B+ B	Medium credit risk (range of PD from 6,8867% (inclusive) to 20,4495%)
B- CCC+ CCC CCC-	High credit risk (range of PD from 20,4495% (inclusive) to 57,5081%)
CC D (Default)	Default (range of PD from 57,5081% (inclusive) to 100%)

Retail lending

Retail lending comprises secured and unsecured personal loans and credit cards. These products are assessed using an automated scoring system. Basic input data used in the models are the following: credit history, the ratio of the amount of the monthly loan payment to wages, as well as the ratio of the loan amount to the value of the acquired property in the case of mortgage lending and the value of collateral in case of other loans secured by collateral.

Exposure at Default

The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the client's ability to increase its exposure while approaching default and potential early repayments too. To calculate the EAD for a Stage 1 loan, the Group assesses the possible default events within 12 months for the calculation of the 12mECL. For Stage 2, Stage 3 and POCI financial assets, the exposure at default is considered for events over the lifetime of the instruments.

The Group determines EADs by modelling the range of possible exposure outcomes at various points in time, corresponding the multiple scenarios. The IFRS 9 PDs are then assigned to each economic scenario based on the outcome of the Group's models.

The Group's product offering includes a variety of corporate and retail overdraft and credit cards facilities, in which the Group has the right to cancel and/or reduce the facilities. The Group does not limit its exposure to credit losses to the contractual notice period, but, instead calculates ECL over a period that reflects the Group's expectations of the customer behaviour, its likelihood of default and the Group's future risk mitigation procedures, which could include reducing or cancelling the facilities. The interest rate used to discount the ECLs for credit cards is based on the original effective interest rate that is expected to be charged over the expected period of exposure to the facilities.

(millions of tenge)

25. Risk management (continued)

Credit risk (continued)

Loss Given Default

In case of collateralized lending, the LGD indicator is taken into account, which provides for a discount on the sale of collateral (liquidity ratio) and the expected period of sale of the collateral.

The Group segments its retail lending products into homogeneous portfolios, based on key characteristics that are relevant to the estimation of future cash flows. The applied data is based on historically collected loss data and involves a wider set of transaction characteristics (e.g., product type, wider range of collateral types) as well as borrower characteristics.

Where appropriate, further recent data and forward-looking economic scenarios are used in order to determine the IFRS 9 LGD rate for each group of financial instruments. When assessing forward-looking information, the expectation is based on multiple scenarios. Examples of key inputs involve changes in collateral values including property prices for mortgages, payment status or other factors that are indicative of losses in the group.

LGD rates are estimated for the Stage 1, Stage 2, Stage 3 and POCI segment of each asset class. The inputs for these LGD rates are estimated and, where possible, calibrated through back testing against recent recoveries. LGD levels for securities issuers of the Bank's own securities portfolio are assessed on the basis of external data of the international rating agency Moody's.

Significant increase in credit risk

The Group continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12mECL or LTECL, the Group assesses whether there has been a significant increase in credit risk since initial recognition. Except for loans to individuals, the Group believes that the credit risk on a financial instrument has increased significantly from the moment of initial recognition if the borrower's rating decreased in comparison with the rating at initial recognition based on an analysis of the Bank's statistics confirming the significance of such a decrease in respect of credit risk.

The Group also applies a secondary qualitative method for triggering a significant increase in credit risk for an asset, for example, deterioration of the Bank's communication with the borrower, which, in the Bank's opinion, may lead to difficulties in repaying the loan, or providing a restructuring option due to the borrower's temporary difficulties to repay its obligations to the Bank resulting from that a state of emergency was declared. In certain cases, the Group may also consider that events explained in "Definition of default" section above are a significant increase in credit risk as opposed to a default. Regardless of the change in credit grades, if contractual payments are more than 30 days past due, the credit risk is deemed to have increased significantly since initial recognition.

The Group additionally uses the following criteria for determining whether there has been a significant increase in credit risk: a quantitative indicator based on movement in probability of default (PD) since initial recognition of a financial asset (for each financial asset risk group, a threshold of 200 % is set) and an absolute value of 12-month PD based on the Group's own supportable statistics.

Grouping financial assets measured on a collective basis

Dependent on the factors below, the Group calculates ECLs either on a collective or on an individual basis.

Asset classes where the Group calculates ECL on an individual basis include:

- Loans in the CB portfolio and individually significant loans in the small and medium-sized businesses portfolio of Stage 2 and Stage 3;
- The treasury and interbank financial assets (such as amounts due from banks, cash equivalents and debt investment securities at amortised cost and fair value through other comprehensive income);
- Individually significant purchased credit impaired financial assets.

Asset classes where the Group calculates ECL on a collective basis include:

- Individually significant and individually insignificant loans in the small and medium-sized businesses portfolio of Stage 1;
- Individually insignificant loans in the portfolio of small and medium-sized businesses of Stage 2 and Stage 3;
- Mortgage loans;
- Consumer unsecured loans;
- Contingency loans;

(millions of tenge)

25. Risk management (continued)

Credit risk (continued)

Grouping financial assets measured on a collective basis (continued)

- Car loans;
- Other loans to individuals;
- Purchased credit impaired financial assets managed on a collective basis.

The Group groups these financial assets into smaller homogeneous portfolios, based on a combination of internal and external characteristics of the loans, for example overdue bucket, product type, loan-to-value ratios, or borrower's industry.

Forward-looking information and multiple economic scenarios

As at 31 December 2024, the Group uses the following forward-looking information in its ECL calculation models as economic inputs:

- Change in the price per a barrel of oil.
- Inflation rate.
- GDP growth.
- Changes in USD/KZT rate.

The Group obtains the forward-looking information from third party sources (external rating agencies, governmental bodies e.g. the NBRK and international credit institutions). Experts of the Bank's Strategic Risks Function determine the weights attributable to the multiple scenarios. A range of forecast values of key factors used by segments/subsegments depending on scenario weights in the ECL calculation as at 31 December 2024 are presented below:

Key drivers	*ECL scenario*	*Assigned probability, %*	*Forecast*
Change in the price per a barrel of oil			
	Positive	13.2%	90.78
	Base case	57.9%	75.96
	Negative	28.9%	61.53
Inflation rate, %			
	Positive	13.2%	8.2%
	Base case	57.9%	8.8%
	Negative	28.9%	9.4%
GDP growth, %			
	Positive	13.2%	4.9%
	Base case	57.9%	3.5%
	Negative	28.9%	2.0%
Changes in USD/KZT rate			
	Positive	13.2%	461
	Base case	57.9%	503
	Negative	28.9%	545

The amount of the allowance for ECL for loans to customers recognised in the consolidated statement of financial position as at 31 December 2024 was 89,385 million tenge (31 December 2023: 90,263 million tenge). More details are provided in *Note 15*.

(millions of tenge)

25. Risk management (continued)

Credit risk (continued)

Credit quality per class of financial assets

The Group manages the credit quality of financial assets by analysing the number of days overdue for the retail and SMB segments and on the basis of internal ratings - for corporate loans, for other financial instruments - based on ratings assigned by international rating agencies according to the table below. Credit quality analysis is presented in the respective notes.

External international rating agency's (Moody's) rating	*External international rating agency (S&P, Fitch) rating*	*Annual PD*
Aa1 to Aaa	AA+ to AAA	
Aa2	AA	
A1 to Aa3	A+ to AA-	**0.00-0.081%**
A3 to A2	A- to A	
Baa1	BBB+	
Baa2	BBB	
Baa3	BBB-	
Ba1	BB+	**0.05-0.68%**
Ba3 to Ba2	BB- to BB	
B3 to B1	B- to B+	
Caa2 to Caa1	CCC to CCC+	**1.00-9.71%**
Ca to Caa3	C to CCC-	**23.60-46.94%**
Default	D	**100.00%**

LGD levels for securities issuers of the Bank's own securities portfolio are assessed on the basis of external data of the international rating agency Moody's according to the following table:

Securities issuer sector	*LGD*
Government securities	**50.00%**
Securities of corporate sector	**62.40%**
Banks	**80.00%**

Geographic information

As at 31 December 2024 and 31 December 2023, the Group's assets and liabilities were primarily concentrated in the Republic of Kazakhstan.

Market risk

Market risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises currency risk, interest rate risk and other price risks. Market risk arises from open positions in interest rate and equity financial instruments, which are exposed to general and specific market movements and changes in the level of volatility of market prices and foreign currency rates.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Overall authority for market risk is vested in the ALCO. Market risk limits are approved by the Board of Directors based on recommendations of the Strategic Risk Function and subsequently agreed by the ALCO and Management Board.

The Group manages its market risk by setting open position limits in relation to portfolios of certain financial instruments, interest rate maturity and currency positions and stop-loss limits. These are monitored on a regular basis and reviewed and approved by the Management Board and Board of Directors.

In addition, the Group uses a wide range of stress tests to model the potential financial impact of a variety of exceptional market scenarios on individual trading portfolios and the Group's overall position. Stress tests provide an indication of the potential size of losses that could arise in extreme conditions. The stress tests carried out by the Group include risk factor stress testing, where stress movements are applied to each risk category and ad hoc stress testing, which includes applying possible stress events to specific positions.

(millions of tenge)

25. Risk management (continued)

Market risk (continued)

Interest rate risk is also managed by monitoring the interest rate gap and is supplemented by monitoring the sensitivity of net interest margin to various standard and non-standard interest rate scenarios.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed 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 also reduce or create losses in the event that unexpected movements occur.

Interest rate gap analysis

Interest rate risk is managed principally through monitoring interest rate gaps. As the majority of the financial instruments bear fixed interest rates the interest gap analysis is similar to the maturity analysis.

Interest rate sensitivity analysis

The management of interest rate risk, based on an interest rate gap analysis, is supplemented by monitoring the sensitivity of financial assets and liabilities. An analysis of the sensitivity of net profit and equity to changes in interest rates (repricing risk), based on a simplified scenario of a 100 basis points symmetrical fall or 300 basis points rise in all yield curves and positions of interest-bearing assets and liabilities existing as at 31 December 2024 and 2023 is as follows:

	2024	***2023***
	Effect on profit	***Effect on profit***
100 basis points parallel fall	**702**	630
300 basis points parallel rise	**(2,107)**	(1,891)

An analysis of the sensitivity of net profit or loss and equity as a result of changes in the fair value of financial instruments at fair value though profit or loss and debt securities measured at FVOCI due to changes in the interest rates based on positions existing as at 31 December 2024 and 2023 and a simplified scenario of a 100 bp symmetrical fall or 100 bp rise in all yield curves is as follows:

	2024		***2023***	
	Effect on profit	***Impact on other comprehensive income***	***Effect on profit***	***Impact on other comprehensive income***
100 basis points parallel fall	**–**	**30,442**	–	12,635
100 basis points parallel rise	**–**	**(28,537)**	–	(11,933)

(millions of tenge)

25. Risk management (continued)

Market risk (continued)

Currency risk

The Group has assets and liabilities denominated in several foreign currencies.

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. Despite the fact that the Group hedges its exposure to currency risk, such transactions do not qualify as hedging relationships in accordance with IFRS.

The following table shows financial assets and liabilities by foreign currencies:

31 December 2024	*Tenge*	*US Dollars*	*Euro*	*Other currencies*	*Total*
Assets					
Cash and cash equivalents	727,766	169,712	25,424	23,098	946,000
Amounts due from credit institutions	14,182	86,295	1	–	100,478
Securities at fair value through profit or loss	2,326	562	–	–	2,888
Loans to customers	1,487,030	332,109	995	–	1,820,134
Investment securities	934,636	151,439	28,237	–	1,114,312
Other financial assets	7,713	117	14	7	7,851
Total financial assets	3,173,653	740,234	54,671	23,105	3,991,663
Liabilities					
Current accounts and deposits from customers	1,975,084	812,305	52,590	27,976	2,867,955
Amounts due to banks and other credit institutions	77,661	–	–	–	77,661
Amounts payable under repurchase agreements	435,394	–	–	–	435,394
Debt securities issued	51,533	20,311	–	–	71,844
Subordinated debt	14,389	–	–	–	14,389
Other financial liabilities	11,509	1,047	1,709	241	14,506
Total financial liabilities	2,565,570	833,663	54,299	28,217	3,481,749
Net position	608,083	(93,429)	372	(5,112)	509,914
The effect of derivatives held for risk management purposes	(91.220)	93.480	(355)	(1.969)	(64)
Deals concluded on standard terms	(7.639)	5.715	–	1.802	(122)
Net position adjusted for impact of derivative instruments and deals concluded on standard terms held for the purpose of risk management	509,224	5,766	17	(5,279)	509,728

(millions of tenge)

25. Risk management (continued)

Market risk (continued)

Currency risk (continued)

The following table shows financial assets and liabilities by foreign currencies:

31 December 2023	*Tenge*	*US Dollars*	*Euro*	*Other currencies*	*Total*
Assets					
Cash and cash equivalents	585,888	69,456	38,791	9,907	704,042
Amounts due from credit institutions	9,709	91,717	4	–	101,430
Securities at fair value through profit or loss	2,345	671	–	–	3,016
Loans to customers	1,167,291	209,310	898	1	1,377,500
Investment securities	681,664	258,781	13,209	–	953,654
Other financial assets	9,686	147	13	6	9,852
Total financial assets	2,456,583	630,082	52,915	9,914	3,149,494
Liabilities					
Current accounts and deposits from customers	1,584,345	613,124	47,617	15,937	2,261,023
Amounts due to banks and other credit institutions	68,384	–	–	–	68,384
Amounts payable under repurchase agreements	145,555	17,968	–	–	163,523
Debt securities issued	253,354	13,896	–	–	267,250
Subordinated debt	14,389	–	–	–	14,389
Other financial liabilities	15,876	1,223	1,871	160	19,130
Total financial liabilities	2,081,903	646,211	49,488	16,097	2,793,699
Net position	374,680	(16,129)	3,427	(6,183)	355,795
The effect of derivatives held for risk management purposes	(26.091)	26.536	(5.359)	4.988	74
Deals concluded on standard terms	(8.590)	6.734	1.758	87	(11)
Net position adjusted for impact of derivative instruments and deals concluded on standard terms held for the purpose of risk management	339.999	17.141	(174)	(1.108)	355.858

The table below indicates the currencies to which the Group had significant exposure at 31 December on its non-trading monetary assets and liabilities and its forecast cash flows. This analysis is on a before tax basis and is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant. The negative amount in the table reflects a potential net reduction in the profit or equity, while a positive amount reflects a net potential increase.

	2024		*2023*	
Currency	*Increase in currency rate, %*	*Effect on profit before tax*	*Increase in currency rate, %*	*Effect on profit before tax*
US Dollar	**10,00**	**577**	10,00	1.714
Euro	**10,00**	**2**	10,00	(17)
Other currencies	**10,00**	**(528)**	10,00	(111)

	2024		*2023*	
Currency	*Decrease in currency rate, %*	*Effect on profit before tax*	*Decrease in currency rate, %*	*Effect on profit before tax*
US Dollar	**(10,00)**	**(577)**	(10,00)	(1.714)
Euro	**(10,00)**	**(2)**	(10,00)	17
Other currencies	**(10,00)**	**528**	(10,00)	111

(millions of tenge)

25. Risk management (continued)

Operational risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Group cannot expect to eliminate all operational risks, but a control framework and monitoring and responding to potential risks could be effective tools to manage the risks. Controls include effective segregation of duties, access rights, authorisation and reconciliation procedures, staff training, and assessment processes, including the use of internal audit.

Liquidity risk

Liquidity risk is the risk that the Group may encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk exists when the maturities of assets and liabilities do not match. The matching and/or controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to liquidity risk management. It is unusual for credit institutions ever to be completely matched since business transacted is often of an uncertain term and of different types. An unmatched position potentially enhances profitability, but can also increase the risk of losses.

The Group maintains liquidity management with the objective of ensuring that funds will be available at all times to honour all cash flow obligations as they become due. The liquidity risk management policy is reviewed and approved by the Board of Directors.

The Group seeks to actively support a diversified and stable funding base comprising issued debt securities, long-term and short-term loans from other banks, deposits of the main corporate customers and individuals as well as diversified portfolios of highly liquid assets, in order to be able to respond quickly and smoothly to unforeseen liquidity requirements. Liquidity risk management policy includes:

- projecting cash flows by major currencies and considering the level of liquid assets necessary in relation thereto;
- maintaining a diverse range of funding sources;
- managing the concentration and profile of debts;
- managing the duration of the securities' portfolio;
- maintaining debt financing plans;
- maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any interruption to cash flow;
- developing a financing plan in case of a liquidity crisis;
- Monitoring liquidity ratios against regulatory requirements.

The Bank Treasury department receives information from business units regarding the liquidity profile of their financial assets and liabilities and details of other projected cash flows arising from projected future business. The Treasury then provides for an adequate portfolio of short-term liquid assets to be maintained, largely made up of short-term liquid securities held for trading, deposits and balances with banks and other inter-bank facilities, to ensure that sufficient liquidity is maintained within the Group as a whole.

The daily liquidity position is monitored by the Treasury and regular liquidity stress testing under a variety of scenarios covering both normal and more unfavourable market conditions is performed by the strategic risks function. Under normal market conditions, liquidity reports are provided to the Management Board and the ALMC on a monthly basis, and to the Board of Directors on a quarterly basis. Decisions on liquidity management are made by the ALMC as advised by the risk management and implemented by the Treasury.

(millions of tenge)

25. Risk management (continued)

Liquidity risk (continued)

The following tables show the undiscounted contractual cash flows on financial assets, liabilities and credit-related commitments on the basis of their earliest possible contractual maturity. The total gross inflow and outflow disclosed in the tables is the contractual, undiscounted cash flow on the financial assets, liabilities or credit related commitments. For issued financial guarantee contracts, the Bank allocates the maximum amount of the guarantee to the earliest period in accordance with the expiration date of the guarantee, however, the amount of the guarantee can be claimed at any time.

The maturity analysis for financial assets and liabilities and contingent and contractual liabilities based on undiscounted contractual cash flows as at 31 December 2024 is as follows:

31 December 2024	*On demand and less than 1 month*	*1 to 3 months*	*3 to 12 months*	*1 to 5 years*	*Over 5 years*	*Total*	*Carrying amount*
Non-derivative financial assets							
Cash and cash equivalents	947,520	71	–	–	–	947,591	946,000
Amounts due from credit institutions	1,562	2,993	58,859	18,266	19,997	101,677	100,478
Securities at fair value through profit or loss	2,888	–	–	–	–	2,888	2,888
Loans to customers	101,531	310,785	762,188	1,274,244	178,637	2,627,385	1,820,134
Investment securities	17,643	64,702	229,961	689,403	520,163	1,521,872	1,114,312
Other financial assets	2,752	11	491	4,559	38	7,851	7,851
Total non-derivative financial assets	1,073,896	378,562	1,051,499	1,986,472	718,835	5,209,264	3,991,663
Non-derivative financial liabilities							
Current accounts and deposits from customers	(1,777,405)	(235,755)	(733,761)	(182,534)	(19,978)	(2,949,433)	(2,867,955)
Amounts due to banks and other credit institutions	(15,790)	(737)	(2,652)	(20,485)	(156,697)	(196,361)	(77,661)
Amounts payable under repurchase agreements	(436,655)	–	–	–	–	(436,655)	(435,394)
Debt securities issued	(2,530)	(240)	(72,759)	–	–	(75,529)	(71,844)
Subordinated debt	(25)	–	(3,844)	(10,079)	(3,670)	(17,618)	(14,389)
Other financial liabilities	(11,417)	(82)	(1,139)	(37)	(1,831)	(14,506)	(14,506)
Total non-derivative financial liabilities	(2,243,822)	(236,814)	(814,155)	(213,135)	(182,176)	(3,690,102)	(3,481,749)
Net liquidity gap on financial assets and financial liabilities	(1,169,926)	141,748	237,344	1,773,337	536,659	1,519,162	509,914
Contingent liabilities	(569,790)	–	–	–	–	(569,790)	–

In accordance with Kazakhstan legislation, depositors can withdraw their term deposits at any time, losing in most of the cases the accrued interest income. The Bank expects that many customers will not request repayment on the earliest date the Bank could be required to pay. Accordingly, in the above table, deposits of individuals are presented in accordance with contractual terms with consideration of this assumption.

(millions of tenge)

25. Risk management (continued)

Liquidity risk (continued)

Management expects that the repayment of liabilities and disposal of assets may be different from their contractual terms either because management has the discretionary ability to manage the cash flows or because past experience indicates that cash flows on these financial assets and liabilities may differ from contractual terms.

The maturity analysis for financial assets and liabilities and contingent and contractual liabilities based on undiscounted contractual cash flows as at 31 December 2023 is as follows:

31 December 2023	*On demand and less than 1 month*	*1 to 3 months*	*3 to 12 months*	*1 to 5 years*	*Over 5 years*	*Total*	*Carrying amount*
Non-derivative financial assets							
Cash and cash equivalents	706,351	79	–	–	–	706,430	704,042
Amounts due from credit institutions	–	49,587	24,777	14,879	15,702	104,945	101,430
Securities at fair value through profit or loss	3,016	–	–	–	–	3,016	3,016
Loans to customers	113,061	124,772	649,605	1,039,643	84,747	2,011,828	1,377,500
Investment securities	124,185	20,668	362,601	473,467	149,075	1,129,996	953,654
Other financial assets	3,430	132	1,589	4,683	18	9,852	9,852
Total non-derivative financial assets	950,043	195,238	1,038,572	1,532,672	249,542	3,966,067	3,149,494
Non-derivative financial liabilities							
Current accounts and deposits from customers	(1,286,502)	(156,811)	(635,612)	(242,949)	(29,126)	(2,351,000)	(2,261,023)
Amounts due to banks and other credit institutions	(364)	(463)	(2,660)	(20,924)	(168,404)	(192,815)	(68,384)
Amounts payable under repurchase agreements	(161,798)	(2,186)	–	–	–	(163,984)	(163,523)
Debt securities issued	(2,530)	–	(211,710)	(67,745)	–	(281,985)	(267,250)
Subordinated debt	(26)	–	(1,111)	(13,696)	(3,922)	(18,755)	(14,389)
Other financial liabilities	(16,674)	(85)	(748)	(6)	(1,617)	(19,130)	(19,130)
Total non-derivative financial liabilities	(1,467,894)	(159,545)	(851,841)	(345,320)	(203,069)	(3,027,669)	(2,793,699)
Net liquidity gap on financial assets and financial liabilities	(517,851)	35,693	186,731	1,187,352	46,473	938,398	355,795
Contingent liabilities	(610,372)	–	–	–	–	(610,372)	–

(millions of tenge)

26. Maturity analysis of assets and liabilities

The following table shows the expected maturities of assets and liabilities as at 31 December 2024 and 31 December 2023:

31 December 2024	*Less than 1 month*	*1 to 3 months*	*3 to 12 months*	*1 to 5 years*	*Over 5 years*	*Without maturity*	*Overdue*	*Total*
Assets								
Cash and cash equivalents	**946,000**	**–**	**–**	**–**	**–**	**–**	**–**	**946,000**
Amounts due from credit institutions	**1,562**	**2,967**	**57,685**	**18,266**	**19,998**	**–**	**–**	**100,478**
Securities at fair value through profit or loss	**616**	**–**	**–**	**–**	**–**	**2,272**	**–**	**2,888**
Loans to customers	**63,906**	**254,540**	**556,786**	**815,815**	**118,825**	**–**	**10,262**	**1,820,134**
Investment securities	**17,145**	**58,950**	**201,555**	**449,310**	**387,352**	**–**	**–**	**1,114,312**
Property and equipment	**–**	**–**	**–**	**–**	**–**	**54,232**	**–**	**54,232**
Intangible assets	**–**	**–**	**–**	**–**	**–**	**15,224**	**–**	**15,224**
Other assets	**6,192**	**14**	**24,809**	**5,814**	**48**	**–**	**791**	**37,668**
Total assets	**1,035,421**	**316,471**	**840,835**	**1,289,205**	**526,223**	**71,728**	**11,053**	**4,090,936**
Liabilities								
Current accounts and deposits from customers	**(1,776,080)**	**(232,271)**	**(693,847)**	**(160,622)**	**(5,135)**	**–**	**–**	**(2,867,955)**
Amounts due to banks and other credit institutions	**(10,627)**	**(712)**	**(1,526)**	**(14,881)**	**(49,915)**	**–**	**–**	**(77,661)**
Amounts payable under repurchase agreements	**(435,394)**	**–**	**–**	**–**	**–**	**–**	**–**	**(435,394)**
Debt securities issued	**(2,151)**	**(240)**	**(69,453)**	**–**	**–**	**–**	**–**	**(71,844)**
Subordinated debt	**(25)**	**–**	**(2,979)**	**(8,221)**	**(3,164)**	**–**	**–**	**(14,389)**
Deferred tax liabilities	**–**	**–**	**–**	**(10,568)**	**–**	**–**	**–**	**(10,568)**
Other liabilities	**(20,277)**	**(82)**	**(22,712)**	**(37)**	**(1,831)**	**–**	**(2)**	**(44,941)**
Total liabilities	**(2,244,554)**	**(233,305)**	**(790,517)**	**(194,329)**	**(60,045)**	**–**	**(2)**	**(3,522,752)**
Net position	**(1,209,133)**	**83,166**	**50,318**	**1,094,876**	**466,178**	**71,728**	**11,051**	**568,184**
Net accumulated position	**(1,209,133)**	**(1,125,967)**	**(1,075,649)**	**19,227**	**485,405**	**557,133**	**568,184**	

(millions of tenge)

26. Maturity analysis of assets and liabilities (continued)

31 December 2023	*Less than 1 month*	*1 to 3 months*	*3 to 12 months*	*1 to 5 years*	*Over 5 years*	*Without maturity*	*Overdue*	*Total*
Assets								
Cash and cash equivalents	704,042	–	–	–	–	–	–	704,042
Amounts due from credit institutions	–	47,242	23,604	14,879	15,705	–	–	101,430
Securities at fair value through profit or loss	744	–	–	–	–	2,272	–	3,016
Loans to customers	70,227	81,257	480,644	674,409	58,270	–	12,693	1,377,500
Investment securities	640,091	10,431	250,205	38,280	14,647	–	–	953,654
Property and equipment	–	–	–	–	–	56,665	–	56,665
Intangible assets	–	–	–	–	–	13,867	–	13,867
Other assets	12,129	3	29,938	38	2	–	891	43,001
Total assets	1,427,233	138,933	784,391	727,606	88,624	72,804	13,584	3,253,175
Liabilities								
Current accounts and deposits from customers	(1,286,502)	(154,341)	(598,375)	(208,521)	(13,284)	–	–	(2,261,023)
Amounts due to banks and other credit institutions	(138)	(196)	(1,151)	(13,324)	(53,575)	–	–	(68,384)
Amounts payable under repurchase agreements	(161,336)	(2,187)	–	–	–	–	–	(163,523)
Debt securities issued	(2,151)	–	(202,930)	(62,169)	–	–	–	(267,250)
Subordinated debt	(25)	–	(159)	(11,042)	(3,163)	–	–	(14,389)
Deferred tax liabilities	–	–	–	(12,732)	–	–	–	(12,732)
Other liabilities	(23,233)	(85)	(11,126)	(6)	(1,612)	–	(4)	(36,066)
Total liabilities	(1,473,385)	(156,809)	(813,741)	(307,794)	(71,634)	–	(4)	(2,823,367)
Net position	(46,152)	(17,876)	(29,350)	419,812	16,990	72,804	13,580	429,808
Net accumulated position	(46,152)	(64,028)	(93,378)	326,434	343,424	416,228	429,808	

(millions of tenge)

27. Offsetting of financial instruments

Disclosures in the tables below include information on financial assets and financial liabilities, which:

- are offset in the Group's consolidated statement of financial position; or
- are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments, irrespective of whether they are offset in the consolidated statement of financial position.

Similar financial instruments include derivative financial assets, sales and repurchase agreements, reverse sale and repurchase agreements and securities borrowing and lending agreements. Financial instruments such as loans and deposits are not disclosed in the table below, unless they are offset in the consolidated statement of financial position.

The Group receives and provides collateral in the form of cash and marketable securities in respect of the repurchase and reverse repurchase agreements.

Such collateral is subject to the standard industry terms of the International Swaps and Derivatives Association ("ISDA") Credit Support Annex. This means that securities received/given as collateral can be pledged or sold during the term of the transaction, but must be returned on maturity of the transaction. The terms also give each counterparty the right to terminate the related transactions upon the counterparty's failure to post collateral.

As at 31 December 2024, the Group has payables under repurchase agreements in the amount of 435,394 million tenge, which are collateralised by investment securities with a total fair value of 436,666 million tenge (treasury bonds of the Ministry of Finance of the Republic of Kazakhstan, Kazakhstan Sustainability Fund JSC) *(Note 16).*

As at 31 December 2023, the Group has payables under repurchase agreements in the amount of 163,523 million tenge, which are collateralised by investment securities with a total fair value of 164,168 million tenge (treasury bonds of the Ministry of Finance of the Republic of Kazakhstan, Kazakhstan Sustainability Fund JSC) *(Note 16).*

The table below shows financial assets and financial liabilities subject to enforceable master netting arrangements or similar arrangements as at 31 December 2024:

31 December 2024	***Gross amount of recognised financial assets/ (liabilities)***	***Gross amount of recognised financial liabilities offset in the consolidated statement of financial position***	***Net amount of financial assets/ (liabilities) presented in the consolidated statement of financial position***	***Related amounts not offset in the consolidated statement of financial position Financial instruments***	***Net amount***
Receivables under reverse repurchase agreements *(Note 13)*	**6,554**	–	**6,554**	**(6,646)**	**(92)**
Payables under repurchase agreements *(Note 16)*	**(435,394)**	–	**(435,394)**	**436,666**	**1,272**
	(428,840)	–	**(428,840)**	**430,020**	**1,180**

The table below shows financial assets and financial liabilities subject to enforceable master netting arrangements or similar arrangements as at 31 December 2023:

31 December 2023	***Gross amount of recognised financial assets/ (liabilities)***	***Gross amount of recognised financial liabilities offset in the consolidated statement of financial position***	***Net amount of financial assets/ (liabilities) presented in the consolidated statement of financial position***	***Related amounts not offset in the consolidated statement of financial position Financial instruments***	***Net amount***
Receivables under reverse repurchase agreements *(Note 13)*	169,171	–	169,171	(168,970)	201
Payables under repurchase agreements *(Note 16)*	(163,523)	–	(163,523)	164,168	645
	5,648	–	5,648	(4,802)	846

(millions of tenge)

27. Offsetting of financial instruments (continued)

The table below shows derivatives financial instruments:

31 December 2024	*Notional amount*	*Fair value*
Derivative financial assets	**94,923**	**49**
Derivative financial liabilities	**(94,987)**	**(131)**
31 December 2023		
Derivative financial assets	157,164	140
Derivative financial liabilities	(157,090)	(80)

28. Changes in liabilities arising from financing activities

	Debt securities issued	*Subordinated debt*	*Total liabilities from financing activities*
Carrying amount at 31 December 2022	249,473	16,795	266,268
Proceeds from issue	12,862	–	12,862
Redemption	(11,382)	–	(11,382)
Repayment	–	(2,313)	(2,313)
Accrual of interest	14,235	1,136	15,371
Repayment of interest	(14,199)	(1,229)	(15,428)
Foreign exchange differences	(661)	–	(661)
Unwinding of discount	16,922	–	16,922
Carrying amount at 31 December 2023	267,250	14,389	281,639
Proceeds from issue	**6,781**	**–**	**6,781**
Redemption	**(3,067)**	**–**	**(3,067)**
Repayment	**(220,000)**	**–**	**(220,000)**
Accrual of interest	**14,111**	**1,136**	**15,247**
Repayment of interest	**(14,497)**	**(1,136)**	**(15,633)**
Foreign exchange differences	**2,721**	**–**	**2,721**
Unwinding of discount	**18,545**	**–**	**18,545**
Carrying amount at 31 December 2024	**71,844**	**14,389**	**86,233**

The Group classifies interest paid as cash flows from operating activities.

29. Capital management

The Bank maintains an actively managed capital base to cover risks inherent in the business. The adequacy of the Bank's capital is monitored using, among other measures, the ratios established by the NBRK in supervising the Bank.

As at 31 December 2024 and 31 December 2023 the Bank had complied in full with all its externally imposed capital requirements.

The primary objectives of the Bank's capital management are to ensure that the Bank complies with externally imposed capital requirements and that the Bank maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholders' value.

The Bank manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities.

The NBRK sets and monitors capital requirements for the Bank.

In accordance with the requirements set by the NBRK and effective from 1 January 2024, banks have to maintain:

- A ratio of core capital to the sum of credit risk weighted assets and contingent liabilities, market risk and a quantitative measure of operating risk weighted assets and contingent liabilities (k1) of not less than 8%;

(millions of tenge)

29 Capital management (continued)

- A ratio of tier 1 capital less investments to the sum of credit risk weighted assets and contingent liabilities, market risk and a quantitative measure of operational risk weighted assets, contingent assets and liabilities (k1-2) of not less than 9%;
- A ratio of own capital to the sum of credit risk weighted assets and contingent liabilities, market risk and a quantitative measure of operating risk weighted assets and contingent liabilities (k2) of not less than 10.5%.

Investments for the purposes of calculation of the above ratios represent investments into share capital (participation in the charter capital) of a legal entity and subordinated debt of a legal entity if their total exceeds 10% of the total of tier 1 and tier 2 capital of the Bank.

The following table shows the composition of the Bank's capital position calculated in accordance with the NBRK requirements as at 31 December 2024 and 31 December 2023:

	31 December 2024	*31 December 2023*
Tier 1 capital	**542,203**	406,750
Tier 2 capital	**5,937**	8,145
Total regulatory capital	**548,140**	414,895
Total risk-weighted statutory assets, contingent liabilities and operational and market risk	**2,270,521**	1,953,598
k1	**23.9%**	20.8%
k1-2	**23.9%**	20.8%
k2	**24.1%**	21.2%

30. Commitments and contingencies

Political and economic environment

The Republic of Kazakhstan continues economic reforms and development of its legal, tax and regulatory frameworks as required by a market economy. The future stability of Kazakhstan economy is largely dependent upon these reforms and developments and the effectiveness of economic, financial and monetary measures undertaken by the Government.

Management of the Bank believes that it is taking appropriate measures to support the sustainability of the Bank's business in the current circumstances.

Credit related commitments

The Group has contingent liabilities to provide credit resources. These credit related contingencies take the form of approved loan and credit card limits and overdraft facilities.

The Group provides bank guarantees and issues letters of credit to ensure that their customers' obligations to third parties are met. These agreements have fixed limits and generally extend for a period of up to five years.

In providing financial guarantees, credit related commitments and letters of credit, the Group applies the same risk management policies and procedures used when issuing loans to customers.

In 2024, the Group made changes to the model for ECL calculations in accordance with IFRS 9 related to commitments on issued or confirmed non-financial guarantees (previously, IFRS 37 applied to non-financial guarantees). As a result of application of an updated approach, the estimate of the ECL was increased by 622 million tenge.

The contractual amounts of credit related commitments are set out in the following table by category.

	31 December 2024	*31 December 2023*
Undrawn loan commitments	**436.126**	497.936
Guarantees issued	**129.406**	105.329
Letters of credit	**299**	1.745
	565.831	605.010
Less: amounts due to customers held as security against letters of credit and guarantees *(Note 19)*	**(257)**	(452)
Less: allowance for expected credit losses	**(1.645)**	(1.092)
	563.929	603.466

(millions of tenge)

30. Commitments and contingencies (continued)

Credit related commitments (continued)

The following table provides information on the credit quality of guarantees issued and letters of credit as at 31 December 2024:

	31 December 2024			
CB	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Not overdue	**26,014**	**–**	**–**	**26,014**
Allowance for ECL	**(1)**	**–**	**–**	**(1)**
	26,013	**–**	**–**	**26,013**
SMB				
Not overdue	**92,125**	**782**	**1**	**92,908**
Overdue less than 30 days	**215**	**5**	**–**	**220**
Overdue 30-60 days	**–**	**37**	**–**	**37**
Overdue more than 60 days	**–**	**–**	**1,636**	**1,636**
Total	**92,340**	**824**	**1,637**	**94,801**
Allowance for ECL	**(27)**	**(2)**	**(1,615)**	**(1,644)**
	92,313	**822**	**22**	**93,157**
Credit institutions				
Not overdue	**8,890**	**–**	**–**	**8,890**
	8,890	**–**	**–**	**8,890**
	127,216	**822**	**22**	**128,060**

	31 December 2024			
Credit institutions	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
- rated from A- to A+	**3,157**	**–**	**–**	**3,157**
- rated B+	**3,737**	**–**	**–**	**3,737**
- not rated	**1,996**	**–**	**–**	**1,996**
Total	**8,890**	**–**	**–**	**8,890**
Allowance for ECL	**–**	**–**	**–**	**–**
	8,890	**–**	**–**	**8,890**

The comparative information on credit quality for credit related commitments as at 31 December 2023 is not disclosed in the Group's consolidated financial statements as recreation of this information is not practicable.

The loan commitment agreements stipulate the right of the Group to unilaterally withdraw from the agreement should any conditions unfavourable to the Group arise, including deterioration of the borrower's financial condition, change of the refinance rate, inflation, exchange rates and other conditions.

The total outstanding contractual amount of commitments on issuance of loans, letters of credit and guarantees does not necessarily represent future cash requirements, as these commitments may expire or terminate without being funded.

Legal proceedings

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

Management is unaware of any significant, pending or threatened claims against the Group.

Contingent tax liabilities

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. Taxes are subject to review and investigation by various levels of authorities, which have the authority to impose severe fines and interest charges. The adequacy of tax assessment in the reporting period may be reviewed during the next five calendar years. However, under certain circumstances a tax year may remain open for a longer period of time.

These circumstances may create tax risks in the Republic of Kazakhstan that are substantially more significant than in other countries. Management 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 consolidated financial statements, if the authorities were successful in enforcing their interpretations, could be significant.

(millions of tenge)

31. Related party transactions

Remuneration of the members of the Board of Directors and Management Board

Total remuneration to 16 members of the Board of Directors and Management Board (2023: 11 members) included in general and administrative expenses for 2024 and 2023 is as follows:

	2024	*2023*
Members of the Board of Directors and Management Board of the Group	**4,591**	4,215
	4,591	4,215

As at 31 December 2024, the total amount of the Bank's liabilities to pay remuneration to members of the Board of Directors and the Management Board amounted to 3,415 million tenge (31 December 2023: 3,752 million tenge).

Related party transactions

Other related parties include key management personnel and entities jointly controlled by key management personnel. The outstanding balances and the related average effective interest rates as at 31 December 2024 and related profit or loss amounts of transactions for 2024 with related parties are as follows:

	2024						
	Shareholders		*Entities under common control*		*Other related parties*		*Total*
	In million tenge	*Average effective interest rate, (%)*	*In million tenge*	*Average effective interest rate, (%)*	*In million tenge*	*Average effective interest rate, (%)*	*In million tenge*
Assets							
Loans to customers	–	–	–	–	**14,805**	**19%**	**14,805**
Other assets	–	–	**21**	–	**123**	–	**144**
Liabilities							
Current accounts and deposits from customers	**25,951**	**1%**	**30,475**	**11%**	**12,430**	**4%**	**68,856**
Other liabilities	–	–	**14**	–	**111**	–	**125**
Credit related commitments	–	–	**2,100**	–	**9**	–	**2,109**
Guarantees issued	–	–	–	–	**169**	–	**169**

	2024			
	Shareholders	*Entities under common control*	*Other related parties*	*Total*
Income/(expenses)				
Interest income	–	–	**2,687**	**2,687**
Interest expense	**(101)**	**(2,778)**	**(2,664)**	**(5,543)**
Fee and commission income	**3**	**69**	**95**	**167**
Fee and commission expense	–	**(5)**	–	**(5)**
General and administrative expenses, less remuneration to KMP	–	**(3,054)**	**(533)**	**(3,587)**
Other income	–	–	**810**	**810**
Other expenses	–	–	**(536)**	**(536)**

(millions of tenge)

31. Related party transactions (continued)

Related party transactions (continued)

The outstanding balances and the related average effective rates as at 31 December 2023 and related profit or loss on transactions with related parties for 2023 are as follows:

	2023						
	Shareholders		*Entities under common control*		*Other related parties*		*Total*
	In million tenge	*Average effective interest rate, (%)*	*In million tenge*	*Average effective interest rate, (%)*	*In million tenge*	*Average effective interest rate, (%)*	*In million tenge*
Assets							
Loans to customers	–	–	–	–	14,870	14%	14,870
Other assets	–	–	83	–	93	–	176
Liabilities							
Current accounts and deposits from customers	5,792	1%	49,917	9%	15,844	5%	71,553
Other liabilities	–	–	69	–	86	–	155
Credit related commitments	–	–	–	–	27,950	–	27,950
Guarantees issued	–	–	–	–	188	–	188

	2023			
	Shareholders	*Entities under common control*	*Other related parties*	*Total*
Income/(expenses)				
Interest income	–	–	1,343	1,343
Interest expense	(97)	(1,744)	(1,466)	(3,307)
Fee and commission income	7	56	98	161
Fee and commission expense	–	(194)	–	(194)
General and administrative expenses, less remuneration to KMP	–	(6,835)	(578)	(7,413)
Other income	–	–	476	476
Other expenses	–	(34)	(319)	(353)

32. Segment analysis

The Group has five reporting segments and business lines ("Other" segment is indicated separately with description of transactions, which are not related to activities of business lines). These segments/business lines offer a variety of products and services in the financial/banking area. The following is a brief description of transactions of each segment.

- Corporate business (CB)– includes issuance of loans, attracting deposits, settlement and cash services, transactions on guarantees and other transactions with corporate clients (large entities and individual entrepreneurs);
- Small and medium businesses (SMB) - extension of loans, deposit sourcing, settlement and cash services, transactions on guarantees and other transactions with small and medium business clients (legal entities (LE) and individual entrepreneurs (IE));
- Retail banking (RB) - extension of loans, deposit sourcing, settlement and cash services, exchange transactions and other transactions with retail clients (individuals);
- Investing activities – responsible for financing the Group's operations (repo operations, raising funds from banks and credit institutions, issuance of bonds, subordinated debt), securities transactions, use of derivative financial instruments and foreign currency transactions;

(millions of tenge)

32 Segment analysis (continued)

- Other – other transactions with debtors/creditors on non-core activities − fixed assets, amounts on transit accounts and other transactions that are not related to segments/business lines (CB, SMB, RB, Investing activities).

Performance of each reportable segment is presented below. Performance results of segment/business line are evaluated on the basis of derived profit, which includes the effective management of a portfolio of borrowed and placed funds. Profit from segment/business line is used to measure performance. Pricing is performed on the basis of borrowing/placement rates approved by the authorised body of the Bank.

31 December 2024	*CB*	*SMB*	*RB*	*Investing activities*	*Other*	*Total*
Assets						
Cash and cash equivalents	**418**	**26,485**	**32,545**	**790,699**	**95,853**	**946,000**
Amounts due from credit institutions	**10,317**	**1,862**	**1,386**	**86,313**	**600**	**100,478**
Securities at fair value through profit or loss	**–**	**–**	**–**	**2,888**	**–**	**2,888**
Loans to customers	**598,533**	**529,192**	**658,458**		**33,951**	**1,820,134**
Investment securities	**–**	**–**	**–**	**1,114,312**	**–**	**1,114,312**
Property and equipment	**–**	**–**	**–**	**–**	**54,232**	**54,232**
Intangible assets	**–**	**–**	**–**	**–**	**15,224**	**15,224**
Other assets	**78**	**249**	**179**	**43**	**37,119**	**37,668**
Total assets	**609,346**	**557,788**	**692,568**	**1,994,255**	**236,979**	**4,090,936**
Liabilities						
Current accounts and deposits from customers	**865,930**	**974,702**	**1,027,281**	**–**	**42**	**2,867,955**
Amounts due to banks and other credit institutions	**17,251**	**40,575**	**13,866**	**187**	**5,782**	**77,661**
Amounts payable under repurchase agreements	**–**	**–**		**435,394**	**–**	**435,394**
Debt securities issued	**–**	**–**	**20,311**	**51,533**	**–**	**71,844**
Subordinated debt	**–**	**–**	**–**	**14,389**	**–**	**14,389**
Deferred tax liabilities	**–**	**–**	**–**	**–**	**10,568**	**10,568**
Other liabilities	**123**	**380**	**4,427**	**13**	**39,998**	**44,941**
Total liabilities	**883,304**	**1,015,657**	**1,065,885**	**501,516**	**56,390**	**3,522,752**
Equity						
Share capital	**–**	**–**	**–**	**–**	**332,815**	**332,815**
Additional paid-in capital	**–**	**–**	**–**	**–**	**23,651**	**23,651**
Treasury shares	**–**	**–**	**–**	**–**	**(3,465)**	**(3,465)**
Fair value reserve	**–**	**–**	**–**	**–**	**30,201**	**30,201**
Retained earnings	**–**	**–**	**–**	**–**	**184,982**	**184,982**
Total equity attributable to shareholders of the Bank	**–**	**–**	**–**	**–**	**568,184**	**568,184**

(millions of tenge)

32. Segment analysis (continued)

Information on the main reporting segments for 2024 is presented as follows:

	2024						
	CB	*SMB*	*RB*	*Investing activities*	*Other*	*Elimina-tion*	*Total*
Interest income	**63,149**	**87,710**	**158,686**	**201,621**	**11,845**	**–**	**523,011**
Transfer income	**81,805**	**83,756**	**96,333**	**74,195**	**8,744**	**(344,833)**	**–**
Interest expense	**(66,753)**	**(44,855)**	**(73,628)**	**(73,411)**	**(1,635)**	**–**	**(260,282)**
Transfer expense	**(42,939)**	**(53,782)**	**(69,010)**	**(200,289)**	**(400)**	**366,420**	**–**
Net interest income	**35,262**	**72,829**	**112,381**	**2,116**	**18,554**	**21,587**	**262,729**
Fee and commission income	**2,382**	**21,821**	**11,432**	**253**	**182**	**–**	**36,070**
Fee and commission expense	**(695)**	**(5,398)**	**(7,218)**	**(344)**	**(24)**	**–**	**(13,679)**
Net gains from financial instruments at fair value through profit or loss	**–**	**–**	**–**	**14,604**	**–**	**–**	**14,604**
Net gains on derecognition of investment securities at fair value through other comprehensive income	**–**	**–**	**–**	**267**	**–**	**–**	**267**
Net gains/(losses) from foreign currencies	**9,519**	**16,873**	**5,862**	**(17,948)**	**(1,037)**	**–**	**13,269**
Dividends received	**–**	**–**	**–**	**499**	**–**	**–**	**499**
Other income	**29**	**1,938**	**750**	**36**	**1,439**	**–**	**4,192**
Non- interest income	**11,235**	**35,234**	**10,826**	**(2,633)**	**560**	**–**	**55,222**
Reversal of allowance for expected credit losses/(credit loss expenses)	**259**	**117**	**(41,901)**	**(690)**	**409**	**–**	**(41,806)**
Net losses on modification of liability that results in derecognition	**–**	**–**	**(3,593)**	**–**	**–**	**–**	**(3,593)**
Net loss on derecognition of financial assets measured at amortised cost	**–**	**–**	**(425)**	**–**	**(1,264)**	**–**	**(1,689)**
General and administrative expenses	**(4,569)**	**(25,767)**	**(41,435)**	**(1,544)**	**(13,968)**	**–**	**(87,283)**
Other expenses	**(44)**	**(1,372)**	**(4,131)**	**(176)**	**(3,514)**	**–**	**(9,237)**
Non-interest expense	**(4,354)**	**(27,022)**	**(91,485)**	**(2,410)**	**(18,337)**	**–**	**(143,608)**
Other transfer income and expense	**585**	**(3,150)**	**(694)**	**41,144**	**(16,298)**	**(21,587)**	**–**
Profit/(loss) before corporate income tax	**42,728**	**77,891**	**31,028**	**38,217**	**(15,521)**	**–**	**174,343**
Corporate income tax expense	**(3,150)**	**(5,742)**	**(2,287)**	**(2,818)**	**–**	**–**	**(13,997)**
Profit/(loss) for the year	**39,578**	**72,149**	**28,741**	**35,399**	**(15,521)**	**–**	**160,346**

(millions of tenge)

32. Segment analysis (continued)

31 December 2023	*CB*	*SMB*	*RB*	*Investing activities*	*Other*	*Total*
Assets						
Cash and cash equivalents	302	19,345	45,985	540,041	98,369	704,042
Amounts due from credit institutions	3,588	3,238	337	91,734	2,533	101,430
Securities at fair value through profit or loss	–	–	–	3,016	–	3,016
Loans to customers	423,696	416,983	510,484	–	26,337	1,377,500
Investment securities	–	–	–	953,654	–	953,654
Property and equipment	–	–	–	–	56,665	56,665
Intangible assets	–	–	–	–	13,867	13,867
Other assets	66	461	959	81	41,434	43,001
Total assets	427,652	440,027	557,765	1,588,526	239,205	3,253,175
Liabilities						
Current accounts and deposits from customers	691,613	683,011	886,366	–	33	2,261,023
Amounts due to banks and other credit institutions	11,452	32,229	13,432	55	11,216	68,384
Amounts payable under repurchase agreements	–	–	–	163,523	–	163,523
Debt securities issued	–	–	14,480	252,770	–	267,250
Subordinated debt	–	–	–	14,389	–	14,389
Deferred tax liabilities	–	–	–	–	12,732	12,732
Other liabilities	15	220	10,344	9	25,478	36,066
Total liabilities	703,080	715,460	924,622	430,746	49,459	2,823,367
Equity						
Share capital	–	–	–	–	332,815	332,815
Additional paid-in capital	–	–	–	–	23,651	23,651
Treasury shares	–	–	–	–	(3,465)	(3,465)
Fair value reserve	–	–	–	–	(6,044)	(6,044)
Retained earnings	–	–	–	–	82,851	82,851
Total equity attributable to shareholders of the Bank	–	–	–	–	429,808	429,808

(millions of tenge)

32. Segment analysis (continued)

Segment information for the main reportable business segments for the year ended 31 December 2023 is presented below:

	2023						
	CB	***SMB***	***RB***	***Investing activities***	***Other***	***Elimination***	***Total***
Interest income	45,882	63,898	132,023	122,982	9,019	–	373,804
Transfer income	69,046	63,970	75,759	42,877	16,522	(268,174)	–
Interest expense	(53,643)	(27,215)	(52,170)	(46,174)	(1,556)	–	(180,758)
Transfer expense	(33,273)	(40,841)	(53,427)	(123,799)	(1,468)	252,808	–
Net interest income	28,012	59,812	102,185	(4,114)	22,517	(15,366)	193,046
Fee and commission income	2,489	20,472	13,144	36	165	–	36,306
Fee and commission expense	(1,019)	(5,799)	(6,079)	(219)	(18)	–	(13,134)
Net gains on financial instruments at fair value through profit or loss	–	–	–	1,029	–	–	1,029
Net losses on derecognition of investment securities at fair value through other comprehensive income	–	–	–	(32)	–	–	(32)
Net gains from foreign currencies	8,051	16,102	4,570	454	745	–	29,922
Dividends received	–	–	–	302	–	–	302
Other income	1,360	2,326	1,646	86	3,331	–	8,749
Non-interest income/(expense)	10,881	33,101	13,281	1,656	4,223	–	63,142
Credit loss expenses/reversal of allowance for expected credit losses	(381)	1,128	(43,458)	(188)	(6,826)	–	(49,725)
Net loss on derecognition of financial assets measured at amortised cost	–	–	(2,582)	–	(2,205)	–	(4,787)
General and administrative expenses	(5,211)	(20,974)	(35,324)	(1,994)	(15,603)	–	(79,106)
Other expenses	139	(7)	(2,343)	(2,071)	(1,827)	–	(6,109)
Non-interest expense	(5,453)	(19,853)	(83,707)	(4,253)	(26,461)	–	(139,727)
Other transfer income and expense	428	(2,616)	(797)	5,504	(17,885)	15,366	–
Profit/(loss) before corporate income tax	33,868	70,444	30,962	(1,207)	(17,606)	–	116,461
Corporate income tax expense	(6)	(12)	(6)	–	–	–	(24)
Profit/(loss) for the year	33,862	70,432	30,956	(1,207)	(17,606)	–	116,437

(millions of tenge)

33. Fair value of financial instruments

Accounting classifications and fair values

The table below sets out the carrying amounts and fair values of financial assets and financial liabilities as at 31 December 2024:

	31 December 2024				
	Assets and liabilities measured at fair value	***Assets and liabilities whose fair value is disclosed***	***Total carrying amount***	***Fair value***	***Unrecognised gain/(loss)***
Cash and cash equivalents	**–**	**946,000**	**946,000**	**946,000**	**–**
Amounts due from credit institutions	**–**	**100,478**	**100,478**	**100,478**	**–**
Securities at fair value through profit or loss	**2,888**	**–**	**2,888**	**2,888**	**–**
Loans to customers	**–**	**1,820,134**	**1,820,134**	**1,836,681**	**16,547**
Investment securities measured at FVOCI	**1,055,883**	**–**	**1,055,883**	**1,055,883**	**–**
Investment securities measured at amortised cost	**–**	**58,429**	**58,429**	**55,785**	**(2,644)**
Other financial assets	**–**	**7,851**	**7,851**	**7,851**	**–**
	1,058,771	**2,932,892**	**3,991,663**	**4,005,566**	**13,903**
Current accounts and deposits from customers	**–**	**2,867,955**	**2,867,955**	**2,868,391**	**(436)**
Amounts due to banks and other credit institutions	**–**	**77,661**	**77,661**	**69,315**	**8,346**
Amounts payable under repurchase agreements	**–**	**435,394**	**435,394**	**435,394**	**–**
Debt securities issued	**–**	**71,844**	**71,844**	**70,883**	**961**
Subordinated debt	**–**	**14,389**	**14,389**	**12,354**	**2,035**
Other financial liabilities	**–**	**14,506**	**14,506**	**14,506**	**–**
	–	**3,481,749**	**3,481,749**	**3,470,843**	**10,906**
					24,809

The table below sets out the carrying amounts and fair values of financial assets and financial liabilities as at 31 December 2023:

	31 December 2023				
	Assets and liabilities measured at fair value	***Assets and liabilities whose fair value is disclosed***	***Total carrying amount***	***Fair value***	***Unrecognised gain/(loss)***
Cash and cash equivalents	–	704,042	704,042	704,042	–
Amounts due from credit institutions	–	101,430	101,430	101,430	–
Securities at fair value through profit or loss	3,016	–	3,016	3,016	–
Loans to customers	–	1,377,500	1,377,500	1,375,552	(1,948)
Investment securities measured at FVOCI	664,959	–	664,959	664,959	–
Investment securities measured at amortised cost	–	288,695	288,695	278,038	(10,657)
Other financial assets	–	9,852	9,852	9,852	–
	667,975	2,481,519	3,149,494	3,136,889	(12,605)
Current accounts and deposits from customers	–	2,261,023	2,261,023	2,259,438	1,585
Amounts due to banks and other credit institutions	–	68,384	68,384	59,799	8,585
Amounts payable under repurchase agreements	–	163,523	163,523	163,523	–
Debt securities issued	–	267,250	267,250	254,558	12,692
Subordinated debt	–	14,389	14,389	11,260	3,129
Other financial liabilities	–	19,130	19,130	19,130	–
	–	2,793,699	2,793,699	2,767,708	25,991
					13,386

(millions of tenge)

33. Fair value of financial instruments (continued)

Accounting classifications and fair values (continued)

The estimate of fair value is intended to approximate the amount for which a financial instrument can be exchanged between knowledgeable, willing parties in an arm's length transaction. However, considering the uncertainties and the use of judgements, the fair value should not be interpreted as realisable within the framework of an immediate sale of assets or the transfer of liabilities.

The fair value of financial assets and financial liabilities that are traded in active markets is based on quoted market quotes or dealers' prices. The Group determines fair value of all other financial instruments using various valuation techniques.

The purpose of valuation techniques is to achieve a method of fair value measurement that reflects the price of a transaction on an organised market for the sale of an asset or transfer a liability between market participants at the measurement date.

Financial assets and liabilities in the above table are carried at amortised cost, except for securities at fair value through profit or loss with carrying amount of 2,888 million tenge (31 December 2023: 3,016 million tenge) and investment securities measured at FVOCI with carrying amount of 1,055,.883 million tenge (31 December 2023: 664,959 million tenge).

Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and base interest rates, credit spreads and other adjustments used in estimating discount rates, shares and bonds quotations, and expected price movements and their comparison. Valuation techniques focused on determining the fair value, which reflects the value of a financial instrument as at the reporting date that would have been determined by independent market participants.

The Group uses widely recognised valuation techniques for determining the fair value of standard and more simple financial instruments, such as interest rate and currency swaps, and such techniques use only observable market data and do not require management judgements or estimates. Observable quotations and model inputs are usually available in the market for publicly traded debt and equity securities, derivatives traded on the stock exchange, as well as simple off-market financial derivatives, such as interest rate swaps.

The Group uses its own valuation models for more sophisticated instruments. Some or all of the significant inputs into these models may not be observable in the market, and are derived from market prices or rates or are estimated based on assumptions. Certain loans and securities for which there is no active market can be an example of instruments the estimation of which is based on the use of unobservable inputs.

Assets for which fair value approximates carrying value

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

Financial assets and financial liabilities accounted for at amortised cost

Fair value of the quoted notes and bonds is based on price quotations at the reporting date. The fair value of unquoted instruments, loans to customers, customer deposits, amounts due from credit institutions, deposits of banks and other credit institutions, other financial assets and liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

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

- The discount rate in the range from 8.39% to 20.21% per annum was used to discount the future cash flows from USD- and tenge-denominated loans to corporate customers (31 December 2023: 7.32% to 20.76% per annum).
- The fair value of securities issued denominated in tenge was calculated based on quoted market prices and denominated in US dollars using discount rates ranging from 4.24% to 5.02% per annum, respectively (31 December 2023: denominated in tenge based on quoted market prices and denominated in US dollars using discount rates ranging from 5.40% to 6.34% per annum)
- The fair value of subordinated debt is estimated based on market quotations (31 December 2023: market quotations).
- The discount rate in the range from 21.28% to 30.72% per annum was used to calculate the future cash flows from tenge-denominated loans to individuals (31 December 2023: 30.88% per annum).
- Market quotations were used to calculate the future cash flows from securities measured at amortised cost, denominated in USD and tenge (31 December 2023: market quotations and discount rates of 4.95% to 15.28% per annum).
- The fair value of current accounts and deposits from customers approximates their fair value, taking account of the depositors' rights to withdraw their cash funds prior to maturity in accordance with the laws of the Republic of Kazakhstan *(Note 19)*.

(millions of tenge)

33. Fair value of financial instruments (continued)

Accounting classifications and fair values (continued)

Financial assets and financial liabilities accounted for at amortised cost (continued)

- The discount rate in the range from 3.25% to 20.08 % per annum was used to calculate the future cash flows from amounts due from credit institutions, deposits of banks and other credit institutions (31 December 2023: 2.67% to 20.61 % per annum).

Fair value hierarchy

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

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

The following table analyses financial instruments carried at fair value as at 31 December 2024, by fair value hierarchy, into which the fair value measurement is categorised.

	Note	*Level 1*	*Level 2*	*Level 3*	*Total*
Assets					
Securities at fair value through profit or loss		**505**	**111**	**2,272**	**2,888**
Investment securities measured at FVOCI	16	**121,616**	**934,267**	**–**	**1,055,883**
		122,121	**934,378**	**2,272**	**1,058,771**

The following table analyses financial instruments carried at fair value as at 31 December 2023, by fair value hierarchy, into which the fair value measurement is categorised. The amounts are based on amounts carried in the consolidated statement of financial position.

	Note	*Level 1*	*Level 2*	*Level 3*	*Total*
Assets					
Securities at fair value through profit or loss		671	73	2,272	3,016
Investment securities measured at FVOCI	16	472,351	192,608	–	664,959
		473,022	192,681	2,272	667,975

As at 31 December 2024, KSF debt securities as well as bonds of the Ministry of Finance of the Republic of Kazakhstan measured at FVOCI in the amount of 31,420 million tenge and 873,681 million tenge, respectively, are classified into Level 2 of the fair value hierarchy (as at 31 December 2023: KSF debt securities and bonds of the Ministry of Finance of the Republic of Kazakhstan of 59,662 million tenge and 104,137 million tenge, respectively). These investment securities are considered for regulatory purposes as high-quality liquid assets, but are classified into Level 2 due to insufficient amount of transactions with these securities in an active market.

As at 31 December 2024, fair value of trading securities measured at fair value through profit or loss classified into Level 3 has been valued using the Free Cash flow method. The valuation model takes into account cash flows discounted at weighted average cost of capital.

The following table shows the reconciliation for 2024 with respect to fair value estimates assigned to Level 3 of the fair value hierarchy:

	Securities at fair value through profit or loss
At 1 January 2024	**2,272**
Net gain on financial instruments at fair value through profit or loss	**–**
At 31 December 2024	**2,272**

(millions of tenge)

33. Fair value of financial instruments (continued)

Fair value hierarchy (continued)

The following table shows the reconciliation for 2023 with respect to fair value estimates assigned to Level 3 of the fair value hierarchy:

	Securities at fair value through profit or loss
At 1 January 2023	2,272
Net gain on financial instruments at fair value through profit or loss	–
At 31 December 2023	2,272

The following table analyses financial instruments not measured at fair value as at 31 December 2024, by fair value hierarchy, into which the fair value measurement is categorized:

	Level 1	*Level 2*	*Level 3*	*Total fair value*	*Total carrying amount*
Assets					
Cash and cash equivalents	–	**946,000**	–	**946,000**	**946,000**
Amounts due from credit institutions	–	**100,478**		**100,478**	**100,478**
Loans to customers	–	**1,769,637**	**67,044**	**1,836,681**	**1,820,134**
Investment securities measured at amortised cost	**55,785**	–	–	**55,785**	**58,429**
Other financial assets	–	**7,851**	–	**7,851**	**7,851**
Liabilities					
Current accounts and deposits from customers	–	**2,868,391**	–	**2,868,391**	**2,867,955**
Amounts due to banks and other credit institutions	–	**69,315**	–	**69,315**	**77,661**
Amounts payable under repurchase agreements	–	**435,394**	–	**435,394**	**435,394**
Debt securities issued	–	**70,883**	–	**70,883**	**71,844**
Subordinated debt	–	**12,354**	–	**12,354**	**14,389**
Other financial liabilities	–	**14,506**	–	**14,506**	**14,506**

The following table analyses financial instruments not measured at fair value as at 31 December 2023, by fair value hierarchy, into which the fair value measurement is categorized:

	Level 1	*Level 2*	*Level 3*	*Total fair value*	*Total carrying amount*
Assets					
Cash and cash equivalents	–	704,042	–	704,042	704,042
Amounts due from credit institutions	–	101,430	–	101,430	101,430
Loans to customers	–	1,319,908	55,644	1,375,552	1,377,500
Investment securities measured at amortised cost	29,349	19,762	228,927	278,038	288,695
Other financial assets	–	9,852	–	9,852	9,852
Liabilities					
Current accounts and deposits from customers	–	2,259,438	–	2,259,438	2,261,023
Amounts due to banks and other credit institutions	–	59,799	–	59,799	68,384
Amounts payable under repurchase agreements	–	163,523	–	163,523	163,523
Debt securities issued	–	254,558	–	254,558	267,250
Subordinated debt	–	11,260	–	11,260	14,389
Other financial liabilities	–	19,130	–	19,130	19,130

34. Subsequent events

In January 2025, the Group placed Eurobonds for a total of 400 million US dollars, with maturity of 5 years and a coupon rate of 7.75% per annum on Vienna Stock Exchange (Vienna MTF) and AIX.