IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached document and you are advised to read this disclaimer carefully before reading, accessing or making any other use of the attached document. In accessing the document you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from "ForteBank" JSC (the "**Issuer**"), J.P. Morgan Securities plc (the "**Sole Global Coordinator and Bookrunner**") or Commerzbank Aktiengesellschaft, First Abu Dhabi Bank PJSC and Mashreqbank psc (the "**Joint Lead Managers and Bookrunners**" and together with the Sole Global Coordinator and Bookrunner, the "**Bookrunners**") or "ForteFinance" JSC (the "**Kazakhstan Manager**" and together with the Bookrunners, the "**Managers**") named herein as a result of such access. The attached document is intended for the addressee only.

THE ATTACHED DOCUMENT MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, REDISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE NOTES DESCRIBED IN THE ATTACHED DOCUMENT. NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF NOTES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO.

THE NOTES (THE "**NOTES**") REFERENCED IN THE ATTACHED DOCUMENT HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933 (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND THE NOTES DESCRIBED IN THE ATTACHED DOCUMENT MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES; DIRECTLY OR INDIRECTLY, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

Confirmation of your Representation: In order to be eligible to view the attached document or make an investment decision with respect to the Notes, prospective investors must be either (1) qualified institutional buyers ("**QIBs**") (within the meaning of Rule 144A under the Securities Act) or (2) purchasing outside the United States in accordance with Regulation S under the Securities Act. The attached document is being sent to you at your request, and by accessing the attached document you shall be deemed to have represented to the Issuer and the Managers that (1) either (a) you and any customers you represent are QIBs or (b) you and any customers you represent are located outside the United States and the electronic mail address that you have provided and to which this email has been delivered is not located in the United States, its territories and possessions, any state of the United States or the District of Columbia and (2) you consent to delivery of the attached document by electronic transmission.

In addition, in the United Kingdom, the attached document is being distributed only to and is directed only at: (a) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Order**"); (b) high net worth entities and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order; and (c) persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000, as amended ("**FSMA**")) in connection with the issue or sale of any securities of the Issuer or any member of its Group (as defined herein) may otherwise lawfully be communicated or caused to be communicated (all such persons together referred to as "**relevant persons**"). Any investment or investment activity to which the document relates is available only in the United Kingdom to relevant persons and will be engaged in only with such persons. In addition to the foregoing, pursuant to the United Kingdom Financial Conduct Authority (the "**FCA**") Conduct of Business Sourcebook ("**COBS**") the Notes are not intended to be offered, sold or otherwise made available and should not be offered, sold or otherwise made available to retail clients (as defined in COBS 3.4) in the United Kingdom. The attached document is not and must not be made available to retail clients.

This document has been delivered to you on the basis that you are a person into whose possession this document may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located.

Manufacturer target market (MiFID II product governance and UK MiFIR product governance) is eligible counterparties and professional clients only (all distribution channels). No European Economic Area (EEA) or the United Kingdom (UK) PRIIPs key information document has been prepared as the Notes will not be made available to retail investors in the EEA or in the UK. FCA CoCo restriction applies.

Neither this electronic transmission nor the attached document constitutes or contains any offer to sell or invitation to subscribe or make commitments for or in respect of any securities in any jurisdiction where such an offer or invitation would be unlawful. This document has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently neither the Issuer, the Managers, the Trustee, the Principal Paying Agent, the Paying Agents, the Registrar nor any person who controls any of them, nor any director, officer, employee or agent of any of them, nor any affiliate of any such person, accepts any liability or responsibility whatsoever in respect of any difference between this document distributed to you in electronic format.

No representation or warranty, expressed or implied, is made or given by or on behalf of the Managers, the Trustee, the Principal Paying Agent, the Paying Agents, the Calculation Agent, the Registrar nor any person who controls any of them, nor any director, officer, employee or agent of any of them, nor any affiliate of any such person, as to the accuracy, completeness or fairness of the information or opinions contained in this document and such persons do not accept responsibility or liability for any such information or opinions.

Neither the issue of the Notes nor a securities prospectus in respect of the Notes has been, or is intended to be, registered with the Agency of the Republic of Kazakhstan for Regulation and Development of the Financial Market. The information contained in this electronic transmission and the attached document is not an offer, or an invitation to make offers, to sell, purchase, exchange or otherwise transfer securities in Kazakhstan to or for the benefit of any Kazakhstani person or entity, except for compliance with the Local Offering Requirement (as defined below), and except for those persons or entities that are capable of doing so under the legislation of Kazakhstan and any other laws applicable to such capacity of such persons or entities. This electronic transmission and the attached document shall not be construed as an advertisement (i.e. information intended for an unlimited group of persons which is distributed and placed in any form and aimed to create or maintain interest in the Company and its merchandise, trademarks, works, services and/or its securities and promote their sales) in, and for the purpose of the laws of, Kazakhstan, unless such advertisement is in full compliance with Kazakhstani laws and the rules and regulations of the Astana International Financial Centre ("**AIFC**").

J.P. Morgan Securities plc, Commerzbank Aktiengesellschaft, First Abu Dhabi Bank PJSC and Mashreqbank psc will not be involved in the connection with the listing of the Notes on the AIX and the offer and sale of Notes in Kazakhstan.

"FORTEBANK" JSC
(*incorporated in the Republic of Kazakhstan*)

U.S.$400,000,000 Perpetual Subordinated Callable Additional Tier 1 Notes

Issue Price 99.479 per cent.

"ForteBank" JSC (the "**Issuer**" and the "**Bank**"), a bank incorporated under the laws of the Republic of Kazakhstan, is issuing an aggregate principal amount of the U.S.$400,000,000 Perpetual Subordinated Callable Additional Tier 1 (the "**Notes**"). The Notes will be constituted by, subject to, and have the benefit of a trust deed to be dated 3 November 2025 (as may be amended or supplemented from time to time, the "**Trust Deed**") between the Issuer and BNY Mellon Corporate Trustee Services Limited as trustee (the "**Trustee**") for the benefit of Noteholders (as defined in the "*Terms and Conditions of the Notes*").

Interest will accrue on the outstanding principal amount of the Notes (the "**Outstanding Principal Amount**") from time to time (the "**Interest**") as follows: (i) in respect of the period from (and including) 3 November 2025 (the "**Issue Date**") to (but excluding) 3 May 2031 (the "**First Reset Date**"), at the rate of 9.750 per cent. per annum, and (ii) in respect of each period from (and including) the First Reset Date and every fifth anniversary thereof (each, a "**Reset Date**") to (but excluding) the next succeeding Reset Date (each such period, a "**Reset Period**"), at the rate determined by the Calculation Agent (as defined in the terms and conditions of the Notes (the "**Conditions**")) on the relevant Reset Determination Date (as defined in the Conditions) equal to the sum of the relevant Treasury Yield (as defined in the Conditions) plus 6.188 per cent. per annum (the "**Margin**") (rounded if necessary to five decimal places, with 0.000005 rounded up) in accordance with Condition 4(b). Subject as provided in the Conditions, Interest will be payable semi-annually in arrear on 3 May and 3 November in each year (each, an "**Interest Payment Date**"), with the first Interest Payment Date falling on 3 May 2026.

The Issuer may elect, at any time, in its sole and absolute discretion, to cancel (in whole or in part) the payment of any Interest otherwise scheduled to be paid on an Interest Payment Date as further provided in Condition 4(c). Without prejudice to any right of the Issuer to cancel the payments of any Interest: (a) if the Issuer is required to cancel a relevant payment of Interest in whole or in part in accordance with Applicable Banking Regulations (as defined in the Conditions), the Issuer will cancel any Interest, or the relevant part thereof, otherwise scheduled to be paid on an Interest Payment Date; (b) if the Competent Authority (as defined in the Conditions), in accordance with Applicable Banking Regulations, requires the Issuer to cancel the relevant payments of Interest in whole or in part, the Issuer will cancel any Interest, or the relevant part thereof, otherwise scheduled to be paid on an Interest Payment Date; (c) the Issuer will cancel any Interest, or the relevant part thereof, otherwise scheduled to be paid on an Interest Payment Date if and to the extent that such payment would cause a breach of any regulatory restriction or prohibition on payments on Additional Tier 1 Capital (as defined in the Conditions) pursuant to Applicable Banking Regulations (including, without limitation, the reduction of the Issuer's capital adequacy ratios below the minimum levels required under the Applicable Banking Regulations); and (d) if a Write Down Event (as defined in the Conditions) occurs at any time on or after the Issue Date, any Interest which accrues to the Write Down Measure Effective Date shall automatically be cancelled and shall not be paid.

The Notes are perpetual securities in respect of which there is no fixed redemption date. The Issuer may, at its option (subject to the prior consent of the Competent Authority, if required, and otherwise in accordance with Applicable Banking Regulations then in force), redeem the Notes in whole but not in part on any day falling in the period commencing on (and including) 3 November 2030 and ending on (and including) the First Reset Date or on any Interest Payment Date falling after the First Reset Date, in each case at, per Note, the Outstanding Principal Amount plus, where not cancelled pursuant to or otherwise subject to limitations on payment set out in Condition 4 (*Interest*), an amount equal to the accrued and unpaid Interest for the then current Interest Period to (but excluding) the date fixed for redemption of the Notes (the "**Redemption Price**"). The Notes are also redeemable at the Redemption Price, on or after the Issue Date, at any time, at the option of the Issuer (subject to the prior consent of the Competent Authority, if required, and otherwise in accordance with Applicable Banking Regulations then in force), in whole but not in part, if there is a Tax Event (as defined in the Conditions) that is continuing. In addition, following the occurrence of a Capital Event that is continuing, the Issuer may redeem the Notes (in whole but not in part) in its sole discretion (subject to the prior consent of the Competent Authority, if required, and otherwise in accordance with Applicable Banking Regulations then in force), at any time, at the Redemption Price. Further, if there is an Approval Event (as defined in the Conditions) the Issuer may elect to redeem all, but not some only, of the Notes at the Redemption Price within 30 days of the Approval Date (as defined in the Conditions). The Issuer may also redeem all (but not some only) of the remaining Notes at the Redemption Price at any time following a Substantial Repurchase Event, being when 75 per cent. or more of the aggregate principal amount of the Notes originally issued has been purchased by the Issuer or any of its Subsidiaries and cancelled. Any redemption (other than as a result of an Approval Event) is subject to the prior consent of the Competent Authority and must be made otherwise in accordance with Applicable Banking Regulations then in force.

If, at any time, a Tax Event or a Capital Event occurs and is continuing, the Issuer may, instead of redeeming the Notes as aforesaid, subject to the approval of the Competent Authority, if applicable, and in accordance with the Conditions and Applicable Banking Regulations then in force, elect in its sole discretion either to substitute all (but not some only) of the Notes for, or to vary the terms of the Notes so that they remain or become, Qualifying Additional Tier 1 Notes (as defined in the Conditions).

In the event a Write Down Event has occurred and is continuing on the date on which the Write Down measures become effective (which shall occur on or prior to the date falling 30 Business Days after the occurrence of the Write Down Event) (the "Write Down Measure Effective Date"), on the Write Down Measure Effective Date: (a) any applicable Monetary Damages (as defined in the Conditions) for which the Issuer may be liable under the Notes shall be cancelled; (b) any Interest Cancellation Amount (as defined in the Conditions) shall be cancelled in full; and (c) the Write Down Amount (as defined in the Conditions) will be written down in full, *provided that*, the Outstanding Principal Amount of the Notes may only be used to remedy a Write Down Event *pro rata* with the Loss Absorbing Instruments and Monetary Damages and accrued Interest may only be Cancelled *pro rata* with monetary damages and accrued interest on the Loss Absorbing Instruments, *provided further that,* in each case, the effectiveness of a write down or cancellation under a Loss Absorbing Instrument shall not prejudice any Write Down of the Notes or any Cancellation of Monetary Damages or Interest under the Notes.

Application has been made to Wiener Börse AG (the "**Vienna Stock Exchange**") for the Notes to be included in trading on the Vienna MTF of the Vienna Stock Exchange, a multilateral trading facility (the "**Vienna MTF**"). References in this Information Memorandum to the Notes being "listed" (and all related references) shall mean that the Notes have been included in trading on the Vienna MTF. The Issuer will use its reasonable endeavours to cause the Notes to be admitted to the Official List and trading on the Astana International Exchange Ltd (the "**AIX**") from (and including) the date of the issue of the Notes. Simultaneously with the offering of the Notes outside of the Republic of Kazakhstan, the Notes must be offered and placed through the AIX on the same terms on which the Notes are being offered in a foreign state in the volume of not less than 20.0 per cent. of the total volume of the Notes to be placed (the "**Local Offering Requirement**"). In connection with the listing of the Notes on the AIX and the offer and sale of Notes in Kazakhstan, "ForteFinance" JSC will act as sole Kazakhstan Manager (the "**Kazakhstan Manager**"), and J.P. Morgan Securities plc, Commerzbank Aktiengesellschaft, First Abu Dhabi Bank PJSC and Mashreqbank psc will not be involved in such process. Neither the Vienna MTF nor the AIX is a regulated market for the purpose of Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments (as amended, "**MiFID II**").

For the purposes of AIFC Law (as defined in the Constitutional Statute of the Republic of Kazakhstan "On the Astana International Financial Centre" No. 438-V dated 7 December 2015, as amended), this Information Memorandum constitutes the offer document for the Notes described herein and has been prepared by the Issuer pursuant to Rule PR 3 of the Business rules of the Astana International Exchange Ltd ("**AIX**"). Accordingly, this Information Memorandum has not been approved as prospectus by the AIX and it has not been approved by any other competent authority under the AIFC Law.

Investing in the Notes involves risks. See "Risk Factors" starting on page 8 for a discussion of certain factors that should be considered in connection with an investment in the Notes.

The Notes are expected to be rated 'B-' by Fitch Ratings Ltd ("**Fitch**") and 'B3(hyb)' by Moody's Investors Service Middle East Limited ("**Moody's**"). A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. Fitch is not established in the European Economic Area (the "**EEA**"), but the rating it has given to the Notes is endorsed by Fitch Ratings Ireland Limited, which is established in the EEA and registered under the Regulation (EC) No. 1060/2009 (the "**EU CRA Regulation**"). Moody's is not established in the EEA, but the rating it has given to the Notes is endorsed by Moody's Deutschland GmbH, which is established in the EEA and registered under the EU CRA Regulation.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Notes are being offered and sold outside the United States (such Notes, the "**Regulation S Notes**") in reliance on Regulation S under the Securities Act ("**Regulation S**") and within the United States (such Notes, the "**Rule 144A Notes**") to qualified institutional buyers ("**QIBs**") as defined in Rule 144A under the Securities Act ("**Rule 144A**") in reliance on and in compliance with Rule 144A. Prospective purchasers are hereby notified that sellers of any Rule 144A Note may be relying upon the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of these and certain further restrictions on offers, sales and transfers of the Notes and distribution of this Information Memorandum, see "*Subscription and Sale*" and "*Transfer Restrictions*".

The Regulation S Notes will be represented by beneficial interests in an unrestricted global note (the "**Regulation S Global Note**"), in registered form and without interest coupons attached. The Regulation S Global Note will be deposited with a common depositary for Euroclear Bank SA/NA ("**Euroclear**") and Clearstream Banking, S.A. ("**Clearstream, Luxembourg**") and registered in the name of a nominee of such common depositary on or about the Issue Date. The Rule 144A Notes will be represented by beneficial interests in a restricted global note (the "**Rule 144A Global Note**" and, together with the Regulation S Global Note, the "**Global Notes**") in registered form, without interest coupons attached, which will be deposited on or about the Issue Date with a custodian for and registered in the name of Cede & Co. as nominee for, The Depository Trust Company ("**DTC**").

The Global Notes will be exchangeable in certain limited circumstances in whole, but not in part, for Notes in definitive, registered, form, without interest coupons. See "*Summary of the Provisions relating to the Notes when in Global Form*". Interests in the Rule 144A Global Note will be subject to certain restrictions on transfer. See "Transfer Restrictions". Beneficial interests in the Global Notes will be shown on, and transfers thereof will be effected only through, records maintained by DTC, Euroclear and Clearstream, Luxembourg and their participants. It is expected that delivery of the Global Notes will be made on or about the Issue Date. Except as described herein, definitive certificates for Notes will not be issued in exchange for beneficial interests in the Global Notes.

Sole Global Coordinator and Bookrunner

J.P. Morgan

Joint Lead Managers and Bookrunners

Commerzbank **First Abu Dhabi Bank** **Mashreq**

Kazakhstan Manager

ForteFinance JSC

Information Memorandum dated 30 October 2025

IMPORTANT INFORMATION ABOUT THIS INFORMATION MEMORANDUM

The Issuer accepts responsibility for the information contained in this Information Memorandum. To the best of the knowledge of the Issuer, the information contained in this Information Memorandum is in accordance with the facts and this Information Memorandum makes no omission likely to affect its import.

The AIX and its related companies and their respective directors, officers and employees do not accept responsibility for the content of this Information Memorandum, including the accuracy or completeness of any information or statements included in it. Liability for the Information Memorandum lies with the Issuer and other persons whose opinions are included in this Information Memorandum with their consent. Nor has the AIX, its directors, officers or employees assessed the suitability of the Notes to which this Information Memorandum relates for any particular investor or type of investor. If you do not understand the contents of this Information Memorandum or are unsure whether the Notes are suitable for your individual investment objectives and circumstances, you should consult an authorised financial advisor.

THE NOTES ARE OF A SPECIALIST NATURE AND SHOULD ONLY BE BOUGHT AND TRADED BY INVESTORS WHO ARE PARTICULARLY KNOWLEDGEABLE IN INVESTMENT MATTERS. AN INVESTMENT IN THE NOTES IS SPECULATIVE, INVOLVES A HIGH DEGREE OF RISK AND MAY RESULT IN THE LOSS OF ALL OR PART OF THE INVESTMENT.

No person is authorised to give any information or to make any representation in connection with the offer or sale of the Notes other than as contained in this Information Memorandum and any information or representation not so contained must not be relied upon as having been authorised by the Issuer, the Trustee, any Agent (as defined herein) or the Managers. Neither the delivery of this Information Memorandum nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the business and affairs of the Issuer or the Issuer and its consolidated subsidiaries taken as a whole (the "**Group**") since the date hereof or that there has been no adverse change in the financial position of the Issuer or the Group since the date hereof or that the information contained in it is correct as at any time subsequent to the date on which it is supplied. No representation or warranty, express or implied, is made by the Managers, any Agent or the Trustee as to the accuracy or completeness of such information. None of the Managers, the Agents or the Trustee accepts any responsibility whatsoever for the contents of this Information Memorandum or for any other statement made or purported to be made by it, or on its behalf, in connection with the Issuer or the Notes. Each of the Managers, the Agents and the Trustee accordingly disclaims all and any liability whether arising in tort, contract or otherwise which it might otherwise have in respect of this Information Memorandum or any such statement.

This Information Memorandum does not constitute an offer to sell, or a solicitation to subscribe for or purchase, by or on behalf of the Issuer, the Managers or any other person, any of the Notes in any jurisdiction where it is unlawful for such person to make such offer or solicitation. The distribution of this Information Memorandum and the offer and sale of the Notes in certain jurisdictions is restricted by law. Persons into whose possession this Information Memorandum may come are required by the Issuer and the Managers to inform themselves about and to observe such restrictions. This Information Memorandum may not be used for, or in connection with, any offer to, or solicitation by, anyone in any jurisdiction or under any circumstances in which such offer or solicitation is not authorised or is unlawful. Further information with regard to restrictions on offers and sales of the Notes and the distribution of this Information Memorandum is set out under "*Subscription and Sale*".

No action has been or will be taken to permit a public offering of the Notes or the distribution of this Information Memorandum (in any form) in any jurisdiction where action is required for such purposes.

None of the Issuer, the Managers, the Agents, the Trustee, or any of its or their respective representatives or affiliates makes any representation to any offeree or purchaser of Notes offered hereby regarding the legality of an investment by such offeree or purchaser under applicable legal, investment or similar laws. The contents of this Information Memorandum should not be construed as legal, financial, business or tax advice. Each prospective investor should consult his or her own legal adviser, financial adviser or tax adviser for legal, financial or tax advice in relation to any purchase or proposed purchase of Notes.

To the fullest extent permitted by law, the Managers, the Agents and the Trustee accept no responsibility whatsoever for the Notes, the Trust Deed or the Paying Agency Agreement (each as defined herein) (including the effectiveness thereof) or the contents of this Information Memorandum or for any other statement made or purported to be made by a Manager, an Agent or the Trustee or on its behalf in connection with the Issuer or the issue and offering of the Notes. The Managers, each Agent and the Trustee accordingly disclaims all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of the Notes, the Trust Deed, the Paying Agency Agreement, this Information Memorandum or any such statement.

In connection with the offering of the Notes, the Managers and any of their affiliates, acting as investors for their own accounts, may purchase Notes and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for their own accounts in such Notes and other securities of the Issuer or related investments in connection with the offering of the Notes or otherwise. Accordingly, references in this Information Memorandum to the Notes being issued, offered, acquired, placed or otherwise dealt in should be read as including any issue or offer to, or acquisition, placing or dealing by, the Managers and any of their affiliates acting as investors for their own accounts. The Managers do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so.

Recipients of this Information Memorandum are authorised to use it solely for the purpose of considering an investment in the Notes and may not reproduce, forward or distribute this Information Memorandum, in whole or in part, and may not disclose any of the contents of this Information Memorandum or use any information herein for any purpose other than considering an investment in the Notes.

Persons into whose possession this Information Memorandum comes are required by the Issuer, the Managers to inform themselves about and to observe any such restrictions. Any consents or approvals that are needed in order to purchase any Notes must be obtained. The Issuer, the Managers are not responsible for compliance with these legal requirements. The appropriate characterisation of any Notes under various legal investment restrictions, and thus the ability of investors subject to these restrictions to purchase such Notes, is subject to significant interpretative uncertainties. None of the Issuer, the Agents, the Trustee, the Group or the Managers or any of their respective representatives is making any representation to any offeree or purchaser of the Notes regarding the legality of an investment by such offeree or purchaser under relevant legal investment or similar laws. Such investors should consult their legal advisers regarding such matters.

The Managers and their respective affiliates may have performed and expect to perform in the future various financial advisory, investment banking and commercial banking services for, and may arrange loans and other non-public market financing for, and enter into derivative transactions with, the Issuer and its affiliates (including its shareholders).

Prior to making any decision as to whether to invest in the Notes, prospective investors should read this Information Memorandum. In making an investment decision, prospective investors must rely upon their own examination of the Issuer and the Group and the terms of this Information Memorandum, including the risks involved. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes and, in particular, the information contained or incorporated by reference in this Information Memorandum;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, the merit and risks of an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes;
- understand thoroughly the terms of the Notes; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic considerations, interest rate volatility and other factors that may affect its investment and its ability to bear the applicable risks.

If investors are in any doubt about the contents of this Information Memorandum, investors should consult a stockbroker, bank manager, solicitor, accountant or other financial adviser.

MIFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPs ONLY TARGET MARKET

Solely for the purpose of the manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments (as amended, "**MiFID II**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

UK MiFIR PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET

Solely for the purposes of the manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients, as defined in the UK MiFIR; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

PROHIBITION OF SALES TO EUROPEAN ECONOMIC AREA RETAIL INVESTORS

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**IDD**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No. 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.

PROHIBITION OF SALES TO AIFC RETAIL INVESTORS

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the Astana International Financial Centre ("**AIFC**"). For these purposes, a retail investor has the meaning defined in AIFC Market Rules 1.1.2(6)(b).

NOTICE TO UNITED KINGDOM INVESTORS

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**"); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "**FSMA**") and any rules or regulations made under the FSMA to implement the IDD,

where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

Consequently no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

PROHIBITION ON MARKETING AND SALES TO RETAIL INVESTORS

1. The Notes are complex financial instruments. They are not a suitable or appropriate investment for all investors, especially retail investors. In some jurisdictions, regulatory authorities have adopted or published laws, regulations or guidance with respect to the offer or sale of securities such as the Notes. Potential investors in the Notes should inform themselves of, and comply with, any applicable laws, regulations or regulatory guidance with respect to any resale of the Notes (or any beneficial interests therein).

2.

   (a) In the UK, COBS requires, in summary, that the Notes should not be offered or sold to retail clients (as defined in COBS 3.4 and each a "**retail client**") in the UK.

   (b) By purchasing, or making or accepting an offer to purchase, any Notes (or a beneficial interest in such Notes) from the Issuer and/or the Managers, each prospective investor represents, warrants, agrees with and undertakes to the Issuer and the Managers that:

      (i) it is not a retail client in the UK; and

      (ii) it will not sell or offer the Notes (or any beneficial interest therein) to retail clients in the UK or communicate (including the distribution of the Information Memorandum) or approve an invitation or inducement to participate in, acquire or underwrite the Notes (or any beneficial interests therein) where that invitation or inducement is addressed to or disseminated in such a way that it is likely to be received by a retail client in the UK.

   (c) In selling or offering the Notes or making or approving communications relating to the Notes, you may not rely on the limited exemptions set out in COBS.

3. The obligations in paragraph 2 above are in addition to the need to comply at all times with all other applicable laws, regulations and regulatory guidance (whether inside or outside the EEA or the UK) relating to the promotion, offering, distribution and/or sale of the Notes (or any beneficial interests therein), whether or not specifically mentioned in this Information Memorandum, including (without limitation) any requirements under MiFID II or the UK FCA Handbook as to determining the appropriateness and/or suitability of an investment in the Notes (or any beneficial interests therein) for investors in any relevant jurisdiction.

Where acting as agent on behalf of a disclosed or undisclosed client when purchasing, or making or accepting an offer to purchase, any Notes (or any beneficial interests therein) from the Issuer and/or the Managers, the foregoing representations, warranties, agreements and undertakings will be given by and be binding upon both the agent and its underlying client.

NOTICE TO PROSPECTIVE INVESTORS IN SINGAPORE

Singapore SFA Product Classification: In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in Monetary Authority of Singapore (the "**MAS**") Notice SFA 04-N12: Notice

on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

NOTICE TO PROSPECTIVE U.S. INVESTORS

The Notes have not been approved or disapproved by the United States Securities and Exchange Commission, any State securities commission in the United States or any other regulatory authority in the United States nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Notes or the accuracy or adequacy of this Information Memorandum. Any representation to the contrary is a criminal offence in the United States.

The Notes have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States. The Notes are being offered and sold outside the United States in reliance on Regulation S and within the United States to QIBs in reliance on the exemption from registration provided by Rule 144A (see "*Subscription and Sale*"). Prospective purchasers are hereby notified that sellers of any Rule 144A Note may be relying upon the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of certain restrictions on transfers of the Notes, see "*Transfer Restrictions*".

STABILISATION

In connection with the issue of the Notes, J.P. Morgan Securities plc (the "**Stabilising Manager**") or any person acting on behalf of the Stabilising Manager may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or any persons acting on behalf of the Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment shall be conducted in accordance with all applicable laws and rules.

CERTAIN INFORMATION CONTAINED IN THIS INFORMATION MEMORANDUM

In this Information Memorandum, the Issuer relies on and refers to publicly available information released by official and unofficial sources other than the Issuer. These sources include, but are not limited to, the National Bank of the Republic of Kazakhstan (the "**NBK**") and the Agency of the Republic of Kazakhstan for Regulation and Development of Financial Market (the "**AFR**"), research reports, analyst reports, press releases, securities filings and industry publications. Although the Issuer believes that this information is reliable, it has not independently verified this information and cannot guarantee its accuracy and completeness. In addition, some of the information contained in this Information Memorandum has been derived from official data published by the Kazakhstan Government (the "**Kazakhstan Government**" or "**Government**"). Official statistics and other data published by the Kazakhstan Government are substantially less complete or transparent than those of Western countries. Official statistics may also be compiled on the basis of methodologies different from those used in Western countries. Where information in this Information Memorandum has been sourced from third parties, this information has been accurately reproduced. As far as the Issuer is aware and is able to ascertain from information published by the relevant sources, no facts have been omitted which would render the reproduced information inaccurate or misleading.

This Information Memorandum includes market data and industry forecasts and projections that have been obtained from internal surveys, market research, publicly available information and industry publications. Industry publications generally state that the information they provide has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information are not guaranteed. The forecasts and projections are based on industry surveys and the preparers' expertise in the industry, and there is no assurance that any of the forecasts or projections will be achieved. Similarly, the Issuer believes that the surveys and market research others have performed are reliable, but the Issuer has not independently verified this information.

In addition, the Issuer has included its own estimates, assessments, adjustments and judgements in preparing some market information, which have not been verified by an independent third party. Market information included herein is, therefore, unless otherwise attributed exclusively to a third party source, subjective to a certain degree. Market information or that market information prepared by other sources may differ materially from the market information included herein.

The contents of the Issuer's websites (https://forte.kz/ and https://ir.forte.kz) or any other websites referred to in this Information Memorandum do not form any part of the content of this Information Memorandum.

The language of the Information Memorandum is English.

LIMITATIONS ON ENFORCEMENT OF ARBITRAL AWARDS AND JUDGMENTS

The Issuer is a joint stock company incorporated under the laws of Kazakhstan, and all of its operations are located in Kazakhstan and majority of the directors and executive officers of the Issuer reside in Kazakhstan. All or a substantial portion of the assets of the Issuer are located in Kazakhstan. As a result, it may not be possible (a) to effect service of process upon the Issuer or any of its directors and executive officers outside of Kazakhstan, (b) to enforce against any of them in courts of jurisdictions other than Kazakhstan, judgments obtained in other jurisdictions unless that other jurisdiction and Kazakhstan are party to a treaty on mutual recognition and enforcement of judgments.

The United Kingdom is not a party to any such treaty with Kazakhstan and even if an applicable international treaty is in effect, the recognition and enforcement in Kazakhstan of a foreign judgment will in all events be subject to exceptions and limitations provided for in the laws of Kazakhstan. For example, a court in Kazakhstan may refuse to recognise or enforce a foreign judgment if its recognition or enforcement would contradict public policy. As a result, it may be difficult to obtain recognition or enforcement in Kazakhstan of a foreign judgment in respect of the Notes, the Agency Agreement and the Trust Deed.

Nevertheless, the Issuer will appoint Law Debenture Corporate Services Limited, at Eighth Floor, 100 Bishopsgate, London EC2N 4AG as its authorised agent to accept service of process and any other documents in proceedings in England arising out of or based on the Notes, the Agency Agreement and the Trust Deed.

The Issuer will also agree that any claims or disputes arising in respect of the Notes shall be referred to and finally settled by arbitration in accordance with the rules of the London Court of International Arbitration. Kazakhstan is a party to the United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards 1958 (the "**New York Convention**") and, accordingly, an arbitral award should generally be recognised and enforceable in Kazakhstan under the New York Convention provided the conditions to enforcement set out in the New York Convention and the applicable laws of the Republic of Kazakhstan, including the Law of the Republic of Kazakhstan No. 488-V dated 8 April 2016 "On Arbitration", as amended, together with the Civil Procedure Code of the Republic of Kazakhstan No. 377-V dated 31 October 2015, as amended, are met.

See "*Risk Factors– Risks Related to Republic of Kazakhstan – Enforcement of judgments or arbitral awards against the Bank may be difficult*".

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this Information Memorandum, are not historical facts but constitute "forward-looking statements" within the meaning of section 27A of the Securities Act and Section 21E of the U.S. Exchange Act of 1934. Forward-looking statements include statements regarding the Group's future financial position and results of operations, strategy, plans, objectives, goals and targets, future developments in the markets in which the Group participates or seeks to participate, and any statements preceded by, followed by or that include the words "believes", "expects", "aims", "intends", "plans", "will", "may", "anticipates" or similar expressions or the negative thereof, are forward-looking statements. These forward-looking statements include, amongst other things, statements concerning:

- overall business conditions;
- changes in tax requirements (including tax rate changes, new tax laws and revised tax law interpretations);
- economic and political conditions in Kazakhstan;
- the timing, impact and other uncertainties of future actions;
- inflation, interest rate fluctuations, foreign currency and exchange rate fluctuations and other capital market conditions in Kazakhstan;
- the condition and performance of the economy, including the Republic of Kazakhstan's banking sector;
- the effects of, and changes in, the policy of the Government of the Republic of Kazakhstan;
- the effects of changes in laws, regulations and taxation or accounting standards or practices in Kazakhstan;
- the Bank's ability to maintain or increase market share for its products and services and control expenses;
- the Bank's ability to meet its funding obligations and develop and maintain additional sources of financing;
- the Bank's ability to continue to diversify its client base;
- the impact of the growth of the Bank's loan portfolio on its revenue potential and overall asset quality;
- technological changes; and
- the Bank's ability to manage the risks associated with the aforementioned factors.

The forward-looking statements included in this Information Memorandum involve known and unknown risks, uncertainties and other factors which may cause the Group's actual results, performance, achievements or industry results to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These forward-looking statements are based on numerous assumptions regarding present and future business strategies and the environment in which the Group will operate in the future. You should be aware that a number of important factors provided above could cause the industry's or the Group's own actual results or performance to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements.

This list of important factors is not exhaustive. Additional factors that could cause actual results, performance or achievements to differ materially include those discussed under "*Risk Factors*". When considering forward-looking statements, you should carefully consider the foregoing factors and other uncertainties and events, especially in light of the political, economic, social and legal environment in which the Group operates. Such forward-looking statements speak only as at the date on which they are made, and the Issuer expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement

contained herein to reflect any change in their expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. The Issuer does not make any representation or warranty that the results anticipated by such forward-looking statements will be achieved.

PRESENTATION OF FINANCIAL INFORMATION

Presentation of Financial Information of the Group

The Group's financial information set forth herein has, unless otherwise indicated, been extracted, without material adjustment, from the Group's audited interim condensed consolidated financial statements as at and for the six-month period ended 30 June 2025 (the "**Interim Financial Statements**") and the Group's audited consolidated financial statements as at and for the year ended 31 December 2024 (the "**2024 Financial Statements**") and the Group's audited consolidated financial statements as at and for the year ended 31 December 2023 (the "**2023 Financial Statements**") and the Group's audited consolidated financial statements as at and for the year ended 31 December 2022 (the "**2022 Financial Statements**", and together with the 2024 Financial Statements and 2023 Financial Statements, the "**Annual Financial Statements**", and, together with the Interim Financial Statements, the "**Financial Statements**"), set forth on pages F-2 through F-306 of this Information Memorandum. The Annual Financial Statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("**IFRS Accounting Standards**"). The Interim Financial Statements have been prepared in accordance with the requirements of International Accounting Standard 34 "Interim Financial Reporting" ("**IAS 34**").

The financial information of the Group as at and for the six-month period ended 30 June 2025 and as at and for the financial years ended 31 December 2024 and 31 December 2023 included in this Information Memorandum has, unless otherwise indicated, been derived or extracted from the respective Financial Statements. The reviewed financial information of the Group for the six-month period ended 30 June 2024 included in this Information Memorandum has, unless otherwise indicated, been derived or extracted from the comparative information presented in the Interim Financial Statements. The financial information of the Group as at and for the financial year ended 31 December 2022 included in this Information Memorandum has unless otherwise indicated, been derived or extracted from the comparative information presented in the 2023 Financial Statements.

The tenge is the functional currency of the Group and the presentation currency for the Financial Statements. The Financial Statements and financial information included elsewhere in this document have, unless otherwise noted, been presented in tenge.

Pro Forma Financial Information

The Group has prepared unaudited pro forma condensed consolidated financial information (the "**Unaudited Pro Forma Condensed Consolidated Financial Information**") to illustrate the impact of the proposed acquisition of "Home Credit Bank" JSC ("**Home Credit**") by the Bank on the Bank's financial position and results of operations. The Unaudited Pro Forma Condensed Consolidated Financial Information is presented for illustrative purposes only and, because of its nature, addresses a hypothetical situation and does not purport to represent the Group's actual financial position or results of operations had the acquisition been completed on the dates indicated.

The Unaudited Pro Forma Condensed Consolidated Financial Information should be read in conjunction with the Group's Financial Statements and the financial statements of Home Credit. The Unaudited Pro Forma Condensed Consolidated Financial Information is provided for illustrative purposes only and is not intended to, and does not, represent what the Group's actual financial position or results of operations would have been had the acquisition been completed on the dates indicated, nor is it necessarily indicative of the Group's future financial position or results of operations following the completion of the acquisition. See "*Unaudited Pro Forma Condensed Consolidated Financial Information*."

Independent Auditors of the Group

The Interim Financial Statements pertaining to the financial information of the Group as at and for the six-month period ended 30 June 2025, the 2024 Financial Statements and the 2023 Financial Statements included in this Information Memorandum have been audited by KPMG Audit LLC ("**KPMG**"), as stated in their reports appearing herein.

The 2022 Financial Statements included in this Information Memorandum have been audited by Audit Organization Ernst & Young LLP ("**EY**"), who has issued unqualified independent auditor's reports on the 2022 Financial Statements appearing herein.

KPMG has a State audit licence for audit activities on the territory of the Republic of Kazakhstan, under registration number #0000021 dated 6 December 2006 and issued by the Ministry of Finance of the Republic of Kazakhstan.

EY has a State audit licence for audit activities on the territory of the Republic of Kazakhstan: series MDFO-2, No. 0000003 issued by the Ministry of Finance of the Republic of Kazakhstan on 15 July 2005.

Presentation of Financial Information of Home Credit

Financial information of Home Credit set forth herein has, unless otherwise indicated, been extracted, without material adjustment, from the Home Credit's reviewed interim condensed financial information as at and for the six months ended 30 June 2025 (the "**Home Credit Interim Financial Statements**") and Home Credit's audited financial statements as at and for the year ended 31 December 2024 (the "**Home Credit 2024 Financial Statements**", and together with the Home Credit Interim Financial Statements, the "**Home Credit Financial Statements**"), set forth on pages F-307 through F-404 of this Information Memorandum. The Home Credit 2024 Financial Statements have been prepared in accordance with IFRS as issued by the IFRS Accounting Standards as modified for the requirements of Decree No. 269 of the Management Board of the NBK dated 22 December 2017 (the "**NBK Decree No. 269**"). The Home Credit Interim Financial Statements have been prepared in accordance with the requirements of IAS 34 as modified for the requirements of the NBK Decree No. 269.

The financial information of Home Credit as at and for the six-month period ended 30 June 2025 and as at and for the financial year ended 31 December 2024 included in this Information Memorandum has, unless otherwise indicated, been derived or extracted from the respective Home Credit Financial Statements. The reviewed financial information of Home Credit for the six-month period ended 30 June 2024 included in this Information Memorandum has, unless otherwise indicated, been derived or extracted from the comparative information presented in the Home Credit Interim Financial Statements. The financial information of Home Credit as at and for the financial year ended 31 December 2023 included in this Information Memorandum has unless otherwise indicated, been derived or extracted from the comparative information presented in the Home Credit 2024 Financial Statements.

The tenge is the functional currency of Home Credit and the presentation currency for the Home Credit Financial Statements. The Home Credit Financial Statements and financial information included elsewhere in this document have, unless otherwise noted, been presented in tenge.

Independent Auditors of Home Credit

The Home Credit 2024 Financial Statements included in this Information Memorandum have been audited by KPMG, as stated in their report appearing herein.

With respect to the Home Credit Interim Financial Statements, KPMG, as the independent auditor, has reported that it applied limited procedures in accordance with professional standards for review of such information. However, KPMG did not audit and does not express an opinion on the Home Credit Interim Financial Statements. Accordingly, the degree of reliance on such information should be restricted in light of the limited nature of the review procedures applied.

Certain Definitions and Currencies

In this Information Memorandum, all references to:

- "**AFR**" are to the Agency of the Republic of Kazakhstan for Regulation and Development of Financial Market;
- "**the Bank**" are to "ForteBank" JSC;

- "**CIS**" are to the Commonwealth of Independent States and its member states as at the date of this Information Memorandum, being Armenia, Azerbaijan, Belarus, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Turkmenistan and Uzbekistan;
- "**EU**" are to the European Union;
- "**Government**" or "**Kazakhstan Government**" are to the Government of the Republic of Kazakhstan;
- "**the Group**" are to the Bank and its consolidated subsidiaries taken as a whole;
- "**Home Credit**" are to the "Home Credit Bank" JSC;
- "**IFIs**" are to the international financial institutions;
- "**IFRS**" are to the IFRS Accounting Standards;
- "**Kazakhstan**" are to the Republic of Kazakhstan;
- "**NBK**" are to the National Bank of the Republic of Kazakhstan; and
- "**US**" are to the United States of America.

In this Information Memorandum, the following currency terms are used:

- "**EUR**", "**Euro**" "**euro**" or "**€**" means the lawful currency of the member states of the European Union that adopted the single currency in accordance with the Treaty of Rome establishing the European Economic Community, as amended;
- "**KZT**" or "**tenge**" means the lawful currency of the Republic of Kazakhstan; and
- "**USD**" or "**U.S.$**" or "**U.S. dollar**" means the lawful currency of the United States.

References in the Information Memorandum to "billions" are to thousands of millions.

Exchange Rate

The table below sets forth, for the periods and dates indicated, certain information regarding the exchange rate between the tenge and the U.S. dollar, based on the official exchange rate quoted by the NBK. Fluctuations in the exchange rates between the tenge and the U.S. dollar in the past are not necessarily indicative of fluctuations that may occur in the future.

	Period End	Average[(1)]	High	Low
			(Tenge/U.S. dollar)	
Year ended 31 December				
2022	462.65	460.85	512.19	414.67
2023	454.56	456.23	482.77	431.08
2024	523.54	469.11	524.66	439.40
Six-month period ended 30 June				
2024	471.46	449.00	471.46	439.40
2025	520.39	512.07	530.24	488.53

Source: NBK (www.nationalbank.kz)

Notes:

(1) The average rates are calculated as the average of the daily exchange rates on each calendar day (which is announced by the NBK for such day).

Rounding

Certain figures included in this Information Memorandum have been subject to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

Key Performance Indicators

The key performance indicators ("**KPIs**") or alternative performance measures ("**APMs**") described below have been calculated based on data derived from the Financial Statements and unaudited accounting records and management accounts. Where used, the relevant metrics are identified as APMs and accompanied by an explanation of each such metric's components and calculation method.

This Information Memorandum includes certain financial measures that are not measures of performance specifically defined by IFRS. These include (without limitation) the following financial measures: return on average assets, return on average equity, cost-to-income ratio, net interest margin, allowance for loan losses/ gross loans, interest received/interest accrued, total liquid assets/total assets, loan to deposit ratio, Regulatory Capital Ratio, Capital Adequacy Ratio, NPL ratio, non-performing loans coverage, credit impaired loans/gross loans, cost of risk and risk-weighted assets density. See "*Selected Consolidated Financial Information*" for the information on the basis of calculation of the non-IFRS financial measures. In addition, this Information Memorandum includes certain of the Bank's selected statistical information in "*Selected Statistical and Other Information*", including average balance of interest-earning assets, average balance of non-interest-earning assets, average balance of total assets, average balance of interest-bearing liabilities, average balance of non-interest-bearing liabilities, average balance of equity, average balance of equity and non-interest-bearing liabilities, average balance of equity and liabilities, average yield on interest-earning assets, average rate paid on interest-bearing liabilities, ratio of net charge-offs, total weighted average yield, average balance of term deposits, average balance of current/settlement accounts, average balance of total deposits and current/settlement accounts and average rate paid on term deposits. See "*Selected Statistical and Other Information*" for the information on the basis of calculation of the selected statistical information.

The KPIs and APMs disclosed in this Information Memorandum should not, however, be considered as an alternative to, in isolation from or as substitutes for financial information reported under IFRS. The KPIs and APMs disclosed in this Information Memorandum were not audited, reviewed or otherwise reported on by independent auditors and are not measures specifically defined by IFRS and the Group's use of these measures may vary from other companies in its industry due to differences in accounting policies or differences in the calculation methodology of similar measures by other companies in its industry.

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OVERVIEW OF THE BANK

This overview highlights certain information concerning the business of the Bank and the Notes. It does not contain all information that may be important to an investor in the Notes or an investment decision in relation to the Notes. This overview should be carefully read in conjunction with, and is qualified in its entirety by reference to, the more detailed information in this Information Memorandum, including the Financial Statements. Investors should also consider the matters set forth in "Risk Factors" before deciding to invest in the Notes. Certain statements in this Information Memorandum include forward-looking statements which also involve risk and uncertainties as described under "Cautionary Statement Regarding Forward-Looking Statements".

The Bank was formed on 1 January 2015 as a result of merger of Temirbank JSC and ABC Bank JSC (former ForteBank JSC) into Alliance Bank JSC. Following the merger, on 10 February 2015, Alliance Bank JSC was reregistered and rebranded as ForteBank JSC.

The Bank is one of the leading banks in the Republic of Kazakhstan offering a wide range of banking products, offerings and solutions. According to the NBK, as at 30 June 2025, the Bank was the fifth largest commercial bank in Kazakhstan by total assets (with a 7.0 per cent. market share), fifth by loan portfolio size (with a 7.4 per cent. market share), sixth by capital (with a 5.2 per cent. market share), fourth by deposits (with a 7.1 per cent. market share) and fifth by net profit (with a 7.1 per cent. market share).

The Bank operates in four principal business areas: retail business, SMEs, corporate business and investment activities and its products and services include corporate lending, retail lending, deposit taking, cash handling, international money transfers, letters of credit, guarantees, foreign exchange operations and other banking products.

The Bank operates a multichannel offline and online distribution network. As at 30 June 2025, the Bank's offline network was comprised of 21 branches, 89 service offices, 715 ATMs and 15,199 payment terminals across 37 cities and towns within Kazakhstan. The Bank's products and services may also be accessed through its online banking platform and mobile application.

The Bank is a principal member of VISA International and Mastercard International as well as a member of the Society for Worldwide Interbank Financial Telecommunication ("**SWIFT**"). The Bank is also a member of Kazakhstan Stock Exchange ("**KASE**") and a trading member (through its affiliate, "ForteFinance" JSC) of Astana International Exchange ("**AIX**").

The Bank participates in the Kazakhstan Deposit Insurance Fund ("**KDIF**") which primary objective is to protect the depositors' interest in the event of forced liquidation of the participant banks. As at the date of this Information Memorandum, the insurance recovery limits are set at KZT20 million with respect to KZT-denominated savings deposits, KZT10 million with respect to KZT-denominated accounts, deposits and plastic cards and KZT5 million with respect to accounts, deposits and plastic cards denominated in other currencies.

The Bank's business is well diversified, with the key business segments of retail business, SMEs and corporate banking being well balanced in the Bank's loan portfolio and deposit base, as well as in the structure of its assets and liabilities. One of the pillars of the Bank's strategy is the increase of its market share across all business segments without compromising asset quality and maintaining a stable and robust risk management profile.

Further, the Bank aims to continuously develop its IT infrastructure and invest in the digitalisation of its products and services, enhance its compliance and risk management processes and implement the ESG and Sustainable Development Strategy (including the monitoring and mitigation of environmental and climate risks and development of green banking products and solutions for corporate and retail customers).

As at 30 June 2025, the Bank's total assets comprised KZT4,539,536 million while the total liabilities comprised KZT4,042,334 million. Shareholder equity was KZT497,202 million. As at 30 June 2025, total net loans to customers amounted to KZT2,687,160 million, with loans to corporate customers, loans to SMEs and loans to individuals (retail customers) accounting for 31.7 per cent., 25.5 per cent. and 42.8 per cent. of total loans to customers, respectively. As at 30 June 2025, current accounts and deposits of customers amounted to KZT3,091,305 million, including corporate accounts and deposits in the amount of KZT2,033,625 million (or 65.8 per cent. of total accounts and deposits) and retail accounts and deposits amounting to KZT1,057,680

million (or 34.2 per cent. of total accounts and deposits). For the six months ended 30 June 2025 and 2024, the Bank generated profit of KZT100,007 million and KZT74,765 million, respectively.

As at 31 December 2024, the Bank's total assets amounted to KZT4,090,936 million while the total liabilities amounted to KZT3,522,752 million. Shareholder equity was KZT568,184 million. As at 31 December 2024, total net loans to customers were KZT1,820,134 million, including loans to corporate customers, loans to SMEs and loans to individuals (retail customers) comprising 32.9 per cent., 30.6 per cent. and 36.5 per cent. of total loans to customers, respectively. As at 31 December 2024, current accounts and deposits from customers amounted to KZT2,867,955 million, including corporate accounts and deposits in the amount of KZT1,844,096 million (or 64.3 per cent. of total accounts and deposits) and retail accounts and deposits in the amount of KZT1,023,859 million (or 35.7 per cent. of total accounts and deposits). For the years ended 31 December 2024, 2023 and 2022, the Bank generated profit of KZT160,346 million, KZT116,437 million and KZT98,086 million, respectively.

In June 2025, the Bank reached an agreement with the shareholders of Home Credit on the acquisition of 100.0 per cent. of the shares of Home Credit and HomeITTech LLP, an IT company based in Kazakhstan. In September 2025, following approvals from the Agency for Protection and Development of Competition of the Republic of Kazakhstan ("**APDC**") and the AFR, the Bank acquired 26.8 per cent. of the shares of Home Credit. Completion of the transaction is expected after obtaining additional regulatory approvals from the AFR. The Bank's management expects to complete the acquisition of Home Credit by the end of 2025. Home Credit will continue to use the "Home Credit" trademark for a period of 18 months following the consolidation of 75.0 per cent of its shares by the Bank. See – "*Risk factors – Risks relating to the Bank's Business and Industry – The Bank's proposed acquisition of Home Credit involves significant risks, and there can be no assurance of successful integration of Home Credit's operations, products and services into the Group's existing business, and the Bank's actual consolidated financial position and results of operations may differ materially from the Unaudited Pro Forma Condensed Consolidated Financial Information included in this Information Memorandum*." Home Credit is one of the leading retail focused banks in the Republic of Kazakhstan offering a wide range of banking products, offerings and solutions. According to the NBK, as at 1 July 2025, Home Credit was the 13th largest commercial bank in Kazakhstan by total assets (with a 1.8 per cent. market share), 11th by loan portfolio size (with a 2.2 per cent. market share), 8th by capital (with a 2.3 per cent. market share), 11th by deposits (with a 2.0 per cent. market share) and 12th by net profit (with a 1.6 per cent. market share). Home Credit's business is focused on retail lending operations, deposit taking and customer accounts maintenance as well as guarantees, cash handling and settlement operations and foreign exchange transactions. See – "*Business of Home Credit*", "*Management's Discussion and Analysis of Home Credit's Financial Condition and Results of Operations*" and "*Unaudited Pro Forma Condensed Consolidated Financial Information*."

The Bank was incorporated in 1999 under the laws of the Republic of Kazakhstan and operates under banking licence No. 1.2.29/197/36. The registered office of the Bank is located at 8/1 Dostyk Street, Astana Z05P1P0, Republic of Kazakhstan. The telephone number of the registered office of the Bank is +7 7172 59 99 99. As at the date of this Information Memorandum, the Bank has the following long-term ratings: 'BB' from Fitch and 'Ba2' from Moody's.

OVERVIEW OF THE OFFERING

*The following overview contains basic information about the Notes and is not intended to be complete. For a more complete understanding of the Notes, please refer to the Terms and Conditions of the Notes ("**Conditions**"). Capitalised terms not defined in this section have the meanings given to them in the Conditions.*

Issuer	"ForteBank" JSC
Sole Global Coordinator and Bookrunner	J.P. Morgan Securities plc
Joint Lead Managers and Bookrunners	Commerzbank Aktiengesellschaft, First Abu Dhabi Bank PJSC and Mashreqbank psc
Kazakhstan Manager	"ForteFinance" JSC
Managers	The Sole Global Coordinator, the Joint Lead Managers and the Kazakhstan Manager
Notes Offered	U.S.$400,000,000 Perpetual Subordinated Callable Additional Tier 1 Capital Notes
Trustee	BNY Mellon Corporate Trustee Services Limited
Principal Paying Agent and Calculation Agent	The Bank of New York Mellon, London Branch
Registrar and Transfer Agent	The Bank of New York Mellon SA/NV, Dublin Branch
Issue Price	99.479 per cent.
Issue Date	3 November 2025
Interest Rate	(i) in respect of the period from (and including) the Issue Date to (but excluding) the First Reset Date, at the rate of 9.750 per cent. per annum, and (ii) in respect of each period from (and including) the First Reset Date and every Reset Date to (but excluding) the next succeeding Reset Date, at the rate determined by the Calculation Agent on the relevant Reset Determination Date equal to the sum of the relevant Treasury Yield plus the Margin (rounded if necessary to five decimal places, with 0.000005 rounded up) in accordance with Condition 4(b). Subject as provided in the Conditions, Interest will be payable semi-annually in arrear on each Interest Payment Date, with the first Interest Payment Date falling on 3 May 2026.
Limitations on Interest	The Issuer may elect, at any time, in its sole and absolute discretion, to cancel (in whole or in part) the payment of any Interest otherwise scheduled to be paid on an Interest Payment Date. Without prejudice to any right of the Issuer to cancel the payments of any Interest: (a) the Issuer will cancel any Interest, or the relevant part thereof, otherwise scheduled to be paid on an Interest Payment Date if and to the extent that the Issuer is required to cancel the relevant payment of Interest in whole or in part in accordance with the Applicable Banking Regulations; (b) the Issuer will cancel any Interest, or the relevant part thereof, otherwise scheduled to be paid on an Interest Payment Date if and to the extent that the Competent Authority, in accordance with the

Applicable Banking Regulations, requires the Issuer to cancel the relevant payment of Interest in whole or in part;

(c) the Issuer will cancel any Interest, or the relevant part thereof, otherwise scheduled to be paid on an Interest Payment Date if and to the extent that such payment would cause a breach of any regulatory restriction or prohibition on payments on Additional Tier 1 Capital pursuant to the Applicable Banking Regulations; and

(d) if a Write Down Event occurs at any time on or after the Issue Date, any Interest which accrues to the Write Down Measure Effective Date shall automatically be cancelled and shall not be paid. Payments of Interest on the Notes are non-cumulative.

If any scheduled payment of Interest is not made in full because of cancellation, the Issuer must ensure that no distribution or dividend in cash or in kind shall be paid on any Ordinary Shares, and no transaction shall be entered into that would allow the Issuer to redeem, purchase or otherwise acquire any Ordinary Shares, until the Interest due on any subsequent Interest Payment Date has been paid in full or no Notes remain outstanding.

For further information, see Condition 4 (*Interest*).

Risk Factors

An investment in the Notes involves a high degree of risk. See "*Risk Factors*".

Use of Proceeds

The net proceeds shall be included in the Issuer's Additional Tier 1 Capital upon approval by the Competent Authority and may be used by the Issuer for its general banking business. For more information, see "*Use of Proceeds*".

Form

The Notes will be in registered form, without interest coupons attached, in denominations of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof.

The Notes will be issued in the form of a Regulation S Global Note and a Rule 144A Global Note, each in registered form and without interest coupons attached. The Regulation S Global Note will be deposited with the common depositary for Euroclear and Clearstream, Luxembourg and registered in the name of a nominee of such common depositary. The Rule 144A Global Note will be deposited with a custodian for, and registered in the name of, Cede & Co., as nominee of DTC. Ownership interests in the Regulation S Global Note and Rule 144A Global Note will be shown on, and transfer thereof will be effected only through, records maintained by Euroclear, Clearstream, Luxembourg, DTC and their respective participants. Notes in definitive form will be issued only in limited circumstances.

Ranking of the Notes

The Notes will constitute direct, subordinated, unsecured and unguaranteed obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The rights and claims of Noteholders in respect of, or arising under, the Notes (including any damages awarded for breach of obligations in respect thereof) are subordinated as described in Condition 3(b) (*Subordination*), but subject to any other ranking that may apply as a result of any mandatory provision of law of the Republic of Kazakhstan. For further information, see Condition 3 (*Status and Subordination etc.*).

Optional Redemption

The Issuer may, at its option (subject to the prior consent of the Competent Authority, if required, and otherwise in accordance with Applicable Banking Regulations then in force), redeem the Notes in whole but not in part on any day falling in the period commencing on (and including) 3 November 2030 and ending on (and including) the First Reset Date or on any Interest Payment Date falling after the First Reset Date, in each case at the Redemption Price.

The Notes are also redeemable at the Redemption Price, on or after the Issue Date, at any time, at the option of the Issuer (subject to the prior consent of the Competent Authority, if required, and otherwise in accordance with Applicable Banking Regulations then in force), in whole but not in part, if there is a Tax Event that is continuing.

In addition, following the occurrence of a Capital Event that is continuing, the Issuer may redeem the Notes (in whole but not in part) in its sole discretion (subject to the prior consent of the Competent Authority, if required, and otherwise in accordance with Applicable Banking Regulations then in force), at any time, at the Redemption Price.

Further, if there is an Approval Event (as defined in the Conditions) the Issuer may elect to redeem all, but not some only, of the Notes at the Redemption Price within the period of 30 days commencing on the Approval Date if an Approval Event occurs and is continuing.

The Issuer may also redeem all (but not some only) of the remaining Notes at the Redemption Price at any time following a Substantial Repurchase Event, being when 75 per cent. or more of the aggregate principal amount of the Notes originally issued has been purchased by the Issuer or any of its Subsidiaries and cancelled.

Any redemption (other than as a result of an Approval Event) is subject to the prior consent of the Competent Authority and must be made otherwise in accordance with the Applicable Banking Regulations then in force. For further information, see Condition 6 (*Redemption, Substitution, Variation and Purchase*).

Write Down Event

A "**Write Down Event**" is deemed to have occurred if, at any time, as determined by the Issuer, the Competent Authority or an agent appointed by the Competent Authority, the CET1 Ratio is less than 5.500 per cent.

Write Down

In the event that a Write Down Event has occurred and is continuing on the date on the Write Down Measure Effective Date:

(a) any applicable Monetary Damages shall be cancelled in full;

(b) any applicable Interest Cancellation Amount shall be cancelled in full; and

(c) the Write Down Amount shall be written down in full.

The Competent Authority may, at its sole discretion, and in accordance with Applicable Banking Regulations, following the occurrence of a Write Down Event, determine that (i) any Monetary Damages and/or accrued and unpaid Interest (if any) need only be Cancelled in part (and not in full) and/or (ii) the Outstanding Principal Amount of the Notes need only be Written Down in part (and not in full), in each case, in order to remedy the relevant Write Down Event, *provided that*, the Outstanding Principal Amount of the Notes may only be used to remedy a Write Down Event pro rata with the Loss

	Absorbing Instruments and Monetary Damages and accrued Interest may only be Cancelled pro rata with monetary damages and accrued interest on the Loss Absorbing Instruments, provided further that, in each case, the effectiveness of a write down or cancellation under a Loss Absorbing Instrument shall not prejudice any Write Down of the Notes or any Cancellation of Monetary Damages or Interest under the Notes. Any Monetary Damages and/or Interest payment that has been Cancelled in accordance with this Condition 5 (*Write Down*) shall not accumulate or be payable at any time thereafter, including where the relevant Write Down Event is no longer continuing. A Write Down Event may occur on more than one occasion (and Monetary Damages and accrued Interest may be cancelled and the Notes may be written down on more than one occasion). For further information, see Condition 5 (*Write Down*).
Substitution/variation	If a Capital Event or a Tax Event has occurred and is continuing, the Issuer may, in its sole discretion, but subject as set out below, having given not less than 10 nor more than 60 days' notice to the Trustee, the Principal Paying Agent, the Calculation Agent and to the Noteholders in accordance with Condition 15 (*Notices*), without any requirement for the consent or approval of the Noteholders, either substitute all (but not some only) of the Notes for, or vary the terms of the Notes (including changing the governing law of the Notes) so that the Notes remain or, as appropriate, become, Qualifying Additional Tier 1 Notes.
Withholding Tax	All payments in respect of interest and principal on the Notes will be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatsoever nature imposed, levied, collected, withheld or assessed by or within the Republic of Kazakhstan or any political subdivision or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. If any such taxes, duties, assessments or governmental charges are payable, the Issuer shall (subject to certain exceptions) pay such additional amounts as will result in the receipt by the Noteholders of such amounts as would have been received had no such deduction or withholding been required, as more fully described in Condition 8 (*Taxation*).
Listing of Notes	Application has been made to (i) the Vienna Stock Exchange for the Notes to be admitted to trading on the Vienna MTF and (ii) the AIX for the Notes to be included in the official list of and to be admitted to trading on the AIX. Neither the Vienna MTF nor the AIX is a regulated market for the purposes of MiFID II.
Ownership Restrictions	None of DTC, Euroclear or Clearstream, Luxembourg, will monitor compliance with any transfer or ownership restrictions.
Governing Law and Arbitration	The Notes and the Trust Deed and any non-contractual obligations arising out of or in connection with any of them shall be governed by and construed in accordance with English law, except that the provisions of Condition 3 and the relevant provisions of the Trust Deed shall be governed by and construed in accordance with the laws of the Republic of Kazakhstan, and contain provisions for arbitration in London, England.

Acknowledgement of Statutory Write-Down or Conversion	By acquiring the Notes, each Noteholder acknowledges, accepts, consents and agrees to be bound by the effect of the exercise by the Competent Authority of its resolution powers envisaged by the Applicable Banking Regulations in relation to the Notes, as provided in Condition 19 (*Acknowledgement of Statutory Write-Down or Conversion*).
Selling Restrictions	United States, United Kingdom, Kazakhstan, Singapore and any other jurisdiction relevant to the offering of the Notes. See "*Subscription and Sale*". Pursuant to COBS, the Notes are not intended to be offered, sold or otherwise made available and should not be offered, sold or otherwise made available to retail clients (as defined in COBS 3.4) in the UK. In addition, the Notes are not intended to be offered, sold or otherwise made available and should not be offered, sold or otherwise made available, to any retail investors in the EEA or the UK.
Ratings	The Notes are expected to be rated 'B-' by Fitch and 'B3(hyb)' by Moody's. Fitch is not established in the EEA, but the rating it has given to the Notes is endorsed by Fitch Ratings Ireland Limited, which is registered under the EU CRA Regulation. Moody's is not established in the EEA, but the rating it has given to the Notes is endorsed by Moody's Deutschland GmbH, which is registered under the EU CRA Regulation. Credit ratings assigned to the Notes do not necessarily mean that the Notes are a suitable investment. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. Similar ratings on different types of notes do not necessarily mean the same thing. Credit ratings do not relate to the liquidity of the Notes or consider whether there is a market for the Notes. Any change in the credit rating of the Notes or of the Issuer could adversely affect the price that a subsequent purchaser would be willing to pay for the Notes. The significance of each rating should be analysed independently from any other rating.
Security Identification	Regulation S Notes: ISIN: XS3218687625 Common Code: 321868762 Rule 144A Notes: ISIN: US34955XAC56 Common Code: 322178824 CUSIP: 34955X AC5
Legal Entity Identifier	529900TH5WJ6KE8N8Z35

RISK FACTORS

Investment in the Notes involves a high degree of risk. Prospective investors should carefully consider the following risk factors, together with the other information set out in this Information Memorandum, before making a decision to invest in the Notes and should understand that the risks set forth below could, individually or in the aggregate, have a material adverse effect on the Issuer's ability to repay principal and make payments of interest on the Notes or otherwise fulfil its obligations under the Notes. Most of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. Additional risks and uncertainties not currently known to the Issuer or that the Issuer currently deems to be immaterial may also materially affect the Issuer's economy and its ability to fulfil its obligations under the Notes. In any such case, investors may lose all or part of their investment in the Notes.

Risks relating to the Bank's Business and Industry

The Bank operates in a competitive industry

In recent years, Kazakhstan's banking sector has become increasingly competitive. According to the NBK, as at 30 June 2025, there were 22 commercial banks operating in Kazakhstan. The Bank competes with a number of these banks, including Halyk Bank, Kaspi Bank, Bank CenterCredit and others in respect of services provided across all of the Bank's business segments. According to the NBK, as at 30 June 2025, the Bank was the fifth largest commercial bank in Kazakhstan by total assets (7.0 per cent. market share), loan portfolio size (7.4 per cent. market share) and net profit (7.1 per cent. market share), fourth by deposits (7.1 per cent. market share) and sixth by capital (5.2 per cent. market share).

The liberalisation of the economy in Kazakhstan prior to the global financial crisis, which began in 2008, resulted in a number of foreign companies, including banks, establishing operations in Kazakhstan through direct investment or by participating in the banking and financial services sector. A number of foreign banks have opened representative offices in Kazakhstan, including MUFJ Bank, Commerzbank AG, Deutsche Bank AG, ING Bank N.V., JP Morgan Chase Bank, N.A., and Société Générale which provide full-service banking services, and pose an increased competitive challenge for the local market. Although the Bank believes it continues to offer highly competitive products for its retail and corporate customers, there can be no assurance that the Bank's retail customers will not transfer a significant portion of their deposits and/or loans to one or more of the Bank's competitors or that the Bank will gain a significant share of new customers in the market.

Increased competition may have a negative impact on the Bank, particularly if the Bank's new competitors entering the Kazakhstan market possess greater financial resources (especially in the case of banks with foreign capital investment or banks which are representative offices or subsidiaries of non-resident foreign banks, by way of access to funding from foreign capital or their parent entity), have access to lower-cost funding, provide a broader offering of products, or if the Bank's existing competitors merged to significantly enhance their financial resources, access to funding and product offerings. Consequently, an increase in competition could lead to significant pressure on the Bank's market share and may lead to increased pricing pressures on the Bank's products and services, which could in turn have a material adverse effect on the Bank's business, results of operations, financial condition and prospects**.**

The Bank may be unable to attract sufficient new customers, engage and retain existing customers or sell additional functionality, products and services to them

The successful implementation of the Bank's growth strategy depends on the Bank's ability to attract new customers and expand its existing customers' base by offering new competitive products and services. In the period under review the Bank has maintained a leading position on the Kazakhstan banking market (see "*–The Bank operates in a competitive industry*") and has expanded both its loan and deposit portfolios, but there can be no assurance that the Bank may be able to demonstrate or sustain such growth results in the future.

The Bank continues to invest significant resources in its infrastructure and development and other areas in order to enhance its existing products and services, as well as introduce new products and services aimed at increasing the number of customers. As the market for the Bank's services mature, or as new or existing competitors introduce new products, services or functionality that compete with the Bank's, the Bank may face external

pressures and may be unable to innovate and adapt to these changes and therefore to retain its existing customers or attract sufficient new customers.

The Bank's ability to attract, retain and grow its customer base will require it to successfully create new products. The Bank may also introduce significant changes to its existing products or develop and introduce new and unproven products and services, which may require significant investments of time, money and resources. The future performance of these and other new products or services, however, is inherently uncertain, and as a result of potential underperformance of these products or services the Bank may fail to attract or retain customers or generate sufficient return to justify its investments, which may adversely affect its business, results of operations, financial condition and prospects. The Bank's ability to enhance its digitalisation strategy and offerings (see – "*Business – Strategy – Digital Channels (IT)*") will also require substantial development costs and engagement of significant human resources and third-party service providers, and these processes could be impaired for a variety of reasons, including unavailability of necessary technology, high costs and adverse reaction to changes in general economic conditions or other factors.

If the Bank's efforts to attract and retain customers are not successful, or if its customers reduce or discontinue their usage of the Bank's products and services, the Bank's business, results of operations, financial condition and prospects may be materially adversely affected.

There can be no assurance of future sustained growth in the Bank's loan portfolio, which could adversely affect growth in net interest income and rapid growth of the loan portfolio could increase credit and operational risks

As at 30 June 2025, the Bank's total net loans to customers stood at KZT2,687,160 million, an increase of 47.6 per cent. compared to 31 December 2024 and an increase of 95.1 per cent. as compared to 31 December 2023. The size of the Bank's loan portfolio in tenge increased as a result of the increases in corporate loans, loans to small and medium enterprises ("**SMEs**") and loans to individuals driven by the growth in lending activity as well as the Bank's digitalisation efforts and tailored offerings to each of its business segments.

There can be no assurance that the Bank will be able to grow its loan portfolio in the future or that any future growth will be in line with its historical rates of loan portfolio growth. The pace of the Bank's loan portfolio growth may be constrained by, among other factors, the Bank's ability to increase lending volumes to customers that meet its credit quality standards. If the Bank is unable to further expand its loan portfolio, the Bank may be unable to generate sufficient interest income, which could have a material adverse effect on the Bank's business, results of operations, financial condition and prospects or the Bank's ability to fulfil its obligations under the Notes.

Rapid loan portfolio growth places increasing demands on the Bank's credit risk management resources, infrastructure and operational capacity. If the Bank fails to scale its risk management frameworks, underwriting processes, monitoring tools and internal controls in line with the pace of lending, the quality of new lending could deteriorate and credit losses could rise. Higher origination volumes may also heighten operational risk, including errors in credit assessment, weaker post-origination monitoring or capacity constraints in collections and recovery. Failure to maintain adequate risk management practices could lead to higher levels of non-performing loans (loans overdue by more than 90 days) (the "**NPLs**") and impairment charges, which may have a material adverse effect on the Bank's business, results of operations, financial condition and prospects.

The Bank's proposed acquisition of Home Credit involves significant risks, and there can be no assurance of successful integration of Home Credit's operations, products and services into the Group's existing business, and the Bank's actual consolidated financial position and results of operations may differ materially from the Unaudited Pro Forma Condensed Consolidated Financial Information included in this Information Memorandum

The Bank has announced its intention to acquire Home Credit. The Bank's management expects the acquisition to be completed by the end of 2025. Completion of the transaction remains subject to the satisfaction of certain conditions, including receipt of regulatory approvals, and to the finalisation of certain commercial terms of the acquisition. These terms, including the determination of the final purchase price, any earn-out arrangements, limitations on indemnities and the survival of representations and warranties, may differ from current expectations and could adversely affect the anticipated benefits of the acquisition. There can be no assurance

that the necessary regulatory approvals will be obtained in a timely manner or at all, that other conditions will be satisfied in a timely manner, or that the acquisition will be completed on the terms currently envisaged. Any delay or failure to complete the transaction could limit the Bank's ability to execute its strategic growth plans.

If the acquisition is completed, the Group's future performance will depend in part on the successful integration of Home Credit's operations, products, services, employees and customer base into the Group's existing business. The integration process may present significant operational, technological, cultural and strategic challenges, and the Group may not be able to integrate Home Credit's business as quickly or as effectively as planned. Difficulties may include harmonising technology systems and risk management processes, aligning product offerings, retaining key employees and customers, complying with regulatory requirements, as well as managing differences in corporate culture and organisational structure.

The Group may also incur substantial costs in connection with the integration process. Such costs may be higher than anticipated, and expected synergies or cost savings may be lower or take longer to achieve than expected. Changes to product offerings, pricing strategies or brand positioning as part of the integration may lead to customer attrition or slower-than-expected customer acquisition.

The Bank has prepared the unaudited pro forma condensed consolidated statement of comprehensive income for the six-months period ended 30 June 2025 and for the year ended 31 December 2024 reflecting the Bank and Home Credit's financials, adjusted as if the acquisition had occurred on 1 January 2024, and the unaudited pro forma condensed consolidated statement of financial position as at 30 June 2025 reflecting the Bank and Home Credit's financials, adjusted as if the acquisition had occurred on 30 June 2025, based on the estimated transaction value at closing (November 2025). The unaudited pro forma financial information presented in this Information Memorandum is for illustrative purposes only. It does not reflect the impacts of any potential operational efficiencies, revenue enhancements, cost savings or economies of scale that the Bank may achieve as a result of the acquisition, and therefore is not necessarily indicative of the financial condition or results of operations of the combined group following completion of the acquisition. Such information may not, therefore, give a true picture of the Bank's financial results nor is it indicative of the results that may or may not be expected to be achieved in the future. Actual performance may differ materially from the one presented in the unaudited pro forma financial information. The pro forma financial information presented in this Information Memorandum is derived from and should be read in conjunction with the following historical financial statements and accompanying notes of the Bank and the Home Credit: (i) the audited consolidated financial statements of the Bank as of and for the year ended 31 December 2024; (ii) the audited financial statements of Home Credit as of and for the year ended 31 December 2024; (iii) the interim condensed consolidated audited financial statements of the Bank as of and for the six-month period ended 30 June 2025; and (iv) the interim condensed unaudited financial statements of Home Credit as of and for the six-month period ended 30 June 2025. The pro forma financial information presented in this Information Memorandum has been prepared on the basis set out in the notes thereto and does not constitute the financial statements of the Bank. Further, the pro forma financial information does not contain fair value adjustments to identifiable assets acquired and liabilities assumed according to requirements of IFRS 3 "Business Combinations", due to the lack of relevant information available as the acquisition is not yet complete. The determination of the fair value of Home Credit's assets and liabilities will be made on the basis of the analysis to be performed after completion of the acquisition. Accordingly, the pro forma adjustments, including the determination of goodwill, are preliminary and have been made solely for illustrative purposes to present the effects of the acquisition. Investors should read the whole of this Information Memorandum and should not rely solely on the unaudited pro forma financial information presented in this Information Memorandum. See "*Unaudited Pro Forma Condensed Consolidated Financial Information*." Failure to complete the acquisition of Home Credit on the anticipated terms, or to integrate Home Credit's operations, products and services into the Group's existing business successfully, could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

The anticipated benefits of the acquisition of Home Credit may not materialise

The anticipated strategic, financial and operational benefits of the acquisition of Home Credit may not materialise, may take longer to achieve than expected, or may fall short of expectations. Integration may lead to the loss of customers, changes in the composition or risk profile of the Bank's loan portfolio or unforeseen liabilities. The Bank may not be aware of, or may not have successfully identified, the full extent of the risks associated with Home Credit prior to completion, and such risks could emerge only after the acquisition has

been completed. Any failure to realise the expected benefits of the transaction could have a material adverse effect on the Bank' business, results of operations, financial condition and prospects.

Differences in risk management and accounting practices between the Group and Home Credit may lead to higher credit loss allowances and impairments

Differences between the credit risk assessment methodologies, underwriting standards and scoring models historically applied by Home Credit and those currently used by the Group may result in the need for higher credit loss allowances or increased impairment charges once Home Credit's portfolio is assessed under the Group's risk management framework. Differences in accounting policies, assumptions and reporting practices between the Group and Home Credit could also lead to inconsistencies in financial data or require adjustments to align Home Credit's financial information with the Group's accounting policies and reporting framework. Previously unidentified weaknesses in the credit quality of Home Credit's portfolio could emerge following integration, which could negatively affect the overall quality and risk profile of the combined loan book and have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

The Bank is subject to operational risk inherent in banking activities

The Bank is subject to the risk of incurring losses or undue costs due to the inadequacy or failure of internal processes or systems or human error, or from errors made during the execution or performance of operations, clerical or record-keeping errors, business disruptions (caused by various factors such as software or hardware failures and communication breakdowns), failure to execute outsourced activities (such as card processing), criminal activities (including credit fraud and electronic crimes), unauthorised transactions, robbery and damage to assets. The financial services industry is exposed to the risk of misconduct by employees, which could involve, among other things, the improper use or disclosure of confidential information, violation of laws and regulations concerning financial abuse and money laundering, or embezzlement and fraud, any of which could result in regulatory sanctions or fines, as well as serious reputational or financial harm for the Bank. Given the Bank's high volume of transactions, errors may be repeated or compounded before they are discovered and rectified. In addition, a number of banking transactions are not fully automated, which may further increase the risk that human error or employee tampering will result in losses that may be difficult for any bank to detect quickly or at all. The proper functioning of banking systems, risk management, internal controls, accounting, customer service and other information technology systems, such as loan origination, are critical to the Bank's operations.

The management believes that the Bank's risk management policies and procedures (see "*Risk Management*") are adequate and that the Bank is currently in compliance, in all material respects, with all laws, standards and recommendations applicable to it. In particular, the Bank's internal control system aims to ensure operational efficiency, safekeeping of assets, information security, compliance with applicable laws and the Bank's internal policies, as well as preventing involvement of the Bank and its employees in unlawful activities, including fraud and money laundering. The Bank's internal control system may be insufficient to eliminate the risk of misconduct including employee malfeasance. Any failure of the Bank's risk management system to detect unidentified or unanticipated risks, or to correct operational risks, or any failure of third parties to adequately perform key outsourced activities, such as card processing, could have a material adverse effect on the Bank's business, financial condition, results of operations and prospects.

Failure to improve or maintain technology infrastructure could affect the Bank's business

The Bank relies on the efficiency, security, integrity and availability of technology infrastructure, whether developed in-house or licensed from global and local IT suppliers, to protect the functionality and effectiveness of the Bank's software and platforms in order to meet the Bank's business needs or the needs of the Bank's customers and partners. The Bank frequently upgrades its software and platforms to provide increased scale, improved performance, additional built-in functionality (including functionality related to security) and additional capacity. Adoption of new products and maintaining and upgrading the Bank's technology infrastructure requires a significant investment of both time and resources. There can be no assurance that the Bank's financial resources will be sufficient to maintain the levels of investment required to support such development efforts, which may require substantial capital commitment. Additionally, the Bank's competitors may have the ability to devote more financial and operational resources than the Bank can to the development

of new technologies and services and, if successful, their development efforts could render the Bank's services less desirable to customers, resulting in the loss of customers or a reduction in the fees the Bank can generate.

In addition, any failure to improve or maintain the Bank's technology infrastructure could result in unanticipated system disruptions, slower response times, impaired user experience and delays in reporting accurate operating and financial information. Such issues may be further compounded during periods when user activity is higher than usual on the Bank's platforms, or as the Bank expands its business and customer base. Issues with the functionality and effectiveness of the Bank's software or platforms could have a material adverse effect on the Bank's business, results of operations, financial condition and prospects.

Furthermore, security features and enhancements are frequently emerging to combat the rise of cybersecurity incidents and attacks, a risk that is particularly heightened for the Bank as a financial institution. There are significant costs in both time and labour to ensure that the Bank is maintaining adequate and up to date cybersecurity controls, including patching vulnerabilities in software and detecting security incidents. Any failure to timely upgrade technology infrastructure or discover vulnerabilities may interrupt the Bank's ability to operate and conduct its business.

The Bank's operations are subject to credit risk

The Bank is exposed to credit risk, which is the risk that a customer will be unable to pay amounts in full when due. Increases in the past due loan portfolio require the Bank to make additional provisions and reduce its net profit and capital levels, which in turn has a material adverse effect on the Bank's business, results of operations, financial condition and prospects. To manage credit risk, the Bank has developed comprehensive credit policies and procedures (see "*Risk Management*"). As at 30 June 2025 and 31 December 2024, 2023 and 2022, the Bank's NPLs as a proportion of the Bank's gross loans represented 3.5 per cent., 3.6 per cent., 4.7 per cent. and 5.9 per cent., respectively. As at 30 June 2025 and 31 December 2024, 2023 and 2022, the Bank had a concentration of loans due from the top 10 largest borrowers representing 23.4 per cent., 25.6 per cent., 21.9 per cent. and 25.5 per cent., respectively, of the Bank's gross loan portfolio.

The Bank might not correctly assess the creditworthiness of its credit applicants or other counterparties (or their financial conditions might change) and, as a result, the Bank might suffer material credit losses. Failure to manage the credit risk associated with borrowers have a material adverse effect on the Bank's business, results of operations, financial condition and prospects. See also "*—The Bank may not be able to accurately assess the credit risk of potential and current borrowers*."

There can be no guarantee that the Bank's risk management strategies will protect the Bank from increased levels of credit risk. Any failure to accurately assess the credit risk of potential borrowers or acceptance of a higher degree of credit risk in the course of lending operations may result in a deterioration of the Bank's loan portfolio and a corresponding increase in loan impairments, which would have a material adverse effect on the Bank's business, results of operations, financial condition and prospects.

In addition, the vast majority of the Bank's retail loan portfolio is unsecured. While the Bank has no significant industry or single counterparty concentrations in its loan portfolio, in the event of defaults by a sizable number of borrowers due to, for example, an economic downturn, the Bank may be unable to recover a significant proportion of the balance of such loans, which may have a material adverse effect on the Bank's business, results of operations, financial conditions and prospects.

The Bank faces liquidity and funding risks

Liquidity risk comprises uncertainties in relation to the Bank's ability, under adverse conditions, to access funding necessary to cover obligations to customers, meet payment obligations on time and satisfy regulatory liquidity requirements. It includes, among others, the risk of lack of access to funding, the risk of unexpected increases in the cost of financing and the risk of not being able to structure the maturity dates of the Bank's liabilities reasonably in line with its assets, creating an asset-liability maturity gap. These may be caused by factors that are not specific to the Bank's operations, such as general market conditions, disruptions of the financial markets or sovereign credit rating downgrades. Thus, there can be no assurance that the Bank will not experience liquidity issues. Should the Bank fail to meet its net funding requirements due to inadequate liquidity would likely materially adversely affect its business, results of operations, financial condition and prospects.

The Bank satisfies a significant portion of its funding needs by attracting customer accounts and deposits (primarily deposits from corporate customers), which increased to KZT3,091,305 million as at 30 June 2025 from KZT2,867,955 million as at 31 December 2024 and KZT2,261,023 million as at 31 December 2023. Corporate accounts and deposits accounted for 65.8 per cent. of accounts and deposits as at 30 June 2025 and 64.3 per cent. of accounts and deposits as at 31 December 2024. Although a significant portion of the Bank's customer accounts (69.1 per cent. and 69.4 per cent. as at 30 June 2025 and 31 December 2024, respectively) are held in term deposits, the Bank's customers have a right to withdraw their term deposits prior to maturity. As at 30 June 2025, the total amount of account balances of the Group's top 10 customers amounted to KZT496,365 million or 16.1 per cent. of total current accounts and deposits from customers, as compared to KZT442,635 million or 15.4 per cent. as at 31 December 2024.

Any unexpected and significant withdrawal of deposits may impact the Bank's ability to meet its funding requirements.

The other portion of funding is primarily provided through the placement of securities, repurchase agreements and loans from other credit institutions, which amounted to 7.0 per cent., 10.1 per cent. and 4.5 per cent. of total liabilities as at 30 June 2025, respectively, and to 2.0 per cent., 12.4 per cent. and 2.2 per cent. as at 31 December 2024, respectively.

Therefore, should any sources of short and, in particular, long-term funding become unexpectedly unavailable, or if maturity mismatches between the Bank's assets and liabilities occur, or if the Bank is required to increase the interest rates on deposits to attract funding, particularly in light of a shortage of liquidity due to unfavourable economic conditions, this may result in liquidity gaps that the Bank may not be able to cover without incurring additional expenses, if at all. Any inability to meet liquidity needs in these circumstances could lead to a material adverse effect on the development of the Bank's business, results of operations business, results of operations, financial condition and prospects.

The Bank faces market risks including interest rate and currency risks

The Bank has exposure to interest rate risk resulting from movements in interest rates that affect income, expense or the value of financial instruments. For example, instruments on both the asset and liability side may exhibit different sensitivities to changes in interest rates, including changes in long-term and short-term interest rates relative to one another. Fluctuations in interest rates create risks for the financial stability and growth of the banking sector. For example, benchmark rates set by the NBK have seen frequent adjustments in response to inflationary pressures and external shocks. These fluctuations result in unpredictability in borrowing costs, impacting businesses' and households' ability to plan financial commitments. While the Bank consistently monitors interest rate fluctuations and the Bank's asset-liability tenors in order to mitigate such interest rate risk, any significant interest rate movement on either domestic or international markets may have a material adverse effect on the Bank's business, results of operations, financial condition and prospects.

The Bank is exposed to currency risk. The Bank's assets and liabilities are denominated in several currencies, with the majority of assets (loans to customers) and liabilities (customer accounts) denominated in tenge, although a portion of the Bank's assets and liabilities are denominated in foreign currencies, principally the U.S. dollar. As at 30 June 2025, 86.6 per cent. of the Bank's total net loans to customers were denominated in tenge, while 13.2 per cent. were in U.S. dollar. In addition, 69.2 per cent. of the Bank's current accounts and deposits of customers were denominated in tenge, 28.5 per cent. in U.S. dollar, 1.8 per cent. in euros and 0.5 per cent. in other currencies.

Foreign currency risk arises when the actual or forecasted assets in a foreign currency are either greater or less than the liabilities in that currency. Any significant volatility in the money market or material exchange rate fluctuations may have a material adverse effect on the Bank's business, results of operations, financial condition and prospects.

The Bank's risk management strategies and procedures may not be effective

The Bank's strategies and procedures for risk management may be insufficient. If circumstances arise that the Bank has not identified or anticipated adequately, or if the security of its risk management systems is compromised, then the Bank's losses could be greater than expected, which could have a material adverse effect

on the Bank's business, results of operations, financial condition and prospects. Moreover, there can be no assurance that the Bank's risk management model will always be effective. If the Bank's measures to assess and mitigate risks prove insufficient or inaccurate, its losses may be greater than expected and this could have a material adverse effect on the Bank's business, results of operations, financial condition and prospects.

The Bank may not be able to assess the credit risk of potential and current borrowers

Credit risk assessment is inherently challenging as it is based on various assumptions and is limited by the quality of available information about prospective and current borrowers. On certain occasions, it is difficult to make long-term forecasts with respect to a corporate borrower's financial position because the financial performance of Kazakhstan companies is generally more volatile and their credit quality is less predictable than those of similar companies in more mature markets and economies. Further, many potential corporate borrowers do not prepare audited accounts in accordance with IFRS and/or do not have extensive or externally verified credit histories. In addition, the availability of accurate and comprehensive financial and general credit information on SMEs in Kazakhstan is often more limited, which makes it more difficult for the Bank to accurately assess the credit risk associated with such lending, which has grown to be a significant business segment of the Bank. Loans to SMEs accounted for 25.5 per cent. and 30.6 per cent. of the total net loan portfolio as at 30 June 2025 and 31 December 2024, respectively. Loans to SMEs increased by 23.0 per cent. as at 30 June 2025 as compared to 31 December 2024 and amounted to KZT685,628 million, which in turn increased by 28.3 per cent. as compared to 31 December 2023 reaching KZT557,267 million. The Bank periodically reviews its credit policies designed to manage the risk and makes lending decisions following the policies and procedures (see "*Risk Management*"). The credit quality review process is continuous and provides early identification of possible changes in the creditworthiness of customers, including regular collateral revaluations, potential losses and corrective actions needed to reduce risk, which may include obtaining additional collateral in accordance with underlying loan agreements.

There can be no assurance that the Bank's procedures and systems, credit loss allowance and supporting collateral will be sufficient to protect the Bank against increased levels of defaults, losses or potential write-offs.

The Bank's procedures, controls and IT employed in loan origination and verification may generate errors, or the Bank's officer may fail to adhere to compliance procedures, which may lead to incorrect assessments of the level of risk of particular retail borrowers. Additionally, the Bank's scoring models may be based on inaccurate assumptions or assumptions that can quickly become out of date, as well as past trends and behavioural patterns that may not repeat in the future. The Bank may be unable to accurately evaluate the current financial condition of each prospective borrower or independently assess information provided by prospective borrowers when providing offline retail loans, and thus may be unable to determine the long-term economic outlook for each such borrower. Furthermore, the availability and reliability of information of external data bases, the limited availability of recent and reliable credit information on retail and SME borrowers constrains the Bank's ability to detect and prevent fraudulent activities by potential borrowers, which could lead in decreased loan recovery for the Bank.

Failure to properly assess the risk of potential borrowers or deterioration in the financial condition of a significant number of the Bank's corporate, SME or retail customers and any future deterioration in the quality of the loan portfolio or increase in its loan impairment charges may have a material adverse effect on the Bank's business, results of operations, financial condition and prospects.

The Bank's failure to maintain and protect customer and employee data could have a material adverse effect on the Bank

The Bank collects, processes and stores personal data (including names, addresses, ages and bank details) from its customers, business contacts and employees as part of the operation of its business, and the Bank must comply with data protection and privacy laws in Kazakhstan. Those laws and standards impose certain requirements on the Bank in respect of the collection, use, processing and storage of such personal data. Data collected by the Bank and its appointed third parties may not be processed in accordance with notifications made to, or obligations imposed by, data subjects, regulators or other counterparties or applicable law. Failure to operate effective data controls in respect of the collection, use, processing and storage of such personal data,

as prescribed by applicable law, could potentially lead to administrative fines, financial costs, reputational damage and undermine trust in the Bank's business and brand, any of which could have a material adverse effect the Bank's business, results of operations, financial condition and prospects.

Existing laws and regulations on personal data protection may be amended, the manner in which such laws and regulations are enforced or interpreted may change and new laws or regulations on personal data protection may be adopted, including in order to further regulate or restrict the use of personal data. Changes to or additional compliance requirements could have a material adverse effect on the Bank's business, results of operations, financial condition and prospects.

Personal data that the Bank controls could be wrongfully accessed and/or used, whether by employees, agents or other third parties, or otherwise lost or disclosed or processed in breach of data protection regulations. If the Bank or any of the third-party service providers on which it relies fail to process, store or protect such personal data in a secure manner or if any such theft or loss of personal data were otherwise to occur, the Bank could face liability under data protection laws. This could result in damage to the Bank's reputation as well as the loss of business, which could have a material adverse effect on the Bank's business, results of operations, financial condition and prospects.

The Bank may experience in the future cyberattacks and other security breaches (due, among other factors, to human error, malfeasance, system errors or vulnerabilities, or other irregularities) affecting the protection of customer and employee personal data and functionality of the Bank's systems, in general (see "– *The Bank's IT systems may malfunction, fail to secure the Bank against hacking, or be insufficient to support future business expansion*", "*–Failure to improve or maintain technology infrastructure could affect the Bank's business*", and "– *The Bank relies on third-party providers, including software and hardware suppliers and credit bureaux*"). While the Bank has systems and processes designed to prevent cyberattacks and security breaches, which systems and processes have been effective in preventing material financial losses in the past, and while the Bank expects to continue to expend significant resources to bolster these protections, such measures cannot provide absolute security, and any security breach could have a material adverse effect on the Bank's business, results of operations, financial condition and prospects.

The Bank relies on third-party providers, including software and hardware suppliers and credit bureaux

In carrying out its operations, the Bank relies on a variety of third-party services. The Bank's technology infrastructure and services incorporate software, systems and technologies developed by third parties, as well as hardware purchased or commissioned from third-party suppliers. As the Bank's technology infrastructure and services expand and become increasingly complex, the Bank faces increased risks relating to the performance and security of its technology, including risks relating to incompatibility of the components produced by third parties, service failures or delays or back-end procedures on hardware and software.

Additionally, in order to effectively operate its business, the Bank grants certain third-party providers limited access to certain data in its systems at their request, which may pose additional security risks and challenges in protecting the Bank's technology infrastructure. See "– *The Bank's failure to maintain adequately and protect customer and employee data could have a material adverse effect on the Bank*". Although the Bank contractually requires third party providers to implement reasonable cybersecurity controls, a compromise of their systems could have an adverse impact on the Bank's ability to operate and expose data provided to these third parties. There can be no assurance that the contractual requirements related to the use, security and privacy regarding the information technology assets (and the data thereon) imposed on the Bank's third-party suppliers will be followed or will be adequate to prevent misuse. Any misuse, compromise, or failure to adequately abide by these contractual requirements could result in liability, litigation and reputational harm.

In connection with its risk management processes, the Bank relies on services and information supplied by third parties, including certain databases. As such, in order to perform credit assessment, the Bank retrieves certain information from external data bases, maintained by governmental and commercial organisations, and information from these data bases is subsequently downloaded and integrated into the Bank's own client data base, which information is used to make loan approval decisions. As such, any risks related to the interruption of such external databases, the accuracy of the data kept thereby and the availability of such data generally, may impact the Bank's consumer finance origination and assessment processes.

If these third parties cease to provide the facilities or services, experience operational interference or disruptions, breach their agreements with the Bank, fail to perform their obligations or meet the Bank's expectations, do not renew their licences or otherwise cease to make their services or products available at a reasonable cost or at all, the Bank's operations could be disrupted or otherwise adversely impacted, which in turn could result in a material adverse effect on the Bank's business, results of operations, financial condition and prospects.

The Bank's IT systems may malfunction, fail to secure the Bank against hacking, or be insufficient to support future business expansion

The Bank is subject to cyber-security threats, such as data leakage, insider threat and privilege abuse, cyber intrusion, network attacks, and targeted advance email attacks. Although cyber-security threats have not materially affected the Bank's operations to date, it is expected that such threats will continue to increase, which will require the Bank to closely monitor such threats.

However, there can be no assurance that the Bank's IT systems will be sufficiently developed and will continue to function in a manner that pre-empts significant disruptions or temporary loss of functionality, and the possibility of a systems failure that may adversely affect its operational activities financial performance cannot be eliminated. Moreover, due to the rapid pace of development of financial technology and systems, which may render certain existing technology, equipment and systems obsolete, there can be no assurance that Bank's IT systems will at all times be as modern or as efficient as systems used by other financial institutions and competitors.

Further, the Bank's ability to operate its business depends on its ability to protect the computer systems and databases it operates and uses to inhibit the intrusion of third parties. The risk of cybersecurity breaches for large financial institutions has increased in recent years in part because of the proliferation of new technologies, the use of internet and telecommunications technology and the increased sophistication and activities of organised criminals and hackers. In addition, customers may access the Bank's products and services, using personal smartphones, personal computers, personal tablets and other mobile devices that are beyond the Bank's control systems. The Bank is investing resources in strengthening its information security and cyber defence system, in order to cope with the development of these threats and any disruptions or damage during this process may have an adverse effect on the Bank's operations. Any such interruption or breach in security of the Bank's IT systems might result in failures or interruptions in the Bank's risk management, general ledger, deposit servicing, loan organisation and/or other important operations.

No assurance can be given that its computer systems, networks and databases will not suffer from such attacks in the future.

Growth in the Bank's business volumes could lead to significant increases in the utilisation of its IT systems, to a point where capacity limits could be reached and the systems would be unable to adequately support further growth. A failure of the Bank's IT systems to adequately support its operations and the growth of its business and to enable it to monitor and manage its operations effectively could result in a material adverse effect on its business, results of operations, financial condition and prospects. In addition, as financial technology continues to develop, the Bank (or its third-party suppliers) may be exposed to new risks, including those it may not be able to anticipate, as well as increased operating costs from ensuring that any new products and services it provides are implemented correctly and operated safely and securely. Therefore, any failure on part of the Bank to effectively manage its IT, cybersecurity and privacy risks, may expose it to liability, including regulatory fines or penalties and increased expenses from the resolution of any cybersecurity or privacy breaches of the Bank's databases and the mitigation of the impact of such breaches on affected individuals. Any of the above could have a material adverse effect on the Bank's business, results of operations financial condition and prospects or the Bank's ability to fulfil its obligations under the Notes.

The Bank's loan portfolio is exposed to client, geographical and industry concentration

The Bank's top ten borrowers collectively accounted for 23.4 per cent. of the gross loan portfolio as at 30 June 2025, 25.6 per cent., 21.9 per cent and 25.5 per cent. as at 31 December 2024, 2023 and 2022, respectively. The Bank's financial stability could be adversely impacted if a number of the Bank's major customers default or face financial difficulties, potentially leading to significant losses and increased vulnerability to economic fluctuations.

The majority of loans comprising the Bank's loan portfolio was granted to companies operating in Kazakhstan, which represents a significant geographical concentration in one country. Geographical concentration in Kazakhstan exposes the Bank to heightened risk from local economic downturns, political instability or regulatory changes, which could significantly impact the Bank's loan portfolio, increase default rates and threaten overall financial stability.

The majority of the Bank's loans based on the amount of money loaned are granted to corporate borrowers operating in the metallurgy, wholesale trade and financial services sectors. The aggregate share of these sectors in the Bank's gross loan portfolio amounted to 23.0 per cent. as at 30 June 2025, 24.0 per cent. as at 31 December 2024, 25.5 per cent. as at 31 December 2023 and 28.6 per cent. as at 31 December 2022. The Bank's financial condition is sensitive to volatility and downturns in the sectors of the economy in which its loans are concentrated. Accordingly, the Bank's significant exposure to the metallurgy, wholesale trade and financial services sectors, combined with any downturn or adverse trends in these sectors, as well as any loss of a key corporate borrower or deterioration in the quality of the Bank's corporate loan portfolio could have a material adverse effect on the Bank's business, results of operations, financial condition and prospects.

Any downgrade in the ratings of the Bank may adversely affect the Bank's business

As at the date of this Information Memorandum the Bank has a long-term issuer default rating at 'BB' with stable outlook from Fitch and a long-term deposit rating of 'Ba2' with a positive outlook from Moody's. These ratings reflect each agency's opinion of the Bank's financial strength, operating performance and ability to meet the Bank's debt obligations as they become due. The Bank's ratings are also sensitive to changes in the sovereign rating of the Republic of Kazakhstan. As at the date of this Information Memorandum, the Republic of Kazakhstan is rated 'BBB' with stable outlook by Fitch, 'Baa1' with stable outlook by Moody's and 'BBB-' with positive outlook by S&P Global Ratings. There can be no assurance that the Bank or the Republic of Kazakhstan will be able to maintain their current credit ratings, and any deterioration in the geopolitical situation, the general economic or political environment or the Banks's financial condition could lead to downgrades. Any such downgrade in the ratings of the Bank could undermine confidence in the Bank, limit its ability to effectively negotiate new loan facilities and make it more difficult and/or expensive for it to raise capital going forward. Any actual or anticipated downgrade may also affect or effectively limit the Bank's access to capital markets as investing in the Bank will in such case be considered less attractive and/or no longer be allowed for certain investors. Any of the above could have a material adverse effect on the Bank's business, results of operations, financial condition and prospects and the market price of the Notes.

Failure to implement and maintain an effective system of financial reporting and internal controls may materially and adversely affect the Bank's ability to accurately or timely prepare financial information

The Bank's financial and reporting procedures and internal controls may not be sufficient in light of its growth and the applicable financial reporting framework, as a result of which the Bank may not be able to prepare financial information in a timely and accurate manner, whether in accordance with the terms of the Notes or otherwise. Internal control over financial reporting are intended to provide reasonable assurance regarding the reliability of financial reporting for external purposes in accordance with IFRS. A failure by the Bank to implement and maintain effective internal controls, could result in material misstatements in its financial statements or failure to prepare interim and/or annual financial information in a timely manner, which may cause a need to restate financial statements or result in a loss of confidence in its reported financial information, which in turn and could have a negative impact on the Bank's compliance with the terms of the Notes, access to external financing, and potentially its business, results of operations, financial condition and prospects.

The value of the collateral the Bank holds for loans to its customers may decline or may not be of such high credit value

The Bank holds collateral against certain loans fully covering the value of such loans to customers. As at 30 June 2025, 79.9 per cent. of the Bank's total gross loan portfolio is represented by collateralised loans. The main forms of collateral are charges over real estate, corporate guarantees, insurance policies, equipment and inventory, deposits and other receivables. Downturns in the industries in which the Bank's customers operate may result in asset illiquidity and a decline in the value of the collateral securing loans. In addition, declining or unstable prices of collateral in Kazakhstan may make it difficult for the Bank to accurately value the collateral

it holds. If the fair value of the collateral that the Bank holds declines significantly, the Bank could be required to create additional reserves and experience lower than expected recovery levels on collateralised loans. Furthermore, the Bank may face difficulties with enforcing security, which may also lead to lower than expected recovery levels on collateralised loans.

If any of these risks materialise, they could have a material adverse effect on the Bank's business, results of operations, financial condition and prospects.

The Bank's insurance policies may not cover, or fully cover, certain types of losses

The Bank generally maintains insurance policies covering its assets, operations and certain employees in line with general business practices in Kazakhstan, including a comprehensive insurance policy with highly rated Kazakh insurance companies. The Bank seeks to insure against a range of risks, including fire, lightning, flooding, employee liability, employee fraud, and a variety of additional risks.

However, there can be no assurance that all types of potential losses are insured or that policy limits would be adequate to cover them. Any uninsured loss or a loss in excess of insured limits could adversely affect the Bank's existing operations and create additional significant costs and liabilities and could, in turn, have a material adverse effect on the Bank's business, results of operations, financial condition and prospects.

The Bank depends on key management and qualified personnel

The current senior management team includes a number of individuals that the Bank believes contribute significant experience and expertise in the banking industry to the Bank (see " – *Management*"). The Bank's ability to continue to retain, motivate and attract qualified and experienced banking and management personnel is vital to its business. There can be no assurance that the Bank will be able to successfully recruit and retain the necessary qualified personnel. The loss or diminution in the services of members of its senior management team or an inability to recruit, train or retain necessary personnel could have a material adverse effect on the Bank's business, results of operations, financial condition and prospects as well as impair its ability to achieve its strategic objectives.

The Bank may fail to receive corporate approval in respect of certain transactions with related parties

In the past, the Bank has engaged in transactions with related parties under common control of the principal shareholders. See "*Certain Transactions with Related Parties*". The Bank's management expects that the Bank will continue to enter into related party transactions in the future. Under Kazakhstan law, certain related party transactions (including where Bank's Board of Directors is unable to approve the transactions due to a lack of sufficient votes required for the decision) are required to be approved by the general shareholders meeting of the Bank prior to execution of such transactions. Failure to receive such approval may lead to the invalidity of a material related party transaction, which could in turn have an adverse effect on the Bank's business, results of operations, financial condition and prospects.

The Russia-Ukraine conflict and the sanctions imposed on Russia by numerous national and international authorities in response, as well as countermeasures taken by Russia, have had, and will continue to have, an adverse impact on the Bank's business, results of operations, financial condition and prospects

The Russia-Ukraine conflict that intensified in February 2022, as well as the sanctions imposed on persons in or related to Russia by the United States, United Kingdom, EU and other authorities since 2014 have had, and are expected to continue to have, a significant disruptive effect on Kazakhstan, as well as global markets, including oil and gas markets, as well as supply chains, more generally. The Russia-Ukraine conflict and the sanctions and export-control measures implemented by various countries and authorities against Russian and Belarusian persons and entities in response, have contributed, and are likely to continue to contribute, to increased inflationary pressures, increased costs, supply chain disruptions, gas supply shortages, market volatility and economic uncertainty. In June 2022, the World Bank Group (the "**World Bank**") stated that the Russia-Ukraine conflict had magnified the slowdown in the global economy triggered by the COVID-19 pandemic and warned that the global economy was entering a potentially protracted period of low growth and elevated inflation, particularly as the Russia-Ukraine conflict disrupts economic activity, investment and trade,

and as pent-up demand following the pandemic fades and fiscal and monetary policy accommodation is withdrawn or tempered by central banks and governments.

Kazakhstan maintains strong independent diplomatic relationships with both Russia and Ukraine and has confirmed its neutral position with respect to the tensions between Russia and Ukraine. Nevertheless, Russia is one of the main trade partners of Kazakhstan. Since February 2022, Kazakhstan has experienced significant inward migration, particularly from Russia, as well as increased financial flows, with several Russian businesses and individuals relocating their operations to or expanding their activities in Kazakhstan in response to geopolitical uncertainties. In addition, there are great similarities in the structures of the economies of the two countries, in particular in their dependence on raw materials exports, and there exist historical long-term relationships (political, economic, commercial and cultural). Accordingly, when making decisions in the field of monetary policy, the NBK pays special attention to the Central Bank of the Russian Federation's actions in the area of interest and currency policy. Accordingly, the economic situation and policy measures in Russia, including monetary policy of the Central Bank of the Russian Federation, have a significant influence on the economic situation in Kazakhstan. Furthermore, Russia and Kazakhstan, together with Belarus, are members of the Customs Union and Common Economic Space and established the Eurasian Economic Union on 1 January 2015 (with subsequent accession by Armenia and Kyrgyzstan). In 2024, the trade turnover between Kazakhstan and Russia amounted to U.S.$27.8 billion, an increase of 7.3 per cent. since 2023. In addition, a significant amount of the natural gas transported through Kazakhstan's natural gas pipeline system is transported to Russia or from one part of Russia to another through Kazakhstan's territory. Since Russia is the main trade partner of Kazakhstan and is a member of the Eurasian Economic Union, the ongoing geopolitical developments involving Russia may adversely impact the Kazakhstan economy, which could have a material adverse effect on the Bank's business, results of operations, financial condition and prospects.

The U.S. and the EU (as well as other nations, such as Australia, Canada, Japan and Switzerland) first imposed sanctions on certain Russian, Belarussian and Ukrainian persons and entities in connection with the ongoing conflict in Ukraine, including sanctions imposed by the U.S. and the EU on 12 September 2014. These sanctions have been expanded by the U.S. Countering America's Adversaries Through Sanctions Act of 2 August 2017 as well as a number of directives issued thereunder and under previous sanctions legislation in 2017 and 2018 which target specific individuals and legal entities. On 6 August 2018, under the Chemical and Biological Weapons Control and Warfare Elimination Act of 1991 ("**CBW Act**"), the U.S. determined that the Russian government has used chemical or biological weapons in violation of international law and, following this determination, certain sanctions have been imposed which include denial of exports or reexports to Russia of goods or technology controlled for national security reasons. In August 2019, the U.S. imposed a second round of sanctions under the CBW Act, including a prohibition on U.S. banks participating in the primary market for non-Russian Rouble denominated bonds issued by the Russian sovereign and lending non-Russian Rouble denominated funds to the Russian sovereign. The second round of CBW Act sanctions also imposes a presumption of denial, subject to certain exceptions, on applications for licences to export dual-use goods that are controlled by the U.S. Department of Commerce for chemical and biological weapons proliferation reasons and requires the U.S. to oppose the extension of any loan or financial or technical assistance to Russia by international financial institutions, such as the World Bank or International Monetary Fund. On 15 April 2021, the United States imposed new sanctions expanding restrictions on the purchase of certain Russian sovereign debt and other financing instruments and adding a number of Russian entities and individuals to the List of Specially Designated Nationals. Since the expansion of the invasion in 2022, the sanctions against Russia have intensified significantly. The U.S., EU, and UK have implemented numerous new sanctions and export controls targeting various sectors of the Russian economy, as well as individuals and entities linked to the conflict. Since 2022, the EU has adopted successive sanction packages against Russia, imposing asset freezes, travel bans and restrictions on economic relations with the so-called Donetsk and Luhansk regions ("**DNR**" and "**LNR**", respectively). These measures also prohibited dealings in Russian sovereign debt and restricted access to European financial markets for Russian state-owned enterprises. In 2023 and 2024, the U.S. expanded its sanctions, targeting the metals and mining sectors, and imposed further restrictions on several Russian financial institutions. These included new designations of Russian banks and actions against entities involved in sanctions evasion. Both the EU and the U.S. enhanced their sanctions regimes in 2024 and 2025, with additional packages focusing on asset freezes, export control restrictions and measures against entities supporting Russia's military-industrial complex. The latest sanctions targeted numerous individuals and entities involved in arms trafficking, sanctions evasion, and other illicit activities supporting Russia's war effort.

The sanctions imposed to date have had an adverse effect on the Russian economy, causing volatility in Russian markets, which in turn has had an adverse effect on Kazakhstan and its economy. These sanctions prompted downward revisions to the credit ratings of the Russian Federation and a number of major Russian companies that are ultimately controlled by the Russian Federation, causing extensive capital outflow from Russia and impairing the ability of Russian issuers to access the international capital markets. Given the further sanctions imposed by the U.S., EU and UK in 2023, 2024 and 2025, it is unlikely that these adverse conditions will improve in the near future.

Factors which affect the Russian Rouble tend to also impact the exchange rate of the tenge. The notable depreciation of the tenge against the U.S. dollar in 2022 was, at least in part, due to the depreciation of the Russian Rouble in the same year. Any future actions by the U.S. or other countries towards Russia, such as sanctions, could adversely affect the Russian financial market, potentially causing short-term volatility in the tenge. Furthermore, if such sanctions adversely affect the operations or finances of Russian financial institutions with a substantial presence in the Kazakhstan market, this may hinder the ability of such financial institutions to provide certain financial and trade-related services to their customers in Kazakhstan.

The Bank does not engage in business relationships with Russian banks subject to sanctions. Since February 2022, the Bank has taken steps to terminate business ties with Russian financial institutions that became subject to sanctions. The Bank's Rouble correspondent accounts are maintained with Raiffeisenbank JSC and Asian-Pacific Bank JSC, neither of which is currently subject to sanctions. However, there can be no assurance that these two banks will not be subject to any future sanctions. Notwithstanding the implementation of enhanced sanctions protocols by the Bank, there exists a risk that it will not be able to comply with the increasingly complex international sanctions regime or be otherwise directed by the Government. The manifestation of one or more of these risks may have a material adverse effect on the Bank's business, results of operations, financial condition and prospects.

The continuation, escalation or expansion of hostilities between Russia and Ukraine, or in the Middle East or elsewhere, may lead to further restrictions, sanctions or countersanctions, increased economic instability worldwide, heightened operating risks and cyber disruptions or attacks. Kazakhstan's close economic links with Russia, the Russia-Ukraine conflict and the related sanctions, counter-sanctions and restrictions have had, and may continue to have, adverse impacts on the global economy, capital markets, supply chains, energy prices, suppliers and consumer demand as a result of increased inflationary pressures directly associated with the conflict, all of which could have a material adverse effect on the Bank's business, results of operations, financial condition and prospects.

Climate change may negatively affect the Bank's business and operations

The business environment in which the Bank operates is continually changing. ESG-related issues may directly or indirectly impact key stakeholders, including customers, investors, employees, rating agencies and regulators, and these stakeholders are increasingly demanding more climate-related disclosures, including climate risk assessment and greenhouse gas emissions reporting. The Bank recognises climate change as an emerging risk for its clients' business and manages this risk in compliance with applicable law and regulations.

A failure to manage those risks which have ESG implications may adversely impact the reputation of the Bank, the results of its operations, its customers, and its ability to deliver on its long-term strategy and therefore its long-term success.

Climate change is an ESG theme that poses potentially significant long-term risks to the Bank and its customers, not only from the physical impacts of climate change, driven by both specific short-term climate-related events such as acute or chronic weather events and longer-term impacts, but also from transition risks associated with the shift to a low carbon economy. Climate change, sustainability and the reduction of emissions is an important issue for the Bank. Among other things, transitional and physical risks could impact the performance and financial position of the Bank's customers and their ability to repay their loans.

Failure to keep pace with customer and societal expectations for action to manage and mitigate climate-related risk or failure to keep with the increasing level of interest and reporting requirements from governments, investors, customers and civil society may result in a decline in demand for the Bank's services, which could have an adverse impact on the Bank's business, results of operations, financial condition and prospects.

Risks Relating to the Bank's Legal and Regulatory Framework

Kazakhstan's legislative and regulatory framework is evolving, which may create an uncertain environment for investment, business activity and the Bank's operations

While a large volume of legislation was enacted several decades ago, the legal framework in Kazakhstan is still evolving in comparison to countries with more established market economies.

The judicial system, judicial officials and other government officials in Kazakhstan may not be fully independent of external social, economic and political forces. Therefore, court decisions can be difficult to predict, and administrative decisions have on occasion been inconsistent. Kazakhstan is a civil law-based jurisdiction and, as such, judicial precedents have no binding effect on subsequent decisions.

While Kazakhstan has an established legal framework specifically dedicated to consumer lending, major amendments to the consumer lending regulations or any shifts in existing court practice or the regulator's interpretation of the laws (including with respect to the pricing of loan products, in particular, any change to the caps on interest rates charged by financial institutions on consumer loan products, which stood at 46.0 per cent. as at August 2025) could have a material adverse effect on the Bank's business, results of operations, financial condition and prospects.

The continued development of Kazakhstan's regulatory environment may result in the reduced predictability of its regulatory landscape, which may result in inconsistent interpretations due to the lack of court precedents or guidance from the regulators. Any of these factors could be significant and could have a material adverse effect on the Bank's business, results of operations, financial condition and prospects.

Existing laws and regulations, including tax and banking laws and regulations, could be amended, the manner in which laws and regulations are enforced or interpreted could change and new laws or regulations could be adopted. Any amendment or change in the interpretation of current rules and regulations as well as any adoption of new rules and regulations could require the Bank to alter business operations or strategy or reduce the profitability of the Bank's current business.

In August 2025, the Draft Law "On Banks and Banking Activities in the Republic of Kazakhstan" (the "**Draft Banking Law**") was submitted to the Parliament of Kazakhstan for consideration. It contemplates a comprehensive reform of the Kazakhstan banking sector regulation and, according to the AFR's public communications, is purported by the regulator to strengthen financial stability and align the Kazakhstan regulatory framework with leading international standards. However, the Bank is currently unable to fully assess the potential impact of the Draft Banking Law, when adopted into law on its business, as the Draft Banking Law is not in final version and remains subject to further discussion and revisions, and its implementation will significantly depend on subordinate regulations to be elaborated and adopted by the regulator. See "*Banking Sector and Banking Regulation in the Republic of Kazakhstan*."

The Bank believes it has strong track record of compliance with applicable laws and the Bank's close working relationships with the Kazakhstan banking regulatory authorities have been professional and productive. However, any material failures by the Bank to comply with applicable laws or regulations could result in the suspension or withdrawal of the Bank's banking licence, which would have a material adverse effect on the Bank's business, results of operations, financial condition and prospects. The Kazakhstan regulatory authorities have extensive discretion in connection with their supervisory and enforcement activities and the regulatory structure governing the Bank's operations is evolving.

The Bank is exposed to the risk of inadvertently violating anti-corruption, anti-bribery, anti-money laundering, sanctions and other similar laws and regulations of Kazakhstan and other jurisdictions, and the Bank's current risk management and compliance systems may prove ineffective

Kazakhstan financial institutions, including the Bank, are obliged to monitor certain transactions entered into by their clients by conducting due diligence, as set out under the applicable laws, with respect to the clients and the relevant transactions. If it is not possible to conduct such due diligence, the financial institution must prevent the clients from entering into any such transaction. Kazakhstan law requires any suspicious transaction to be

reported to an authorised state body immediately, and, in any case, before such suspicious transaction is processed.

The Bank has also implemented measures aimed at preventing the Bank's platforms from being used as a vehicle for money laundering, including "know-your-client" policies and the adoption of anti-money laundering and compliance procedures in all of its branches and banking outlets. The Bank's responsible unit seeks to prevent money laundering and terrorist financing by performing, among other things, the following functions:

- identifying both transactions subject to financial monitoring and suspicious transactions and reporting such transactions to the authorised state body;
- developing and improving policies, rules and other internal documents aimed at preventing the laundering of proceeds of crime and the financing of illicit activity (including terrorism);
- developing risk assessment criteria to assess the Bank's customers from a money laundering perspective;
- implementing anti-money laundering training sessions for the Bank's employees and discussing the Bank's anti-money laundering procedures with employees;
- participating in the preparation of a database of information aimed at preventing the Bank from engaging in transactions related to the financing of terrorism, in accordance with a list of terrorists and terrorist organisations provided to the Bank by the relevant authorities; and
- maintaining an electronic database containing a list of the Bank's suspicious customers.

Currently, the Bank complies with its existing policies, rules of internal control and with the requirements of applicable law. However, there can be no assurance that attempts to launder money or finance illicit activity through the Bank will not be made or that anti-money laundering measures implemented by the Bank will always be effective. If the Bank were associated with money laundering, even if this is solely due to the failure of its anti-money laundering measures, or if the Bank were unable to comply with all of the relevant laws and internal policies regarding financial assistance or money laundering, the Bank could be subject to significant fines, as well as harm to the Bank's reputation, all of which may have a material adverse effect the Bank's business, results of operations, financial condition and prospects.

In addition, the Bank complies with applicable US, EU and UK economic and trade sanctions, including those administered and enforced by the U.S. Department of the Treasury's Office of Foreign Assets Control ("**OFAC**"), the U.S. Department of State, the U.S. Department of Commerce, the Office of Financial Sanctions Implementation of His Majesty's Treasury and the Foreign, Commonwealth & Development Office of the United Kingdom, the United Nations Security Council and other relevant authorities. The Bank's operations expose the Bank to the risk of violating, or being accused of violating, economic and trade sanctions or engaging in conduct that may create a risk of the imposition of secondary sanctions. The Bank does not currently have contracts or transactions with persons or entities that are targets of U.S. blocking or other applicable sanctions, such as parties included in the Specially Designated Nationals and Blocked Persons List maintained by OFAC, or similar sanctions-related lists of designated persons maintained by EU, UK and other relevant sanctions authorities. However, any failure to timely and accurately screen contracts and transactions may expose the Bank to secondary sanctions, reputational harm and significant penalties, including civil and criminal fines, and even investigations of alleged violations can be expensive and disruptive. In addition, despite the Bank's adoption of sanctions screening procedures and compliance policies, there can be no assurance that through these procedures and policies the Bank will timely and effectively detect all sanctioned business partners or contractual counterparties, including as a result of new sanctions designations, nor achieve full compliance by all of the Bank's employees or representatives for which the Bank may be held responsible, and any such failure or violation could have a material adverse effect on the Bank's business, results of operations, financial condition and prospects.

Furthermore, the sanctions regulatory framework is multi-faceted and complex and there is no guarantee that the Bank's past transactions with sanctioned counterparties or the Bank's present or future transactions with counterparties would not be determined as falling within the scope of the sanctions regime. Any such determination may expose the Bank to the risk of imposition of secondary or other similar sanctions which, in

turn, would have a material adverse effect on the Bank's business, results of operations, financial condition and prospects.

The Bank requires certain licences, permits and approvals in the ordinary course of business, and the failure to obtain or retain them in a timely manner may materially adversely affect the Bank's operations

The Bank is required to obtain and maintain a number of statutory and regulatory licences, permits and approvals in Kazakhstan, generally for carrying out the Bank's business, some of which may expire in the ordinary course and for which the Bank would be required to apply to obtain the approval or their renewal. See "*Regulation*."

The Bank is regulated under the laws of Kazakhstan. The Bank's operations are subject to strict regulation by governmental and state authorities, particularly the AFR and the NBK. A breach of any regulatory guidelines could expose the Bank to potential liability, including the loss of its banking licence. If the AFR were to suspend or revoke the banking licence of the Bank, this would render the Bank unable to perform its consumer lending, deposit taking and other banking operations (including processing the payments of the Bank's customers). See "*Regulation*."

Further, the licences, permits and approvals required and obtained by the Bank are subject to several conditions, and no assurances can be given that the Bank will be able to continue to meet such conditions, which may lead to cancellation, revocation or suspension of the relevant licences, permits and approvals. If there is any failure by the Bank to comply with the applicable regulations or if the regulations governing the Bank's business are amended, the Bank may incur increased compliance costs, be subject to penalties, have its licences, approvals and permits revoked or suffer a disruption in its operations, any of which may materially adversely affect the Bank's business, results of operations, financial condition and prospects. If the Bank does not receive any permission in a timely manner or at all, it may incur increased compliance costs, be subject to penalties and inspections, and suffer disruptions in its operations. Additionally, unfavourable changes in or interpretations of existing laws, or the promulgation of new laws governing the Bank's business and operations in Kazakhstan could require the Bank to obtain additional licences and approvals.

Risks Relating to Kazakhstan

Kazakhstan is an emerging market and subject to greater risk than more developed markets

Investors in emerging markets such as Kazakhstan should be aware that such markets are subject to greater risk than more developed markets, including in some cases significant legal, regulatory, economic, social and political risks. Investors should also note that emerging economies, such as Kazakhstan's, are subject to rapid change and that the information set out in this Information Memorandum may become outdated relatively quickly. Accordingly, investors should exercise particular care in evaluating the risks involved and must decide for themselves whether, in the light of those risks, their investment is appropriate. Generally, making an investment in emerging markets is suitable only for sophisticated investors who fully appreciate the significance of the risks involved. Investors are urged to consult with their own legal and financial advisers before making an investment in the Notes.

Disruptions in the international capital markets and changing regulatory environments can lead to reduced liquidity and increased credit risk premiums for certain market participants and result in a reduction of available financing. Countries located in emerging markets may be particularly susceptible to these disruptions and changes and also to reductions in the availability of credit or increases in financing costs, which could result in them experiencing financial difficulty.

In addition, the availability of credit to emerging markets is significantly influenced by levels of investor confidence in such markets as a whole. Accordingly, any factors that impact market confidence, such as a decrease in credit ratings or state or central bank intervention in a particular market, could affect the price or availability of funding for these markets, which could, in turn, have an impact on the wider economies of such markets.

Fluctuations in the global economy or an increase in the perceived risks associated with investing in countries located in emerging markets could reduce foreign investment in Kazakhstan and, as a result, have an adverse effect on Kazakhstan's economy. If foreign investment in Kazakhstan's economy decreases, it may experience

liquidity constraints, limiting the availability of capital for businesses and potentially slowing Kazakhstan's economic growth. Kazakhstan's economy is also not immune from developments in the economies of other countries located in emerging markets. Financial unrest or instability experienced in one or more countries located in emerging markets, especially countries in the CIS, around the Caspian Sea or in Central Asia (some of which have recently experienced significant political instability, including terrorism and internal unrest), could have a negative impact on Kazakhstan's economy and a material adverse effect on the trading price of the Notes and, potentially, the Bank's ability to make payments of principal and interest under the Notes.

Kazakhstan's economy is vulnerable to external shocks and fluctuations in the global economy

Kazakhstan's economy and finances have been affected adversely by global financial developments and political changes in certain emerging markets. Real GDP growth amounted to 3.2 per cent. in 2022, 5.1 per cent. in 2023 and 4.1 per cent. in 2024. While in recent years Kazakhstan has sought to diversify its economy and, in particular, to increase export of manufacturing products, Kazakhstan continues to remain heavily reliant on the oil and gas industry and on hydrocarbon exports. For more information on the risks associated with the relatively undiversified nature of Kazakhstan's economy and a significant degree of reliance of the country's public finances on the performance of the oil and gas industry, see "— *Kazakhstan is heavily dependent on any material reduction in the price of commodities".*

Changes in both the global and domestic environment have resulted in, amongst other things, lower liquidity levels across the banking sector, tighter credit conditions for Kazakhstan companies generally and fluctuating global demand for, and instability in, the price of crude oil and other commodities and downward pressure on the tenge. For example, the tenge experienced a significant depreciation against the U.S. dollar in the first quarter of 2022 mainly due to significant deterioration of external factors, such as depreciation of the Russian Rouble and the decrease in crude oil prices (starting from October 2018) due to increased oil reserves and oil production by principal exporters. In 2022, the tenge faced new pressures and volatility due to the conflict between Ukraine and Russia, the sanctions imposed by numerous countries on Russia, a major trade partner of Kazakhstan, and resultant disruptions in supply chains and historical trading relationships. In 2024, the tenge experienced a further notable depreciation against the U.S. dollar due to increased demand for the U.S. dollar, global market volatility and the strengthening of the U.S. dollar.

Kazakhstan's economy remains vulnerable to external shocks and the economic performance of its trade partners. A significant decline in economic growth in the EU or any of Kazakhstan's other major trade partners, including Russia (whether or not resulting from sanctions imposed by, among others, the U.S., the UK and the EU), could have a material adverse effect on Kazakhstan's balance of trade and adversely affect Kazakhstan's economic growth. Kazakhstan also depends on neighbouring states to access world markets for a number of its major exports. Should access to these export routes be materially impaired, this could adversely impact Kazakhstan's economy. Events occurring in one geographic or financial market sometimes have so-called "contagion effects", whereby they result in an entire region or class of investments being disfavoured by international investors. Kazakhstan has been adversely affected by contagion effects in the past and it is possible that the market for investments in Kazakhstan, including the Notes, will be similarly affected in the future by negative economic or financial developments in neighbouring countries or countries whose economies or credit ratings are similar to those of Kazakhstan. See "— *The Russia-Ukraine conflict and the sanctions imposed on Russia by numerous national and international authorities in response, as well as countermeasures taken by Russia, have had, and will continue to have, an adverse impact on the Bank's business, results of operations, financial condition and prospects*". The most significant contagion affecting Kazakhstan's economy is the global change in prices for energy resources, metals and other commodities.

There can be no assurance that weaknesses in the global economy, or a future external economic crisis, will not have a negative effect on Kazakhstan's economy or on investors' confidence in Kazakhstan's markets. This could affect the Bank's ability to raise capital in the international debt markets and may have a material adverse effect on the trading price of the Notes.

Kazakhstan's economy is heavily dependent on the price of commodities

Kazakhstan is a major exporter of commodities, including oil and natural gas. In 2024, mineral products (including oil, gas and coal as well as metals and precious stones) accounted for 63.5 per cent. of Kazakhstan's exports based on actual trade flows.

Kazakhstan's economy and the State Budget, therefore, particularly rely on fiscal revenues from the export of minerals, in particular crude oil and oil products. Taxes on oil and petroleum product companies are a major source of revenue for the National Fund of Kazakhstan (the "**National Fund**"), which has an important stabilising function in the Kazakhstan economy and is responsible for accumulating financial resources for the benefit of future generations in Kazakhstan. The National Fund is currently the source for official transfers to the State Budget, which amounted to KZT4.6 trillion in 2022, KZT4.0 trillion in 2023 and KZT5.6 trillion in 2024. According to the NBK, in August 2025, the National Fund held foreign currency assets in the amount of U.S.$61.8 billion. These assets allow the National Fund to act as a fiscal buffer against external shocks to the economy and to offset any shortfalls in tax revenues from extraction sector enterprises in a given year. It also provides protection to Kazakhstan against a devaluation of the tenge. In the event of a sustained decline in oil prices, the resources of the National Fund may be insufficient to maintain the appropriate level of liquidity in order to fund guaranteed transfers from the National Fund to the Republican Budget. Moreover, significant withdrawals from the Kazakhstan National Fund could adversely impact the country's macroeconomic stability and fiscal resilience, leading to heightened exposure to external shocks. A reduced National Fund balance may also limit the Government's capacity to respond to future crises, exacerbating risks related to the tenge devaluation, inflation and public debt levels. Such developments could have a material adverse effect on the Kazakhstan's economy and on investors' confidence in Kazakhstan's markets.

Kazakhstan's economy is significantly affected by volatility in international oil prices

Crude oil and oil product prices are subject to international supply and demand and margins can be volatile. Political developments, increased use of renewable energy sources that alter fuel or power availability, technological change and global economic conditions have an indirect impact on oil demand and prices. In 2022, the yearly average OPEC Reference Basket price reached U.S.$100.08 which was principally driven by supply uncertainties caused by the Russian invasion of Ukraine in February 2022 and the sanctions imposed by major countries around the world on Russia as a result. In 2023, the yearly average OPEC Reference Basket price decreased to U.S.$82.95, following the developments in the sanctions regime imposed on Russia as well as a series of announcements by OPEC and non-OPEC members at the end of 2022 and in early 2023 aimed at the stabilisation of oil prices. In 2024, the yearly average OPEC Reference Basket price was U.S.$79.89 per barrel.

Prolonged declines or further drops in international oil prices could adversely affect Kazakhstan's economic stability, leading to reduced government revenues and constrained public spending. These developments, in turn, may adversely impact the Bank's business, results of operations, financial condition and prospects.

Production and transportation problems in the oil industry may result in reduced revenue for the National Fund

Any production problems in the oil industry, such as the suspension of production at the Kashagan oil field in October 2024 due to planned maintenance work, which led to the decrease in the daily production at the field, could lead to reduced revenue for the National Fund. No assurance can be given that similar production stoppages will not occur in the future. Additionally, any disruption of oil transportation, in particular due to Kazakhstan's heavy reliance on the Caspian Pipeline Consortium (the "**CPC**"), for any reason, including as a result of infrastructure failure, terrorism, natural disaster, industrial accident, public health threats and global pandemics or change in national government policy, could have a material adverse effect on Kazakhstan's economy. Due to the ongoing Russia-Ukraine conflict, there exists a certain possibility of a potential shutdown of the CPC, which is essential for transporting Kazakhstan's crude oil to global markets through Russia's Black Sea port of Novorossiysk. Occurrence of such circumstances in the future could result in continued reduced revenue for the National Fund, which, in turn, could have a material adverse effect on Kazakhstan's economy and financial condition.

The occurrence of pandemics and natural disasters and the impact of climate change may adversely impact Kazakhstan's economy

The occurrence of pandemics (including but not limited to COVID-19) may adversely impact Kazakhstan's economy by causing, amongst other things, supply chain disruptions and market volatility. For example, since 2020, the global economy has been exposed to the continuing effect of the COVID-19 pandemic which negatively affected the global economy and trade, and which also adversely impacted the economy of Kazakhstan by, amongst other things, contributing to a decline in GDP growth and to increased unemployment.

Natural disasters, including earthquakes and floods, are a threat to Kazakhstan's economy. Kazakhstan may also be increasingly threatened by climate change. A global increase in the mean temperature is likely to lead to changed precipitation patterns, sea level rises and more frequent extreme weather events, such as prolonged droughts and flooding. Kazakhstan's economy is dependent on climate sensitive sectors, such as agriculture and Kazakhstan has suffered from severe droughts and flooding in the past which may become more frequent as a result of climate change. A change in climate may have several other consequences, including lower agricultural productivity, damage to coastal infrastructure, fragile ecosystems, impact on health and biodiversity, financial market disruption, lower GDP and altered migration patterns.

In an effort to reduce the negative impacts associated with climate change, the Government has incorporated a number of climate change adaptation and mitigation provisions into national legislation. The Environmental Code of the Republic of Kazakhstan No. 400-VI dated 2 January 2021, as amended, includes provisions on adaptation to climate change which envisages ongoing information gathering and vulnerability assessment, planning, development and implementation of climate change mitigation measures, followed by monitoring and evaluation of the effectiveness of climate change adaptation measures, regular reporting on the impact of climate change on Kazakhstan, and allows for regular adjustment of such measures by the Government. Expenditures associated with pandemic, natural disaster relief efforts or climate change mitigation efforts may adversely affect Kazakhstan's budgetary position.

Kazakhstan's banking sector remains weak and vulnerable to external shocks

Following the onset of the global financial crisis in 2008, credit growth in Kazakhstan stopped due to the lack of availability of wholesale debt financing, deposits became volatile and property prices decreased significantly. Oil prices declined significantly as well, which had an adverse effect on Kazakhstan's banking sector and the broader economy, as well as the exchange rate of the tenge. These factors caused significant losses for Kazakhstan's banks and a general destabilisation of Kazakhstan's banking sector. As a result, there was a material deterioration in the loan portfolio of banks, which, in some cases, continued through 2018. In some banks, the losses were so significant that it led to their insolvency and required the adoption of measures to resolve such insolvencies, including the revocation of their licence and liquidation, the recognition of losses by shareholders and some qualified creditors and Government support measures. During periods of instability in the financial markets, the Kazakhstan Government and the NBK have historically implemented measures to support the liquidity and solvency of Kazakhstan banks and to increase the availability of credit to businesses, which have been seen as critical for restoring investor confidence and for supporting the economy. For example, in 2017, the Government contributed KZT2,093 billion to JSC "Fund of Problem Loans" (the "**FPL**"), which was established in 2012. FPL focuses on improving the quality of loan portfolios of Kazakhstan's second-tier banks. It plays a crucial role in the banking system of Kazakhstan as it helps manage and mitigate NPLs, ensuring financial stability by acquiring and managing the impaired loans. In November 2020, the FPL purchased a distressed loans portfolio from JSC ATF Bank for KZT174 billion through the issue and placement of 10-year 9.0 per cent. bonds. In August 2021, the FPL carried out a similar transaction by purchasing a distressed loan portfolio from WORLDBUSINESS CAPITAL, INC for KZT6.5 billion financed through the issue and placement of 5-year 10.0 per cent. bonds. However, there can be no assurance that the Kazakhstan Government, the AFR and the NBK will continue to implement such measures or, even if taken, that such measures will succeed in materially improving the liquidity position and financial condition of the affected financial institutions in the future or that such measures will not be implemented selectively.

The low asset quality of Kazakhstan banks was caused not only by problems among borrowers but also by poor credit practices, including lending and collateral policies and practices. In light of debt restructurings, actual loan quality may be worse than indicated by reported levels of NPLs, which, according to the NBK, were 3.6

per cent., 3.2 per cent. and 3.2 per cent. of total loans for the banking sector as at 1 December 2022, 2023 and 2024, respectively. As a result, the banking sector might need additional financial assistance from the Government, which may be unwilling or unable to provide it. At the same time, loans with low returns and low coverage of provisions remain on the balance sheet of banks, which put pressure on the banks' capital.

Deficiencies in the Kazakhstan banking sector, combined with a deterioration in NPL portfolios held by banks in Kazakhstan, may result in the banking sector being more susceptible to future worldwide credit market downturns and/or economic slowdowns, which could have a material adverse effect on the trading price of the Notes.

Continued instability in the Kazakhstan financial sector and reduced investor confidence caused by any factor including the downturn of the global economy or volatility of the financial markets, could materially adversely affect the Bank's business, results of operations, financial condition and prospects.

The high level of concentration in the banking sector elevates the level of systemic risk in the sector

There is a high level of concentration in the Kazakhstan banking sector, with the five largest banks collectively holding 74.6 per cent. of all customer deposits and accounting for 77.6 per cent. of the aggregate loan portfolio of all Kazakhstan banks as at 30 June 2025. The high level of concentration in the banking sector can significantly elevate the systemic risk, making the financial system more vulnerable to shocks and increasing the likelihood of widespread financial instability. Ongoing banking reform and related measures that may facilitate the establishment of foreign bank branches and subsidiaries may mitigate systemic risk to a degree, but the implementation of such measures is ongoing and their impact is not certain.

The Bank is largely dependent on the economic, social and political conditions prevailing in Kazakhstan

Most of the Bank's operations are conducted, and most of its assets are located in Kazakhstan. Kazakhstan became an independent sovereign state in 1991 upon the dissolution of the Soviet Union. Since then, Kazakhstan has experienced meaningful change as it has transformed from a centrally controlled command economy to a market-oriented economy. The transition was initially marked by political uncertainty and tension, a recessionary economy characterised by high inflation, instability of the local currency and rapid changes in the legal environment.

Since 1992, Kazakhstan has actively pursued a programme of economic reform designed to establish a free market economy through privatisation of government-owned enterprises and deregulation and is more advanced in this respect than some other countries of the former Soviet Union. However, as with any transition economy, there can be no assurance that such reforms will continue or that such reforms will achieve all or any of their intended aims. In addition, the significant size of the shadow economy in Kazakhstan may adversely affect the implementation of reforms and hamper the efficient collection of taxes. The Kazakhstan Government has stated that it intends to address these problems by improving the business infrastructure and tax administration and by continuing the privatisation process; however, the timing and steps for these reforms remain unclear.

Kazakhstan depends on neighbouring states for access to world markets for a number of its major exports, including oil, natural gas, steel, copper, ferroalloys, iron ore, aluminium, coal, lead, zinc and wheat. Thus, Kazakhstan is dependent upon good relations with its neighbours to ensure its ability to export. Should access to these export routes be materially impaired, this could adversely impact Kazakhstan's economy, which could in turn have a material adverse effect on the Bank's business, results of operations, financial condition and prospects.

Kazakhstan has, from time to time, experienced periods of political unrest, which has, and may have in the future, an adverse effect on the Bank's business, results of operations, financial condition and prospects. For example, on 2 January 2022, protests triggered by a rise in fuel prices began in the Mangistau region of Kazakhstan and spread to other regions in the country. The protestors demanded a number of social, economic and political reforms. Although the Kazakhstan Government took measures to respond to these demands, including by decreasing fuel prices, the protests escalated into significant social unrest in Almaty and southern regions of Kazakhstan. As a result, on 5 January 2022, a state of emergency was declared and restrictions were imposed on communication and transportation of people and vehicles, including railway and airline carriage, and activities of entities in certain locations. The state of emergency was lifted on 19 January 2022 as the

situation in all regions of Kazakhstan stabilised, and the functioning of utilities and infrastructure were fully restored and restrictions on communication and transportation were removed. During the January 2022 events, a number of facilities were looted and damaged in Kazakhstan, including the Bank's facilities. Although the Bank's platforms and banking services continued to operate, there were significant limitations on Internet access throughout Kazakhstan, which led to disruption of online transactions. Financial institutions limited their operations for the period of the state of emergency. Due to these events, the Bank's losses amounted to KZT42.7 million, which were recognised in the Bank's technology and product development expenses for the respective period. In response to the economic implications of the January 2022 events, the Kazakhstan Government launched several initiatives. A public fund "Kazakhstan Halkyna," which was funded from private and public sources, was established to support citizens of Kazakhstan in the fields of healthcare and education and to provide other social support.

On 24 February 2022, due to the Russia-Ukraine conflict, the NBK set the base rate at 13.5 per cent. with a corridor of 1.0 percentage point. As at date of this Information Memorandum, the NBK's base rate was set at 18.0 per cent. with a corridor of 1 percentage point. In order to maintain the stability of the financial market and support the attractiveness of tenge deposits, the Kazakhstan Government announced a protection programme for tenge deposits, under which tenge deposits of individuals have been provided with compensation from the Kazakhstan government's budget resources generally equal to 10.0 per cent. of savings as at 23 February 2022. There can be no assurance that any further support measures, if adopted, will promote the economic stability of Kazakhstan or will not negatively impact the Bank's business, including by reducing the willingness of customers to finance purchases due to higher interest rates.

On 5 June 2022, a referendum on the amendments to the Constitution of Kazakhstan providing for, among others, limitations on the powers of the president, reforming the Constitutional Council and strengthening the role of the local representative authorities was held and the proposed amendments were adopted. In September 2022, President Tokayev signed a decree for an early presidential election which he won in November 2022 after securing 81.31 per cent. of the votes. President Tokayev was re-elected for a 7-year term until 2029. The prevailing political conditions in Kazakhstan have continued to develop following the events of January 2022 and the last elections. However, renewed uncertainty with respect to the political environment in Kazakhstan, with possible political and economic reforms, their absence or similar events, circumstances or other forms of political instability may have a material adverse impact on the financial and economic condition of Kazakhstan, which could in turn have a material adverse effect on the Bank's business, results of operations, financial condition and prospects.

Local inflationary pressures have increased the prices of goods and services, which could raise the costs associated with providing the Bank's services, diminish the Bank's ability to compete or reduce consumer buying power

The Bank's operations are primarily located in Kazakhstan and a majority of its costs are incurred in Kazakhstan. Since the majority of the Bank's expenses are denominated in tenge, inflationary pressures in Kazakhstan are a significant factor affecting the Bank's expenses. For a variety of reasons, including geopolitical factors, Kazakhstan is facing heightened inflationary pressure, impacting the cost of doing business (in both supply and labour markets). These inflationary pressures have been and could continue to be exacerbated by geopolitical turmoil and economic policy actions, and the duration of such pressures is uncertain. According to the Bureau of National Statistics of Kazakhstan (the "**NSB**"), the annual inflation rate in 2024, 2023 and 2022 was 8.6 per cent., 9.8 per cent. and 20.3 per cent., respectively. High inflation rates largely reflect the broader regional trend of rising inflation influenced by global economic pressures. A period of sustained inflation, coupled with high interest rates, could lead to market instability, new financial crises, a decrease in loan origination, an increase in borrower defaults, reductions in consumer purchasing power and the erosion of consumer confidence, all of which could have a material adverse effect on the Bank's business, results of operations, financial condition and prospects.

Exchange rate fluctuations could have an adverse impact on the Bank's business

Since the NBK's adoption of a floating rate exchange policy for the tenge in 1999, the currency has fluctuated significantly, particularly during periods of volatility on the global financial and commodity markets.

In 2022, the tenge faced new pressures and volatility due to the Russia-Ukraine conflict, the sanctions imposed on Russia, a major trade partner of Kazakhstan, and resultant supply chain disruptions. The tenge experienced sharp depreciation in the first quarter of 2022, with the exchange rate reaching KZT473.54: U.S.$1.00. By the end of 2022 and 2023, the exchange rate stabilised around KZT462.65: U.S.$1.00, KZT454.56: U.S.$1.00. In 2024, the tenge experienced a further notable depreciation against the U.S. dollar due to increased demand for the U.S. dollar, global market volatility and the strengthening of the U.S. dollar. By the end of 2024, the exchange rate stabilised around KZT523.54: U.S.$1.00, respectively. In 2025, the tenge continued to weaken against the U.S. dollar amid persistent global market volatility, pressure on emerging market currencies and elevated demand for U.S. dollars. As at 31 August 2025, the exchange rate stood at KZT538.54: U.S.$1.00.

The Bank's assets, liabilities, share capital and equity are denominated in tenge, and the Bank also declares dividends on its ordinary shares in tenge. As a result, any significant devaluation of the tenge against the U.S. dollar will lead to a decrease in the U.S. dollar equivalents of these amounts. A devaluation of the tenge against the U.S. dollar or other foreign currencies could result in a further outflow of tenge deposits and increase the Bank's actual interest expense on its foreign currency-denominated liabilities. Any of these developments may have a material adverse effect on the Bank's business, results of operations, financial condition and prospects.

Kazakhstan's Currency Control Law allows the Government to introduce currency control measures which may hinder the stability and growth of Kazakhstan's economy

Under the Law of the Republic of Kazakhstan No. 167-VI dated 2 July 2018 "On Currency Regulation and Currency Control", as amended (the "**Currency Control Law**"), the Government – based on a joint recommendation from the NBK and other competent authorities – is entitled to introduce "payment balance protection measures". These measures can be established when there is a serious threat to the stability of (i) the balance of payments, (ii) the internal currency market and/or (iii) the economic security of Kazakhstan, provided that such threats cannot be resolved by other economic policy measures. The payment balance protection measures must comply with the international treaties ratified by Kazakhstan, if and when such treaties entered into within the framework of participation in international organisations. Such measures must have temporary effect and be cancelled when the circumstances that led to their introduction are eliminated. Should the payment balance protection measures impose new permits (licences) or notification requirements, such new permits (licences) or notification requirements are exempt from the requirements of the Law "On Permits and Notifications" No. 202-V dated 16 May 2014. In order for Kazakhstan to remain in compliance with its membership obligations under the Charter of the IMF, the currency regime cannot restrict residents from repaying foreign currency-denominated obligations. As at the date of this Information Memorandum, the Government has not invoked payment balance protection measures. Should the Government decide to introduce such measures in the future, Kazakhstan may face potential risks such as reduced foreign investment, diminished investor confidence and restricted access to international capital markets, which could have a material adverse effect on Kazakhstan's economic stability and growth and the Bank's business, results of operations, financial condition and prospects.

There are risks of corruption and other business environment weaknesses in Kazakhstan

As in many other emerging market jurisdictions, the incidence and perception of elevated levels of corruption remains a significant issue in Kazakhstan. Kazakhstan was ranked 88 out of 180 countries in Transparency International's 2024 Corruption Perceptions Index. Kazakhstan's score in the 2024 index was 40 (with 1 being the most corrupt score and 100 being the least corrupt), a slight increase compared to the ranking of 93 out of 180 in Transparency International's 2023 Corruption Perceptions Index, where Kazakhstan's score was 39. Kazakhstan's business climate and competitive indicators are also negatively affected by the need for reform in investor protection arrangements, the cost of establishing a business, the tax system, resolving insolvency and contract enforcement.

Failure to address continued or perceived corruption and governance failures in the public sector and any future allegations, or perceived risk, of corruption in Kazakhstan could have a material adverse effect upon Kazakhstan's ability to attract foreign investment, which could, in turn, have a material adverse effect on Kazakhstan's economy.

The Bank has developed controls to identify and investigate potential corruption and violations of anti-corruption laws and work with law enforcement and anti-corruption agencies to strengthen oversight and controls to avoid instances of bribery or corruption, but there can be no assurance that the Bank will not experience instances in which the Bank's employees are subject to allegations or investigations from time to time. While there are no current material investigations or accusations pending against the Bank's senior management, any accusations or arrests of employees for corruption, or perception of corruption on the part of the Bank's employees, could have a material adverse effect on the Bank's business, results of operations, financial condition and prospects.

The Bank may have difficulties in obtaining effective redress in court proceedings

The Kazakhstan judicial system is not immune from economic and political influences. The judicial system is often understaffed and underfunded. Judges are generally inexperienced in corporate law matters. Not all Kazakhstan legislation and court decisions are readily available to the public or organised in an accessible manner. The Kazakhstan judicial system can be slow and court orders are not always enforced or followed by law enforcement agencies. All of these shortcomings may affect the Bank's ability or the ability of Noteholders to obtain effective legal redress in Kazakhstan courts. In addition, the press has reported that court claims and Government prosecutions are often used to further political aims supported by the courts. The Bank may be subject to such political claims and may not receive a fair hearing. These uncertainties make judicial decisions in Kazakhstan difficult to predict and effective redress uncertain, which could have a material adverse effect on the Bank's business, results of operations, financial condition and prospects.

Challenges in the implementation of economic and financial reforms may mean such reforms are delayed or do not happen, which may have a negative effect on the performance of Kazakhstan's economy

In order to ensure the sustainable growth of Kazakhstan's economy, the Government has been implementing a wide range of economic, financial and banking system reforms, and reforms of the legal, tax and regulatory environment. The Government has approved policy measures and actions to promote private sector investments, diversify the economy, to broaden the tax base and to facilitate access to credit to further foster private investment in Kazakhstan by both local and foreign investors.

The continued pursuit of Kazakhstan's long-term objectives in these areas, including those contemplated by the Kazakhstan-2050 Strategy, National Development Plan 2029 and National Plan 2025, will depend on a number of factors, including continued political support in Kazakhstan and across multiple government ministries, adequate funding, the outcome of policy reviews, improved security, power sector reform, availability of human capital and enhanced coordination between the relevant stakeholders. The economic and other assumptions underlying the objectives set forth in the Kazakhstan-2050 Strategy, National Development Plan 2029 and National Plan 2025, including with respect to oil prices and production, GDP growth, inflation, external debt and the fiscal deficit, may not be met, which would undermine Kazakhstan's ability to achieve its stated objectives. Failure to achieve one or more of the objectives or complete certain reforms or projects set forth in the Kazakhstan-2050 Strategy and National Plan 2025 may render it difficult to achieve other stated objectives, and Kazakhstan's ability to achieve its strategic objectives may be affected by many factors beyond its control. Moreover, some planned reforms may disadvantage certain existing stakeholders, who may seek to curtail such reforms. In addition, the Government has a number of privatisation plans, which may be difficult to achieve without implementing further legislation or active participation from international investors.

If the Government is not able to fund or implement the large number of reforms and proposals (including privatisations) currently being proposed, or if there is a delay in such funding or implementation, then the Government may not be able to meet the long-term strategic objectives, which could result in an adverse effect on the Kazakhstan's economy.

The Bank depends on the performance, reliability and security of the telecommunications and Internet infrastructure in Kazakhstan

The Bank's business depends on the performance, reliability and security of the telecommunications and Internet infrastructure in Kazakhstan, where the Bank's computer hardware is currently located. Any disruptions in, or failures of, the telecommunications and internet infrastructure in Kazakhstan may adversely affect the quality

or availability of the Bank's platforms. The failure of telecommunications network operators to provide the Bank with the requisite bandwidth could affect the speed and availability of the Bank's platforms.

Moreover, if the security of the Bank's domain names is compromised for any reason, the Bank will be unable to use such domain names in its business operations, which in turn could adversely affect the Bank's business and brand image. While the Bank has systems and processes designed to implement adequate measures of encryption of data transmitted through the networks, there is no assurance that the Bank's data could be misappropriated by a third party due to vulnerabilities in Kazakhstan's telecommunications and internet infrastructure, which could adversely affect the Bank's business, results of operations, financial condition and prospects.

Kazakhstan's taxation system is subject to frequent change

Kazakhstan's taxation system is continually evolving and subject to frequent and, at times, ambiguous changes, which could adversely affect the Bank. Currently, Kazakhstan's tax legislation is based on Code No. 120-VI of the Republic of Kazakhstan "On Taxes and Other Obligatory Payments to the Budget (Tax Code)", dated 25 September 2017 (the "**Tax Code**"), enacted by Law No. 121-VI of the Republic of Kazakhstan, dated 25 September 2017.

Historically, the tax collection system in Kazakhstan has been unpredictable, with changes to tax legislation often occurring on short notice and, in some cases, applied retroactively. Such changes affect not only the rules of tax administration but also other key provisions such as tax base and rate determination. Additionally, Kazakhstan's tax legislation is regularly amended, contributing to tax uncertainties that may have adverse implications for the Bank.

The Tax Code was amended by the Law of the Republic of Kazakhstan No. 45-VIII "On Amendments and Additions to the Code of the Republic of Kazakhstan "On Taxes and Other Obligatory Payments to the Budget' (Tax Code)" and to the Law of the Republic of Kazakhstan "On the Enactment of the Code of the Republic of Kazakhstan "On Taxes and Other Obligatory Payments to the Budget" (Tax Code)" dated 12 December 2023 (the "**Tax Code Amendment Law**"). Among other changes, the Tax Code Amendment Law introduced amendments to the taxation of second-tier banks, including the Bank. Specifically, starting on 1 March 2024, second-tier banks were no longer allowed to exclude interest income on or gains from the realisation of government securities issued by the NBK from the corporate income tax base. As the Bank's investment portfolio includes government securities issued by the NBK, these amendments are expected to increase the Bank's tax liabilities, potentially adversely affecting its financial performance in 2025.

Additionally, the Tax Code was amended by the Law of the Republic of Kazakhstan No. 208-VIII "On Amendments and Additions to the Code of the Republic of Kazakhstan "On Taxes and Other Mandatory Payments to the Budget" (Tax Code) and the Laws of the Republic of Kazakhstan Regarding Its Enforcement" dated 15 July 2025. This law introduces a retroactive provision establishing an additional category of objects subject to taxation for corporate income tax purposes, determined as the sum of the following types of income for the 2025 tax year:

- gains from the disposal of government securities (net of losses from such disposals);
- income from foreign exchange swap operations and interest rate swap operations concluded for a period of up to one year (net of losses on such operations), as determined in accordance with the Tax Code;
- interest from repo transactions concluded for a period of up to one year (net of related interest expenses);
- interest on government securities; and
- interest on deposits placed with the National Bank of the Republic of Kazakhstan for a period of up to one year.

This additional category of objects subject to taxation is subject to corporate income tax at a rate of 10 per cent. on top of the standard 20 per cent. corporate income tax rate. As these income categories are common for the financial sector and second-tier banks in particular, this amendment is expected to have a significant impact on the Bank's corporate income tax liability for the 2025 tax period.

On 18 July 2025, the President of Kazakhstan signed Tax Code No. 214-VIII (the "**New Tax Code**"), which will take effect on 1 January 2026.

The New Tax Code provides for the VAT rate increase from current 12.0 per cent. to 16.0 per cent., and this increase, which will apply starting from the 1 January 2026, could substantially increase the Bank's VAT related costs. In addition, the New Tax Code removes the VAT exemption currently available for some of banking operations.

With regard to corporate income tax, the New Tax Code stipulates a corporate income tax rate of 25 per cent. on taxable income earned by second-tier banks from banking activities (as compared to the standard rate of 20 per cent.), except for taxable income earned from lending to the so-called subjects of entrepreneurship, including citizens, state and non-state enterprises, conducting business activities. Therefore, starting from 1 January 2026, the Bank will be subject to corporate income tax of 25 per cent. on most of its taxable income. For the purpose of applying the increased tax rate under the New Tax Code, second-tier bank activities also include income in the form of interest on government securities issued by the NBK and gain from disposal of government securities issued by the NBK. In addition, the New Tax Code removes (subject to certain exceptions) the tax benefit which allows excluding interest income on government securities and gains from disposal of government securities of Kazakhstan from the corporate income tax base.

As the New Tax Code has not yet been applied in practice, there is no precedent or judicial interpretation clarifying how certain provisions, including those relevant to the taxation of noteholders, will operate. There is also currently no official clarification or clear explanation on how the banks shall apply different tax regimes to different sources of income. Any such uncertainty, or future changes in interpretation or application, could adversely affect the tax treatment of the Issuer's business or payments on the Notes. The implementation of the New Tax Code and relevant increase of the tax burden of the Issuer may force the Issuer to reduce its crediting activity and generally adversely affect its investment prospects, business, results of operations or financial condition.

The application and interpretation of tax regulations in Kazakhstan vary across and within government bodies. This inconsistency increases uncertainty and tax risks, potentially leading to enforcement challenges. Official explanations and court decisions are often unclear or contradictory, while written clarifications issued by the Kazakhstan tax authorities are not legally binding and may not be considered during dispute resolution. Moreover, tax authorities occasionally revise their positions on specific provisions, adding to the unpredictability.

Due to the ambiguity of certain provisions in Kazakhstan's tax legislation, the complexity of tax matters, and inconsistent practices among tax authorities and courts, taxpayers and authorities may interpret the same provisions in a different way. Therefore, taxation in Kazakhstan remains unclear and inconsistent in some cases, increasing the risk of additional tax assessments and liabilities. These uncertainties could materially and adversely affect, *inter alia*, the Bank's business, results of operations, financial condition or prospects.

References to the IFRS in the Tax Code could result in adverse tax assessment for the Bank

A significant part of the Tax Code contains direct links to the IFRS, which makes the IFRS an important and considerable factor within Kazakhstan's tax system. Given that the IFRS are built on the "substance over form" principle, the application of certain principles and methods of the IFRS is a matter of professional judgment, which may result in tax disputes between the Bank and the Kazakhstan tax authorities. During tax audits, the Kazakhstan tax authorities sometimes interpret the IFRS in a way that could differ from professional judgment of financial reporting specialists and/or auditors. In addition, the Kazakhstan tax authorities issue letters where they give their own interpretation of the IFRS which does not take into account all aspects of application of the IFRS.

The application of the IFRS in the taxation system of Kazakhstan entails a risk of ambiguous or inconsistent interpretation and may therefore lead to additional, and potentially material, tax assessments on the Bank. Such tax assessments could have a material adverse effect on, *inter alia*, the Bank's business, results of operations, financial condition or prospects.

Risks Related to the Notes

The obligations of the Issuer in respect of the Notes are direct, subordinated, unsecured and unguaranteed and investors assume an enhanced risk of loss in the event of the insolvency of the Issuer

The Notes constitute direct, unsecured and subordinated obligations of the Issuer.

Subject to any other ranking that may apply as a result of any mandatory provision of the laws of the Republic of Kazakhstan, upon the insolvency and/or the liquidation of the Issuer (as determined in accordance with the Applicable Banking Regulations), all claims in respect of the Notes (including claims for damages in respect of any breach of the Issuer's obligations thereunder, if applicable) will rank: (i) *pari passu* and without any preference among themselves and with any claims in respect of (A) any other Additional Tier 1 Instruments (as defined in the Conditions) and (B) any other subordinated obligations of the Issuer which by law rank *pari passu* with the claims of the Noteholders in respect of the Notes; (ii) junior to any claims in respect of (A) any unsubordinated obligations of the Issuer and (B) any other subordinated obligations of the Issuer other than those which by law rank *pari passu* with, or junior to, the claims of the Noteholders in respect of the Notes; and (iii) senior to any claims in respect of (A) the ordinary shares in the capital of the Issuer and (B) any other subordinated obligations of the Issuer which by law rank junior to the claims of the Noteholders in respect of the Notes.

If, upon the insolvency and/or liquidation of the Issuer, the assets of the Issuer are insufficient to enable the Issuer to repay the claims of more senior-ranking creditors in full, the Noteholders will lose their entire investment in the Notes. If there are sufficient assets to enable the Issuer to pay the claims of senior-ranking creditors in full but insufficient assets to enable it to pay claims in respect of its obligations in respect of the Notes and all other claims that rank *pari passu* with the Notes, Noteholders will lose some (or substantially all) of their investment in the Notes.

The Notes are deeply subordinated obligations and there is a substantial risk that investors in the Notes will lose all or some of the value of their investment should the Issuer become insolvent.

Investors should expect that their claims in respect of the Notes in the event of a winding-up or liquidation of the Issuer will rank behind the claims of creditors in respect of Tier 2 capital

As described above, see "*—The obligations of the Issuer in respect of the Notes are direct, subordinated, unsecured and unguaranteed and investors assume an enhanced risk of loss in the event of the insolvency of the Issuer*", the Notes are deeply subordinated obligations of the Issuer. The ranking of claims in respect of the Notes in the event of the insolvency of the Issuer relative to the claims of other creditors of the Issuer will, as set in Condition 3(b), be subject to the ranking which applies as a result of any mandatory provision of the laws of the Republic of Kazakhstan.

As at the date of this Information Memorandum, the Banking Law provides that claims in respect of "perpetual financial instruments" (such as the Notes) rank behind the claims in respect of all other creditors (including claims in respect of other subordinated debt, such as Subordinated Tier 2 Debt (as defined below)). However, the provisions of the Resolution of the Management Board of the NBK No. 170 dated 13 September 2017, as amended, (the "**Regulation No. 170**") which set forth the requirements for any "perpetual financial instruments" which may qualify as Additional Tier 1 Instruments (as defined below) are inconsistent in specifying the order of priority between creditors' claims in respect of Additional Tier 1 Instruments and Subordinated Tier 2 Debt.

Given that the Banking Law takes precedence over Regulation No. 170 and that such subordinate act cannot determine the order of priority of creditors' claims in insolvency and/or liquidation, investors in the Notes should, therefore, expect that any claims in respect of the Notes would rank below any claims of other creditors of the Issuer, including in respect of Subordinated Tier 2 Debt. As at 1 September 2025, the Issuer has outstanding Tier 2 capital of KZT4,615 million.

Because of the deeply subordinated nature of the Notes, there is a substantial risk that investors in the Notes will lose some or all of the value of their investment should the Issuer become insolvent.

The Issuer may issue additional debt, which may rank senior to, or pari passu with, the Notes

Subject to the restrictions on levels of indebtedness in other agreements and under prudential norms, there is no restriction on the amount of additional debt the Issuer may issue and which may rank senior to, or equally, in right of payment with the Notes. The issue of any such additional debt may reduce the amount investors may recover in respect of the Notes in certain scenarios as the incurrence of additional debt could affect the Issuer's ability to repay principal of, and make payments of Interest on, the Notes. This could have a material adverse effect on the trading price of the Notes.

Unsubordinated liabilities of the Issuer may also arise from events that are not reflected on the balance sheet of the Issuer, including, without limitation, insurance or reinsurance contracts, derivative contracts, the issuance of guarantees or the incurrence of other contingent liabilities on an unsubordinated basis. Claims made under such guarantees or such other contingent liabilities will become unsubordinated liabilities of the Issuer that upon the insolvency of the Issuer, which is at all times determined in accordance with Applicable Banking Regulations (as defined in the Conditions), will need to be paid in full before the obligations under the Notes may be satisfied.

As a result, the Notes are subordinated to any secured or unsecured unsubordinated indebtedness and/or prior-ranking subordinated indebtedness that the Issuer may incur in the future. Upon the insolvency of the Issuer, the Issuer may not have enough assets remaining after these payments to pay amounts due and payable under the Notes and Noteholders may therefore recover rateably less (if anything) than the lenders of the Issuer's secured or unsecured unsubordinated debt and/or prior-ranking subordinated debt. Even if the claims of senior ranking creditors would be satisfied in full, Noteholders may still not be able to recover the full amount due because the proceeds of the remaining assets must be shared *pro rata* among all other creditors holding claims ranking *pari passu* with the claims of the Noteholders in respect of the Notes.

If the Issuer's financial condition were to deteriorate, investors could suffer direct and materially adverse consequences, including suspension of Interest and reduction of Interest and principal and even loss of their entire investment.

The Issuer, in its full discretion, may at any time elect, and in certain circumstances may be required, not to make payments of Interest on the Notes

The Issuer may elect, at any time, in its sole and absolute discretion, to cancel (in whole or in part) the payment of any Interest otherwise scheduled to be paid on an Interest Payment Date as further provided in Condition 4 (*Interest*).

If the Issuer is required to cancel a relevant payment of Interest in whole or in part in accordance with Applicable Banking Regulations, the Issuer will only make partial or, as the case may be, no payment of the relevant Interest on the Notes.

Additionally, if the Competent Authority, in accordance with Applicable Banking Regulations, requires the Issuer to cancel a relevant payment of Interest in whole or in part, the Issuer will only make partial or, as the case may be, no payment of the relevant Interest on the Notes.

Furthermore, no payments of Interest will be made on the Notes if and to the extent that such payment would cause a breach of any regulatory restriction or prohibition on payments on Additional Tier 1 Capital pursuant to Applicable Banking Regulations, including, without limitation, reduction of the Issuer's or the Group's capital adequacy ratios below the minimum levels required under the Applicable Banking Regulations.

In addition, if a Write Down Event occurs at any time on or after the Issue Date, any interest which accrues to the Write Down Measure Effective Date and any accrued and unpaid Interest will be cancelled.

Payments of Interest on the Notes are non-cumulative. Accordingly, if any payment of Interest (or any part thereof) is not made in respect of the Notes as a result of any election of the Issuer to cancel such payment of Interest pursuant to Condition 4 (*Interest*), then the right of the Noteholders to receive the relevant payment of Interest (or such part thereof) in respect of the relevant Interest Period will be extinguished and the Issuer will have no obligation to pay such Interest (or such part thereof) accrued for such Interest Period or to pay any interest thereon, whether or not Interest on the Notes is paid in respect of any future Interest Period.

Any actual or anticipated cancellation of Interest on the Notes will likely have an adverse effect on the market price of the Notes. In addition, as a result of the Interest cancellation provisions of the Notes, in particular Condition 4 (*Interest*), the market price of the Notes may be more volatile than the market prices of other debt securities on which interest accrues that are not subject to such cancellation and may be more sensitive generally to adverse changes in the Issuer's financial condition, including, without limitation, reduction of the Issuer's capital adequacy ratios. Any indication or perceived indication that the Additional Tier 1 Capital of the Issuer is trending towards a failure to meet fully legal and regulatory requirements, may have an adverse effect on the market price of the Notes.

The Notes may be traded with accrued Interest, but (i) under certain circumstances described above, such Interest will be cancelled and not paid on the relevant Interest Payment Date and (ii) the Issuer retains full discretion to cancel Interest otherwise scheduled to be paid on the relevant Interest Payment Date

The Notes may trade, and/or the prices for the Notes may appear, in any trading systems and/or on any stock exchange on which the Notes are for the time being listed, with accrued Interest. If this occurs, purchasers of Notes in the secondary market will pay a price that reflects such accrued Interest upon purchase of the Notes. However, if a payment of Interest on any Interest Payment Date is cancelled (in whole or in part) as described herein and is thus not due and payable, purchasers of such Notes will not be entitled to that Interest payment (or, if the Issuer elects to make a payment of a portion, but not all, of such Interest payment, the portion of such Interest payment not paid) on the relevant Interest Payment Date.

Upon the occurrence of a Write Down Event, the principal amount of the Notes will be Written Down

The Notes are being issued, among other purposes, for capital adequacy regulatory purposes with the intention and purpose of being eligible as Additional Tier 1 Capital of the Issuer and of the Group. Such eligibility depends upon a number of conditions being satisfied, which are reflected in the Applicable Banking Regulations.

In the event that a Write Down Event has occurred and is continuing on the Write Down Measure Effective Date: (a) any applicable Monetary Damages shall be Cancelled; (b) any applicable Interest Cancellation Amount shall be Cancelled; and (c) the Write Down Amount shall be Written Down (each as defined in the Conditions).

Upon the occurrence of a Write Down Event, the write down of the Notes occurs automatically. The Competent Authority may, at its sole discretion, and in accordance with the Applicable Banking Regulations determine that, (i) any Monetary Damages and/or accrued and unpaid Interest (if any) may be Cancelled in part (and not in full) and/or (ii) the Outstanding Principal Amount of the Notes may be Written Down in part (and not in full), in each case, in order to remedy the relevant Write Down Event, provided further that, the Outstanding Principal Amount of the Notes may only be used to remedy a Write Down Event pro rata with the Loss Absorbing Instruments and Monetary Damages and accrued Interest may only be Cancelled pro rata with monetary damages and accrued interest on the Loss Absorbing Instruments, provided further that, in each case, the effectiveness of a write down or cancellation under a Loss Absorbing Instrument shall not prejudice any Write Down of the Notes or any Cancellation of Monetary Damages or Interest under the Notes.

Any Monetary Damages and/or Interest payment that has been Cancelled in accordance with Condition 5 (*Write Down*) will not accumulate or be payable at any time thereafter, including where the relevant Write Down Event is no longer continuing.

A Write Down Event may occur on more than one occasion (and Monetary Damages and accrued Interest may be cancelled and the Notes may be written down on more than one occasion).

Upon the occurrence of a Write Down Event and on the Write Down Measure Effective Date, Noteholders will neither (i) receive any shares or other participation rights in the Issuer or be entitled to any other participation in any equity or debt securities issued by the Issuer; nor (ii) be entitled to any compensation in the event of any further change in (A) the CET1 Ratio (as defined in the Conditions), (B) the Issuer's solvency, ability to meet its payment obligations as they fall due or to carry on its business, or (C) in the opinion of the Competent Authority and/or in accordance with Applicable Banking Regulations, the Issuer's viability, and no principal amount of the Notes which has been Written Down will be reinstated and no interest which has been Cancelled shall be reinstated. A Write Down may occur in respect of the Notes even if existing preference shares and ordinary shares of the Issuer remain outstanding.

Any Write Down of the Notes will affect the claims of Noteholders in various respects. Firstly, in the event of a winding-up of the Issuer, the claims of Noteholders will be in respect of the Outstanding Principal Amount at the time of the winding-up of the Issuer, and not for the original principal amount as at the Issue Date. Similarly, upon a redemption of the Notes by the Issuer, the redemption amount of each Note will be its Outstanding Principal Amount (together with accrued and unpaid Interest, which has not been cancelled pursuant to Condition 4 (*Interest*)) and not its original principal amount. Moreover, the Issuer is not permitted to redeem the Notes pursuant to Condition 6 (*Redemption, Substitution, Variation and Purchase*), if a Write Down Event has occurred and is continuing. See also "*—There is no scheduled redemption date for the Notes. The Noteholders have no right to require redemption and the Issuer may redeem the Notes in certain circumstances*" below for information regarding the Issuer's right to redeem the Notes.

Secondly, Interest will accrue only on the Outstanding Principal Amount from time to time and, accordingly, if the Outstanding Principal Amount is less than the original principal amount of the Notes, the maximum amount of Interest which may be paid by the Issuer (subject always to applicable payment restrictions and Interest cancellation as described above) on any Interest Payment Date shall be less than if no Write Down had occurred.

In addition, as a Write Down Event will occur upon the occurrence of a Write Down Event, which is linked to the CET1 ratio of the Issuer (on a standalone basis), any actual or perceived reduction in the CET1 Ratio may have an adverse effect on the market price of the Notes, and such adverse effect may be particularly significant if there is any indication or expectation that the CET1 Ratio is or may be trending towards 5.500 per cent.

The market price of the Notes is therefore expected to be affected by any actual or anticipated Write Down of the principal amount of the Notes.

The circumstances surrounding or triggering a Write Down Event are unpredictable

The occurrence of a Write Down Event is inherently unpredictable and depends on a number of factors, many of which are outside of the Issuer's control.

The occurrence of a Write Down Event resulting therefrom, depends, in part, on the calculation of the CET1 Ratio of the Issuer, which can be affected, among other things, by the growth of the Issuer's business and its future earnings, regulatory changes (including possible changes in regulatory capital definitions and calculations), the Issuer's ability to mitigate risk weighted assets and the Issuer's decisions on management of its capital position. The calculation may also be affected by changes in applicable accounting rules, or by changes to regulatory adjustments modifying the regulatory capital impact of accounting rules. Furthermore, regulatory changes that may occur which affect the basis of the Issuer's (or, as the case may be, the Competent Authority's, or any agents appointed by the Competent Authority's) calculation of the CET1 Ratio of the Issuer subsequent to the date of this Information Memorandum may individually or in the aggregate negatively affect the CET1 Ratio of the Issuer and thus increase the risk of the occurrence of a Write Down Event. Although the Issuer is required to maintain a capital conservation buffer at the rate of 2.5 per cent. in addition to the minimum CET1 Ratio, there can be no assurance that such buffer will be sufficient to prevent the occurrence of a Write Down Event.

The occurrence of a Write Down Event is subject to, inter alia, a determination by the Competent Authority. As a result, the Competent Authority may take actions contributing to the occurrence of a Write Down Event in circumstances that are beyond the control of the Issuer and with which the Issuer may not agree. The exercise (or perceived likelihood of exercise) of any such power by the Competent Authority or any suggestion of such exercise could materially adversely affect the value of the Notes and could lead to the Noteholders losing some or all of their investment in the Notes.

Because of the inherent uncertainty regarding the determination as to whether a Write Down Event has occurred, it will be difficult to predict when, if at all, a Write Down Event will occur. Accordingly, trading behaviour in respect of the Notes is not necessarily expected to follow trading behaviour associated with other types of securities. Any indication that the Issuer is trending towards a Write Down Event can be expected to have a material adverse effect on the market price of the Notes.

The Issuer's CET1 Ratio as at 30 June 2025, 31 December 2024 and 31 December 2023 was 14.1 per cent., 23.9 per cent. and 20.8 per cent., respectively, which was above the minimum regulatory requirement, accounting for the conservation buffer, of 8.0 per cent., 8.0 per cent. and 7.5 per cent. for the same periods, respectively.

See also "*Selected Consolidated Financial Information*" for information regarding the current regulatory capital ratios of the Issuer. The Issuer currently intends to publish information regarding the CET1 Ratio of the Issuer as part of its financial statements semi-annually. However, there can be no assurance that the Issuer will publicly report such information at such intervals or at any other time.

The Notes may be subject to statutory write down, conversion or variation

Under the Banking Law, the AFR has the power to, *inter alia*, restructure certain liabilities of an "insolvent" bank, including Additional Tier 1 Instruments, through write down or conversion into ordinary shares or variation of the terms of such instruments at the discretion of the AFR. See "*The Banking Sector and Banking Regulation in the Republic of Kazakhstan – Bank with an Unstable Financial Position – Power of AFR to Mandatorily Restructure Bank's Liabilities*". Implementation of such measures would constitute the exercise by the Competent Authority of its resolution powers envisaged by the Applicable Banking Regulations in relation to the Notes, as provided in Condition 19 (*Acknowledgement of Statutory Write-Down or Conversion*).

The mandatory restructuring of the Notes may include reduction or cancellation of outstanding principal amount of the Notes and any accrued and unpaid interest on the Notes, conversion of the Notes into common shares of the Issuer, modification of terms including payment dates and amounts, or suspension of payments. While the criteria for recognising a bank to be "insolvent" set by Banking Law do include breach of capital adequacy ratios including CET1 Ratio, they do not fully coincide with the definition of the Write Down Event under the Terms and Conditions of the Notes, therefore, the Issuer cannot exclude a possibility that the mandatory restructuring of the Notes by the AFR occurs prior to occurrence of the contractual Write Down Event.

Investors in the Notes should note that the Draft Banking Law is expected to make a comprehensive reform of Kazakhstan's bank crisis management framework, including resolution powers. The Draft Banking Law is in draft form, and therefore there is uncertainty as to the final form that any resulting legislation may take. However, the implementation of the Draft Banking Law may expand the circumstances in which the AFR has the power to, or is required to, write down or convert instruments such as the Notes, which would increase the possibility that such powers could be exercised significantly sooner than the point at which a Write Down Event occurs. See "*The Banking Sector and Banking Regulation in the Republic of Kazakhstan – Bank with an Unstable Financial Position – Power of AFR to Mandatorily Restructure Bank's Liabilities*".

Therefore, potential investors in the Notes are subject to the risk that the mandatory restructuring may be exercised, resulting in Noteholders losing all or part of their investment in the Notes or receiving different securities of lesser value. Any equity instruments issued upon conversion may not meet listing requirements of securities exchanges.

The decision to implement mandatory restructuring of the Notes is taken by the AFR and is outside the Issuer's control. Any actual or perceived likelihood of such exercise could adversely affect the market price of the Notes.

The interest rate on the Notes will be reset on each Reset Date, which may affect the market value of the Notes

The interest rate on the Notes will be reset on the First Reset Date and each subsequent Reset Date, which could affect interest payments on an investment in the Notes and the market price of any such investment. The Notes will initially bear interest at the rate of Interest equal to 9.750 per cent. per annum to (but excluding) the First Reset Date, at which time the rate of Interest will be reset as specified in the Conditions. Such reset rate of Interest will then be reset at each subsequent Reset Date to the reset rate of Interest to be determined by the Calculation Agent, based on the Treasury Yield plus the Margin, in accordance with Condition 4 (Interest). Each reset rate of Interest could be less than the initial rate of Interest and/or the interest rate that applies immediately prior to such Reset Date, which could affect the amount of any interest payments under the Notes and so the market value of an investment in the Notes. See also "*—The Notes have a reset rate of Interest based on the Treasury Yield. If the Treasury Yield is unavailable or discontinued, this may adversely affect the value of and return on the Notes*."

The Notes do not contain events of default and the enforcement rights available to Noteholders under the Notes are limited

The terms of the Notes do not provide for any events of default or any other provisions allowing Noteholders to accelerate the Notes. Noteholders may not at any time demand repayment or redemption of their Notes, and enforcement rights for any payment are limited to the right of the Trustee, in accordance with the Applicable Banking Regulation, to initiate or request to initiate, proceeding, for the winding-up, insolvency or liquidation of the Issuer, and to prove and/or claim in any winding-up, insolvency or liquidation. Such claim would be for payment of the Outstanding Principal Amount of the relevant Note at the time of commencement of such winding-up together with any interest accrued and unpaid on such Note (to the extent that the same is not cancelled in accordance with the Conditions) from (and including) the Interest Payment Date immediately preceding commencement of such winding-up and any other amounts payable on such Note under the Conditions. The Trustee has limited powers and obligations to enforce the terms of the Trust Deed and the Notes, and is not bound to take enforcement action unless directed by an Extraordinary Resolution or requested in writing by Noteholders holding at least one-quarter in principal amount of the Notes outstanding, and only after being indemnified and/or provided with security to its satisfaction. Individual Noteholders cannot proceed directly against the Issuer or institute winding-up or bankruptcy proceedings.

Furthermore, there is no certainty under existing laws of the Republic of Kazakhstan that the Trustee would be entitled to petition for the winding-up for the Issuer in the absence of permission from the Competent Authority to do so.

There is no scheduled redemption date for the Notes. The Noteholders have no right to require redemption and the Issuer may redeem the Notes in certain circumstances

The Notes are perpetual and have no fixed maturity. The Issuer has no obligation at any time to redeem the Notes, and the Noteholders have no right to require redemption or purchase of the Notes by the Issuer at any time.

The Issuer may redeem the Notes (in whole but not in part) in its sole discretion on (i) any day falling in the period commencing on (and including) 3 November 2030 and ending on (and including) the First Reset Date or (ii) on any Interest Payment Date falling after the First Reset Date, at the Redemption Price, which may be lower than the original principal amount if the Notes have previously been the subject of a Write Down. Further, on or after the Issue Date, following the occurrence of a Tax Event that is continuing, the Issuer may redeem the Notes (in whole but not in part) in its sole discretion (subject to the prior consent of the Competent Authority, if required, and otherwise in accordance with Applicable Banking Regulations then in force), at any time at the Redemption Price, which may be lower than the original principal amount if the Notes have previously been the subject of a Write Down.

In addition, following the occurrence of a Capital Event that is continuing, the Issuer may redeem the Notes (in whole but not in part) in its sole discretion (subject to the prior consent of the Competent Authority, if required, and otherwise in accordance with Applicable Banking Regulations then in force), at any time at the Redemption Price, which may be lower than the original principal amount if the Notes have previously been the subject of a Write Down.

The Issuer and its Subsidiaries may also purchase Notes in the open market. If 75.0 per cent. or more of the aggregate principal amount of the Notes originally issued has been purchased by the Issuer or any of its Subsidiaries and cancelled, the Issuer may redeem all remaining Notes at the Redemption Price (as defined in the Conditions), which may be lower than the original principal amount if the Notes have previously been subject to a Write Down.

The Issuer's ability to redeem the Notes in the circumstances described above remains subject to significant regulatory and prudential limitations. These restrictions include, if and to the extent required by the Applicable Banking Regulations, the requirement to obtain prior approval from the Competent Authority, the need to replace the redeemed Notes with capital instruments of the same or better quality and the obligation to ensure that the Issuer's own capital and capital adequacy ratios remain above minimum regulatory requirements immediately after any redemption. Additionally, any redemption must comply with all other conditions that may be imposed by the Applicable Banking Regulations then in force. The Competent Authority may refuse to

grant consent for redemption or may revoke previously granted consent, and such refusal or revocation would not constitute a breach of the terms of the Notes. Furthermore, if Applicable Banking Regulations in force at the time of redemption require compliance with alternative or additional conditions beyond those described above, the Issuer must satisfy those additional requirements as well.

At any time when the Notes may be redeemed by the Issuer or the market anticipates that the redemption right will become available, the market price of the Notes is unlikely to substantially exceed the price at which the Issuer may elect to redeem the Notes. If the Issuer redeems the Notes in any of the circumstances mentioned above, there is a risk that the Notes may be redeemed at times when the redemption proceeds are less than the current market value of the Notes or when prevailing interest rates may be relatively low, in which latter case Noteholders may only be able to reinvest the redemption proceeds in Notes with a lower yield. Potential investors should consider reinvestment risk in light of other investments available at that time.

It is not possible to predict whether the events referred to above will occur and lead to circumstances in which the Issuer may elect to redeem the Notes, and if so whether or not the Issuer will satisfy the conditions, or elect, to redeem the Notes. The Issuer may be more likely to exercise its option to redeem the Notes at a time when its funding costs would be lower than the prevailing interest rate payable in respect of the Notes. If the Notes are so redeemed, there can be no assurance that Noteholders will be able to reinvest the amounts received upon any redemption at a rate that will provide as favourable a rate of return as their investment in the Notes.

The Notes have a reset rate of Interest based on the Treasury Yield. If the Treasury Yield is unavailable or discontinued, this may adversely affect the value of and return on the Notes

From, and including, the First Reset Date, and on every Reset Date thereafter, the Notes will bear an interest rate calculated by the Calculation Agent as the sum of the relevant Treasury Yield plus the Margin for that Reset Period. The Treasury Yield is the rate per annum corresponding to the semi-annual equivalent yield to maturity, that represents the average for five consecutive New York Business Days immediately prior to the applicable Reset Determination Date appearing on the statistical release designated as "H.15", or any successor publication, published by the Board of Governors of the United States Federal Reserve System that establishes yields on actively traded U.S. Treasury securities adjusted to constant maturity for five-year maturities under the caption "Treasury Constant Maturities".

To the extent that such rate does not appear on the H.15 at the relevant time on any Reset Determination Date, the Treasury Yield for the relevant Reset Period will be determined using the alternative methods described in clauses (ii) and (iii) of the definition of "Treasury Yield" in Condition 20 (*Definitions*). Any of these alternative methods may result in interest payments that are lower than or that do not otherwise correlate over time with the payments that would have been made on the Notes if the rate described in clause (i) of the definition of "Treasury Yield" was available in its current form. The final such alternative method sets the Treasury Yield for a Reset Period at the same rate as the immediately preceding Reset Period, (or, in the case of the first Reset Period, the rate equal to 3.687 per cent. – per annum) effectively eliminating the reset of the Interest Rate for that Reset Period. Any of the foregoing may have an adverse effect on the value of the Notes.

Any such consequences could have a material adverse effect on the value of and, on and from the First Reset Date, the return on the Notes. Moreover, any of the above matters or any other significant change to the setting or existence of any relevant rate could affect the ability of the Issuer to meet its obligations under the Notes or could have a material adverse effect on the value or liquidity of, and the amount payable under, the Notes.

The Notes are subject to modification, substitution and variation

The Trust Deed contains provisions for calling meetings of Noteholders to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Conditions) of a modification or abrogation of any of the Conditions or any provisions of the Trust Deed. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting, including Noteholders who voted in a manner contrary to the majority.

In addition, the Trustee and the Issuer may agree, without the consent of the Noteholders, to (i) any modification of any of the Conditions or any of the provisions of the Trust Deed or the Agency Agreement, that is of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification (except as

mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the Conditions or any of the provisions of the Trust Deed or the Agency Agreement, or may determine, without any such consent, that any default shall not be treated as such, if it is, in the opinion of the Trustee, not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation, waiver or determination will be binding on the Noteholders.

If a Capital Event or a Tax Event has occurred and is continuing as at the date of the relevant variation notice to Noteholders, then the Issuer may, in its sole discretion but subject as provided in Conditions 6(h) and 6(j), and without any requirement for the consent or approval of the Noteholders, but subject to the prior consent of the Competent Authority (and otherwise in accordance with Applicable Banking Regulations then in force), either substitute all (but not some only) of the Notes for, or vary the terms of the Notes (including changing the governing law of the Notes) so that the Notes remain or, as the case may be, become Qualifying Additional Tier 1 Notes.

Notwithstanding any provision of the Conditions, no assurance can be given as to whether any of these changes will negatively affect any particular Noteholder, and it is possible that any substituted or varied Notes will contain conditions that are contrary to the investment criteria of certain investors. In addition, the tax and stamp duty consequences of holding such substituted or varied Notes could be different for some categories of Noteholders from the tax and stamp duty consequences for them of holding the Notes prior to such substitution or variation. There can also be no assurance that the terms of any substituted or varied Notes will be viewed by the market as equally favourable to Noteholders, or that such Notes will trade at prices that are equal to the prices at which the Notes would have traded on the basis of their original terms.

The Notes may also be subject to statutory write down, conversion or variation powers exercised by the Competent Authority as described in *"—The Notes may be subject to statutory write down, conversion or variation"* above, which may result in variation of the terms of the Notes independently of the contractual provisions described herein. By acquiring the Notes, each Noteholder acknowledges, accepts, consents and agrees to be bound by the effect of the exercise by the Competent Authority of its resolution powers envisaged by the Applicable Banking Regulations in relation to the Notes, as provided in Condition 19 (*Acknowledgement of Statutory Write-Down or Conversion*).

Changes in law, and uncertainties in the application of law in connection with the offering, may adversely impact the Noteholders

The Notes will be governed by the laws of England except that the provisions of Condition 3 will be governed by the laws of the Republic of Kazakhstan. No assurance can be given as to the impact of any possible future judicial decision or change to the laws of England or applicable administrative practice, or changes in the laws of the Republic of Kazakhstan, after the date of this Information Memorandum. Such changes in law may include, but are not limited to, the introduction of, or amendments to, a variety of statutory resolution and loss absorption tools in Kazakhstan which may affect the rights of Noteholders. Such tools may include the ability to write down the amounts otherwise payable on the Notes.

In addition, the offering and distribution of the Notes is subject to the Local Offering Requirement in Kazakhstan. In particular, effective from 31 August 2025, the amended Article 22-1 of Kazakhstan Law No. 461 dated 2 July 2003 "On the Securities Market of the Republic of Kazakhstan" (the "**Securities Law**") requires any Kazakhstan-resident issuer (including the Issuer) placing its securities in a foreign jurisdiction to comply with the Local Offering Requirement. This requirement poses practical challenges in light of limited demand and liquidity on Kazakhstan's domestic markets. As the requirement has been only recently adopted, there is very limited practice regarding its implementation and interpretation by relevant regulatory bodies, and the ultimate determination of compliance rests with the AFR. A determination that the Issuer has failed to comply with the requirement may result in an administrative fine of up to 50 per cent. of the total proceeds of the placement of the Notes being imposed on the Issuer.

There is no public market for the Notes

There is no existing market for the Notes, and there can be no assurance regarding the future development of a market for the Notes. Application has been made to the Vienna Stock Exchange for the Notes to be admitted to trading on the Vienna MTF. The Issuer has also authorised the arrangement of the Notes to be offered and placed

in the Republic of Kazakhstan through an organised securities market in the Republic of Kazakhstan, in relation to which application has been made to the AIX for the Notes to be included in the official list of and be admitted to trading on the AIX. No assurance can be made as to the liquidity of any market that may develop for the Notes, the ability of Noteholders to sell the Notes or the price at which Noteholders may be able to sell the Notes. The liquidity of any market for the Notes will depend on the number of Noteholders, prevailing interest rates, the market for similar securities and other factors, including general economic conditions and the Issuer's financial condition, performance and prospects, as well as recommendations of securities analysts. Disruptions in the global capital markets may lead to reduced liquidity, increased credit risk premiums and a reduction in investment in securities. If an active trading market does not develop or cannot be maintained, this could have a material adverse effect on the liquidity and the trading price of the Notes.

The trading price of the Notes may be volatile

The trading price of the Notes could be subject to significant fluctuations in response to actual or anticipated variations in the Issuer's operating results and those of the Issuer's competitors, adverse business developments, changes to the regulatory environment in which the Issuer operates, changes in financial estimates by securities analysts and the actual or expected sale of a large number of Notes, as well as other factors, including the credit rating and capital ratios of the Issuer. Historically, the market for non-investment grade debt, such as the Notes, has been subject to disruptions that cause substantial volatility in the prices of such securities. In addition, in recent years the global financial markets have experienced significant price and volume fluctuations which, if repeated in the future, could adversely affect the trading price of the Notes without regard to the Issuer's operating results, financial conditions, capital ratios or prospects or credit rating.

The Notes may only be transferred in accordance with the procedures of the depositaries in which the Notes are deposited

Except in limited circumstances, the Notes will be issued only in global form, with interests therein held through the facilities of DTC and/or Euroclear and/or Clearstream, Luxembourg. Ownership of beneficial interests in the Notes is shown on, and the transfer of that ownership is effected only through, records maintained by DTC and/or Euroclear and/or Clearstream, Luxembourg, or their nominees and the records of their participants. The laws of some jurisdictions may require that certain purchasers of securities take physical delivery of such securities in definitive form. These laws may impair the ability to transfer beneficial interests in the Notes. Because DTC and/or Euroclear and/or Clearstream, Luxembourg, can only act on behalf of their participants, which, in turn, act on behalf of owners of beneficial interests held through such participants and certain banks, the ability of a person having a beneficial interest in a Note to pledge or transfer such interest to persons or entities that do not participate in the DTC and/or Euroclear and/or Clearstream, Luxembourg systems may be impaired.

While the Notes are represented by Global Notes, the Issuer will discharge its payment obligation under the Notes by making payment through the relevant clearing systems. A holder of a beneficial interest in a Global Note must rely on the procedures of the relevant clearing system and its participants to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in any Global Note.

Holders of beneficial interests in a Global Note will not have a direct right to vote in respect of the notes so represented. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant clearing system and its participants to appoint appropriate proxies.

Failure to maintain listing of Notes on the official securities list of the AIX may cause the holders of Notes to lose the tax exemptions provided under the AIFC Law

Constitutional Statute No. 438-V of the Republic of Kazakhstan "On the Astana International Financial Centre", dated 7 December 2015, as amended (the "**AIFC Law**"), provides for certain tax exemptions in relation to securities included in the official list of the AIX. Thus, until 1 January 2066 interest paid on the securities and gains derived from realisation of securities should be exempt from personal income tax and corporate income tax in Kazakhstan, provided that such securities are included in the official list of the AIX at the date the interest is accrued thereto and at the date of the realization of such securities, respectively. The provisions of the AIFC

Law in terms of tax benefits override the provisions of the Tax Code or the New Tax Code (where applicable), which gives more flexibility and advantages to holders of the AIX-listed securities. Accordingly, if the Notes are listed only on the KASE or are delisted from the official list of the AIX for any reason, the holders of the Notes will not enjoy or will lose the tax benefits under the AIFC Law as described above and the holders of the Notes will fall under the statutory regime established by the Tax Code or the New Tax Code (as applicable). See "*Taxation*."

Enforcement of judgments or arbitral awards against the Issuer may be difficult

Kazakhstan's courts will not enforce any judgment of a court established in a country other than Kazakhstan unless: (i) there is in effect a treaty between such country and Kazakhstan providing for reciprocal enforcement of judgments and then only in accordance with the terms of such treaty; or (ii) based on the principle of reciprocity. There is no such treaty in effect between Kazakhstan and the United Kingdom, and the principle of reciprocity has not been developed in the court practice and can be very hard or impossible to prove. However, each of Kazakhstan and the United Kingdom are parties to the New York Convention and, accordingly, an arbitral award should be recognised and enforceable in Kazakhstan provided the conditions to enforcement set out in New York Convention and applicable Kazakhstan laws are met. See "*Limitations on Enforcement of Arbitral Awards and Judgments*".

However, even if an applicable international treaty is in effect, or a foreign judgment might otherwise be recognised and enforced on the basis of reciprocity, the recognition and enforcement of a foreign judgment will remain subject to any exceptions and limitations provided for in Kazakhstan law. Therefore, there remains a risk that a claimant will not be able to have a foreign judgment recognised or enforced in the Kazakhstan courts. For example, a Kazakhstan court may refuse to recognise or enforce a foreign judgment if its recognition or enforcement would be contrary to Kazakhstan public policy.

As a result, it may be difficult for claimants to obtain recognition or enforcement in Kazakhstan of a foreign judgment in respect of the Notes, the Agency Agreement and the Trust Deed.

The Notes are complex and novel financial instruments that involve a high degree of risk and may not be a suitable investment for all investors

The Notes are complex financial instruments that involve a high degree of risk. As a result, an investment in the Notes involves certain increased risks. Each potential investor of the Notes must determine the suitability (either alone or with the help of a financial, legal or other professional adviser) of that investment in light of its own circumstances. In particular, each investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes and, in particular, the information contained or incorporated by reference in this Information Memorandum;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, the merit and risks of an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes including where the currency for principal and Interest payments (the U.S. dollar) is different from the potential investor's currency and the possibility that interest may not be paid on the Notes and/or that the entire principal amount of the Notes could be lost;
- understand thoroughly the terms of the Notes; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic considerations, interest rate volatility and other factors that may affect its investment and its ability to bear the applicable risks.

Sophisticated investors generally do not purchase complex financial instruments that bear a high degree of risk as stand-alone investments. They purchase such financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Notes unless they have the knowledge and expertise (either alone or with a financial, legal and/or other professional adviser) to evaluate how the Notes will perform under changing conditions and the impact this investment will have on the potential investor's overall investment portfolio. Prior to making an investment

decision, potential investors should consider carefully, in light of their own financial circumstances and investment objectives, all the information contained in this document or incorporated by reference herein.

The U.S. federal income tax consequences of investing in the Notes are not certain

No authority directly addresses the U.S. federal income tax characterization of securities like the Notes. The determination of whether an obligation represents debt, equity, or some other instrument or interest is based on all the relevant facts and circumstances. The Issuer intends to treat the Notes as equity interests in the Issuer for U.S. federal income tax purposes. The Issuer's characterization of the Notes is not binding on the Internal Revenue Service (the "**IRS**"), and no assurance can be given that the IRS will not assert, or a court would not sustain, a contrary position regarding the characterization of the Notes. U.S. Holders (as defined under "*Certain U.S. Federal Income Tax Considerations*") should consult their own independent tax advisors regarding the characterization of the Notes for U.S. federal income tax purposes. See "*U.S. Federal Income Tax Characterization of the Notes*."

The Issuer may be a passive foreign investment company for U.S. federal income tax purposes, which could result in adverse U.S. federal income tax consequences to U.S. investors

The Issuer will be classified as a passive foreign investment company ("**PFIC**") in any taxable year if either: (i) at least 75% of its gross income is "passive income" or (ii) at least 50% of the average value of its assets (generally determined on the basis of a quarterly average and generally measured at fair market value) is attributable to assets which produce passive income or are held for the production of passive income. The application of the PFIC rules is subject to uncertainty in several respects. Although banks generally derive a substantial part of their income from assets that are interest bearing or that otherwise could be considered passive under the PFIC rules, the IRS has issued guidance in certain proposed regulations (that taxpayers may rely on pending finalization) that exclude from passive income any income derived in the active conduct of a banking business by a qualifying foreign bank. Based on such proposed regulations, and upon the Issuer's regulatory status under Kazakhstan law, its banking activities performed in the ordinary course of business (including lending, accepting deposits and depositing money in other banks), and the proportion of its income derived from activities that are "bona fide" banking activities for U.S. federal income tax purposes, the Issuer does not believe that it was a PFIC for its most recently ended taxable year, and does not expect to be a PFIC for the current taxable year or for any foreseeable future taxable year. However, because a PFIC determination is a factual determination that must be made following the close of each taxable year and is based on, among other things, the composition of a foreign bank's assets and income, and the proposed regulations may not be finalized in their current form, there can be no assurance that the Issuer will not be considered a PFIC for its most recently ended taxable year, the current taxable year or any subsequent taxable year. If the Issuer is a PFIC for any taxable year during which a U.S. investor held the Notes, the U.S. investor might be subject to increased U.S. federal income tax liability on disposition gains and certain distributions and to additional reporting obligations. U.S. investors should consult their own independent tax advisors regarding the application of the PFIC rules to an investment in the Notes. See "*U.S. Federal Income Tax Characterization of the Notes.*"

USE OF PROCEEDS

The net proceeds from the offering of Notes, after payment of commissions and expenses related to the offering of Notes, will be approximately U.S.$397,916,000.

The Issuer will use the net proceeds from the issuance of the Notes for general banking business.

CAPITALISATION

The following table sets forth the Group's capitalisation as at 30 June 2025. This information should be read in conjunction with the Financial Statements and the notes thereto included elsewhere in this Information Memorandum and "*—Management's Discussion and Analysis of Financial Condition and Results of Operations*."

	As at 30 June 2025
	million tenge
Liabilities	
Current accounts and deposits of customers	3,091,305
Amounts due to banks and other credit institutions	180,994
Amounts payable under repurchase agreements	410,007
Debt securities issued	283,182
Subordinated debt	12,191
Other liabilities	64,655
Total liabilities	**4,042,334**
Equity	
Share capital	332,815
Additional paid-in capital	31,334
Treasury shares	(315)
Fair value reserve	(49,625)
Retained earnings	182,993
Total equity	**497,202**
Total capitalisation and liabilities	**4,539,536**

Since 30 June 2025, the Bank redeemed its 10-year bonds totalling approximately KZT50 billion. In addition, the Bank secured a syndicated loan in the amount of RMB750 million from a group of international financial institutions.

Other than as described above, there has been no material adverse change in the capitalisation or indebtedness of the Group since 30 June 2025.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The financial information set forth below as at 30 June 2025 and for the six-month periods ended 30 June 2025 and 2024 and as at and for the years ended 31 December 2024, 2023 and 2022 has been extracted without material adjustment from the Annual Financial Statements and Interim Financial Statements. The additional financial data includes APMs and non-IFRS measures and was derived from data extracted from the Annual Financial Statements, Interim Financial Statements and unaudited consolidated management accounts. The financial data set forth below should be read in conjunction with, and is qualified in its entirety by reference to, the Annual Financial Statements and Interim Financial Statements and related notes included elsewhere in this Information Memorandum and "Management's Discussion and Analysis of Financial Condition and Results of Operations".

Selected Consolidated Statement of Comprehensive Income

	Six-month period ended 30 June		Year ended 31 December		
	2025	**2024**	**2024**	**2023**	**2022**
			million tenge		
	(audited)	(unaudited)		(audited)	
Interest income calculated using the effective interest method	297,408	243,523	517,435	370,380	258,780
Other interest income	4,071	2,517	5,576	3,424	1,961
Interest expense	(157,982)	(124,814)	(260,282)	(180,758)	(132,108)
Net interest income	**143,497**	**121,226**	**262,729**	**193,046**	**128,633**
Fee and commission income	17,405	16,829	36,070	36,306	36,210
Fee and commission expense	(8,314)	(6,521)	(13,679)	(13,134)	(12,242)
Net (loss)/gain on financial instruments at fair value through profit or loss	(12,454)	4,376	14,604	1,029	2,011
Net gain/(loss) on derecognition of investment securities at fair value through other comprehensive income	7	98	267	(32)	311
Net gain from foreign currencies	16,511	10,239	13,269	29,922	49,862
Dividends received	85	494	499	302	-
Other income	4,767	1,443	4,192	8,749	3,744
Non-interest income	**18,007**	**26,958**	**55,222**	**63,142**	**79,896**
Credit loss expenses	(2,344)	(17,532)	(41,806)	(49,725)	(37,650)
Net gain/(loss) on derecognition of financial assets measured at amortised cost	1,290	(546)	(1,689)	(4,787)	(4,477)
Net loss on modification of a liability that results in derecognition	-	(3,593)	(3,593)	-	-
General and administrative expenses	(44,968)	(41,333)	(87,283)	(79,106)	(62,205)
Other expenses	(6,660)	(3,229)	(9,237)	(6,109)	(5,484)
Non-interest expenses	**(52,682)**	**(66,233)**	**(143,608)**	**(139,727)**	**(109,816)**
Profit before corporate income tax benefit	**108,822**	**81,951**	**174,343**	**116,461**	**98,713**
Corporate income tax expense	(8,815)	(7,186)	(13,997)	(24)	(627)
Profit for the period / year	**100,007**	**74,765**	**160,346**	**116,437**	**98,086**
Other comprehensive income:					
Other comprehensive income/(loss) to be reclassified to profit or loss in the subsequent periods:					
Net change in fair value of debt instruments through other comprehensive income	(79,177)	(410)	35,787	18,791	(33,202)
Changes in allowance for expected credit loss of debt instruments at fair value through other comprehensive income	(484)	881	686	120	337
Amount reclassified to profit or loss as a result of derecognition of debt instruments at fair value through other comprehensive income	(7)	(98)	(267)	32	(311)
Income tax relating to components of other comprehensive income	(142)	45	24	(298)	665
Net other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods	**(79,810)**	**418**	**36,230**	**18,645**	**(32,511)**
Other comprehensive loss, that will not be reclassified subsequently to profit or loss					
Loss on equity instruments measured at fair value through other comprehensive income	(16)	(1)	15	(803)	488
Total other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods	**(16)**	**(1)**	**15**	**(803)**	**488**
Other comprehensive income for the period / year, net of tax	**(79,826)**	**417**	**36,245**	**17,842**	**(32,023)**
Total comprehensive income for the period / year	**20,181**	**75,182**	**196,591**	**134,279**	**66,063**

Selected Consolidated Statement of Financial Position Information

	As at 30 June	As at 31 December		
	2025	2024	2023	2022
		million tenge (audited)		
Assets				
Cash and cash equivalents	443,863	946,000	704,042	457,962
Amounts due from credit institutions	150,704	100,478	101,430	31,046
Securities measured at fair value through profit or loss	2,731	2,888	3,016	2,763
Loans to customers	2,687,160	1,820,134	1,377,500	1,173,542
Investment securities:				
Held by the Group	709,212	677,646	789,486	922,446
Pledged under sale and repurchase agreement	412,853	436,666	164,168	68,128
Property and equipment	60,428	54,232	56,665	59,020
Intangible assets	15,183	15,224	13,867	14,550
Deferred tax assets	2,716	-	-	-
Other assets	54,686	37,668	43,001	59,929
Total assets	**4,539,536**	**4,090,936**	**3,253,175**	**2,789,386**
Liabilities				
Current accounts and deposits of customers	3,091,305	2,867,955	2,261,023	2,011,734
Amounts due to banks and other credit institutions	180,994	77,661	68,384	66,751
Amounts payable under repurchase agreements	410,007	435,394	163,523	67,980
Debt securities issued	283,182	71,844	267,250	249,473
Subordinated debt	12,191	14,389	14,389	16,795
Deferred tax liabilities	-	10,568	12,732	13,904
Other liabilities	64,655	44,941	36,066	18,989
Total liabilities	**4,042,334**	**3,522,752**	**2,823,367**	**2,445,626**
Equity				
Share capital	332,815	332,815	332,815	332,815
Additional paid-in capital	31,334	23,651	23,651	23,651
Treasury shares	(315)	(3,465)	(3,465)	(3,465)
Fair value reserve	(49,625)	30,201	(6,044)	(23,886)
Retained earnings	182,993	184,982	82,851	14,645
Total equity	**497,202**	**568,184**	**429,808**	**343,760**
Total liabilities and equity	**4,539,536**	**4,090,936**	**3,253,175**	**2,789,386**

Selected Key Performance Indicators

	As at or for the six-month period ended 30 June		As at or for the year ended 31 December		
	2025	2024	2024	2023	2022
			%		
Financial Performance					
Return on average assets[(1)]	4.6%	4.3%	4.4%	3.9%	3.8%
Return on average equity[(2)]	37.5%	34.1%	32.1%	30.1%	31.6%
Cost-to-income ratio[(3)]	28.8%	29.4%	28.8%	32.2%	31.3%
Net Interest Margin[(4)]	6.9%	7.2%	7.3%	7.1%	5.3%
Allowance for loan losses / Gross loans[(5)]	3.7%	5.1%	4.7%	6.1%	5.3%
Interest received / interest accrued[(6)]	121.3%	94.4%	94.3%	94.1%	96.8%
Liquidity					
Total liquid assets[(7)] / total assets	33.2%	45.2%	48.9%	42.1%	41.3%
Loan to deposit ratio[(8)]	90.3%	68.6%	66.6%	64.9%	61.6%
Capital Adequacy					
Regulatory Capital Ratio[(9)]	14.2%	20.3%	24.1%	21.2%	20.2%
Capital Adequacy Ratio[(9)]	14.1%	20.0%	23.9%	20.8%	19.6%
CET1 Ratio[(9)]	14.1%	20.0%	23.9%	20.8%	19.6%
Credit Quality					
Non-performing loans as a proportion of the loans, gross (NPL ratio)[(10)]	3.5%	4.0%	3.6%	4.7%	5.9%
Non-performing loans coverage[(11)]	106.5%	127.7%	129.6%	130.3%	89.3%
Credit impaired loans / gross loans[(12)]	4.8%	5.4%	5.0%	6.6%	8.7%
Cost of risk[(13)]	0.2%	2.0%	2.4%	3.6%	3.5%
Risk-Weighted Assets (RWA) density[(14)]	73.3%	55.76%	55.5%	60.1%	57.7%

Notes:

(1) Return on average assets is calculated based on the opening and ending balances of each applicable period. For consistency of presentation, amounts for the six-month periods ended 30 June 2025 and 2024 are calculated by multiplying the value of the profit in formula by 2. Such amounts should not be treated as any forecast of future returns.

(2) Return on average equity is calculated based on the opening and ending balances of each applicable period. For consistency of presentation, amounts for the six-month periods ended 30 June 2025 and 2024 are calculated by multiplying the value of the profit in formula by 2. Such amounts should not be treated as any forecast of future returns.

(3) Cost-to-income ratio is calculated as general and administrative expenses divided by the sum of operating income. Sum of operating income includes net margin on interest and similar income, net fee and commission income (calculated as commission income minus commission expense), net gain/(loss) from trading in foreign currencies, net gain/(loss) on financial instruments at fair value through profit or loss, net gain/(loss) on derecognition of investment securities measured at fair value through other comprehensive income, net gain/(loss) on derecognition of financial assets measured at amortised cost, net loss on modification of a liability that results in derecognition, dividends received and net other income/(expenses).

(4) Net interest margin is calculated as net margin on interest and similar income divided by average interest-earning assets. The average interest-earning assets are based on the average of the quarter-end balances within each applicable period. Interest-earning assets include loans and advances to customers, investment securities, cash and cash equivalents (excluding cash on hand) and due from other banks. For consistency of presentation, amounts for the six-month periods ended 30 June 2025 and 2024 are calculated by multiplying net interest margin formula by 2. Such amounts should not be treated as any forecast of future margin.

(5) Allowance for loan losses / Gross loans is calculated as allowance for expected credit losses as at the period end divided by total loans and advances to customers, gross as at the period end.

(6) Interest received / interest accrued is calculated as interest received on loans to customers divided by the interest income accrued on loans to customers.

(7) Total liquid assets represent cash and cash equivalents and investment securities measured at FVOCI divided by the total assets.

(8) Loan to deposit ratio represents gross loan portfolio divided by the current accounts and deposits of customers.

(9) Regulatory Capital Ratio (ratio of regulatory capital to risk weighted assets), Capital Adequacy Ratio (ratio of tier 1 capital to risk weighted assets) and CET1 Ratio (base capital to total risk weighted assets) are calculated based on NBK standards.

(10) Non-performing loans are defined as loans and advances to customers, gross, with overdue payments of principal loan amount and/or interest by more than 90 days as at the period end. NPL ratio is calculated as non-performing loans divided by total loans and advances to customers, gross as at the period end.

(11) Non-performing loans coverage is calculated as the amount of allowance for expected credit losses as at period end divided by the total amount of the Non-performing loans (as defined in Note 10 above) as at the period end.

(12) Credit impaired loans / gross loans is calculated as Stage 3 and POCI (credit-impaired) loans and advances to customers, gross as at the period end divided by loans and advances to customers, gross as at the period end.

(13) Cost of risk is calculated as credit loss expenses on loans to customers divided by average gross loan portfolio (based on the opening and ending balances of each applicable period). For consistency of presentation, amounts for the six-month periods ended 30 June 2025 and 2024 are calculated by multiplying the value of the credit loss expenses on loans to customers in formula by 2. Such amounts should not be treated as any forecast of future cost of risk.

(14) Risk-Weighted Assets density is calculated as total risk-weighted assets, contingent liabilities, operational and market risk divided by total assets.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following management's discussion and analysis of the Group's consolidated financial condition and results of operations covers the six months ended 30 June 2025 and 2024 and the years ended 31 December 2024, 2023 and 2022. Unless otherwise indicated, all of the financial data and discussions thereof are based on the Annual Financial Statements and Interim Financial Statements. This section should be read together with the Annual Financial Statements and Interim Financial Statements and the notes thereto, as well as the other financial information included elsewhere in this Information Memorandum.

The following discussion contains forward-looking statements. The Group has based these forward-looking statements on its current projections and expectations about future events. The actual results of the Group may differ materially from those anticipated in these forward-looking statements as a result of many important factors, including those set for under "Risk Factors" and elsewhere in this Information Memorandum.

Overview

The Bank is one of the leading banks in the Republic of Kazakhstan offering a wide range of banking products, offerings and solutions. According to the NBK, as at 1 July 2025, the Bank was the fifth largest commercial bank in Kazakhstan by total assets (with a 7.0 per cent. market share), fifth by loan portfolio size (with a 7.4 per cent. market share), sixth by capital (with a 5.2 per cent. market share), fourth by deposits (with a 7.1 per cent. market share) and fifth by net profit (with a 7.1 per cent. market share).

The Bank operates in four principal business areas: retail business, SMEs, corporate business and investment activities and its products and services include corporate lending, retail lending, deposit taking, cash handling, international money transfers, letters of credit, guarantees, foreign exchange operations and other banking products.

The Bank operates a multichannel offline and online distribution network. As at 31 August 2025, the Bank's offline network was comprised of 21 branches, 89 service offices, 715 ATMs and 15,199 payment terminals across 37 cities and towns within Kazakhstan. The Bank's products and services may also be accessed through its online banking platform and mobile application.

The Bank is a principal member of VISA International and Mastercard International as well as a member of the Society for Worldwide Interbank Financial Telecommunication ("**SWIFT**"). The Bank is also a member of KASE and a trading member (through its affiliate, "ForteFinance" JSC) of AIX.

The Bank's business is well diversified, with the key business segments of retail business, SMEs and corporate banking being well balanced in the Bank's loan portfolio and deposit base, as well as in the structure of its assets and liabilities.

As at 30 June 2025, the Bank's total assets comprised KZT4,539,536 million while the total liabilities comprised KZT4,042,334 million. Shareholder equity was KZT497,202 million. As at 30 June 2025, total net loans to customers amounted to KZT2,687,160 million, with loans to corporate customers, loans to SMEs and loans to individuals (retail customers) accounting for 31.7 per cent., 25.5 per cent. and 42.8 per cent. of total net loans to customers, respectively. As at 30 June 2025, current accounts and deposits from customers amounted to KZT3,091,305 million, including corporate accounts and deposits in the amount of KZT1,084,519 million (or 35.1 per cent. of total accounts and deposits), SME accounts and deposits in the amount of KZT945,668 million (or 30.6 per cent. of total accounts and deposits) and retail accounts and deposits amounting to KZT1,061,063 million (or 34.3 per cent. of total accounts and deposits). For the six months ended 30 June 2025 and 2024, the Bank generated profit of KZT100,007 million and KZT74,765 million, respectively.

As at 31 December 2024, the Bank's total assets amounted to KZT4,090,936 million while the total liabilities amounted to KZT3,522,752 million. Shareholder equity was KZT568,184 million. As at 31 December 2024, total net loans to customers were KZT1,820,134 million, including loans to corporate customers, loans to SMEs and loans to individuals (retail customers) comprising 32.9 per cent., 30.6 per cent. and 36.5 per cent. of total loans to customers, respectively. As at 31 December 2024, current accounts and deposits from customers amounted to KZT2,867,955 million, including corporate accounts and deposits in the amount of KZT865,930

million (or 30.2 per cent. of total accounts and deposits), SME accounts and deposits in the amount of KZT974,702 million (or 34.0 per cent. of total accounts and deposits) and retail accounts and deposits in the amount of KZT1,027,281 million (or 35.8 per cent. of total accounts and deposits). For the years ended 31 December 2024, 2023 and 2022, the Bank generated profit of KZT160,346 million, KZT116,437 million and KZT98,086 million, respectively.

The Bank was incorporated in 1999 under the laws of the Republic of Kazakhstan and operates under banking licence No. 1.2.29/197/36. The registered office of the Bank is located at 8/1 Dostyk Street, Astana Z05P1P0 (010017), Republic of Kazakhstan. The telephone number of the registered office of the Bank is +7 7172 59 99 99. As at the date of this Information Memorandum, the Bank has the following long-term ratings: 'BB' from Fitch and 'Ba2' from Moody's.

Segment Reporting

The Group has five reporting segments, offering a variety of products and services in the financial and banking area. Each segment is a component of the 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 Group). Operating results of these segments are used by the Group's management for operational decision-making and resource allocation and for which discrete financial information is available.

The following is a brief description of transactions of each segment of the Group:

- Corporate business ("**CB**"), consists of issuance of loans, attracting deposits, settlement and cash services, transactions on guarantees and other transactions with corporate clients (large entities);
- SME consists of 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**"), consists of extension of loans, deposit sourcing, settlement and cash services, exchange transactions and other transactions with retail clients (individuals);
- Investing activities, consists of responsible for financing the Group's operations (such as repurchase operations, raising funds from banks and credit institutions, issuance of bonds and subordinated debt), securities transactions, trading in derivative financial instruments and foreign currency transactions; and
- Other, which consists of other transactions with debtors and creditors on non-core activities, fixed assets, amounts on transit accounts and other transactions that are not classified within the other four segments.

For further information about reportable segments please refer to Note 32 in the Annual Financial Statements and Note 23 in the Interim Financial Statements.

Factors Affecting the Results of Operations

Key factors affecting the Group's results of operations during the period under review and expected to continue to affect the Group's results of operations in the future are discussed below.

Macroeconomic Conditions

All of the Group's operations are in Kazakhstan. Accordingly, the Group's results of operations and financial condition are significantly influenced by the overall macroeconomic conditions in Kazakhstan, as well as regional and global macroeconomic conditions. Changes in both the domestic and global macroeconomic environment have in the past resulted in lower liquidity in the banking sector, tighter credit conditions for Kazakhstan companies generally and downward pressure on the tenge (see " *–Currency Fluctuations*"). Global and emerging market uncertainties have continued for the past several years, driven by the impact of COVID-19 pandemic, global monetary policies, high inflation and concerns about the slowdown of global growth rates, global trade tensions and geopolitical risks such as the Russia-Ukraine conflict (see "*–Political Conditions*").

The table below sets forth certain macroeconomic data of Kazakhstan for the years ended 31 December 2024, 2023 and 2022:

	2024	2023	2022
Real GDP growth rate (year-on-year %)	4.8	5.1	3.2
Nominal GDP per capita (U.S.$ thousands)	14.1	13.3	11.4
State budget deficit financing, net domestic borrowing (% of GDP)	4.2	4.3	3.8.
State budget deficit financing, net external borrowing (% of GDP)	1.1	0.2	0.2
Total public debt (U.S.$ millions)	64.5	63.0	57.5
Inflation rate at the end of period (%)	8.6	9.8	20.3
Average exchange rate (tenge per U.S. dollar)	469.11	456.24	460.85

Source: the Government of Kazakhstan, NBK, credit rating agencies

For the six months of 2025, Kazakhstan's real GDP growth rate (year-on-year) was 6.2 per cent. The economy of Kazakhstan is significantly affected by inflationary pressures. In 2024, Kazakhstan's inflation was 8.6 per cent and the average exchange rate was KZT469.11 per U.S.$1.0.

Kazakhstan's banking sector is still concentrated, underdeveloped and vulnerable to macroeconomic shocks, such as the devaluation of the tenge. As at 30 June 2025, the banking sector of Kazakhstan consisted of 22 active banks, including 2 wholly or partly state-owned banks. The future stability of the Kazakhstan economy is part dependent upon the continued implementation of economic reform programmes and the effectiveness of economic, financial and monetary measures undertaken by the Government, as well as developments in other economies in the region, particularly the Russian economy.

The Kazakhstan economy may also be influenced by market downturns and economic slowdowns elsewhere in the world. For example, the COVID-19 global pandemic affected investment sentiment and resulted in sporadic volatility in the global capital and financial market, which in turn negatively impacted Kazakhstan's economy in 2020 and 2021. During these years, the Government implemented measures, including periods of lockdown and quarantines in an effort to combat the spread of the virus in Kazakhstan and alleviate the negative effects of the pandemic. Regional authorities introduced stringent measures at times of high infection rates, including closing schools, universities, restaurants, cinemas, theatres and museums and sport facilities.

A significant decline in economic growth in any of Kazakhstan's trading partners, particularly Russia (whether or not due to the ongoing war in Ukraine or resulting from imposed sanctions) and China, could also have a material adverse effect on Kazakhstan's balance of trade and economic growth. Kazakhstan also depends on neighbouring states to access world markets for a number of its major exports. Should access to these export routes be materially impaired, this could adversely impact Kazakhstan's economy. Events occurring in one geographic or financial market sometimes have so-called "contagion effects", whereby they result in an entire region or lass of investments being disfavoured by international investors.

The outlook for the global economy (and particularly emerging markets) over the near to medium term remains challenging, which in turn might impact prospects for improving economic and financial conditions in Kazakhstan. Any deterioration of the economy affects the Kazakhstan banking sector by the reduction of profits, accumulation of losses and growth in the percentage of non-performing loans on the balance sheets of banks. Customers' and investors' lack of confidence in the banking industry may cause volatility in the funding markets, leading to higher borrowing costs and restricting access to liquidity for banks. A lack of improvement, or deterioration in these conditions, might have a material adverse effect on the Group's business, financial condition and/or results of operations. On the other hand, stronger economic conditions tend to result in increased demand for the Group's banking products and services, including loans, deposits and other products.

Political Conditions

Political conditions in Kazakhstan may also impact Kazakhstan's economy, which may in turn affect the Group's results of operations. In January 2022, there were widespread protests in Kazakhstan in response to the removal of a cap on the price of liquefied petroleum gas and the resultant increase in price for consumers. The protests resulted in disruption and damage throughout Kazakhstan to public and private property and infrastructure with numerous casualties among civilians and security forces. The protests started in the city of Zhanaozen and spread to other cities across Kazakhstan including Almaty, Aktau and Atyrau. As the protests spread throughout various cities in Kazakhstan, President Tokayev imposed a state of emergency and removed the government and various ministers and officials from office. Following the cessation of the state of emergency and a

stabilisation of the situation on 19 January 2022, President Tokayev appointed a new government. These protests led to the increased political risk in Kazakhstan and resulted in the slowdown of the economic growth in 2022.

Kazakhstan's economy is also subject to regional risks and spill-over effects resulting from the conflicts in the region and the world. For example, the Russia-Ukraine conflict that intensified in February 2022, as well as the sanctions imposed on persons in or related to Russia by the United States, United Kingdom, EU and other authorities since 2014 have contributed, and are likely to continue to contribute, to increased inflationary pressures, increased costs, supply and distribution chain disruptions, gas supply shortages, market volatility and economic uncertainty. These conditions, according to the World Bank, had magnified the slowdown in the global economy triggered by the COVID-19 pandemic and warned that the global economy was entering a potentially protracted period of low growth and elevated inflation, particularly as the Russia-Ukraine conflict disrupts economic activity, investment and trade, and as pent-up demand following the pandemic fades and fiscal and monetary policy accommodation is withdrawn or tempered by central banks and governments.

The sanctions imposed on persons in or related to Russia have had an adverse effect on the Russian economy, causing volatility in Russian markets, which in turn has had an adverse effect on Kazakhstan and its economy. These sanctions prompted downward revisions to the credit ratings of the Russian Federation and a number of major Russian companies that are ultimately controlled by the Russian Federation, causing extensive capital outflow from Russia and impairing the ability of Russian issuers to access the international capital markets.

Fluctuations in Interest Rates

Interest rates are sensitive to many factors beyond the Group's control, including the policies of central banks (including the NBK), adverse domestic and international economic conditions and political factors. The Group is exposed to risks resulting from mismatches between the interest rates on its interest-bearing liabilities and interest-earning assets. To the extent that part of the Group's assets may reprice more frequently than its liabilities, if interest rates fall, the Group's interest expense will increase more rapidly than its interest income, which could negatively affect interest margins. The Group's interest rate management policies are strengthened by a system of limits and reporting requirements to control and monitor interest rate risk on monthly basis. An increase in interest rates generally increases the Group's funding costs and may also increase interest income in the future, but overall demand for new loans may be reduced and the risk of customer defaults may increase. Increased interest rates may also generally decrease the market value of fixed-rate debt securities held by the Group.

Generally, higher interest rates have had an adverse impact on the Group's cost of funding but a positive impact on interest income since 2021. In order to mitigate the impact of external factors on the Kazakhstan economy, in February 2022, the NBK raised the base rate from 10.25 per cent. to 13.5 per cent., and interventions with respect to the currency market were performed to support the tenge exchange rate against foreign currencies. Following several increases to the base rate in 2022 and 2023, in February 2024, the NBK lowered the base rate to 14.75 per cent. (as compared to 16.75 per cent. in February 2023). In July 2024, the base rate was further reduced to 14.25 per cent., but in November 2024, the NBK increased the base rate to 15.25 per cent. citing updated forecasts and an assessment of inflation risks. In March 2025, the NBK further increased the base rate to 16.5 per cent. to contain rising inflation, stabilise expectations and maintain confidence in Tenge. On 10 October 2025, the NBK raised the base rate once again to 18.0 per cent. in response to elevated inflationary pressures and to support price stability. The increased base rate since 2022 has increased the Group's cost of funding in tenge. When managing currency risks, the Group aims to utilise a natural hedge by matching the currency of the Group's assets to that of its liabilities.

Currency Fluctuations

The functional currency of the Group, which is the currency of the primary economic environment in which the Group operates (Kazakhstan), and the Group's presentation currency, is the tenge. Monetary assets and liabilities are translated into the Group's functional currency at the official exchange rate of NBK at the end of the respective reporting period. Foreign exchange gains and losses resulting from the settlement of the transactions and from the translation of monetary assets and liabilities into the Bank's functional currency at the period-end official exchange rates are recognised in profit or loss. As at 30 June 2025, 86.6 per cent. of the Bank's net loans to customers were denominated in tenge and 13.2 per cent. in U.S. dollars. As at 31 December 2024, 81.7 per

cent. of the Bank's net loans to customers were denominated in tenge, 18.2 per cent. in U.S. dollars and 0.1 per cent. in euros.

Fluctuations in exchange rates impact the Group's financial condition and results of operations. The Group maintains open foreign currency positions, which give rise to foreign exchange rate risk. The Group's exposure to exchange rate risk may increase, particularly as it continues to access international capital markets. Any depreciation of the tenge against the U.S. dollar could negatively affect the Group in a number of ways, including, among other things, by increasing the actual cost to the Group of financing its U.S. dollar-based liabilities and by making it more difficult for Kazakhstan borrowers to service their U.S. dollar loans. A significant portion of the Group's exposure to foreign exchange rate risk also depends on numerous factors beyond its control, such as overall market trading activity, fluctuations in interest rate levels and exchange rates, government actions and general market volatility. When managing currency risks, the Group adheres to the principle of maintaining a neutral currency position, which allows it to minimise losses from currency revaluations.

In February 2022, the tenge depreciated significantly against major foreign currencies, including the U.S. Dollar, amid the external geopolitical situation driven by the armed conflict in Ukraine and escalating tensions in the region, with the exchange rate reaching KZT473,54: U.S.$1.00. By the end of 2022 and 2023, the exchange rate stabilised around KZT462.65: U.S.$1.00 and KZT454.56: U.S.$1.00, respectively. In 2024, the tenge experienced a further notable depreciation against the U.S. dollar due to increased demand for the U.S. dollar, global market volatility and the strengthening of the U.S. dollar. By the end of 2024, the exchange rate stabilised around KZT523.54: U.S.$1.00. In 2025, the tenge, after strengthening early in the year, weakened into mid-year before easing back to KZT542.67: U.S.$1.00 as at 23 September 2025.

As at 30 June 2025 and 31 December 2024, 2023 and 2022, the Bank's open currency position was KZT417.5 million (long), KZT504 million (long), KZT15,859 million (long) and KZT11,861 million (long), respectively, which was 0.08 per cent., 0.09 per cent., 3.69 per cent. and 3.45 per cent. of the Bank's equity, respectively.

Oil prices have also fluctuated significantly since the commencement of Russia's armed conflict in Ukraine in February 2022. The fluctuations in oil price and other commodities affect the value of the tenge. If oil prices fall sharply, the value of the tenge also falls. Accordingly, the Group's credit portfolio is indirectly exposed to the fluctuation in oil prices, specially if borrowers have loans denominated in U.S. Dollars who might be more greatly affected by downward swings in the tenge and may ask to restructure their foreign currency denominated loans.

Changes in the Size and Composition of the Loan Portfolio

Increases or decreases in the overall size of the Bank's loan portfolio and in the mix of its portfolio significantly impact the Bank's total interest income and net interest margin. As at 30 June 2025, the Bank's total net loans to customers amounted to KZT2,687,160 million, representing a 47.6 per cent. increase from KZT1,820,134 million as at 31 December 2024. As at 31 December 2024, total loans to customers increased by KZT442,634 million, or 32.1 per cent., from KZT1,377,500 million as at 31 December 2023. As at 31 December 2023, total loans to customers increased by KZT203,958 million, or 17.4 per cent. from KZT1,173,542 million as at 31 December 2022.

The size of the Bank's loan portfolio in tenge has continued to increase as a result of growth in lending activity, in particular in loans to retail customers, corporate loans for clients in the chemical and wholesale trading industries and general development of the banking sector in Kazakhstan. The Bank's strategy has focused on increasing the Bank's market share across all business segments (see "*Business– Strategy*"). For example, during the period under review, net loans to individuals in the loan portfolio of the Bank has increased by KZT706,210 million, or 159.0 per cent., from KZT444,188 million as at 31 December 2022 to KZT1,150,398 million as at 30 June 2025, loans to SMEs have increased by KZT347,917 million, or 103.0 per cent., from KZT337,711 million as at 31 December 2022 to KZT685,628 million at 30 June 2025, and corporate loans have increased by KZT459,491 million, or 117.3 per cent., from KZT391,643 million as at 31 December 2022 to KZT851,134 million as at 30 June 2025.

The Group's ten largest groups of interrelated borrowers in the loan portfolio accounted for KZT654,193 million (or 23.4 per cent. of the gross loan portfolio) as at 30 June 2025, and KZT488,225 million (or 25.6 per cent. of

the gross loan portfolio) as at 31 December 2024. The customer concentration among the Group's business segments has remained relatively stable. As at 30 June 2025, net corporate business loans, loans to SMEs and loans to retail customers accounted for 31.7 per cent., 25.5 per cent, and 42.8 per cent., respectively, of total net loans.

Quality of Loan Portfolio, Allowance for Expected Credit Losses and Provision for Credit Losses on Loans to Customers

The Bank's NPL ratio was 3.5 per cent., 3.6 per cent., 4.7 per cent. and 5.9 per cent. as at 30 June 2025 and 31 December 2024, 2023 and 2022, respectively. NPLs in the Bank's corporate, SMEs and retail loan portfolios accounted for 0.0 per cent., 1.8 per cent. and 7.4 per cent., respectively, of corporate, SME and retail loan portfolios as at 30 June 2025. The decrease in the share of NPLs in recent years was due to the growth of loan portfolio, conservative scoring model and improved loan collateral service.

As at 30 June 2025, the Bank's allowance for expected credit losses was KZT103,553 million, a 15.9 per cent. increase as compared to KZT89,385 million as at 31 December 2024, reflecting a KZT14,785 million, or 26.9 per cent. increase in allowance for expected credit losses on Stage 3 loans which was in turn due to the performance of the Bank's unsecured loan portfolio. The Bank's allowance for expected credit losses remained relatively stable and decreased by KZT878 million, or 1.0 per cent. from KZT90,263 million as at 31 December 2023 to KZT89,385 million as at 31 December 2024. As at 31 December 2023, the Bank's allowance for expected credit losses increased by KZT25,197 million, or 38.7 per cent. from KZT65,066 million as at 31 December 2022.

The Bank's allowance for expected credit losses has been increasing in recent years as its unsecured retail loan portfolio increases. The allowances for expected credit losses on Group's ten largest groups of interrelated borrowers of the Group loan portfolio (see "—*Changes in the Size and Composition of the Loan Portfolio*") were KZT2,197 million as at 30 June 2025 and KZT2,238 million as at 31 December 2024. The Bank's allowance for expected credit loss is classified by three stages. See Note 15 to the Annual Financial Statements and Note 12 to the Interim Financial Statements.

Provision for credit losses on loans to customers decreased by KZT13,790 million, or 83.5 per cent., to KZT2,717 million for the six-month period ended 30 June 2025 as compared to KZT16,507 million for the six-month period ended 30 June 2024. The Bank recorded provision for credit losses on loans to customers of KZT40,550 million as at 31 December 2024, a 16.7 per cent. decrease as reduction to the provision of KZT48,692 million as at 31 December 2023, which in turn represented an increase of 32.7 per cent. as compared to a provision of KZT36,697 million as at 31 December 2022. The changes in the Bank's provision in 2023 were primarily due to the growth of unsecured retail loans and changes to the Bank's provisioning calculation methodology in 2023 and the introduction of the new internal rating model as well the switching to the Adjusted Weibull modelling in 2024. Prior to 2024, the Bank used a standard Weibull model to estimate probabilities of default ("**PD**"). Since 2024, the Bank has adopted the Adjusted Weibull approach, which enhances the standard model by applying an additional logarithmic transformation to the default-rate curve. This transformation has effectively linearised the curve and improved the precision of default projections.

Proposed Acquisition of Home Credit

The Group's future financial and operating performance is expected to be significantly influenced by the proposed acquisition of Home Credit. The transaction aligns with the Bank's strategy to expand market share and deploy excess capital and liquidity accumulated in recent years. Home Credit's expertise in the lower mass-market retail segment, which has not previously been a core focus of the Group, is expected to complement the Group's existing operations and enhance its profitability and competitive position.

Upon completion, Home Credit's results will be consolidated into those of the Group, leading to an expected increase in total assets, loans to customers and customer deposits. On a pro forma basis as at 30 June 2025, total assets would have been approximately 20.4 per cent higher, loans to customers 31.4 per cent higher and current accounts and customer deposits 22.7 per cent higher compared to the Bank on a standalone basis. Net income for the six months ended 30 June 2025 would have been 23.3 per cent higher on a pro forma basis. See "*Unaudited Pro Forma Condensed Consolidated Financial Information*." The acquisition is expected to

broaden the Group's retail deposit base, support revenue diversification and strengthen its retail banking franchise.

The integration of Home Credit is expected to generate cost and revenue synergies over time. The Group plans a phased integration to align operations, optimise infrastructure and realise efficiencies while preserving service quality and customer relationships. Synergies are expected from the centralisation of support functions and infrastructure, optimisation of branch and point-of-sale networks and enhanced cross-selling across the combined customer base. Integration may affect asset quality, provisioning levels and capital ratios, reflecting differences in business models and funding structures.

Integration of operations, systems and personnel is expected to increase operating expenses in the near term but management expects these costs to be offset over time by efficiency gains. The transaction is expected to strengthen the Group's market position, improve profitability and support its medium-term strategic and financial objectives. See "*Risk Factors – Risks relating to the Bank's Business and Industry – The Bank's proposed acquisition of Home Credit involves significant risks, and there can be no assurance of successful integration of Home Credit's operations, products and services into the Group's existing business, and the Bank's actual consolidated financial position and results of operations may differ materially from the Unaudited Pro Forma Condensed Consolidated Financial Information included in this Information Memorandum*" and "*Business – Strategy*."

Results of Operations for the Six Months Ended 30 June 2025 and 2024

For the six-month period ended 30 June 2025, the Group generated profit of KZT100,007 million, an increase of KZT25,242 million, or 33.8 per cent., from KZT74,765 million for the six-month period ended 30 June 2024.

The following table sets forth the components of the Group's profit for the periods indicated.

	Six months ended 30 June	
	2025	**2024**
	million tenge	
	(audited)	(unaudited)
Interest income calculated using the effective interest rate	297,408	243,523
Other interest income	4,071	2,517
Interest expense	(157,982)	(124,814)
Net interest income	**143,497**	**121,226**
Fee and commission income	17,405	16,829
Fee and commission expense	(8,314)	(6,521)
Net (loss)/gain on financial instruments at fair value through profit or loss	(12,454)	4,376
Net gain on derecognition of investment securities at fair value through other comprehensive income	7	98
Net gain from foreign currencies	16,511	10,239
Dividends received	85	494
Other income	4,767	1,443
Non-interest income	18,007	26,958
Credit loss expenses	(2,344)	(17,532)
Net gain / (loss) on derecognition of financial assets measured at amortised cost	1,290	(546)
Net loss on modification of a liability that results in derecognition	-	(3,593)
General and administrative expenses	(44,968)	(41,333)
Other expenses	(6,660)	(3,229)
Non-interest expenses	**(52,682)**	**(66,233)**
Profit before corporate income tax expense	**108,822**	**81,951**
Corporate income tax expenses	(8,815)	(7,186)
Profit for the period	**100,007**	**74,765**

Net Interest Income

Net interest income has historically been the largest component of the Bank's operating income. For the six-month period ended 30 June 2025, net interest income amounted to KZT143,497 million, an increase of KZT22,271 million, or 18.4 per cent., from KZT121,226 million for the six-month period ended 30 June 2024 as a result of an increase in interest income calculated using effective interest rate and other interest income.

The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instruments or a shorter period, where appropriate, to the net carrying amount of

the financial assets or liabilities. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment option) and includes any fees and incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses.

Interest Income Calculated Using Effective Interest Rate

The Group's interest income calculated using effective interest income for the six-month period ended 30 June 2025 increased by KZT53,885 million, or 22.1 per cent., from KZT243,523 million for the six-month period ended 30 June 2024.

The following table sets forth the principal components of the Group's interest income calculated using effective interest income for the periods indicated.

	Six months ended 30 June			
	2025		2024	
	million tenge	*% of total*	*million tenge*	*% of total*
	(audited)		(unaudited)	
Interest income calculated using the effective interest rate				
Loans to customers	199,549	67.1%	146,619	60.2%
Debt investment securities at FVOCI	56,052	18.8%	43,783	18.0%
Amounts due from credit institutions and cash equivalents	38.855	13.1%	42,653	17.5%
Investment securities measured at amortised cost	976	0.3%	8,529	3.5%
Amounts receivable under reverse repurchase agreements	1,345	0.5%	1,327	0.5%
Other financial assets	631	0.2%	612	0.3%
Total interest income calculated using the effective interest rate	**297,408**	**100.0%**	**243,523**	**100.0%**

The Group's interest income calculated using effective interest rate rose primarily due to a 36.1 per cent. increase in interest income on loans to customers, reflecting higher interest rates and a larger net loan portfolio.

Other Interest Income

The Group generates other interest income from finance lease receivables, which increased by KZT1,554 million, or 61.7 per cent., to KZT4,071 million for the six-month period ended 30 June 2025 from KZT2,517 million for the six-month period ended 30 June 2024. This increase was primarily due to the growth of the Group's financial leasing portfolio.

Interest Expense

For the six months ended 30 June 2025, the Group's interest expense increased by KZT33,168 million, or 26.6 per cent., to KZT157,982 million from KZT124,814 million for the six months ended 30 June 2024.

The following table sets forth the principal components of the Group's interest expense for the periods indicated.

	Six-month period ended 30 June			
	2025		2024	
	million tenge	*% of total*	*million tenge*	*% of total*
	(audited)		(unaudited)	
Interest expense				
Current account and deposits of customers	(114,791)	72.7%	(86,463)	69.3%
Amounts payable under repurchase agreements	(29,369)	18.6%	(19,309)	15.5%
Debt securities issued	(10,042)	6.4%	(16,058)	12.9%
Amounts due to banks and other credit institutions	(3,226)	2.0%	(2,416)	1.9%
Subordinated debt	(554)	0.3%	(568)	0.4%
Total interest expense	**(157,982)**	**100.0%**	**(124,814)**	**100.0%**

The overall increase in the Group's interest expense for the six-month period ended 30 June 2025 was mainly due to higher interest costs on current accounts, deposits of customers and balances payable under repurchase agreements.

In particular, interest expense on current accounts and customer deposits increased by KZT28,328 million, or 32.8 per cent., to KZT114,791 million for the six-month period ended 30 June 2025 as compared to KZT86,463 million for the six-month period ended 30 June 2024 which was the reflection of an increase in customer accounts as well as higher interest rates paid on such accounts.

Interest expense on amounts payable under repurchase agreements increased by KZT10,060 million to KZT29,369 million for the six-month period ended 30 June 2025 from KZT19,309 million for the six-month period ended 30 June 2024, as a result of increased trading volumes and higher interest rates.

Non-Interest Income

For the six-month period ended 30 June 2025, non-interest income decreased by KZT8,951 million, or 33.2 per cent., from KZT26,958 million for the six-month period ended 30 June 2024, to KZT18,007 million.

For the six-months period ended 30 June 2025 and 2024, the largest sources of the Group's non-interest income are its net fee and commission income and net gain from foreign currencies and other income.

Net Fee and Commission Income

The Group's non-interest income comprises fee and commission income offset by fee and commission expense. Fee and commission income primarily comprises commissions generated by card operations, settlement transactions, international money transfers, guarantees issued and other operations, while fee and commission expense primarily comprises expenses related to card account management, nostro accounts and settlement operations.

For the six-month period ended 30 June 2025, the Group has generated fee and commission income of KZT17,405 million, a marginal increase of KZT576 million, or 3.4 per cent., as compared to fee and commission income of KZT16,829 million for the six-month period ended 30 June 2024. Fee and commission expenses increased by KZT1,793 million, or 27.5 per cent. from KZT6,521 million for the six-month period ended 30 June 2024 to KZT8,314 million for the six-month period ended 30 June 2025 primarily driven by higher transaction volumes and related acquiring costs associated with increased card activity.

Net Gain on Financial Instruments at Fair Value Through Profit or Loss

Net gain/loss on financial instruments at fair value through profit or loss decreased by KZT16,830 million to a loss of KZT12,454 million for the six-month period ended 30 June 2025 as compared to a gain of KZT4,376 million for the six-month period ended 30 June 2024. The realised net loss was with respect to derivative financial instruments measured at fair value through profit and loss primarily due to volatility of foreign exchange rates.

Net Gain from Foreign Currencies

Net gain from foreign currencies increased by KZT6,272 million, or 61.3 per cent., to KZT16,511 million for the six months ended 30 June 2025 as compared to KZT10,239 million for the six months ended 30 June 2024, reflecting organic growth, driven by an expanding customer base and higher conversion volumes.

Non-Interest Expenses

Non-interest expenses decreased by KZT13,551 million, or 20.5 per cent., to KZT52,682 million for the six-month period ended 30 June 2025 from KZT66,233 million for the six-month period ended 30 June 2024. This decrease primarily resulted from the reduction in credit loss expenses.

Credit Loss Expenses

Credit loss expenses comprised 4.4 per cent. and 26.5 per cent. of the non-interest expenses for the six-month periods ended 30 June 2025 and 2024, respectively. Credit loss expenses decreased to KZT2,344 million for the

six months ended 30 June 2025 from KZT17,532 million for the six months ended 30 June 2024. This decrease primarily resulted from a reduction in credit loss expenses relating to loans to customers, which amounted to KZT2,717 million for the six-month period ended 30 June 2025 as compared to KZT16,507 million for the six-month period ended 30 June 2024, which in turn was due to the general improvement in the quality of the Group's loan portfolio, including the reduction of non-performing loans as well as the revision of the expected credit loss assessment model.

General and Administrative Expenses

The main components of the Bank's administrative and other operating expenses are salary and related taxes, depreciation and amortisation, telecommunication and information services, charity and sponsorship expenses, other taxes, advertising and marketing, maintenance and security and other low value items and other operating expenses. General and administrative increased by KZT3,635 million, or 8.8 per cent., to KZT44,968 million for the six-month period ended 30 June 2025 as compared to KZT41,333 million for the six-month period ended 30 June 2024, which was primarily due to an increase in advertising and marketing expenses as well as an increase in salary and related taxes which was partially offset by a reduction in charity and sponsorship expenses.

Corporate Income Tax Expense or Benefits

For the six-month period ended 30 June 2025, the Group recorded corporate income tax expense of KZT8,815 million as compared to income tax expense of KZT7,186 million for the six-month period ended 30 June 2024. The increase in income tax expense was primarily driven by an increase in the Group's profit before tax.

Profit for the Period

As a result of the factors described above, the Group generated net profit for the six months ended 30 June 2025 in the amount of KZT100,007 million, which represented an increase of KZT25,242 million, or 33.8 per cent., as compared to the profit of KZT74,765 million for the six months ended 30 June 2024.

Reportable Segments

The following table sets forth segment information for the profit or loss the Group's reportable segments for the periods indicated.

	For the six-month period ended 30 June 2025 (million tenge, audited)						
	CB	**SME**	**RB**	**Investing activities**	**Other**	**Elimination**	**Total**
Interest income	44,179	54,056	99,973	96,771	6,500	–	**301,479**
Transfer income	47,844	53,577	55,560	36,483	4,598	(198,062)	**–**
Interest expense	(42,490)	(32,998)	(41,222)	(40,717)	(555)	–	**(157,982)**
Transfer expense	(30,346)	(33,240)	(51,924)	(91,904)	(98)	207,512	**–**
Net interest income	**19,187**	**41,395**	**62,387**	**633**	**10,445**	**9,450**	**143,497**
Fee and commission income	1,620	10,976	4,661	58	90	–	**17,405**
Fee and commission expense	(304)	(2,665)	(5,226)	(233)	114	–	**(8,314)**
Net losses from financial instruments at fair value through profit or loss	–	–	–	(12,454)	–	–	**(12,454)**
Net gains on derecognition of investment securities at fair value through other comprehensive income	–	–	–	7	–	–	**7**
Net gains / (losses) from foreign currencies	6,162	8,140	3,136	(1,289)	362	–	**16,511**
Dividends received	–	–	–	85	–	–	**85**
Other (expenses) / income	(251)	490	583	313	3,632	–	**4,767**
Non-interest income	**7,227**	**16,941**	**3,154**	**(13,513)**	**4,198**	**–**	**18,007**
Reversal of allowance for expected credit losses / credit loss expenses	(285)	969	(9,349)	610	5,711	–	**(2,344)**
Net (loss)/gain on derecognition of financial assets measured at amortised cost	–	(72)	(105)	–	1,467	–	**1,290**
General and administrative expenses	(2,873)	(13,963)	(20,915)	(760)	(6,457)	–	**(44,968)**
Other expenses	(124)	(1,552)	(5,086)	(107)	209	–	**(6,660)**
Non-interest expenses	**(3,282)**	**(14,618)**	**(35,455)**	**(257)**	**930**	**–**	**(52,682)**
Other transfer income and expenses	**118**	**(1,978)**	**(1,011)**	**20,132**	**(7,811)**	**(9,450)**	**–**
Profit/(loss) before corporate income tax	**23,250**	**41,740**	**29,075**	**6,995**	**7,762**	**–**	**108,822**
Corporate income tax (expenses) / benefit	(2,028)	(3,641)	(2,536)	(610)	–	–	**(8,815)**
Profit/(loss) for the period	**21,222**	**38,099**	**26,539**	**6,385**	**7,762**	**–**	**100,007**

	For the six-month period ended 30 June 2024 (million tenge, unaudited)						
	CB	**SME**	**RB**	**Investing activities**	**Other**	**Elimination**	**Total**
Interest income	30,999	40,487	74,360	95,860	4,334	–	**246,040**
Transfer income	40,705	37,726	47,032	33,590	7,346	(166,399)	**–**
Interest expense	(33,033)	(19,665)	(35,466)	(32,951)	(3,699)	–	**(124,814)**
Transfer expense	(20,879)	(25,041)	(31,324)	(95,675)	(256)	173,175	**–**
Net interest income	**17,792**	**33,507**	**54,602**	**824**	**7,725**	**6,776**	**121,226**
Fee and commission income	1,160	9,980	5,585	41	63	–	**16,829**
Fee and commission expense	(329)	(2,684)	(3,337)	(162)	(9)	–	**(6,521)**
Net gains from financial instruments at fair value through profit or loss	–	–	–	4,376	–	–	**4,376**
Net gains on derecognition of investment securities at fair value through other comprehensive income	–	–	–	98	–	–	**98**
Net gains / (loss) from foreign currencies	3,404	7,366	3,343	(3,884)	10	–	**10,239**
Dividends received	–	–	–	494	–	–	**494**
Other income	301	947	(80)	17	258	–	**1,443**
Non-interest income	4,536	15,609	5,511	980	322	–	**26,958**
Reversal of allowance for expected credit losses / credit loss expenses	1,156	(2,440)	(17,687)	(836)	2,275	–	**(17,532)**
Net loss on derecognition of financial assets measured at amortised cost	–	–	(124)	–	(422)	–	**(546)**
Net losses on modification of liabilities resulting in derecognition	–	–	(3,593)	–	–	–	**(3,593)**
General and administrative expenses	(2,454)	(11,957)	(19,264)	(868)	(6,790)	–	**(41,333)**
Other expenses	(52)	(471)	(1,448)	(74)	(1,184)	–	**(3,229)**
Non-interest expenses	**(1,350)**	**(14,868)**	**(42,116)**	**(1,778)**	**(6,121)**	**–**	**(66,233)**
Other transfer income and expenses	**298**	**(1,455)**	**(292)**	**16,231**	**(8,006)**	**(6,776)**	**–**
Profit/(loss) before corporate income tax	**21,276**	**32,793**	**17,705**	**16,257**	**(6,080)**	**–**	**81,951**
Corporate income tax expense	(1,737)	(2,677)	(1,445)	(1,327)	–	–	**(7,186)**
Profit/(loss) for the period	**19,539**	**30,116**	**16,260**	**14,930**	**(6,080)**	**–**	**74,765**

Results of Operations for the Years Ended 31 December 2024, 2023 and 2022

For the year ended 31 December 2024, the Group's profit increased by KZT43,909 million, or 37.7 per cent., to KZT160,346 million from KZT116,437 million for the year ended 31 December 2023, which in turn was an increase of KZT18,351 million, or 18.7 per cent., from KZT98,086 million for the year ended 31 December 2022 (resulting in the overall increase in the Group's profit by 63.5 per cent. between 31 December 2022 and 31 December 2024).

The following table sets forth the components of the Group's consolidated statement of profit or loss for the periods indicated.

	Year ended 31 December		
	2024	**2023**	**2022**
	million tenge		
		(audited)	
Interest income calculated using the effective interest rate	517,435	370,380	258,780
Other interest income	5,576	3,424	1,961
Interest expense	(260,282)	(180,758)	(132,108)
Net interest income	**262,729**	**193,046**	**128,633**
Fee and commission income	36,070	36,306	36,210
Fee and commission expense	(13,679)	(13,134)	(12,242)
Net gain on financial instruments at fair value through profit or loss	14,604	1,029	2,011
Net gain / (loss) on derecognition of investment securities at fair value through other comprehensive income	267	(32)	311
Net gain from foreign currencies	13,269	29,922	49,862
Dividends received	499	302	-
Other income	4,192	8,749	3,744
Non-interest income	**55,222**	**63,142**	**79,896**
Credit loss expense	(41,806)	(49,725)	(37,650)
Net loss on derecognition of financial assets measured at amortised cost	(1,689)	(4,787)	(4,477)
Net loss on modification of liability that results in derecognition	(3,593)	-	-
General and administrative expenses	(87,283)	(79,106)	(62,205)
Other expenses	(9,237)	(6,109)	(5,484)
Non-interest expense	(143,608)	**(139,727)**	**(109,816)**
Profit before corporate income tax	**174,343**	**116,461**	**98,713**
Corporate income tax expense	(13,997)	(24)	(627)
Profit for the year	**160,346**	**116,437**	**98,086**

Net Interest Income

For the year ended 31 December 2024, net interest income amounted to KZT262,729 million, an increase of KZT69,683 million, or 36.1 per cent., from KZT193,046 million for the year ended 31 December 2023, as a result of increases in interest income calculated using the effective interest rate partly offset by an increase in interest expense.

For the year ended 31 December 2023, net interest income amounted to KZT193,046 million, an increase of KZT64,413 million, or 50.1 per cent., from KZT128,633 million for the year ended 31 December 2022, as a result of increases in interest income calculated using the effective interest rate and other interest income, partly offset by an increase in interest expense.

Interest Income Calculated Using the Effective Interest Rate

For the year ended 31 December 2024, the Bank's interest income calculated using the effective interest rate increased by KZT147,055 million, or 39.7 per cent., to KZT517,435 million from KZT370,380 million for the year ended 31 December 2023, which in turn represented an increase of KZT111,600 million, or 43.1 per cent., from KZT258,780 million for the year ended 31 December 2022.

The following table sets forth the principal components of the Group's interest income for the periods indicated.

	Year ended 31 December					
	2024		2023		2022	
	million tenge	*% of total*	*million tenge*	*% of total*	*million tenge*	*% of total*
	(audited)					
Interest income calculated using the effective interest rate						
Loans to customers	313,737	60.64%	245,240	66.22%	163,800	63.29%
Debt investment securities at FVOCI	104,482	20.19%	72,315	19.52%	60,937	23.55%
Amounts due from credit institutions and cash equivalents	80,196	15.50%	24,880	6.72%	8,634	3.34%
Investment securities measured at amortised cost	15,174	2.93%	17,198	4.64%	17,882	6.91%
Amounts receivable under reverse repurchase agreements	2,490	0.48%	9,442	2.55%	6,825	2.64%
Other financial assets	1,356	0.26%	1,305	0.35%	702	0.27%
Total interest income calculated using the effective interest method	**517,435**	**100.00%**	**370,380**	**100.00%**	**258,780**	**100.00%**

The increases in the Group's interest income calculated using the effective interest rate during the periods under review resulted primarily from increases in interest income from loans to customers, debt investment securities at FVOCI and amounts due from credit institutions and cash equivalents in the respective periods.

Interest income from loans to customers increased by KZT68,497 million, or 27.9 per cent., to KZT313,737 million for the year ended 31 December 2024 from KZT245,240 million for the year ended 31 December 2023, which in turn represented an increase of KZT81,440 million, or 49.7 per cent., from KZT163,800 million for the year ended 31 December 2022. These increases were mainly driven by the overall growth in the Bank's loan portfolio for the respective periods.

Interest income from debt securities at FVOCI increased by KZT32,167 million, or 44.5 per cent., to KZT104,482 million for the year ended 31 December 2024 from KZT72,315 million for the year ended 31 December 2023, which in turn represented an increase of KZT11,378 million, or 18.7 per cent., from KZT60,937 million for the year ended 31 December 2022. These increases were due to the growth in the volume of trading and higher interest rate environment for the respective periods. Debt securities at FVOCI consist primarily of Government bonds, corporate bonds and bonds of banks.

Interest income from amounts due from credit institutions and cash equivalents increased by KZT55,316 million, or 222.3 per cent., to KZT80,196 million for the year ended 31 December 2024 from KZT24,880 million for the year ended 31 December 2023, which in turn represented an increase of KZT16,246 million, or 188.2 per cent., from KZT8,634 million for the year ended 31 December 2022. The increases were due to the placement of excess liquidity by the Bank in the interbank market.

Interest Expense

For the year ended 31 December 2024, the Group's interest expense increased by KZT79,524 million, or 44.0 per cent., to KZT260,282 million from KZT180,758 million for the year ended 31 December 2023, which in turn was an increase of KZT48,650 million, or 36.8 per cent., from KZT132,108 million for the year ended 31 December 2022.

The following table sets forth the principal components of the Group's interest expense for the years indicated.

	Year ended 31 December					
	2024		2023		2022	
	million tenge	*% of total*	*million tenge*	*% of total*	*million tenge*	*% of total*
	(audited)					
Interest expense						
Current account and deposits of customers	(181,376)	69.7%	(129,152)	71.5%	(81,700)	61.8%
Debt securities issued	(32,656)	12.6%	(31,157)	17.2%	(30,382)	23.0%
Amounts payable under repurchase agreements	(40,063)	15.4%	(14,114)	7.8%	(13,351)	10.1%
Amounts due to banks and other credit institutions	(5,051)	1.9%	(5,199)	2.9%	(5,219)	4.0%
Subordinated debt	(1,136)	0.4%	(1,136)	0.6%	(1,456)	1.1%
Total interest expense	**(260,282)**	**100.0%**	**(180,758)**	**100.0%**	**(132,108)**	**100.0%**

The overall increase in the Group's interest expense during the periods under review mainly resulted from increases in interest expense on current accounts and deposits of customers.

Interest expense on customer accounts increased by KZT52,224 million, or 40.4 per cent., to KZT181,376 million for the year ended 31 December 2024 as compared to KZT129,152 million for the year ended 31 December 2023, which in turn was an increase by KZT47,452 million, or 58.1 per cent., as compared to KZT81,700 million for the year ended 31 December 2022. These increases reflected higher interest rates on customer deposits as well as an overall growth in the volume of the deposits as a result of the expansion of the Group's customer base during the respective periods.

Non-Interest Income

Non-interest income was KZT55,222 million for the year ended 31 December 2024, a decrease of KZT7,920 million, or 12.5 per cent., as compared to the KZT63,142 million for the year ended 31 December 2023. This decrease was primarily due to a reduction in net gain from foreign currencies.

Non-interest income was KZT63,142 million for the year ended 31 December 2023, a decrease of KZT12,277 million, or 16.3 per cent., as compared to the KZT75,419 million for the year ended 31 December 2022. This decrease was primarily due to a decrease in net gain from foreign currencies.

For the years ended 31 December 2024, 2023 and 2022, non-interest income primarily comprises net fee and commission income and net gain from foreign currencies.

Net Fee and Commission Income

The Bank focused on increasing net interest income more than net fee and commission income during 2024, 2023 and 2022.

In the years ended 31 December 2024, 2023 and 2022, the Group's fee and commission income remained largely flat and amounted to KZT36,070 million, KZT36,306 million and KZT36,210 million, respectively.

The Group's fee and commission expense also remained broadly level and amounted to KZT13,679 million, KZT13,134 million and KZT12,242 million in the years ended 31 December 2024, 2023 and 2022, respectively.

Net Gain from Foreign Currencies

Net gain from foreign currencies decreased by KZT16,653 million, or 55.7 per cent., to KZT13,269 million for the year ended 31 December 2024 from KZT29,922 million for the year ended 31 December 2023. This decrease primarily reflected a change in the accounting policy for TOM deals (foreign exchange transactions settled one business day after the trade date) and SPOT deals (foreign exchange transactions settled two business days after the trade date).

Net gain from foreign currencies decreased by KZT19,940 million, or 40.0 per cent., to KZT29,922 million for the year ended 31 December 2023 from KZT49,862 million for the year ended 31 December 2022. This decrease was primarily driven by lower arbitrage opportunities on the USD/RUB currency pair.

Non-Interest Expenses

The Group's non-interest expenses increased by KZT3,881 million, or 2.8 per cent., to KZT143,608 million for the year ended 31 December 2024 from KZT139,727 million for the years ended 31 December 2023. The increase was primarily due to increases in credit loss expenses and general administrative expenses.

The Group's non-interest expenses increased by KZT34,388 million, or 32.6 per cent., to KZT139,727 million for the years ended 31 December 2023 from KZT105,339 million for the years ended 31 December 2022. The increase was primarily due to increases in credit loss expenses and general administrative expenses.

Credit Loss Expenses

Credit loss expenses comprised 29.1 per cent., 35.6 per cent. and 35.7 per cent. of the non-interest expenses for the year ended 31 December 2024, 2023 and 2022, respectively.

For the year ended 31 December 2024, credit loss expenses decreased by KZT7,919 million, or 15.9 per cent., to KZT41,806 million from KZT49,725 million for the year ended 31 December 2023, which in turn represented an increase of KZT12,075 million, or 32.1 per cent., from KZT37,650 million for the year ended 31 December 2022. These movements primarily reflect the adoption of an adjusted Weibull statistical model and the subsequent recalculation of the loss given default ("**LGD**") coefficients for the year ended 31 December 2024 and increases in credit loss expenses relating to loans to customers in the year ended 31 December 2023.

Credit loss expenses primarily consist of credit loss expenses relating to loans to customers, which accounted for 97.0 per cent., 97.9 per cent. and 97.5 per cent. of the total credit loss expenses for the year ended 31 December 2024, 2023 and 2022, respectively. Credit loss expenses relating to loans to customers decreased by KZT8,142 million or 16.7 per cent. to KZT40,550 million for year ended 31 December 2024 from KZT48,692 million for the year ended 31 December 2023, which in turn represented an increase of KZT11,995 million or 32.7 per cent. from KZT36,697 million for the year ended 31 December 2022. These movements were primarily driven by the adoption of an adjusted Weibull statistical model and the subsequent recalculation of the LGD coefficients in the year ended 31 December 2024 and the Bank's ongoing refinement of expected credit loss models, including the 2023 transition to a new LGD model for retail loans, which incorporated updates to liquidity and realisation period coefficients and a revised recovery period for loans overdue by more than 90 days in the year ended 31 December 2023.

General and Administrative Expenses

The main components of the Group's administrative and other operating expenses are salary and related taxes, depreciation and amortisation, charity and sponsorship, repair and maintenance, tax other than corporate income tax, advertising and marketing and other low value items and other operating expenses.

General and administrative expenses increased by KZT8,177 million, or 10.3 per cent., to KZT87,283 million for the year ended 31 December 2024 as compared to KZT79,106 million for the year ended 31 December 2023, which, in turn, represented an increase of KZT16,901 million, or 27.2 per cent., as compared to KZT62,205 million for the year ended 31 December 2022. For each period, the increase was primarily driven by an increase in salary and related taxes.

The increase in general and administrative expenses in year ended 31 December 2023 compared to the year ended 31 December 2022 was also driven by a significant increase in expenses relating to charity and sponsorship of KZT5,813 million or 620.4 per cent. to KZT6,750 million from KZT937 million for the year ended 31 December 2022 which represented expenses related to the construction of a school in the Almaty Region.

Corporate Income Tax Expense

For the year ended 31 December 2024, the Group's corporate income tax expense was KZT13,997 million, an increase of KZT13,973 million from KZT24 million for the year ended 31 December 2023. This increase reflects the fact that, in 2023, tax losses carried forward to future periods were fully offset against taxable income.

For the year ended 31 December 2023, the Group's corporate income tax expense was KZT24 million, a decrease of KZT603 million or 96.2 per cent. from KZT627 million for the year ended 31 December 2022, reflecting a profit in deferred tax arising from changes in unrecognised deferred tax assets.

Profit for the Year

As a result of the factors described above, the Group generated profit for the year in the amount of KZT160,346 million, KZT116,437 million and KZT98,086 million for the years ended 31 December 2024, 2023 and 2022, respectively.

Reportable Segments

The following table sets forth segment information for the profit or loss the Group's reportable segments for the periods.

	For the year ended 31 December 2024						
	million tenge						
	CB	**SME**	**RB**	**Investing activities**	**Other**	**Elimination**	**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 loss from financial instruments at fair value through profit or loss	-	-	-	14,604	-	-	**14,604**
Net loss 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**

	For the year ended 31 December 2023						
	million tenge						
	CB	**SME**	**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	**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 expenses	**(5,453)**	**(19,853)**	**(83,707)**	**(4,253)**	**(26,461)**	**–**	**(139,727)**
Other transfer income and expenditure	428	(2,616)	(797)	5,504	(17,885)	15,366	**–**
Profit/(loss) before corporate income tax expense	**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**

	For the year ended 31 December 2022						
	million tenge						
	CB	**SME**	**RB**	**Investing activities**	**Other**	**Elimination**	**Total**
Interest income	25,608	43,350	92,556	93,720	5,507	–	260,741
Transfer income	55,604	43,475	44,413	40,240	17,383	(201,115)	–
Interest expense	(39,311)	(16,916)	(29,488)	(36,404)	(9,989)	–	(132,108)
Transfer expense	(18,813)	(29,470)	(39,622)	(103,739)	(2,262)	193,906	–
Net interest income	**23,088**	**40,439**	**67,859**	**(6,183)**	**10,639**	**(7,209)**	**128,633**
Fee and commission income	2,660	20,101	13,266	56	127	–	36,210
Fee and commission expense	(1,310)	(5,707)	(4,964)	(261)	–	–	(12,242)
Net gains on financial instruments at fair value through profit or loss	–	–	–	2,011	–	–	2,011
Net gains on derecognition of investment securities at fair value through other comprehensive income	–	–	–	311	–	–	311
Net loss on derecognition of financial assets measured at amortised cost	–	–	(4,334)	–	(143)	–	(4,477)
Net gains from foreign currencies	12,318	21,364	6,170	9,597	413	–	49,862
Other income	142	480	641	89	2,392	–	3,744
Non-interest income	**13,810**	**36,238**	**10,779**	**11,803**	**2,789**	**–**	**75,419**
Credit loss expenses	(1,380)	(11,033)	(21,799)	(302)	(3,136)	–	(37,650)
General and administrative expenses	(3,864)	(17,098)	(30,835)	(1,346)	(9,062)	–	(62,205)
Other expenses	(300)	(239)	(3,692)	(99)	(1,154)	–	(5,484)
Non-interest expenses	**(5,544)**	**(28,370)**	**(56,326)**	**(1,747)**	**(13,352)**	**–**	**(105,339)**
Other transfer income and expenditure	(3,279)	(2,928)	(3,554)	15,239	(12,687)	7,209	–
Profit/(loss) before corporate income tax expense	**28,075**	**45,379**	**18,758**	**19,112**	**(12,611)**	**–**	**98,713**
Corporate income tax expense	(162)	(254)	(104)	(107)	–	–	(627)
Profit/(loss) for the year	**27,913**	**45,125**	**18,654**	**19,005**	**(12,611)**	**–**	**98,086**

For additional information please refer to the Note 32 of the Annual Financial Statements.

Financial Position

The following discussion of the Group's assets and liabilities should be read in conjunction with "Risk Management" and, in particular, with the data provided under "Risk Management – Credit Risk", "Risk Management – Market Risk" and "Risk Management – Liquidity Risk".

Total Assets

As at 30 June 2025, the Group had total assets of KZT4,539,536 million as compared to KZT4,090,936 million as at 31 December 2024, KZT3,253,175 million as at 31 December 2023 and KZT2,789,386 million as at 31 December 2022.

The following table sets forth the principal components of the Group's total assets as at the dates set forth below.

	As at 30 June	As at 31 December		
	2025	2024	2023	2022
		million tenge (audited)		
Cash and cash equivalents	443,863	946,000	704,042	457,962
Amounts due from credit institutions	150,704	100,478	101,430	31,046
Securities measured at fair value through profit or loss	2,731	2,888	3,016	2,763
Loans to customers	2,687,160	1,820,134	1,377,500	1,173,542
Investment securities:				
Held by the Group	709,212	677,646	789,486	922,446
Pledged under sale and repurchase agreements	412,853	436,666	164,168	68,128
Property and equipment	60,428	54,232	56,665	59,020
Intangible assets	15,183	15,224	13,867	14,550
Deferred tax assets	2,716	-	-	-
Other assets	54,686	37,668	43,001	59,929
Total assets	**4,539,536**	**4,090,936**	**3,253,175**	**2,789,386**

The increase in total assets by KZT448,600 million, or 11.0 per cent., as at 30 June 2025 as compared to 31 December 2024, was mainly driven by an increase in loans to customers which was partially offset by a reduction in cash and cash equivalents. In particular, loans to customers increased by KZT867,026 million, or 47.6 per cent., as at 30 June 2025 as compared to 31 December 2024, which reflected the overall growth of the Bank's loan portfolio. See "*—Loan Portfolio*" below. Cash and cash equivalents decreased by KZT502,137 million, or 53.1 per cent., as at 30 June 2025 as compared to 31 December 2024, which reflected a material reduction in balances of time deposits with NBK.

The increase in total assets by KZT837,761 million, or 25.8 per cent., as at 31 December 2024 as compared to 31 December 2023 primarily attributable to the increases in loans to customers, cash and cash equivalents and investment securities held by the Group. In particular, loans to customers increased by KZT442,634 million, or 32.1 per cent. as at 31 December 2024 as compared to 31 December 2023, which reflected the overall growth of the Bank's business. See "*—Loan Portfolio*" below. Cash and cash equivalents increased by KZT241,958 million, or 34.4 per cent., as at 31 December 2024 as compared to 31 December 2023, which reflected the increase in balances of time deposits with NBK. Investment securities held by the Group increased by KZT160,658 million, or 16.8 per cent., as at 31 December 2024 as compared to 31 December 2023, which reflected the growth of the Bank's portfolio of treasury bills of the Ministry of Finance of the Republic of Kazakhstan.

The increase in total assets by KZT463,789 million, or 16.6 per cent., as at 31 December 2023 as compared to 31 December 2022 was in line with the growth of the Bank's business and was primarily attributable to the increases in cash and cash equivalents and loans to customers, which was partially offset by the reduction in investment securities and other assets. Cash and cash equivalents increased by KZT246,080 million, or 53.7 per cent., as at 31 December 2023 as compared to 31 December 2022, which reflected the overall growth of the Bank's business. Loans to customers increased by KZT203,958 million, or 17.4 per cent., as at 31 December 2023 as compared to 31 December 2022, which reflected the growth of the Bank's corporate and individual loan portfolio. See "*—Loan Portfolio*" below.

Reportable Segment Assets

The following table sets forth the Group's reportable segment assets (in million tenge) as at the dates set forth below.

As at 30 June 2025	CB	SME	RB	Investing activities	Other	Total
			(*million tenge*)			
Assets						
Cash and cash equivalents	886	27,579	42,668	242,446	130,284	443,863
Amounts due from credit institutions	7,349	2,264	958	138,770	1,363	150,704
Securities measured at fair value through profit or loss	-	-	-	2,731	-	2,731
Loans to customers	875,457	649,470	1,140,321	-	21,912	2,687,160
Investment securities	-	-	-	1,122,065	-	1,122,065
Property and equipment	-	-	-	-	60,428	60,428
Intangible assets	-	-	-	-	15,183	15,183
Deferred tax assets	-	-	-	-	2,716	2,716
Other assets	133	258	11,660	1,256	41,379	54,686
Total assets	**883,825**	**679,571**	**1,195,607**	**1,507,268**	**273,265**	**4,539,536**

As at 31 December 2024	CB	SME	RB	Investing activities	Other	Total
			(*million tenge*)			
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 measured 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**

As at 31 December 2023	**CB**	**SME**	**RB**	**Investing activities**	**Other**	**Total**
	(*million tenge*)					
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 measured 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**

As at 31 December 2022	**CB**	**SME**	**RB**	**Investing activities**	**Other**	**Total**
	(*million tenge*)					
Assets						
Cash and cash equivalents	13,382	11,732	15,317	209,662	207,869	457,962
Amounts due from credit institutions	3,134	3,865	293	23,754	–	31,046
Securities measured at fair value through profit or loss	–	–	–	2,763	–	2,763
Loans to customers	382,300	344,295	428,375	–	18,572	1,173,542
Investment securities	–	–	–	990,574	–	990,574
Property and equipment	–	–	–	–	59,020	59,020
Intangible assets	–	–	–	–	14,550	14,550
Other assets	85	177	102	–	59,565	59,929
Total assets	**398,901**	**360,069**	**444,087**	**1,226,753**	**359,576**	**2,789,386**

For additional information please refer to the Note 23 to the Interim Financial Statements and Note 32 to the Annual Financial Statements.

Loan Portfolio

Loans to customers (net of allowance for expected credit losses) is the largest component of the Group's total assets, accounting for 59.2 per cent., 44.5 per cent., 42.3 per cent. and 42.1 per cent. of total assets as at 30 June 2025, 31 December 2024, 2023 and 2022, respectively.

General

As at 30 June 2025, the Group's loans to customers amounted to KZT2,687,160 million, representing a 47.6 per cent. increase as compared to KZT1,820,134 million as at 31 December 2024. As at 31 December 2024, total loans to customers, increased by KZT442,634 million, or 31.1 per cent., as compared to KZT1,377,500 million as at 31 December 2023, which in turn was an increase of KZT203,958 million, or 17.4 per cent., as compared to 31 December 2022.

The size of the Group's loan portfolio in tenge increased as a result of the increase in corporate loans and loans to individuals driven by the growth in lending activity and general development of the banking sector in Kazakhstan.

Distribution of Loans by Type

The following table sets forth composition of the Bank's loan to customers by type as at the date set forth below.

	As at 30 June 2025		**As at 31 December**					
			2024		**2023**		**2022**	
	million tenge	*% of total gross*	*million tenge*	*% of total gross*	*million tenge* (audited)	*% of total gross*	*million tenge*	*% of total gross*
Individually significant loans	1,072,752	38.4	772,545	40.5	583,513	39.8	513,167	41.4
Total individually significant loans	**1,072,752**	**38.4**	**772,545**	**40.5**	**583,513**	**39.8**	**513,167**	**41.4**
Individually insignificant loans								
Corporate loans	478,169	17.2	397,557	20.7	296,254	20.2	235,175	19.0
Consumer loans	558,961	20.0	486,376	25.5	476,372	32.4	378,849	30.6
Car loans	552,700	19.8	169,019	8.9	28,653	2.0	13,385	1.1
Credit cards	2,699	0.1	3,524	0.2	4,248	0.3	4,282	0.3
Mortgage loans	58,265	2.1	35,897	1.9	25,273	1.7	24,998	2.0
Other loans secured by collateral	67,167	2.4	44,601	2.3	53,450	3.6	68,752	5.6
Total individually insignificant loans	**1,717,961**	**61.6**	**1,136,974**	**59.5**	**884,250**	**60.2**	**725,441**	**58.6**
Loans to customers before allowance for ECL	**2,790,713**	**100.0**	**1,909,519**	**100.0**	**1,467,763**	**100.0**	**1,238,608**	**100.0**
Allowance for ECL	(103,553)		(89,385)		(90,263)		(65,066)	
Total loans to customers (net of ECL)	**2,687,160**		**1,820,134**		**1,377,500**		**1,173,542**	

Individually significant loans are assessed on an individual basis, while individually insignificant loans are assessed on a collective basis.

Individually significant loans accounted for the largest portion of the total gross loans to customers, accounting for 38.4 per cent., 40.5 per cent., 39.8 per cent. and 41.4 per cent. as at 30 June 2025, 31 December 2024, 2023 and 2022, respectively.

Distribution of Loans by Customers

The following table sets forth the Bank's total net loans to customers as at the dates set forth below.

	As at 30 June	As at 31 December		
	2025	2024	2023	2022
		million tenge (audited)		
Loans to large corporate businesses	851,134	599,166	427,974	391,643
Loans to SMEs	685,628	557,267	434,418	337,711
Loans to retail customers	1,150,398	663,701	515,108	444,188
Total loans to customers (net of allowance for ECL)	**2,687,160**	**1,820,134**	**1,377,500**	**1,173,542**

Corporate loans accounted for 31.7 per cent., 32.9 per cent., 31.1 per cent. and 33.4 per cent. of the total net loan portfolio as at 30 June 2025 and 31 December 2024, 2023 and 2022, respectively. As at 30 June 2025, the Group's corporate loan portfolio increased by KZT251,968 million, or 42.1 per cent., as compared to 31 December 2024. As at 31 December 2024, the Group's corporate loan portfolio increased by KZT171,192 million, or 40.0 per cent., as compared to 31 December 2023 and amounted to KZT599,166 million. The Group's corporate loan portfolio increased by 9.3 per cent. as at 31 December 2023 as compared to 31 December 2022 and amounted to KZT427,974 million.

Loans to SMEs accounted for 25.5 per cent., 30.6 per cent., 31.5 per cent. and 28.8 per cent. of the total net loan portfolio as at 30 June 2025 and 31 December 2024, 2023 and 2022, respectively. Loans to SMEs as at 30 June 2025 amounted to KZT685,628 million and increased by 23.0 per cent. as compared to KZT557,267 million as at 31 December 2024 which in turn represented an increase of KZT122,849 million or 28.3 per cent. and, as compared to KZT434,418 million as at 31 December 2023.

Loans to individuals in the Bank's total net loan portfolio accounted for 42.8 per cent., 36.5 per cent., 37.4 per cent. and 37.9 per cent. as at 30 June 2025 and 31 December 2024, 2023 and 2022, respectively. Total net loans to individuals increased by 73.3 per cent. as at 30 June 2025 as compared to 31 December 2024 and amounted to KZT1,150,398 million. Total net loans to individuals increased by 28.8 per cent. as at 31 December 2024 as compared to 31 December 2023 and by 16.0 per cent. as at 31 December 2023 as compared to 31 December 2022.

Distribution of Loans by Economic Sectors

The Group has historically been financing specific sectors in the Republic of Kazakhstan, mainly the retail sector, SME and large corporate sector. The following table sets forth the distribution of the Group's loans to customers by economic sector as at the dates set forth below.

	As at 30 June		As at 31 December					
	2025		2024		2023		2022	
	million tenge	*% of total gross*	*million tenge*	*% of total gross*	*million tenge*	*% of total gross*	*million tenge*	*% of total gross*
					(audited)			
Loans to retail customers	1,239,792	44.43%	739,417	38.72%	587,996	40.06%	490,266	39.58%
Metallurgy	267,364	9.58%	253114	13.26%	161,602	11.01%	191,137	15.43%
Wholesale trading	176,057	6.31%	130,315	6.82%	133,381	9.09%	94,764	7.65%
Services provided by small and medium businesses	182,086	6.52%	135,905	7.12%	96,162	6.55%	67,489	5.45%
Financial services	197,374	7.07%	75,621	3.96%	78,902	5.37%	67,794	5.47%
Retail services	120,573	4.32%	88,717	4.65%	61,733	4.21%	56,416	4.56%
Chemical industry	70,928	2.54%	69,545	3.64%	60,031	4.09%	678	0.05%
Real estate activities	65,191	2.34%	54,521	2.86%	47,078	3.21%	48,528	3.92%
Food industry	54,555	1.96%	42,572	2.23%	45,177	3.08%	35,681	2.88%
Transport	135,494	4.86%	99,076	5.19%	43,872	2.99%	78,601	6.35%
Construction	94,874	3.40%	75,804	3.97%	39,749	2.71%	27,319	2.21%
Agriculture	25,146	0.90%	21,926	1.15%	13,498	0.92%	9,587	0.77%
Post and communication services	26,617	0.95%	17,179	0.90%	12,315	0.84%	8,254	0.67%
Manufacturing	12,668	0.45%	11,741	0.61%	10,432	0.71%	6,593	0.53%
Light industry	13,174	0.47%	11,543	0.60%	7,117	0.48%	7,609	0.61%
Metal products manufacturing	7,335	0.26%	6,254	0.33%	5,194	0.35%	3,801	0.31%
Consumer goods trading	2,975	0.11%	2,667	0.14%	-	-	-	-
Production of crude oil and gas	2,456	0.09%	2,514	0.13%	1,456	0.10%	-	0.00%
Consumer goods manufacturing	1,148	0.04%	799	0.04%	-	-	-	-
Power engineering	985	0.04%	638	0.03%	-	0.00%	155	0.01%
Health, science and education	310	0.01%	222	0.01%	-	-	-	-
Other	93,611	3.35%	69,429	3.64%	62,068	4.23%	43,936	3.55%
Total loans, gross	**2,790,713**	**100.0%**	**1,909,519**	**100.0%**	**1,467,763**	**100.0%**	**1,238,608**	**100.0%**
Allowance for ECL	(103,553)		(89,385)		(90,263)		(65,066)	
Total loans to customers (net of allowance for ECL)	**2,687,160**		**1,820,134**		**1,377,500**		**1,173,542**	

Distribution of Loans by Maturity

Of the Group's net loan portfolio of KZT2,687,160 million as at 30 June 2025, KZT1,610,946 million, or 59.9 per cent., had a maturity of more than one year, KZT1,037,174 million, or 38.6 per cent., had a maturity profile of less one year (with the balance of 1.5 per cent. being overdue loans).

The following table sets forth the expected maturity of the Group's loans to customers (net of allowance for expected credit loss) as at the dates 31 December 2024, 2023 and 2022.

	As at 31 December					
	2024		2023		2022	
Maturity	*million tenge*	*% of total net loans*	*million tenge*	*% of total net loans*	*million tenge*	*% of total net loans*
			(audited)			
Less than one month	63,906	3.5%	70,227	5.1%	68,528	5.8%
One to three months	254,540	14.0%	81,257	5.9%	97,625	8.3%
Three to 12 months	556,786	30.6%	480,644	34.9%	366,857	31.3%
One to five years	815,815	44.8%	674,409	49.0%	581,950	49.6%
Over five years	118,825	6.5%	58,270	4.2%	40,386	3.4%
No maturity	-	0.0%	-	0.0%	-	0.0%
Overdue	10,262	0.6%	12,693	0.9%	18,196	1.6%
Total loans to customers (net of allowance for ECL)	**1,820,134**	**100.0%**	**1,377,500**	**100.0%**	**1,173,542**	**100.0%**

Distribution of Loans by Currencies

The Group's loan portfolio has historically been predominantly tenge-denominated, but a portion of the loan portfolio is denominated in U.S. dollars. Portions of loans denominated in Euros and other currencies are marginal in comparison to the total loan portfolio.

The following table sets forth the Group's loan portfolio, by currency, as at 31 December 2024, 2023 and 2022:

	As at 31 December					
	2024		2023		2022	
Currency	*million tenge*	*% of total net*	*million tenge*	*% of total net*	*million tenge*	*% of total net*
			(audited)			
Tenge	1,487,030	81.7%	1,167,291	84.7%	985,158	84.0%
US Dollars	332,109	18.2%	209,310	15.2%	187,150	15.9%
Euros	995	0.1%	898	0.1%	915	0.1%
Other currencies	-	0.0%	1	0.0%	319	0.0%
Total loans to customers (net of allowance for ECL)	**1,820,134**	**100.0%**	**1,377,500**	**100.0%**	**1,173,542**	**100.0%**

Loans to customers denominated in tenge increased by KZT319,739 million, or 27.4 per cent., at as 31 December 2024 as compared to 31 December 2023, and increased by KZT182,133 million, or 18.5 per cent., as at 31 December 2023 as compared to 31 December 2022.

Loans to customers denominated in U.S. Dollars increased by KZT122,799 million, or 58.7 per cent., at as 31 December 2024 as compared to 31 December 2023, and increased by KZT22,160 million, or 11.8 per cent., as at 31 December 2023 as compared to 31 December 2022.

NPLs

Non-performing loans, or NPLs, represent loans with payments of principal and/or interest overdue by more than 90 days. The Group had gross carrying amount of NPLs in the amount of KZT97,225 million, KZT69,101 million, KZT69,276 million and KZT72,838 million as at 30 June 2025 and 31 December 2024, 2023 and 2022, respectively. The Bank's NPL ratio as a percentage of total loans to customers, gross was 3.5 per cent., 3.6 per cent., 4.7 per cent. and 5.9 per cent. as at 30 June 2025 and 31 December 2024, 2023 and 2022, respectively. The continuous decrease in the share of NPLs during the period under review was primarily attributable to the combination of the growth of the Bank's credit portfolio, collateral recovery and conservative scoring model. During the period under review, NPLs are mainly represented by retail loans.

Allowance for expected credit losses

As at 30 June 2025, the Group's allowance for expected credit losses was KZT103,553 million, a 15.9 per cent. increase as compared to KZT89,385 million as at 31 December 2024, primarily due to portfolio ripening and growth in secured lending, in particular car loans. The Group's allowance for expected credit losses as at 31 December 2024 decreased by 1.0 per cent. as compared to 31 December 2023 and amounted to KZT89.385 million. The Group's allowance for expected credit losses as at 31 December 2023 increased by 38.7 per cent. as compared to 31 December 2022.

The Group's management believes that the level of allowance for expected credit loss as at 30 June 2025 covers all significant overdue loans. The Group's allowance for expected credit loss is classified by three stages. See Note 15 to the Annual Financial Statements and Note 12 to the Interim Financial Statements.

Total Liabilities

General

The following table sets forth the principal components of the Group's total liabilities as at the dates set forth below.

	As at 30 June	As at 31 December		
	2025	2024	2023	2022
		million tenge (audited)		
Current accounts and deposits of customers	3,091,305	2,867,955	2,261,023	2,011,734
Amounts due to banks and other credit institutions	180,994	77,661	68,384	66,751
Amounts payable under repurchase agreements	410,007	435,394	163,523	67,980
Debt securities issued	283,182	71,844	267,250	249,473
Subordinated debt	12,191	14,389	14,389	16,795
Deferred tax liabilities	-	10,568	12,732	13,904
Other liabilities	64,655	44,941	36,066	18,989
Total liabilities	**4,042,334**	**3,522,752**	**2,823,367**	**2,445,626**

As at 30 June 2025, the Group had total liabilities of KZT4,042,334 million as compared to KZT3,522,752 million as at 31 December 2024, KZT2,823,367 million as at 31 December 2023 and KZT2,445,626 million as at 31 December 2022.

The increase in total liabilities of KZT519,582 million, or 14.7 per cent., as at 30 June 2025 as compared to 31 December 2024 was primarily attributable to increases in debt securities issues, current accounts and deposits of customers and amounts due to banks and other credit institutions.

Debt securities issued increased by KZT211,338 million, or 294.2 per cent., to KZT283,182 million as at 30 June 2025 as compared to KZT71,844 million as at 31 December 2024 as a result of the issuance of U.S.$400 million 7.75 per cent. notes due 2030. Current accounts and deposits from customers increased by KZT223,350 million, or 7.8 per cent., as at 30 June 2025 as compared to 31 December 2024, primarily due to the growth in current accounts and deposits (including demand deposits, term deposits and guarantee deposits) from corporate customers, which increased by KZT189,529 million, or 10.3 per cent., as at 30 June 2025 as compared to 31 December 2024. Amounts due to banks and other credit institutions increased by KZT103,333 million, or 133.1 per cent. as at 30 June 2025 as compared to 31 December 2024 due to the U.S.$200 million syndicated loan attracted in May 2025.

The increase in total liabilities of KZT699,385 million, or 24.8 per cent., as at 31 December 2024 as compared to 31 December 2023 was primarily due to the increase in current accounts and deposits from customers as well as amounts payable under repurchase agreements which was partially offset by a reduction in debt securities issued. Current accounts and deposits from customers increased by KZT606,932 million, or 26.8 per cent., as at 31 December 2024 as compared to 31 December 2023, reflecting growth in corporate and retail current accounts and demand deposits. In particular, corporate current accounts and deposits grew by KZT465,310 million, or 33.7 per cent. from KZT1,378,786 million as at 31 December 2023 to KZT1,844,096 million as at 31 December 2024. Retail current accounts and deposits increased by KZT141,622 million, or 16.1 per cent., from KZT882,237 million as at 31 December 2023 to KZT1,023,859 million as at 31 December 2024. Amounts payable under repurchase agreements increased by KZT271,871 million, or 166.3 per cent., respectively, as at 31 December 2024 as compared to 31 December 2023, resulting from the Group's raising additional short-term liquidity in order to finance the growth of the loan portfolio and manage its current liabilities. At the same time, debt securities issued decreased by KZT195,406 million, or 73.1 per cent., from KZT267,250 million as at 31 December 2023 to KZT71,844 million as at 31 December 2024 due to the redemption of the Group's KZT-denominated bonds.

The increase in total liabilities of KZT377,741 million, or 15.4 per cent., as at 31 December 2023 as compared to 31 December 2022 was primarily due to the increase in current accounts and deposits from customers as well as amounts payable under repurchase agreements. Current accounts and deposits from customers increased by KZT249,289 million, or 12.4 per cent., as at 31 December 2023 as compared to 31 December 2022, reflecting the Bank's attractiveness as a secure storage solution for customers, primarily driven by legal entities. Amounts payable under repurchase agreements increased by KZT95,543 million, or 140.5 per cent., respectively, as at

31 December 2023 as compared to 31 December 2022, resulting from low-cost funding and subsequent placement in weekly deposits.

Reportable Segment Liabilities

The following table sets forth the Group's reportable segment liabilities (in million tenge) as at the dates set forth below.

30 June 2025	CB	SME	RB	Investing activities	Other	Total
Liabilities	(*million tenge*)					
Current accounts and deposits from customers	1,084,519	945,668	1,061,063	-	55	3,091,305
Amounts due to banks and other credit institutions	17,098	38,677	15,581	103,612	6,026	180,994
Amounts payable under repurchase agreements	-	-	-	410,007	-	410,007
Debt securities issued	-	-	20,649	262,533	-	283,182
Subordinated debt	-	-	-	12,191	-	12,191
Other liabilities	627	568	3,827	308	59,325	64,655
Total liabilities	**1,102,244**	**984,913**	**1,101,120**	**788,651**	**65,406**	**4,042,334**

31 December 2024	CB	SME	RB	Investing activities	Other	Total
Liabilities	(*million tenge*)					
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**

31 December 2023	CB	SME	RB	Investing activities	Other	Total
Liabilities	(*million tenge*)					
Current accounts and deposits from customers	691,613	683,011	886,366	–	33	2,261,023
Amounts due to banks and other financial 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**

31 December 2022	CB	SME	RB	Investing activities	Other	Total
Liabilities	(*million tenge*)					
Current accounts and deposits from customers	680,679	582,487	748,472	–	96	2,011,734
Amounts due to banks and other financial institutions	10,518	34,310	10,692	37	11,194	66,751
Amounts payable under repurchase agreements	–	–	–	67,980	–	67,980
Debt securities issued	–	–	13,040	186,660	49,773	249,473
Subordinated debt	–	–	–	–	16,795	16,795
Deferred tax liabilities	–	–	–	–	13,904	13,904
Other liabilities	24	90	1,531	8	17,336	18,989
Total liabilities	**691,221**	**616,887**	**773,735**	**254,685**	**109,098**	**2,445,626**

For additional information please refer to the Note 23 to the Interim Financial Statements and Note 32 to the Annual Financial Statements.

Maturity Profile of The Group's Financial Liabilities

The table below presents that the amount of liabilities of the Bank at maturities as at the dates indicated below:

	As at 31 December					
	2024		2023		2022	
Maturity	*million tenge*	*% of total*	*million tenge*	*% of total*	*million tenge*	*% of total*
			(audited)			
Less than one month	2,244,554	63.8%	1,473,385	52.2%	1,337,578	54.7%
One to three months	233,305	6.6%	156,809	5.6%	120,129	4.9%
Three to 12 months	790,517	22.4%	813,741	28.8%	514,983	21.1%
One to five years	194,329	5.5%	307,794	10.9%	403,945	16.5%
Over five years	60,045	1.7%	71,634	2.5%	68,991	2.8%
No maturity	-	0.0%	-	0.0%	-	0.0%
Overdue	2	0.0%	4	0.0%	-	0.0%
Total liabilities	**3,522,752**	**100.0%**	**2,823,367**	**100.0%**	**2,445,626**	**100.0%**

Total Equity

As at 30 June 2025, the Group had total equity of KZT497,202 million, a decrease of KZT70,982 million, or 12.5 per cent., from KZT568,184 million as at 31 December 2024. This decrease was mainly attributable to a negative change in fair value reserve.

As at 31 December 2024, the Group had a total equity of KZT568,184 million, an increase of KZT138,376 million, or 32.2 per cent., from KZT429,808 million as at 31 December 2023. This increase was mainly attributable to the increase in retained earnings and a positive change in fair value reserve.

As at 31 December 2023, the Group had a total equity of KZT429,808 million, an increase of KZT86,048 million, or 25.0 per cent., from KZT343,760 million as at 31 December 2022. This increase was mainly attributable to an increase in retained earnings reflecting the recorded profit for the period.

Liquidity and Capital Resources

The Bank's principal sources of liquidity are deposits of main corporate customers and individuals, long-term and short-term loans from other credit institutions, issued debt securities as well as diversified portfolios of highly liquid assets.

Funding

The Bank's funding base consists primarily of current accounts and deposits from customers. Other sources of funding include loans from banks and other credit institutions, debt securities issued and other subordinated debt, as well as the Notes issued hereby. See "– *Financial Position – Total Liabilities*". As at 30 June 2025, funding from customer accounts comprised KZT3,091,305 million, or 77.8 per cent, of the Bank's funding base, as compared to KZT2,867,955 million as at 31 December 2024. The Group's funding strategy is to continue developing a diversified funding base to cover the growing needs of the Group's business.

The following table sets out the Bank's sources of funding as at the dates indicated:

	As at 30 June		As at 31 December					
	2025		2024		2023		2022	
	million tenge	*% of total*	*million tenge*	*% of total*	*million tenge*	*% of total*	*million tenge*	*% of total*
				(audited)				
Due to banks and other credit institutions								
Loans and deposits from governmental organisations	68,519	1.7	68,946	2.0	54,549	2.0	53,035	2.2
Liabilities due to Kazakhstan Sustainability Fund JSC	9,081	0.2	8,715	0,3	13,835	0.5	13,716	0.6
Loans from other credit institutions	103,394	2.6	-	0.0	-	0.0	-	0.0
Total	**180,994**	**4.5**	**77,661**	**2.3**	**68,384**	**2.5**	**66,751**	**2.8**
Current Accounts and deposits from Customers								
Current Accounts and demand deposits	790,888	19.9	753,203	21.7	706,266	25.5	693,976	28.8
Term deposits	2,134,655	53.7	1,990,417	57.3	1,449,461	52.2	1,234,144	51.2
Guarantee deposits	165,762	4.2	124,335	3.6	105,296	3.8	83,614	3.4
Total	**3,091,305**	**77.8**	**2,867,955**	**82.6**	**2,261,023**	**81.5**	**2,011,734**	**83.4**
Amounts payable under repurchase agreements	**410,007**	**10.3**	**435,394**	**12.6**	**163,523**	**5.9**	**67,980**	**2.8**
Debt securities in issue	**283,182**	**7.1**	**71,844**	**2.1**	**267,250**	**9.6**	**249,473**	**10.3**
Subordinated debt	**12,191**	**0.3**	**14,389**	**0.4**	**14,389**	**0.5**	**16,795**	**0.7**
Total funding	**3,977,679**	**100.0**	**3,467,243**	**100.0**	**2,774,569**	**100.0**	**2,412,733**	**100.0**

Current Accounts and Deposits from Customers

The following table sets forth the Bank's current accounts and deposits from customers as at the dates indicated:

	As at 30 June		As at 31 December					
	2025		2024		2023		2022	
	million tenge	*% of total*	*million tenge*	*% of total*	*million tenge*	*% of total*	*million tenge*	*% of total*
				(audited)				
Current account and demand deposits								
Retail customers	158,904	5.1%	164,005	5.7%	145,682	6.4%	138,821	6.9%
Corporate customers	631,984	20.4%	589,198	20.5%	560,584	24.8%	555,155	27.6%
Total	**790,888**	**25.5%**	**753,203**	**26.2%**	**706,266**	**31.2%**	**693,976**	**34.5%**
Term deposits								
Retail customers	850,901	27.6%	823,759	28.7%	701,834	31.0%	570,528	28.4%
Corporate customers	1,283,754	41.5%	1,166,658	40,7%	747,627	33.2%	663,616	33.0%
Total	**2,134,655**	**69.1%**	**1,990,417**	**69.4%**	**1,449,461**	**64.2%**	**1,234,144**	**61.4%**
Guarantee deposits								
Retail customers	47,875	1.6%	36,095	1.3%	34,721	1.5%	34,441	1.7%
Corporate customers	117,887	3.8%	88,240	3.1%	70,575	3.1%	49,173	2.4%
Total	**165,762**	**5.4%**	**124,335**	**4.4%**	**105,296**	**4.6%**	**83,614**	**4.1%**
Total current accounts and deposits from customers	**3,091,305**	**100.0%**	**2,867,955**	**100.0%**	**2,261,023**	**100.0%**	**2,011,734**	**100.0%**

As at 30 June 2025, the total amount of account balances of the Group's top 10 customers amounted to KZT496,365 million or 16.06 per cent. of total current accounts and deposits from customers, as compared to KZT442,635 million or 15.43 per cent. as at 31 December 2024, KZT277,877 million or 12.29 per cent. as at 31 December 2023 and KZT356,755 million or 17.73 per cent. as at 31 December 2022.

The Bank is statutorily obligated to repay deposits to customers upon demand, including for term-deposits. The Bank must repay amounts within seven calendar days for term or conditional deposits or within 30 calendar days for saving deposits, measured from the date the depositor demands repayment.

Due to Banks and Other Credit Institutions

The following table sets forth the Bank's most significant outstanding balances and maturity under existing material credit facilities as at 30 June 2025:

	Outstanding amount	Maturity
	(million Tenge)	
Group of international financial institutions	103,394	May 2026
Damu Entrepreneurship Development Fund JSC	46,276	March 2035
Development Bank of Kazakhstan JSC	11,620	March 2035
Industrial Development Fund JSC	8,739	July 2030
Agrarian Credit Corporation JSC	1,872	March 2026
Total	**171,901**	

In May 2025, the Group attracted a syndicated loan of U.S.$200 million from a group of international finance institutions at a floating interest rate, maturing in 2026. As at 30 June 2025, the amortised cost of the borrowed loan amounted to KZT103,394 million.

As at 30 June 2025, loans from governmental organisations, comprising loans received from Damu Entrepreneurship Development Fund JSC, Development Bank of Kazakhstan JSC, Industrial Development Fund JSC and Agrarian Credit Corporation JSC in the amount of KZT46,276 million, KZT11,620 million, KZT8,739 million and KZT1,872 million, respectively, are 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 and subsequent financing of entities in the agro-industrial complex and agricultural production cooperatives.

The loan received from Industrial Development Fund JSC in May 2022, with maturity at the end of 2052, in the amount of KZT15,000 million was recognised at fair value, at a market rate of 14.12 per cent. per annum. In March 2024, the Group and Industrial Development Fund JSC revised the terms of the said loan, including by setting a new maturity date until mid-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 cent. per annum. As a result of the substantial modification of the loan terms, the Group recognised a loss of KZT3,593 million, inclusive of derecognition of a deferred liability in the foam of a government grant, in the interim condensed consolidated statement of comprehensive income.

During 2024, the Group and Development Bank of Kazakhstan JSC have concluded agreements for raising additional loans in the amount of KZT9,000 million, bearing an interest rate of 2.0 per cent. 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 at a market rate of 16.90 per cent. per annum. As a result, the Group recognised a discount on these loans in the amount of KZT6,462 million and deferred income on the government grant for the same amount, in other liabilities.

In December 2024, the Group concluded a supplemental agreement with the Kazakhstan Sustainability Fund (KSF) as part of the refinancing programme for mortgage loans, whereby from 1 August 2024 the nominal interest rate decreased from 2.99 per cent. per annum to 0.1 per cent. per annum, and the maturity date and other loan terms remained unchanged. Deposits were recognised at fair value at a market rate of 15.25 per cent. per annum. As a result, the Group recognised a discount on these loans in the amount of KZT5,897 million and deferred income on the government grant in the same amount, in other liabilities.

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, as at 30 June 2025 and 31 December 2024.

Debt Securities

The following table sets forth the Bank's debt securities in issue as at the dates indicated:

	Maturity	Coupon rate, %	As at 30 June 2025	As at 31 December 2024	2023	2022
				million tenge		
Bonds in USD						
Bonds issued in 2025	2030	7.75%	210,490	-	-	-
Bonds issued in 2023	2025	4.00%	19,533	19,197	11,416	-
Bonds issued in 2022	2025	2.60%	1,117	1,114	2,480	13,040
			231,140	**20,311**	**13,896**	**13,040**
Bonds in KZT						
Bonds issued in 2018	2024	4.00%	-	-	202,762	186,659
Bonds issued in 2015	2025	10.13%	52,042	51,533	50,592	49,774
			52,042	**51,533**	**253,354**	**236,433**
			283,182	**71,844**	**267,250**	**249,473**

In January 2025, the Group issued eurobonds in the aggregate amount of U.S.$400 million with maturity in 2030 and a coupon rate of 7.75 per cent. per annum listed on the Vienna MTF and AIX. As at 30 June 2025, the aggregate nominal amount of outstanding bonds issued equalled U.S.$400 million (or KZT207,856 million equivalent).

In September 2023, the Group issued the second bond issue of its U.S.$50 million 4 per cent. notes on AIX under its U.S.$200 million bond programme due on 6 September 2025. As at 31 December 2023, the aggregate notional value of outstanding bonds issued under this bond programme amounted to U.S.$24.8 million (or KZT11,273 million). As at 31 December 2024, the aggregate notional value of outstanding bonds issued under this bond programme amounted to U.S.$36.1 million (or KZT18,956 million). As at the date of this Information Memorandum, the Bank redeemed the bonds in full.

On 8 August 2022, the Group issued its inaugural bond issue of its U.S.$100 million 2.6 per cent. notes on AIX due 8 August 2025. On 8 August 2023, the Group has repurchased a portion of these notes in the aggregate notional amount of U.S.$25.5 million (or KZT11,382 million). As at 31 December 2023, the aggregate notional value of outstanding bonds issued under this bond programme amounted to U.S$5.4 million (or KZT2,455 million). As at the date of this Information Memorandum, the Bank redeemed the bonds in full.

In September 2018, the Group issued KZT220,000 million 4 per cent. notes due 2024. The notes were acquired by Sovereign Wealth Fund Samruk-Kazyna JSC in exchange for a KZT220,000 million placed with the Group on similar terms. On 15 December 2024, the Group has redeemed these debt securities in the amount of KZT228,800 million, including the coupon amount accrued in accordance with contractual terms.

In July 2015, the Bank issued KZT49,959 million 10.13 per cent. notes due 2025. As at the date of this Information Memorandum, the Bank redeemed the bonds in full.

The Group had no defaults and other breaches of repayment schedules and the terms and conditions of the bonds, related to principal and interest payments as at 30 June 2025 and years ended 31 December 2024, 2023 and 2022.

Subordinated Debt

As at 30 June 2025, 31 December 2024, 2023 and 2022, the Group's subordinated debt comprised tenge-denominated subordinated debt securities maturing in between 2025 and 2031 and having a fixed coupon rate of 8.0 per cent. per annum. During 2023, the Group has redeemed its subordinated debt securities in the amount of KZT2,313 million.

The Group had no defaults or has not otherwise breached the terms for issue of subordinated debt, related to principal and interest on the principal amount outstanding, during the six months ended 30 June 2025 and years ended 31 December 2024, 2023 and 2022.

Contingencies and Commitments

Credit related commitments

The Group has credit-related contingent liabilities to provide credit resources, which take the form of approved loan and credit card limits and overdraft facilities. The Group also enters into certain financial instruments and agreements with off-balance sheet risk in the ordinary course of business to meet its clients' needs. These instruments, which include guarantees and letters of credit and other contingent liabilities, have fixed limits and generally extend for a period of up to five years, involve varying degrees of credit risk and are not reflected in the consolidated statement of financial position. The Group uses similar credit approval policies in undertaking off-balance sheet credit related commitments as it does for its on-balance sheet operations. See "*Risk Management – Credit Risk*".

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

	As at 30 June	As at 31 December		
	2025	2024	2023	2022
		million tenge (audited)		
Guarantees issued	216,736	129,406	105,329	69,375
Letters of credit	1,360	299	1,745	1.365
Undrawn loan commitments	699,240	436,126	497,936	217,758
Total credit related commitments	**917,336**	**565,831**	**605,010**	**288,498**

For additional information on the Bank's credit-related commitments see Note 30 to the Annual Financial Statements and Note 21 to the Interim Financial Statements.

Contingent tax liabilities

The taxation regime in 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.

These and other circumstances may create tax risks in Kazakhstan that are substantially more significant than in other countries. The Group's management believes that it has provided adequately for tax liabilities based on its interpretations of applicable Kazakhstan 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.

Legal proceedings

In the ordinary course of business, the Group is subject to legal actions and complaints. The Group's management believes that the ultimate liability, if any, arising from such actions or complaints, will not have a material adverse effect on the Group's operations and financial position. The Group's management is unaware of any significant, pending or threatened claims against the Group.

Capital Management

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

The primary objectives of the Group'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.

In accordance with the requirements set by the NBK and effective from 1 January 2024, banks (including the Bank) 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 8.0 per cent.;
- 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 9.0 per cent.; and
- 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 per cent.

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 per cent. 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 NBK requirements as at 30 June 2025, 31 December 2024, 2023 and 2022.

	30 June 2025	**31 December**		
		2024	**2023**	**2022**
		million tenge (except ratios)		
Tier 1 capital	467,479	542,203	406,750	315,091
Tier 2 capital	4,615	5,937	8,145	10,354
Total regulatory capital	472,094	548,140	**414,895**	**325,445**
Total risk-weighted statutory assets, contingent liabilities and operational and market risk	3,326,225	2,270,521	**1,953,598**	**1,609,161**
k1 ratio	14.1%	23.9%	20.8%	19.6%
k1-2 ratio	14.1%	23.9%	20.8%	19.6%
k2 ratio	14.2%	24.1%	21.2%	20.2%

For a detailed description of the capital and regulatory ratios which apply to the Bank, see "*Banking Sector and Banking Regulation in the Republic of Kazakhstan*".

As at 30 June 2025 and 31 December 2024, 2023 and 2022, the Bank's k1 ratio exceeded the Write Down Event threshold of 5.500 per cent. by 8.6 percentage points, 18.4 percentage points, 15.3 percentage points and 14.1 percentage points, respectively.

Significant Accounting Policies and New Accounting Standards

A detailed description of the Group's material accounting policies and changes thereto is set forth in Note 2 to the Interim Financial Statements and Note 3 to the Annual Financial Statements.

A list of new and revised accounting standards that became effective is set forth in Note 2 to the Interim Financial Statements and Note 3 to the Annual Financial Statements. The application of the new and revised accounting standards had no significant impact on the Group's consolidated financial statements. A number of new standards and amendments to standards came into force on 1 January 2024 but they had no material effect on the Group's Interim Financial Statements. In addition, the Group has not adopted any other standard, interpretation or amendment that has been issued but is not yet effective. For the list of such standards, please see Note 2 to the Interim Financial Statements and Note 3 to the Annual Financial Statements.

Critical Accounting Estimates and Judgments in Applying Accounting Policies

The preparation of consolidated financial statements under IFRS requires the Bank's management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of judgments made regarding the carrying values of assets and liabilities that are not readily apparent from other sources. Although these estimates are based on the management's best knowledge of current events and actions, actual results ultimately may differ from these estimates. For the list of such estimates and judgments, please see Note 4 to the Annual Financial Statements and Note 3 to the Interim Financial Statements.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

SELECTED STATISTICAL AND OTHER INFORMATION

The following tables present certain of the Group's selected statistical information for the periods indicated. The statistical information and discussion and analysis presented below is presented solely for the convenience of the reader for analytical purposes and should be read in conjunction with the Financial Statements contained elsewhere in this Information Memorandum, as well as "*Presentation of Financial Information*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*". The statistical information presented below is derived from data extracted from the Annual Financial Statements and Interim Financial Statements and (in particular average quarterly based data, average balances, rates and yields, volume and rate analysis) from the Group's unaudited financial reporting and management information systems.

In this section, unless otherwise indicated, average balances are calculated on the basis of an arithmetical average of the opening balance and the closing balance for the end of each calendar quarter for the relevant period. The presentation of historical averages in this section on a daily, weekly or monthly basis would involve unreasonable effort and expense. The Group does not believe that quarterly averages present trends materially different from those that would be presented by daily, weekly or monthly averages.

Distribution of Assets, Liabilities and Equity

The return (or yield) was calculated by the amount of interest income or expense in the period divided by the average balance. The following tables show average balances, interest amounts and yields for the Bank's interest-earning assets, non-interest-earning assets, interest-bearing liabilities, non-interest-bearing liabilities and equity for the six months ended 30 June 2025 and 2024 and for the years ended 31 December 2024, 2023 and 2022.

	For the six-month period ended 30 June					
	2025			2024		
	Average balance[1]	Interest income/ (expense)	Average yield (assets) / rate paid (liabilities)[2]	Average balance[1]	Interest income/ (expense)	Average yield (assets) / rate paid (liabilities)[2]
	million tenge, except percentages					
ASSETS						
Interest-earning assets:						
Cash and cash equivalents[3]	737,043	39,568	10.8%	645,381	43,667	13.5%
Amounts due from credit institutions	123,546	632	1.0%	69,407	313	0.9%
Securities measured at fair value through profit or loss	2,817	-	0.0%	2,722	-	0.0%
Investment securities	1,104,212	57,028	10.3%	1,209,879	52,312	8.6%
Loans to customers	2,205,802	199,549	18.1%	1,473,991	146,619	19.9%
Other financial assets	7,178	631	14.2%	9,309	612	13.1%
Total interest-earning assets	**4,180,598**	**297,408**	**14.2%**	**3,410,689**	**243,523**	**14.3%**
Total non-interest-earning assets[4]	**197,825**			**174,065**		
Total assets	**4,378,423**			**3,584,754**		
LIABILITIES						
Interest-bearing liabilities:						
Current accounts and deposits of customers[5]	2,198,094	114,791	10.4%	1,474,453	86,463	11.7%
Amounts due to banks and other credit institutions	111,788	3,226	5.8%	75,961	2,416	6.4%
Amounts payable under repurchase agreements	467,043	29,369	12.6%	291,680	19,309	13.2%
Debt securities issued	208,666	10,042	9.6%	274,858	16,058	11.7%
Subordinated debt	13,742	554	8.1%	14,475	568	7.8%
Total interest-bearing liabilities	**2,999,334**	**157,982**	**10.5%**	**2,131,428**	**124,814**	**11.7%**
Total non-interest-bearing liabilities[6]	**832,987**			**755,323**		
EQUITY	**537,114**			**452,172**		
Equity and non-interest-bearing liabilities	**1,370,101**			**1,207,494**		
EQUITY AND LIABILITIES	**4,369,435**			**3,338,922**		

Notes:

(1) Average amounts are calculated as the simple average of the opening balance and the balance at the end of each calendar quarter within the applicable period.
(2) Average yield (assets) / rate paid (liabilities) is annualised.
(3) Excludes cash on hand.
(4) Includes all assets except interest-earning assets.
(5) Excludes current/settlement accounts.
(6) Includes all liabilities except interest-bearing liabilities.

	Year ended 31 December								
	2024			2023			2022		
	Average balance[1]	Interest income/ (expense)	Average yield (assets)/ rate paid (liabilities)	Average balance[1]	Interest income (expense)	Average yield (assets)/ rate paid (liabilities)	Average balance[1]	Interest income/ (expense)	Average yield (assets)/ rate paid (liabilities)
	million tenge, except percentages								
ASSETS									
Interest-earning assets:									
Cash and cash equivalents[2]	722,398	81,813	11.3%	449,928	33,528	7.5%	403,876	15,156	3.8%
Amounts due from credit institutions	71,183	873	1.2%	45,803	794	1.7%	44,492	303	0.7%
Securities measured at fair value through profit or loss	2,785	-	0.0%	2,854	-	0.0%	2,736	-	0.0%
Investment securities	1,236,084	119,656	9.7%	989,881	89,815	9.1%	979,243	78,819	8.0%
Loans to customers and finance lease receivables	1,583,270	319,313	20.2%	1,251,786	248,664	19.9%	984,699	165,761	16.8%
Other financial assets	8,728	1 356	15.5%	9,986	1,305	13.1%	14,442	702	4.9%
Total interest-earning assets	**3,624,448**	**523,011**	**14.4%**	**2,750,239**	**374,106**	**13.6%**	**2,429,487**	**260,741**	**10.7%**
Total non-interest-earning assets[3]	**173,163**			**173,047**			**183,529**		
Total assets	**3,797,611**			**2,923,285**			**2,613,016**		
LIABILITIES									
Interest-bearing liabilities:									
Current accounts and deposits of customers[4]	1,584,036	181,376	11.5%	1,368,417	129,152	9.4%	1,203,581	81,700	6.8%
Amounts due to banks and other credit institutions	77,581	5,051	6.5%	66,718	5,199	7.8%	78,899	5,219	6.6%
Amounts payable under repurchase agreements	347,005	40,063	11.5%	89,075	14,114	15.8%	60,518	13,350	22.1%
Debt securities issued	236,939	32,656	13.8%	260,283	31,157	12.0%	252,973	30,382	12.0%
Subordinated debt	14,492	1,136	7.8%	14,973	1,136	7.6%	17,448	1,457	8.4%
Total interest-bearing liabilities	**2,260,053**	**260,282**	**11.5%**	**1,799,466**	**180,758**	**10.0%**	**1,613,419**	**132,108**	**8.2%**
Total non-interest-bearing liabilities[5]	**785,628**			**741,869**			**698,335**		
EQUITY	**484,570**			**381,950**			**301,262**		
Equity and non-interest-bearing liabilities	**1,270,197**			**1,123,820**			**999,597**		
EQUITY AND LIABILITIES	**3,530,250**			**2,923,285**			**2,613,016**		

Notes:
(1) Average amounts are calculated as the simple average of the opening balance and the balance at the end of each calendar quarter within the applicable period.
(2) Excludes cash on hand.
(3) Includes all assets except interest-earning assets.
(4) Excludes current/settlement accounts
(5) Includes all liabilities except interest-bearing liabilities.

Changes in Interest Income and Interest Expenses; Volume and Rate Analysis

The following tables present the variations in the Bank's interest income and expense as a result of the variations in the average volume of interest-earning assets and interest-bearing liabilities and changes in average interest rates occurred for the six months ended 30 June 2025 compared to the six months ended 30 June 2024, for the year ended 31 December 2024 compared to the year ended 31 December 2023, and for the year ended 31 December 2023 compared to the year ended 31 December 2022.

	For the six-month periods ended 30 June			For the years ended 31 December					
	2024/2025			2023/2024			2022/2023		
	Volume[2]	Rate[3]	Net change	Volume[2]	Rate[3]	Net change	Volume[2]	Rate[3]	Net change
	million tenge, except percentages								
ASSETS									
Interest-earning assets:[1]									
Cash and cash equivalents	6,242	(9,993)	(3,751)	15,093	23,919	39,012	1,728	16,644	18,372
Amounts due from credit institutions	23	(52)	(29)	56	445	501	9	482	491
Securities measured at fair value through profit or loss	-	-	-	-	-	-	-	-	-
Investment securities	(4,569)	9,285	4,716	15,417	6,696	22,113	856	10,140	10,996
Loans to customers	72,794	(19,864)	52,930	44,008	11,816	55,824	44,961	37,942	82,903
Other financial assets	(140)	159	19	(304)	135	(169)	(217)	820	603
Total interest-earning assets	**74,350**	**(20,465)**	**53,885**	**74,270**	**43,011**	**117,281**	**47,337**	**66,028**	**113,365**
LIABILITIES									
Interest-bearing liabilities:[1]									
Current accounts and deposits of customers	42,435	(14,107)	28,328	26,971	15,663	42,634	11,189	36,263	47,452
Amounts due to banks and other credit institutions	1,140	(330)	810	447	713	1,160	(806)	786	(20)
Amounts payable under repurchase agreements	11,609	(1,549)	10,060	39,263	(18,636)	20,627	6,300	(5,536)	764
Debt securities issued	(3,867)	(2,149)	(6,016)	1,756	(108)	1,648	878	(103)	775
Subordinated debt	(29)	15	(14)	(34)	34	-	(207)	(114)	(321)
Total interest-bearing liabilities	**51,288**	**(18,120)**	**33,168**	**68,403**	**(2,334)**	**66,069**	**17,354**	**31,296**	**48,650**

Note:

(1) Average amounts are calculated as the simple average of the opening balance and the balance at the end of each calendar quarter within the applicable period.

(2) Volume for the period is the difference between average balance for the relevant period and average balance for the previous period multiplied by average yield (assets)/ rate paid (liabilities) for the relevant period.

(3) Rate for the period is the difference between average yield (assets)/ rate paid (liabilities) for the relevant period and average yield (assets)/ rate paid (liabilities) for the previous period multiplied by average balance for the relevant period.

Interest-earning Assets—Margin

The following table presents the levels of average interest-earning assets and illustrates the comparative gross and net yields obtained for the indicated periods.

	As at or for the six-month period ended 30 June	As at or for the year ended 31 December		
	2025	2024	2023	2022
		million tenge, except percentages		
Average interest-earning assets[1]	4,180,598	3,624,448	2,750,239	2,429,487
Average yield on interest-earning assets[2][3]	14.2%	14.3%	13.6%	10.7%
Net interest income[4]	143,497	262,729	193,046	128,633
Net interest margin[3][5]	6.9%	7.2%	7.0%	5.3%

Notes:
(1) The average interest-earning assets are calculated as the simple average of the opening balance and the balance at the end of each calendar quarter within the applicable period
(2) Average yield on interest-earning assets is interest income divided by average interest-earning assets.
(3) Average yield on interest-earning assets and net interest margin are annualised for six-month period ended 30 June 2025.
(4) Net interest income is net margin on interest and similar income.
(5) Net interest margin is calculated as net margin on interest and similar income divided by average interest-earning assets.

Maturity Composition of Investment in Debt Securities Not Carried at Fair Value through Earnings

The following table presents the Bank's weighted average yield of each category of debt securities not carried at fair value through earnings as at 30 June 2025.

		Maturing				
Investment securities measured at amortised cost [(1)]	**As at 30 June 2025**	**In one year or less**	**After one year through five years**	**After five years through 10 years**	**After 10 years**	**No specific maturity**
			million tenge			
Government Bonds	33,761	17,636	-	-	16,125	-
Corporate bonds	23,988	-	23,988	-	-	-
Government Bonds (Total weighted average yield)	5.20%	4.69%	-	-	5.76%	-
Corporate Bonds (Total weighted average yield)	4.93%	-	4.93%	-	-	-

Note:
(1) Yields have been calculated using the internal rate of return ("**IRR**") as at 30 June 2025.

Maturity and Composition of Loan Portfolio

The following table presents the Bank's loans to customers' portfolio by the time remaining to maturity. Loans are stated before deduction of allowance for losses.

		Maturing			
	As at 30 June 2025	**In one year or less**	**After one year through five years**	**After five years**	**Overdue**
			million tenge		
Tenge	2,430,567	846,167	1,252,044	245,645	86,711
U.S. Dollars	354,713	203,373	128,417	20,292	2,631
Euros	5,433	1,954	2,208	1,207	64
Total loans to customers, gross	**2,790,713**	**1,051,494**	**1,382,669**	**267,144**	**89,406**

The following table presents loans to customers (all of which had fixed interest rates) by category as at 30 June 2025 that are due after one year.

	Maturing			
	From 1 to 3 years	**From 3 to 5 years**	**Over 5 years**	**Overdue**
		million tenge		
Tenge	756,179	495,865	245,645	86,711
U.S. Dollars	101,690	26,727	20,292	2,631
Euros	1,056	1,152	1,207	64
Total loans to customers, gross	**858,925**	**523,744**	**267,144**	**89,406**

The following table presents the Bank's loans to customers' portfolio by the time remaining to maturity. Loans are stated before deduction of allowance for losses.

		Maturing			
	As at 31 December 2024	**In one year or less**	**After one year through five years**	**After five years**	**Overdue**
			million tenge		
Tenge	1,574,034	630,151	811,171	106,939	25,773
U.S. Dollars	334,186	264,988	54,068	14,888	242
Euros	1,299	987	12	-	300
Other	-	-	-	-	-
Total loans to customers, gross	**1,909,519**	**896,126**	**865,251**	**121,827**	**26,315**

The following table presents loans to customers (all of which had fixed interest rates) by category as at 31 December 2024 that are due after one year.

	Maturing			
	From 1 to 3 years	From 3 to 5 years	Over 5 years	Overdue
	million tenge			
Tenge	541,901	269,270	106,939	25,773
U.S. Dollars	27,719	26,349	14,888	242
Euros	12	-	-	300
Other	-	-	-	-
Total loans and advances to customers, gross	**569,632**	**295,619**	**121,827**	**26,315**

The Bank had no loans with floating interest rates as at 30 June 2025 and 31 December 2024.

Summary of Loan Loss Experience

Allocation of Provision for Impairment Losses

The following table presents impairment losses and sets forth the percentage distribution of the total provisions as at 30 June 2025 and as at 31 December 2024, 2023 and 2022. For a discussion of accounting standards related to loss allowances on financial assets, see Notes 4 and 25 to the Annual Financial Statements.

	As at 30 June		As at 31 December					
	2025		2024		2023		2022	
	Amount	% of total loan portfolio	Amount	% of total loan portfolio	Amount	% of total loan portfolio	Amount	% of total loan portfolio
	million tenge, except percentages							
Total loan portfolio	2,790,713		1,909,519		1,467,763		1,238,608	
Total loss allowance	(103,553)	3.7%	(89,385)	4.7%	(90,263)	6.1%	(65,066)	5.3%
Total loan portfolio, net of loss allowance	**2,687,160**		**1,820,134**		**1,377,500**		**1,173,542**	

The change in the Bank's ratio of allowance for credit losses to total loan portfolio for the six months ended 30 June 2025 as compared to the year ended 31 December 2024 primarily reflected by recalculation of loss given default, revisions to macroeconomic parameters, growth in the volume of new loans, and changes in the quality of the existing loan portfolio.

The change in the Bank's ratio of allowance for credit losses to total loan portfolio as of 31 December 2024 as compared to the year ended 31 December 2023 was due to change in the model used to calculate the probability of default and recalculation of loss given default coefficients.

The change in the Bank's ratio of allowance for credit losses to total loan portfolio in the year ended 31 December 2023 as compared to the year ended 31 December 2022 was due to (i) the application of the new loss given default model for the RB segment, (ii) change in the approach with regard to the calculation of the recovery period and the term of the collateral realisation and (iii) the update of macroeconomic parameters.

Allocation of Net Write-offs

The following table presents net write-offs for six-month period ended 30 June 2025 and for the years ended 31 December 2024, 2023 and 2022.

	For the six-month period end 30 June		For the year ended 31 December					
	2025		2024		2023		2022	
	Average amount[(1)]	% of total average loans	Average amount[(1)]	% of total average loans	Average amount[(1)]	% of total average loans	Average amount[(1)]	% of total average loans
	million tenge, except percentages							
Corporate loans	714,697	32.4%	508,627	32.1%	385,981	30.8%	280,555	28.5%
Small and medium businesses	608,858	27.6%	493,170	31.2%	390,165	31.2%	330,980	33.6%
Loans to individuals	882,247	40.0%	581,473	36.7%	475,640	38.0%	373,164	37.9%
Total average loans outstanding (net of ECL)	**2,205,802**	**100.0%**	**1,583,270**	**100.0%**	**1,251,786**	**100.0%**	**984,699**	**100.0%**
Net charge-offs:								
Corporate loans	38	0.0%	15	0.0%	842	0.2%	278	0.1%
Small and medium businesses	716	0.1%	5,881	1.2%	2,403	0.6%	8,464	2.6%
Loans to individuals	13,780	1.6%	57,838	9.9%	37,328	7.8%	15,640	4.2%
Total net charge-offs	**14,534**	**0.7%**	**63,734**	**4.0%**	**40,563**	**3.2%**	**24,382**	**2.5%**

Note:
(1) Average amounts are calculated as the simple average of the opening balance and the balance at the end of each calendar quarter within the applicable period.

The ratio of net write-offs to total average loans to customers was 0.7 per cent., 4.0 per cent., 3.2 per cent. and 2.5 per cent. for the six months ended 30 June 2025 and for the years ended 31 December 2024, 2023 and 2022, respectively.

The decrease of ratio of net write-offs to total average loans to customers to 0.7 per cent. for the six months ended 30 June 2025 as compared to 4.0 per cent. for the year ended 31 December 2024, mainly due to to the changes in the write-off policy, increased recoveries, and growth of the loan portfolio.

The increase in the ratio of net write-offs to total average loans to customers to 4.0 per cent. for the year ended 31 December 2024 as compared to 3.2 per cent. for the year ended 31 December 2023, primarily reflected writing-off loan amounts while continuing to pursue recovery, in connection with the moratorium on the sale of unsecured loans to collection agencies.

The increase of ratio of net write-offs to total average loans to customers to 3.2 per cent. for the year ended 31 December 2023 as compared to 2.5 per cent. for the year ended 31 December 2022, mainly due to the sale of unsecured loans to collection agencies.

Deposits

Composition of Deposits per Type and Yield

The following table presents, with average balances, the breakdown of deposits by category for the six months ended 30 June 2025 and the years ended 31 December 2024, 2023 and 2022.

	For the six-month period 30 June		For the year ended 31 December					
	2025		2024		2023		2022	
	Average balance[(1)]	Average rate paid	Average balance[(1)]	Average rate paid	Average balance[(1)]	Average rate paid	Average balance[(1)]	Average rate paid
	million tenge, except percentages							
Term deposits	**2,198,094**	**10.4%**	**1,584,036**	**11.5%**	**1,368,417**	**9.4%**	**1,203,581**	**6.7%**
Current/settlement accounts.								
Interest-bearing	190,098	0.0%	171,350	0.0%	161,241	0.1%	139,223	0.4%
Non-interest-bearing	581,238	0.0%	556,617	0.0%	542,284	0.0%	524,067	0.0%
Total	**2,969,430**	**7.7%**	**2,312,003**	**7.8%**	**2,071,942**	**6.2%**	**1,866,871**	**4.4%**

Note:
(1) Average amounts are calculated as the simple average of the opening balance and the balance at the end of each calendar quarter within the applicable period.

The Bank is a participant of the KDIF and makes regular fee payments to the KDIF calculated based on the amount of the Bank's current accounts and deposits. The primary objective of KDIF is to guarantee the deposits of individuals in the event of forced liquidation of the Bank. As at 30 June 2025 and 31 December 2024, depositors who are individuals (including individual entrepreneurs) can receive limited insurance coverage for their deposits, depending on the currency and type of the deposit (up to KZT10 million for deposit in tenge, up to KZT5 million for deposit in foreign currencies, and up to KZT20 million for saving deposits).

The following table sets forth the amount of the Bank's insured and uninsured outstanding balance of accounts and deposits from customer as at the dates indicated below.

	As at 30 June		As at 31 December					
	2025		2024		2023		2022	
	Amount	% of total balance	Amount	% of total balance	Amount	% of total balance	Amount	% of total balance
	million tenge, except percentages							
Insured under KDIF limited insurance coverage	430,245	13.9%	414,837	14.5%	363,224	16.1%	287,838	14.3%
Uninsured	2,661,060	86.1%	2,453,118	85.5%	1,897,799	83.9%	1,723.896	85.7%
Total outstanding balance of accounts and deposits from customers	**3,091,305**	**100.0%**	**2,867,955**	**100.0%**	**2,261,023**	**100.0%**	**2,011,734**	**100.0%**

BUSINESS

Overview

The Bank was formed on 1 January 2015 as a result of merger of Temirbank JSC and ABC Bank JSC (former ForteBank JSC) into Alliance Bank JSC. Following the merger, on 10 February 2015, Alliance Bank JSC was reregistered and rebranded as ForteBank JSC.

The Bank is one of the leading banks in the Republic of Kazakhstan offering a wide range of banking products, offerings and solutions. According to the NBK, as at 30 June 2025, the Bank was the fifth largest commercial bank in Kazakhstan by total assets (with a 7.0 per cent. market share), fifth by loan portfolio size (with a 7.4 per cent. market share), sixth by capital (with a 5.2 per cent. market share), fourth by deposits (with a 7.1 per cent. market share) and fifth by net profit (with a 7.1 per cent. market share).

The Bank operates in four principal business areas: retail business, SMEs, corporate business and investment activities and its products and services include corporate lending, retail lending, deposit taking, cash handling, international money transfers, letters of credit, guarantees, foreign exchange operations and other banking products.

The Bank operates a multichannel offline and online distribution network. As at 30 June 2025, the Bank's offline network was comprised of 21 branches, 89 service offices, 715 ATMs and 15,199 payment terminals across 37 cities and towns within Kazakhstan. The Bank's products and services may also be accessed through its online banking platform and mobile application.

The Bank is a principal member of VISA International and Mastercard International as well as a member of SWIFT. The Bank is also a member of KASE and a trading member (through its affiliate, "ForteFinance" JSC) of AIX.

The Bank participates in the KDIF which primary objective is to protect the depositors' interest in the event of forced liquidation of the participant banks. As at the date of this Information Memorandum, the insurance recovery limits are set at KZT20 million with respect to KZT-denominated savings deposits, KZT10 million with respect to KZT-denominated accounts, deposits and plastic cards and KZT5 million with respect to accounts, deposits and plastic cards denominated in other currencies.

The Bank's business is well diversified, with the key business segments of retail business, SMEs and corporate banking being well balanced in the Bank's loan portfolio and deposit base, as well as in the structure of its assets and liabilities. One of the pillars of the Bank's strategy is the increase of its market share across all business segments without compromising asset quality and maintaining a stable and robust risk management profile.

Further, the Bank aims to develop its IT infrastructure and invest in the digitalisation of its products and services, enhance its compliance and risk management processes and implement the ESG and Sustainable Development Strategy (including the monitoring and mitigation of environmental and climate risks and development of green banking products and solutions for corporate and retail customers).

As at 30 June 2025, the Bank's total assets comprised KZT4,539,536 million while the total liabilities comprised KZT4,042,334 million. Shareholder equity was KZT497,202 million. As at 30 June 2025, total net loans to customers amounted to KZT2,687,160 million, with loans to corporate customers, loans to SMEs and loans to individuals (retail customers) accounting for 31.7 per cent., 25.5 per cent. and 42.8 per cent. of total loans to customers, respectively. As at 30 June 2025, current accounts and deposits of customers amounted to KZT3,091,305 million, including corporate accounts and deposits in the amount of KZT2,033,625 million (or 65.8 per cent. of total accounts and deposits) and retail accounts and deposits amounting to KZT1,057,680 million (or 34.2 per cent. of total accounts and deposits). For the six months ended 30 June 2025 and 2024, the Bank generated profit of KZT100,007 million and KZT74,765 million, respectively.

As at 31 December 2024, the Bank's total assets amounted to KZT4,090,936 million while the total liabilities amounted to KZT3,522,752 million. Shareholder equity was KZT568,184 million. As at 31 December 2024, total net loans to customers were KZT1,820,134 million, including loans to corporate customers, loans to SMEs and loans to individuals (retail customers) comprising 32.9 per cent., 30.6 per cent. and 36.5 per cent. of total loans to customers, respectively. As at 31 December 2024, current accounts and deposits from customers

amounted to KZT2,867,955 million, including corporate accounts and deposits in the amount of KZT1,844,096 million (or 64.3 per cent. of total accounts and deposits) and retail accounts and deposits in the amount of KZT1,023,859 million (or 35.7 per cent. of total accounts and deposits). For the years ended 31 December 2024, 2023 and 2022, the Bank generated profit of KZT160,346 million, KZT116,437 million and KZT98,086 million, respectively.

In June 2025, the Bank reached an agreement with the shareholders of Home Credit on the acquisition of 100.0 per cent. of the shares of Home Credit and HomeITTech LLP, an IT company based in Kazakhstan. In September 2025, following approvals from the APDC and the AFR, the Bank acquired 26.8 per cent. of the shares of Home Credit. Completion of the transaction is expected after obtaining additional regulatory approvals from the AFR. The Bank's management expects to complete the acquisition of Home Credit by the end of 2025. Home Credit will continue to use the "Home Credit" trademark for a period of 18 months following the consolidation of 75.0 per cent of its shares by the Bank. See – "*Risk factors – Risks relating to the Bank's Business and Industry – The Bank's proposed acquisition of Home Credit involves significant risks, and there can be no assurance of successful integration of Home Credit's operations, products and services into the Group's existing business, and the Bank's actual consolidated financial position and results of operations may differ materially from the Unaudited Pro Forma Condensed Consolidated Financial Information included in this Information Memorandum*." Home Credit is one of the leading retail focused banks in the Republic of Kazakhstan offering a wide range of banking products, offerings and solutions. According to the NBK, as at 1 July 2025, Home Credit was the 13th largest commercial bank in Kazakhstan by total assets (with a 1.8 per cent. market share), 11th by loan portfolio size (with a 2.2 per cent. market share), 8th by capital (with a 2.3 per cent. market share), 11th by deposits (with a 2.0 per cent. market share) and 12th by net profit (with a 1.6 per cent. market share). Home Credit's business is focused on retail lending operations, deposit taking and customer accounts maintenance as well as guarantees, cash handling and settlement operations and foreign exchange transactions. See – "*Business of Home Credit*", "*Management's Discussion and Analysis of Home Credit's Financial Condition and Results of Operations*" and "*Unaudited Pro Forma Condensed Consolidated Financial Information*."

The Bank was incorporated in 1999 under the laws of the Republic of Kazakhstan and operates under banking licence No. 1.2.29/197/36. The registered office of the Bank is located at 8/1 Dostyk Street, Astana Z05P1P0, Republic of Kazakhstan. The telephone number of the registered office of the Bank is +7 7172 59 99 99. As at the date of this Information Memorandum, the Bank has the following long-term ratings: 'BB' from Fitch and 'Ba2' from Moody's.

History

The Bank was formed on 1 January 2015 as a result of merger of Temirbank JSC and ABC Bank JSC (former ForteBank JSC) into Alliance Bank JSC. Following the merger, on 10 February 2015, Alliance Bank JSC was reregistered and rebranded as ForteBank JSC.

Alliance Bank, JSC traces its origins to IrtyshBusinessBank OJSC, which was established on 13 July 1999, following the reorganisation and merger of two regional banks, Semipalatinsk City Joint Stock Bank OJSC (founded on 7 July 1993) and IrtyshBusinessBank OJSC (founded on 24 April 1992). The institution ratained the name IrtyshBusinessBank OJSC and operated under the name until March 2002. On 13 March 2002, it was officially re-registered and renamed to Alliance Bank JSC.

Since the merger, the Bank has been committed to digital transformation. On 1 June 2016, the Bank launched an online banking service developed in collaboration with Monitise PLC. In October 2018, the Bank's cardholders gained access to the Apple Pay service and in January 2020, the Bank launched Samsung Pay in collaboration with Samsung Electronics. The Bank launched a new generation of payment cards with the option for online issuance in July 2021. On 1 October 2021, the Bank launched the new Forte Business App, a mobile application designed for corporate customers. The application offers features such as remote registration and account opening, providing convenient and efficient banking solution for businesses.

On 19 January 2022, the Bank became the first bank in Kazakhstan to have its certification centre accredited by the Information Security Committee of the Ministry of Digital Development, Innovation and Aerospace Industry

of the Republic of Kazakhstan. The accreditation has enabled the Bank's customers to obtain electronic digital signatures via its mobile application.

The Bank has also gradually and consistently focused on financing of SMEs. On 29 November 2016, the Bank signed an agreement with the European Bank for Reconstruction and Development to provide the Bank with a loan for financing SME projects and supporting women's entrepreneurship. On 24 April 2019, the Bank joined the Asian Development Bank's financing programme for SMEs. Further, on 30 December 2019 the Bank joined the European Bank for Reconstruction and Development's programme for financing SMEs.

On 2 June 2022, the Bank was among the first in Kazakhstan to join the World Economic Forum's "Closing the Gender Gap" programme dedicated to promoting gender equality. On 11 November 2022, the Bank became a member of the National ESG Club, uniting leaders in ESG transformation across Kazakhstan.

On 31 August 2023, Fitch Ratings upgraded the long-term issuer default rating of the Bank to 'BB' with a stable outlook. On 1 November 2023, Moody's Investors Service raised the Bank's outlook from stable to positive and reaffirmed its rating at 'Ba2'.

On 19 November 2023, the Bank launched the Alem service for international money transfers in collaboration with Mastercard.

The Bank has earned a number of international awards and recognitions, solidifying its reputation as a leading financial institution in Kazakhstan. It was named Kazakhstan's Best Domestic Bank from 2019 to 2023 by Asiamoney Magazine and Best Bank in Kazakhstan from 2018 to 2023 by Global Finance Magazine. Additionally, it received the Bank of the Year in Kazakhstan award from The Banker Magazine in 2017, 2018, 2020 and 2022, and was recognised as Best Bank in Kazakhstan by Euromoney Magazine in 2021. On 30 May 2023, the Bank received the JP Morgan Elite Quality Recognition Award for its high-quality U.S. dollar transfers in the international SWIFT system. Furthermore, on 5 July 2023, the Bank was recognised as the Best Bank in Kazakhstan for customer service, based on the Customer Experience Index study conducted by Senteo, an international consulting firm. The Bank received the Best Private Banking award from Euromoney in 2024 and 2025.

In February 2025, the Bank issued U.S.$400 million 7.75 per cent. senior unsecured notes due 2030. In May and August 2025, the Bank entered into a U.S.$200 million syndicated facility and a RMB750 million syndicated loan, respectively.

Competitive Strengths

The Bank is consistently developing and is currently undergoing a transition into a competitive modern financial institution implementing best international standards and practices. The Bank values its customers and provides them with a wide range of financial products and services, and a high level of service.

The Bank's management believes that the Bank benefits from the following key components of the Bank's success:

Leading position in the Kazakhstan banking market

The Bank holds a well-established position in the Kazakhstan banking market. According to the NBK, as at 30 June 2025, the Bank ranked as the fifth largest commercial bank in Kazakhstan by total assets (7.0 per cent. market share), loan portfolio size (7.4 per cent. market share) and net profit (7.1 per cent. market share), fourth by deposits (7.1 per cent. market share) and sixth by capital (5.2 per cent. market share).

Focus on profitable growth

The Bank maintains a balanced loan portfolio structure focusing on large corporate businesses, SMEs and retail customers. Each of these accounted for 31.7 per cent., 25.5 per cent. and 42.8 per cent. of the total net loan portfolio of KZT2,687,160 million, respectively, as at 30 June 2025.

The Bank has increased its net loan portfolio by KZT867,026 million, or 47.6 per cent., as at 30 June 2025 as compared to 31 December 2024 (when it stood at KZT1,820,134 million), by focusing on sectors with an

established presence, positive economic growth dynamics and long-term customer relations. The corporate loan portfolio grew by KZT251,968 million, or 42.1 per cent., as at 30 June 2025 as compared to 31 December 2024 and the SME loan portfolio grew by KZT128,361 million, or 23.0 per cent., as at 30 June 2025 as compared to 31 December 2024, while the retail customer portfolio grew by KZT486,697 million, or 73.3 per cent., as at 30 June 2025 as compared to 31 December 2024.

The Bank also maintains a balanced and growing deposit base. As at 30 June 2025, total deposits amounted to KZT3,091,305 million, as compared to KZT2,867,955 million as at 31 December 2024, KZT2,261,023 million as at 31 December 2023 and KZT2,011,734 million as at 31 December 2022. In terms of composition of the deposit base, as at 30 June 2025, the corporate accounts and deposits accounted for 65.8 per cent. and the retail business accounted for 34.2 per cent. of the aggregate customer deposits in the amount of KZT3,091,305 million. As at 30 June 2025 as compared to 31 December 2024, corporate accounts and deposits grew by 10.3 per cent. and retail deposits grew by 3.3 per cent.

The Bank has consistently prioritised profitability, achieving an annual return on average equity of no less than 25.0 per cent. for the six months ended 30 June 2025 and the years ended 31 December 2024, 2023 and 2022. See "*Selected Consolidated Financial Information – Selected Key Financial Ratios*".

Disciplined risk approach coupled with robust capital position

The Bank benefits from a growing asset base, driven largely by its loan portfolio. As at 30 June 2025, the Bank's total assets amounted to KZT4,539,536 million compared to KZT4,090,936 million as at 31 December 2024, representing an increase of 11.0 per cent. The Bank adheres to stringent risk management policies and procedures and has conservative credit approval processes and underwriting criteria, all of which are intended to maintain the quality of its assets as its loan portfolio grows. It also has an integrated control framework encompassing operational risk management and control, anti-money laundering compliance and corporate and information security.

As at 30 June 2025, the Bank's Regulatory Capital Ratio amounted to 14.2 per cent., in excess of the minimum level of 10.5 per cent. set by the NBK. The Bank's NPL ratio was 3.5 per cent., 3.6 per cent., 4.7 per cent. and 5.9 per cent. as at 30 June 2025, 31 December 2024, 2023 and 2022, respectively. The Bank's NPL coverage ratio has consistently remained over 100.0 per cent. during the six months of 2025 and the years ended 31 December 2024 and 2023. During the year ended 31 December 2022, the NPL coverage ratio amounted to 89.3 per cent. Furthermore, the Bank has developed a modern and extensive risk management system tailored to cover its strategy and planned operational and internal control network. See "*Risk Management*".

The Bank maintains a disciplined approach to risk management, with a highly focused strategy that has kept the annual cost of risk below 3.6 per cent. for the six months ended 30 June 2025 and the years ended 31 December 2024, 2023 and 2022. See "*Selected Consolidated Financial Information – Selected Key Financial Ratios*".

Innovative product culture

The Bank fosters an innovative product culture, driven by a value stream approach to product development across its core segments. In retail banking, this approach has led to tailored offerings such as Home, Daily and Auto products, designed to meet diverse customer needs. For SME clients, the Bank has introduced innovative solutions like online guarantees and fast loans, streamlining access to essential financial services. In addition, the Bank boasts a leading premier banking offering in Kazakhstan, setting a benchmark for excellence and customer-centric innovation within the country.

Best-in-class digital offering

In line with its strategic objective to deliver an outstanding customer experience by placing customers at the heart of its ecosystem, the Bank continuously aligns customer needs and expectations with evolving market trends. The Bank leverages innovation to offer a wide range of customer-centric products and services designed to enhance convenience, accessibility and personalisation.

As at 30 June 2025, the Bank's flagship Forte mobile application had over 994,000 monthly active retail users and approximately 65,600 monthly active corporate and SME users, underscoring the strong and sustained shift toward digital banking, with 99.0 per cent. of the Bank's corporate banking transactions conducted through

digital channels. The Bank continues to invest in its mobile ecosystem, prioritising user experience, security and the integration of advanced technologies such as biometric authentication, AI-powered customer support and personalised financial tools.

The Bank is actively implementing key initiatives to accelerate its transformation into a competitive, customer-oriented institution attractive to both investors and clients across all business segments. Since 2016, the share of banking products delivered through digital channels has increased from just 5.0 per cent. to a dominant share of retail sales in the first half of 2025.

The Forte App is now the primary channel for retail service delivery, with the following key performance indicators for the first half of 2025:

- 85.0 per cent. of consumer retail loans issued via the app;
- 99.0 per cent. of time deposits opened digitally;
- 80.0 per cent. of debit cards issued through the app; and
- over 50.0 per cent. of SWIFT transfers.

The Bank's digital transformation journey began in June 2016 with the launch of its online banking platform, developed in partnership with Monitise PLC. Since then, the Bank has introduced a number of innovations:

- in 2021, it enabled online issuance of payment cards, eliminating the need for branch visits;
- in October 2021, it launched the Forte Business App, offering corporate clients remote access to key banking services including account opening and registration; and
- in January 2022, the Bank became the first bank in Kazakhstan to have its certification centre accredited by the Information Security Committee of the Ministry of Digital Development, Innovation and Aerospace Industry, enabling customers to obtain electronic digital signatures ("**EDS**") directly through the app for secure authentication and digital document signing.

Over time, the Bank has significantly expanded its integration with public services, further embedding its mobile platform into customers' daily lives. As at the date of this Information Memorandum, the Forte App provides access to 93 government services, including vehicle checks, legalisation and re-registration and online fine payments.

In addition to traditional banking, the broader Forte ecosystem includes ForteMarket, a digital marketplace connecting manufacturers, sellers and buyers, and ForteMobile, a mobile telecommunications service linking SIM cards with payment cards to enhance financial mobility and convenience.

These initiatives reflect the Bank's ongoing commitment to innovation, operational excellence and long-term value creation for its customers, partners and stakeholders.

Comprehensive physical branch network

As at 30 June 2025, according to NBK, the Bank had one of the widest distribution networks in Kazakhstan comprising 21 branches and 89 service offices. Furthermore, the Bank serves its customers through digital channels like ForteApp. With its client-centric product range, extensive network and 24/7 service, the Bank reaches a broad spectrum of customers. In line with its IT development strategy, the Bank continues to invest in advanced multichannel banking technology to better serve its customers.

Experienced management team

The Bank's senior management team consists of experienced and trained professionals who have a proven track record of achieving growth and meeting financial performance targets in domestic and international banking sectors. The Bank's senior and mid-level management team has extensive experience in Kazakhstan's banking market (with approximately 7 years with the Bank and 15 years of the relevant professional experience on average) and a strong understanding of the local financial services sector.

The Bank also benefits from a robust corporate governance system. See "*Management – Corporate Governance*".

Strategy

One of the pillars of the Bank's strategy is the increase of its market share across all business segments without compromising asset quality and maintaining a stable and robust risk management profile.

Further, the Bank aims to continuously develop its IT infrastructure and invest in the digitalisation of its products and services, enhance its compliance and risk management processes and implement the ESG and Sustainable Development Strategy (including the monitoring and mitigation of environmental and climate risks and development of green banking products and solutions for corporate and retail customers).

The Bank's current strategy is built around three key pillars, which allow the Bank to create value for clients, employees, society and investors:

1) **Mission, vision and values** that guide the Bank;
2) **Business model** that the Bank continuously develops; and
3) **Priorities** that the Bank focuses on and **goals** that the Bank aims to achieve.

Mission, vision and values

The Bank's mission is to be a reliable long-term partner for its clients by providing modern financial solutions, with a vision to become the most reliable bank for the Bank's clients across business segments.

The Bank's core values include:

- *Reliability*: providing reliable services, channels and safekeeping of client's money;
- *Modernity*: compliance with modern trends in convenience, security, and customer experience; and
- *Time and efficiency*: aiming to deliver results in a timely and efficient way.

Business model

The Bank's business model is intended to enable it to create value and gives a clear understanding on what the Bank does, what client segments it serves, how and what resources it uses, what is its value proposition, how the Bank builds relationship with its customers, what channels it uses, what are revenue streams and what costs the Bank bears.

1) Key Activities**.** The Bank focuses on banking as its main activity and aims to be among the top three local banks by asset size. The Bank aims to increase its market share by accelerating organic growth as well as using other tools such as mergers or acquisitions. The Bank aims to be an attractive asset for potential investors by providing high profitability and dividend payout ratios.

2) Segments. The Bank is a universal bank with a balanced portfolio in all client segments. It aims to further develop a well-diversified loan portfolio along with high liquidity levels and substantial capital adequacy margins to ensure high resilience and sustainability of the Bank.

3) Resources. The Bank aims to continue developing in digital and technological services to offer best-in-class resources for clients.

4) Value proposition. The Bank aims to offer a wide range of products with favourable pricing that are reliable, easy to use and time-efficient.

5) Customer experience. The Bank implements a client-oriented model that allows to foresee and satisfy client needs in all channels of interaction by providing user-friendly, secure and on time customer experience.

6) Channels. The Bank develops convenient channels that provide access to financial products and services with the use of modern digital technologies, including AI.

7) Revenue streams. The Bank aims to achieve high profitability margins. Any decrease of the base rate is to be compensated by optimisation of balance structure.

8) Cost structure. The Bank aims to be cost efficient, focusing on improving financial discipline and cost control by decreasing cost-to-income ratio and cost of risk.

Priorities

The Bank has four key priorities:

CUSTOMER CARE	TECHNOLOGY	EFFECTIVENESS AND PROFITABILITY	RELIABILITY AND SUSTAINABILITY
• Client-oriented approach and customer experience improvement in all channels. • Launch of new products and improvement of existing products. • Development of lifestyle non-financial services through partnerships on mutually beneficial conditions.	• Launch of the new IT-landscape with a focus on domain architecture and platform solutions. • Launch of new mobile apps for retail and business customers. • Prioritisation of digital and remote channels. • Use of AI: implementation of Data Science models.	• Processes optimisation and automation. • Transformation of the branch network with a focus on sales as the Bank moves more to digital and remote channels. • Balance sheet structure optimisation: increase of the loans to assets ratio from current 42.0 per cent. to 57.0 per cent. (market average).	• Quality loan portfolio. • Diversification and decrease in the concentration of the loan and deposit portfolios. • High liquidity level. • Substantial capital adequacy margin.
• Modern financial solutions and high customer satisfaction. • Growth of customer base and its profitability.	• High availability of services and information systems. • The switchover to digital and remote channels.	• High operational efficiency and profitability metrics with above-market growth.	• High resilience and sustainability. • Top-5 by credit rating among local banks.
Key Indicators • NPS (Top-Down) • NPS of products • NPS of channels	**Key Indicators** • Share of online loans • Lead time • Availability of services	**Key Indicators** • CIR • COR • ROE	**Key Indicators** • NPL • k-1 (capital adequacy) • Credit ratings

The Bank is currently in the process of preparing an updated strategy to reflect the anticipated acquisition of Home Credit. Once finalised, the updated strategy will be subject to approval by the relevant corporate governance bodies of the Bank. The Bank's management expects that the updated strategy will be adopted by the end of the first quarter of 2026.

The key focus areas of the updated strategy are expected to include the following:

- Corporate clients: strengthening the Bank's position as the primary bank for its existing corporate customers and becoming the bank of choice for national champions.
- SME segment: targeting approximately 15.0 per cent. market share growth by transforming the SME lending experience and fostering collaborations with corporate segment value chains.
- Premier retail segment: enhancing service levels and investment opportunities to double the client base in the high-net-worth individual ("**HNWI**") segment.
- Mass retail segment: doubling the business through a differentiated value proposition and synergies from the integration with Home Credit.

In line with the Bank's key integration principles, the integration of Home Credit will seek to preserve its existing strengths while activating synergy drivers. Home Credit's operational business model will continue to run, with selective operational integration with the Bank where relevant.

Home Credit will operate as a dedicated value stream within the Bank, complementing its offering with the Bank's broader product base. This approach is expected to:

- unlock cross-selling opportunities with a wider range of products such as deposits and SME offerings; and
- bring Home Credit under the Bank's overall governance framework at an early stage to ensure a targeted and focused integration effort.

The Bank aims to realise synergies from the integration of Home Credit by increasing revenue through cross-selling to a wider client base and expanding into new customer segments with enhanced value propositions. Branch network optimisation, back-office consolidation and IT systems integration are expected to result in material cost efficiencies.

Competition

The banking market in Kazakhstan is competitive. According to the NBK, as at 30 June 2025, 22 commercial banks were registered in Kazakhstan and the five largest banks held 69.0 per cent. of total banking assets.

The Bank faces competition from the leading domestic banks in each of the business areas in which it operates, as well as from several banks with foreign participation in the retail sector. The Bank considers its major competitors to be Halyk Bank, Bank CenterCredit and Kaspi Bank. Furthermore, the ongoing banking reforms and the general transition of the banking system to a more market-orientated and commercial model will likely result in increased competition for the Bank from other state-owned banks, as well as from foreign and private banks targeting the same client base. See "*Risk Factors – Risks relating to the Bank's Business and Industry – The Bank operates in a competitive industry*".

Subsidiaries

The table below provides information regarding the Bank's five consolidated, wholly-owned subsidiaries as at 30 June 2025:

Company	Year of Incorporation	Services	Assets (million tenge)	Equity (million tenge)	Net profit/(loss) (million tenge)
ForteLeasing JSC	2001	Providing leasing services for equipment and real estate across Kazakhstan	45,494	13,676	1,558
OUSA-F LLP	2015	Management of doubtful and non-performing assets	7,635	1,955	104
ForteFinance JSC	2020	Brokerage and dealer services, investment portfolio management	5,512	4,367	303
ONE Technologies LLP	2015	Software development	4,364	3,655	(76)
OUSA Alliance LLP	2013	Management of doubtful and non-performing assets	2,068	1,088	244

In June 2025, the Bank reached an agreement with the shareholders of Home Credit on the acquisition of 100.0 per cent. of the shares of Home Credit and HomeITTech LLP. In September 2025, following approvals from the APDC and the AFR, the Bank acquired 26.8 per cent. of the shares of Home Credit. Completion of the transaction is expected after obtaining additional regulatory approvals from the AFR. See – "*Business of Home Credit*", "*Management's Discussion and Analysis of Home Credit's Financial Condition and Results of Operations*" and "*Unaudited Pro Forma Condensed Consolidated Financial Information.*"

Business Operations

The Bank has five reporting segments and business lines, which are used by management for operational decision-making and resource allocation and for which discrete financial information is available. 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:

- CB: includes issuance of loans, attracting deposits, settlement and cash services, transactions on guarantees and other transactions with corporate clients (large LE and IE);
- SME: extension of loans, deposit sourcing, settlement and cash services, transactions on guarantees and other transactions with small and medium business clients (LE and IE);
- RB: extension of loans, deposit sourcing, settlement and cash services, exchange transactions and other transactions with retail clients (individuals);
- Investment activities: responsible for financing the Bank'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; and
- 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.

Client Base

Operationally, the Bank classifies its client base into the following categories: corporate customers, SME customers and individual (retail) customers. The Bank defines:

- *corporate customers* as companies with a total annual turnover exceeding KZT15,000 million or companies with loans exceeding KZT8,000 million;
- *SMEs* as companies not qualifying for the corporate client requirements and IEs; and
- *retail customers* as individuals receiving products and services from the Bank.

For the purposes of IFRS reporting, loan portfolio is divided into loans to corporate customers, loans to SMEs and retail loans, while customer accounts and deposits are divided into corporate (including all legal entities) and retail accounts/deposits.

Retail Banking

The Bank's retail banking services include retail lending products, such as consumer loans, mortgage loans, car loans, credit cards, overdrafts, as well as personal services, including deposits, debit cards, payments and transfers, foreign exchange and safe deposit boxes. As at 30 June 2025, the Bank had 1,319,724 retail customers (including mass market, Solo and Premier retail segments).

Historically, retail business has constituted the most significant segment of the Bank's business.

Retail business loan portfolio

As at 30 June 2025, retail loans amounted to KZT1,150,398 million, representing 42.8 per cent. of the total net loan portfolio.

The Bank's net retail loan portfolio increased by KZT486,697 million, or 73.3 per cent., as at 30 June 2025 as compared to 31 December 2024. This growth has been primarily driven by the expansion of car loans and consumer loans, which, on a gross basis, increased by KZT383,681 million and KZT72,585 million, respectively.

See "*Management's Discussion and Analysis of Financial Condition and Results of Operations*".

Retail business deposit base

Retail customer deposits accounted for 34.2 per cent. of total deposits as at 30 June 2025 and 35.7 per cent. of total deposits as at 31 December 2024. The total deposits from individual customers, including funds in current accounts and deposits, increased by 16.1 per cent. over 2024 as compared to 2023, reaching KZT1,023,859 million.

Term deposits make up the largest share of the deposit structure of retail customers, making up 80.4 per cent. of total retail deposits as at 30 June 2025 and 80.5 per cent. of total retail deposits as at 31 December 2024. Current accounts (including call deposits and guarantee deposits) accounted for 19.6 per cent. and 19.5 per cent. of individual deposits in each period, respectively.

See "*Management's Discussion and Analysis of Financial Condition and Results of Operations*".

Drivers of retail business growth

- *new products in POS lending*: in 2023, a POS lending programme was introduced in collaboration with leading electronics and home appliance retailers. This integration grants access to the organic traffic from partners, which then converts into a new influx of customers for the Bank through cross-selling.

- *expansion of car lending*: The Bank's partnership programme, launched in the second half of 2023, now includes collaboration with 266 car dealerships, including major car dealership networks across Kazakhstan. The unique features that set this programme apart are the usage of the Bank's cloud-based digital signatures for transactions and the ability to handle the registration or removal of liens and the legalisation of foreign cars online through the state services of the Ministry of Internal Affairs of the Republic of Kazakhstan.

- *expansion of the card-product line up*: In late 2023, the Bank developed and announced the launch of a new ForteTravel virtual card specially designed for travellers. The features of the card include increased bonuses on travel-related expenses, automatic provision of medical and accident insurance during global travels, priority check-in and boarding services for flights, as well as access to airport lounge areas, among other things. As at 30 June 2025, the number of active ForteTravel cards stood at 37,000. Other card products introduced in past years, such as the Blue, Black, and Solo cards, continue to enjoy high demand.

- *fast and affordable internet transfer system*: In November 2023, the Bank, in collaboration with Mastercard, launched the Alem service. It encompasses the most popular destinations for money transfers among Kazakhstanis, including EU countries, China, the US, the UK, Turkey and the UAE. Transfers are carried out almost instantaneously from any international payment system card issued by the Bank to a foreign bank account or card depending on the recipient's country. Today, the Bank's customers can send wire transfers to 37 countries. In addition, the Bank also provides a comprehensive array of international transfer options, including through its mobile app to an account or card, and via systems such as "Golden Crown" and SWIFT. Since 2022, the Bank has also been a participant in the Instant Payment System ("**IPS**") launched by the NBK, which allows the cardholders to instantly transfer money free of commission between the banks participating in the IPS. In August 2025, the Bank launched the Open API project in partnership with the National Payment Corporation to develop open interfaces, simplify service integration and enhance transparency in the financial sector.

- *integration of online services with government services*: The Bank's application integrates 93 government services, including vehicle checks, legalisation, re-registration and online fine payments.

The Bank sees a significant growth potential in expansion of digital platforms to enhance the offering of multiple retail services. In this regard, the Bank aims to improve the quality of services and offer new products to serve individuals.

In the retail lending sector, the Bank's most significant competitors are Kaspi Bank, Jusan Bank, Bank CenterCredit and Halyk Bank.

Retail Products and Services

The Bank provides its retail customers with a wide range of banking products through its branch network and online banking services:

- Retail Consumer Loans

Consumer loans have historically comprised the largest part of the retail loan portfolio and have been the primary contributor of its growth. The Bank has a number of retail lending programmes, including mortgage, consumer, credit card and car loans and other types of secured consumer loans. The retail loan portfolio is fully denominated in tenge. The Bank's retail consumer loans represented 45.1 per cent., 65.8 per cent., 81.0 per cent. and 77.3 per cent. of the Bank's gross retail loan portfolio as at 30 June 2025, 31 December 2024, 2023 and 2022, respectively.

- Mortgage loans

The Bank offers several mortgage products to its retail customers. The Bank's mortgage loans represented 4.7 per cent., 4.9 per cent., 4.3 per cent. and 5.1 per cent. of the Bank's gross retail loan portfolio as at 30 June 2025, 31 December 2024, 2023 and 2022, respectively. The Bank offers mortgage loans for purchase of any types of real estate on primary and secondary market, mortgage loans for property in new housing estates (for purchase of new apartment in a newly built estate), mortgage loans for construction and reconstruction (loans for construction and reconstruction of private houses) and mortgage loans on preferential terms (for extension of living space in private houses). As at 30 June 2025 the weighted average tenor for mortgage loans was 175 months with the weighted average interest rate of 18.4 per cent.

While the Bank's mortgage lending volumes have been largely stable in the periods under review, aided by a gradual reduction in the base rate set by the NBK, the proportion of mortgages within the Bank's loan portfolio has halved since the beginning of 2022, as a result of a stagnation of the primary housing market in Kazakhstan due to significant price hikes by developers and a reduction in funding for the subsidised state mortgage programme "7-20-25" beginning in early 2023.

- Car loans

The Bank offers car loans to its retail customers for the purchase of new or used vehicles directly from a manufacturer or from authorised dealers, or for the financing costs of insurance. The Bank's car loans represented 44.6 per cent., 22.9 per cent., 4.9 per cent. and 2.7 per cent. of the Bank's gross retail loan portfolio as at 30 June 2025, 31 December 2024, 2023 and 2022, respectively. As at 30 June 2025, the weighted average tenor for car loans was 79 months with the weighted average interest rate of 16.0 per cent.

- Customer Accounts

As at 30 June 2025, retail current/demand accounts and term deposits (including guarantee deposits) amounted to KZT1,057,680 million. As at 31 December 2024, the amount of current/demand accounts and term deposits (including guarantee deposits) amounted to KZT1,023,859 million, an increase of KZT141,622 million as compared to 31 December 2023. As at 30 June 2025, the Bank's retail current/demand accounts and term deposits (including guarantee deposits) represented 34.2 per cent. of the Bank's total current accounts and deposits of customers.

The Bank offers several types of deposits for different periods of deposit, with different conditions.

- Credit Cards

As at 30 June 2025, the number of credit cards issued by the Bank was 14,758 credit cards. Customers issues cards in the Bank's offices and online through ForteApp. As at the date of this Information Memorandum, the Bank issues credit cards with a credit limit of up to KZT3 million, an interest rate of 31.0 per cent. and a 90-day grace period. The Bank's credit cards are primarily intended for payments for offline and online purchases; however customers can also withdraw cash using ATMs, make transfers to bank accounts, digital wallets and cards.

The Bank's credit cards represented 0.2 per cent., 0.5 per cent., 0.7 per cent. and 0.9 per cent. of the Bank's gross retail loan portfolio as at 30 June 2025, 31 December 2024, 2023 and 2022, respectively.

Corporate Banking

Corporate Banking includes banking services to large corporate customers. The Bank offers customers of its corporate banking department a range of banking products and services, including investment and corporate loans; deposits; fee and commission-based products and services such as cash handling, settlements, guarantees and letters of credit; and other products and services. The main customers of the Bank's corporate banking department are large-scale industrial companies, trading and financial service sectors entities. The Bank's offering for corporate customers includes project financing for new investment projects, as well as the expansion and renewal of existing operations. These loans cover purchasing of equipment, materials, new product samples, other assets and technologies.

The Bank's strategic goal in the corporate business sector is to create a comprehensive offering for corporate customers utilising digital technology, as well as to enhance the overall efficiency of corporate business. The system will be sustained through a focus on comprehensive, high-level servicing and long-term partnerships. The Bank plans to utilise its resource base and client reach to build a high-quality sales team and tailored corporate customer service.

Corporate business loan portfolio

As at 30 June 2025, the total net loan portfolio for the Bank's corporate customers stood at KZT851,134 million, an increase of 42.1 per cent. compared to 31 December 2024. As at 31 December 2024, the total loan portfolio for the Bank's corporate customers grew by 40.0 per cent. compared to 31 December 2023. The increase in the loan portfolio was facilitated by the growth of loans issued to the new customers in the corporate segment.

See "*Management's Discussion and Analysis of Financial Condition and Results of Operations*".

Corporate business deposit base

The total funds in the deposits and current accounts of the Bank's corporate customers amounted to KZT2,033,625 million as at 30 June 2025, an increase of 10.3 per cent. compared to the deposits as at 31 December 2024. The increase in deposits from companies and public sector organisations has been enabled by favourable deposit opening terms.

See "*Management's Discussion and Analysis of Financial Condition and Results of Operations*".

Growth factors in corporate business segment

- *Increased lending to key industries*: The Bank significantly expanded its lending to customers across many of the Republic of Kazakhstan's key economic sectors. Most notably, the volume of lending to the metallurgy industry increased from KZT161,602 million in 2023 to KZT253,114 million in 2024, and to the services industry provided by SMEs, which grew by 41.3 per cent., from KZT96,162 million in 2023 to KZT135,905 million in 2024.

- *Migration of large corporate borrowers from subsidiaries of Russian banks*: Because of the risk of secondary sanctions, large Kazakhstan companies transitioned their banking services to Kazakhstan banks that are not affiliated with Russian entities. This factor primarily emerged in 2022, but also partly impacted the dynamics of the Bank's operational metrics during the period under review.

- *Establishment of new logistical hubs*: The geopolitical landscape stimulated the rapid growth in logistics within Kazakhstan in 2022, major companies, including those that left Russia following the imposition of international sanctions, drove a high demand for borrowings to be used for the construction of logistic centres in the country.

- *Participation in government-sponsored corporate lending programs*: The Bank has been involved in co-financing infrastructure programmes supported by governmental development institutions. Major collaborative initiatives included partnerships with Development Bank of Kazakhstan JSC (offering

preferential long-term financing for the production of critically important goods) and with Damu Entrepreneurship Development Fund JSC (subsidising interest rates for strategic economic sector programmes), as well as with and with KazakhExport JSC (supporting domestic exporters).

Corporate Products and Services

The Bank provides customers of its corporate banking department with a wide range of banking products.

- Corporate Lending

The Bank's corporate loan portfolio represented 31.7 per cent., 32.9 per cent., 31.1 per cent. and 33.4 per cent. of the total net loan portfolio as at 30 June 2025, 31 December 2024, 2023 and 2022, respectively. In line with the Bank's risk management policy, the Bank takes collateral, either in the form of letters of surety, pledge of real estate, equipment, inventory and other receivables, cash deposits, vehicles, while overdrafts are mostly unsecured.

In the corporate lending sector, the Bank's most significant competitors are Halyk Bank and Bank CenterCredit.

- Deposits

The Bank provides a range of current and term accounts to customers of its corporate banking department and seeks to develop and offer new products to meet customer needs. The Bank offers competitive interest rates on its corporate deposits and seeks to support margins through operational efficiencies and through its mobile and online platforms. As at 30 June 2025, the Bank had over 856 depositors attributable to its corporate banking department and the total volume of customer accounts attributable to its corporate banking department (customer accounts of other legal entities) amounted to KZT1,084,519 million, representing 35.1 per cent. of the Bank's total customer accounts.

- Trade and Export Finance

The Bank helps its customers to choose the optimal scheme of interaction with foreign counterparties and the optimal forms of settlement in their trade financing, ensuring the economic interests of the client, as well as compliance with the norms of the currency legislation of Kazakhstan. In addition, the Bank provides its customers with trade finance services, such as master loan agreements, document collection, letters of credit, factoring and post-import facilities.

- Documentary Operations

Documentary operations are an important tool of international banking. The Bank has a number of international correspondent banking relationships and, as a result, its letters of credit, guarantees and collection are accepted by the majority of the leading banks globally and all of the major banks in Europe, the US and Asia. The Bank has agreed limits with different international banks and credit lines exceeding U.S.$68 million. The Bank provides documentary operations for its customers in U.S. dollars, Euros, British pounds sterling, Japanese yen and Chinese yuan.

The Bank has a wide network of correspondent banks with major European and American banks, such as Commerzbank AG, Raiffeisen Bank International, JP Morgan Chase, BNY and other non-correspondent banks such as Oddo BHF SA, Banca Popolare di Sondrio, BPER Banca.

The main customers of the Bank's documentary operations services are companies in the metallurgy and chemicals industry, as well as energy, engineering and construction enterprises. For its letters of credit business, the Bank utilises funding from Export-Credit Agency of Kazakhstan.

- Currency Operations and Money Transfers

As at the date of this Information Memorandum, the Bank provides the following currency products: (i) attraction and subsequent placement of funds of partner banks and corporate customers in major freely convertible currencies (USD, EUR, JPY, GBP and RUB) for various periods at current rates of the interbank

money market; and (ii) carrying out spot foreign exchange operations in the international foreign exchange market (FX Market) in major world currencies such as, RUB, USD, EUR, JPY and GBP.

Using international money transfer systems, the Bank's clients can receive and send transfers in cash or non-cash foreign and national currencies.

Small and Medium Business segment

In its SME business segment, the Bank provides lending, deposits and current accounts, settlement and cash services, bank guarantee transactions, currency exchange transactions, and other services tailored for SME customers (companies and IE).

Loan portfolio of the SME segment

As at 30 June 2025, the SME net loan portfolio stood at KZT685,628 million, an increase of 23.0 per cent. compared to 31 December 2024. As at 31 December 2024, the SME loan portfolio experienced a growth of 28.3 per cent. compared to 31 December 2023, reaching KZT557,267 million. The significant increase in the loan portfolio in 2023-2025 was driven by the expansion of the online loan product range, the optimisation of credit processes and product terms, as well as the attraction of government funds and support instruments, facilitated through the Bank's partnership with the state development institution, Damu Entrepreneurship Development Fund JSC.

See "*Management's Discussion and Analysis of Financial Condition and Results of Operations*".

SME deposit base

The total amount of funds kept in the deposits and current accounts of SME customers as at 30 June 2025 stood at KZT945,668 million, a decrease of 3.0 per cent. compared to 31 December 2024. As at 31 December 2024, the deposits increased by 42.7 per cent. as compared to 31 December 2023, to KZT974,702 million. This rate of growth was significantly higher compared to the average growth in the market for corporate deposits in Kazakhstan. The growth in the deposit base of SMEs is partially attributed to the higher interest rates.

See "*Management's Discussion and Analysis of Financial Condition and Results of Operations*".

SME segment growth factors

- *Implementation and development of user interface and experience*. This involves researching and designing new customer experiences, and the analysis of customer needs followed by the digital transformation of services: In 2023, the Bank focused on further improvements to existing products and services for entrepreneurs. Notably, the process for issuing bank guarantees was greatly simplified. The online lending programme for SMEs was also expanded, attracting about 75.0 per cent. of new segment customers in 2023.

- *Flexible commission policy*: the Bank was the first in Kazakhstan to cancel fees for tenge transfers made before 4:00 pm.

- *Collaboration with state development institutions*: The lending partnerships with Damu Entrepreneurship Development Fund JSC provide SMEs with favourable lending conditions which include reduced interest rates and Entrepreneurship Development Fund JSC guarantees for projects in case the borrower's own collateral is insufficient.

- *Internet banking for SMEs:* the Bank has focused on providing a variety of online services to SMEs, becoming one of the leading banks in Kazakhstan providing online services to SMEs.

Treasury

The Treasury department of the Bank is responsible for asset and liability as well as liquidity management, in particular through securities trading. The Bank has a diversified investment portfolio consisting of government bonds, corporate bonds and equity securities of corporate entities. For the six months ended 30 June 2025, the

Bank received a profit (interest income on investment securities measured at amortised cost) of KZT976 million from its investment portfolio.

Distribution Network

Branches and service offices

As at 30 June 2025, the Bank had 21 branches and 89 service offices.

Points of sale

As at 30 June 2025, the Bank operated 124 points of sale across 37 locations. Of these, 66 points served retail clients, 37 served corporate clients and 5 served the Premier segment. Additionally, 16 points of sale located in small towns and villages provided services to both individual and corporate clients.

Certain branches and service offices of the Bank include multiple points of sale.

Foreign Exchange Offices

The Bank operates foreign exchange offices within all its branches and service offices, offering currency exchange services to its customers. These services are available in KZT, USD, EUR and RUB.

ATMs and Payment terminals

As at 30 June 2025, for the convenience of its customers, the Bank has installed 715 ATMs and 15,199 payment terminals. The transaction turnover in the terminal network of the Bank for the six months ended 30 June 2025 amounted to KZT92.2 million.

Digital Channels (IT)

The Bank's management believes that scaling its digital platform will enable it to provide improved convenience to its customers by meeting their financial needs more efficiently.

The Bank provides its customers with 24/7 access through its mobile and internet banking platforms. As at 30 June 2025, the total number of users of the Bank's mobile and online banking services stood at approximately 1,200,000 users.

In 2016, the Bank introduced its mobile banking application, Forte App. The app has been fully developed in-house and allows the Bank's retail customers of to access traditional banking services such as online deposit accounts, cash management, money transfers and currency exchange as well as apply for loans online. In addition, the app enables access to a marketplace and state online services. In 2024, the Bank introduced the advanced version of Forte App. As at 30 June 2025, the number of mobile app monthly average users reached 994 thousand users.

In addition, the Bank is a principal member of leading international payment systems, including Visa International and Mastercard International.

Sustainability

The Bank is committed to integrating sustainability into main aspects of its operations and ensuring that its approach to sustainability aligns with its long-term business objectives. In 2023, the Bank adopted the ESG and Sustainable Development Strategy for 2023-2025 (the "**ESG Strategy**") to align its corporate strategy and activities with international practices and regulatory recommendations in sustainable development. The ESG Strategy focuses on sustainability, social responsibility, and governance, while the key initiatives include measuring greenhouse gas emissions, waste management, energy-saving technologies, improving customer satisfaction and community support projects. The Bank also approved the ESG Roadmaps for 2023-2025 which set certain objectives and KPIs in the ESG field. The Bank is in the process of preparing a new ESG Strategy for the period 2026–2028.

Pursuant to the Bank's ESG Strategy, the Bank promotes diversity, inclusion and employee well-being while ensuring transparency through regular ESG disclosures in its annual reports. For instance, the Bank measures

greenhouse gas emissions across scopes 1, 2 and 3 (with scope 1 being direct emissions from owned or controlled sources; scope 2 being indirect emissions from the generation of purchased electricity, steam, heating and cooling consumed; scope 3 being indirect emissions from purchased goods and services and leased assets). Furthermore, the Bank has developed waste sorting infrastructure, resulting in collection of 115 tonnes of wastepaper in 2024 and 40 tons of wastepaper in the first half of 2025. The Bank participates in charity and social projects. The Bank sponsored construction of a secondary school for 900 pupils in Essyk city in 2024. In 2025, the Bank extended its sponsorship of the National Paralympic Tennis Team and continued to support the 'Karyzsyz Kogam' project, an initiative focused on financial literacy. Diversity efforts of the Bank include adaptation of branches for people with disabilities (approximately 88.0 per cent. of the Bank's service offices are adapted), introduction of a website version for the visually and hearing-impaired people, and a provision of employee benefits such as voluntary health insurance and preferential loans.

Information Technology

The Bank's information technology systems are critical to its business operations and are essential for supporting the expansion of its business operations, increasing its operational efficiencies, coordinating and enhancing its risk management and control systems and meeting the needs of its growing client base.

The Bank has a primary data centre located in Astana as well as back-up systems designed to ensure that operations are not disrupted during critical or disastrous events. The Bank also utilises hardware and software to facilitate parallel operations and protect permanent data. The Bank currently utilises a number of software systems designed for real-time transaction processing, ensuring data security, parallel data processing, backup and recovery capabilities, as well as seamless integration and scalability.

During the period under review, the Bank has actively engaged in developing and enhancing its IT systems as part of its strategic focus on reliability, efficiency, and digitalisation. Key initiatives have included providing all services remotely.

The Bank plans to continue investing in its IT infrastructure to support the expansion of its digital offerings and improve customer experience. Future investments are expected to focus on further digitalising traditional bank products, enhancing automated decision-making processes for compliance and customer service, and integrating products and services offered by external partners and government entities.

See also "*Risk Factors – Risks Related to the Bank's Business and Industry – The Bank's IT systems may malfunction, fail to secure the Bank against hacking, or be insufficient to support future business expansion*".

Real Estate

The Bank owns or leases premises for its head office and branches. As at 30 June 2025, the Bank's premises and equipment (comprising buildings and premises, office and computer equipment and construction in progress) amounted to KZT60,428 million, or 1.3 per cent. of the Bank's total assets. As at 30 June 2025, none of the Bank's premises or equipment were pledged.

Employees

The following table sets forth the total number of full-time employees of the Bank as at the dates indicated below:

	As at 30 June	As at 31 December		
	2025	2024	2023	2022
Total	**3,929**	**3,852**	**3,866**	**3,736**

The Bank is dedicated to promoting gender equality and ensuring comprehensive social support for its employees. With a workforce composed of 64.0 per cent. women and 36.0 per cent. men as at 30 June 2025, the Bank implements various initiatives to support its team. These include voluntary health insurance, financial assistance for childbirth or in challenging life circumstances and preferential lending programmes. Employees also benefit from additional days off based on years of service, transportation services during the winter season and other measures designed to enhance well-being and work-life balance.

Development of human resources is an integral part of the Bank's potential and a priority. The personnel management system is aimed at improving its effectiveness to achieve strategic goals. Therefore, the main strategic goal in the field of personnel management is the preservation, strengthening and development of the personnel potential of the Bank and the continuation of the formation of a uniform corporate culture.

The core principles and approaches for establishing a comprehensive compensation system for the employees (including remuneration conditions and additional benefits) are governed by the Employee Compensation Policy and Other Elements of Their Total Rewards Structure. According to this Policy, the Bank's annual staff performance review system is based on key performance indicators. Additionally, the Bank has a job grading system in place to further enhance employee motivation.

In 2023, the Bank launched the "Forte Is More than an Office" concept. Its goal is to create comfortable working conditions for the staff, aiming to anticipate and prevent employee burnout. To facilitate this, recreational zones for learning and networking, as well as libraries and spaces for board games and table tennis, have been set up in both the head office and branch offices.

The Bank's employee benefits package includes voluntary health insurance ("**VHI**"), regular health check-ups, subsidised fitness programmes, preferential terms on mortgage loans and extra vacation days.

The Bank does not have pension arrangements aside from the state pension of the Republic of Kazakhstan. Kazakhstan's pension system requires the Bank to make contributions on behalf of its employees, based on a percentage of their current gross salary payments.

Anti-Money Laundering, Combatting the Financing of Terrorism and Anti-Bribery Policies

In its operations, the Bank's Compliance Control Service rigorously adheres to the Policy on Managing the risks of Legalising Criminal Proceeds and the Financing of Terrorism, which was approved by the Bank's Board of Directors on 26 May 2016. The efforts to combat money laundering and the financing of terrorism (AML/CFT) include processes for customer verification, as well as the verification of their representatives and beneficiary owners, monitoring transactions, and identifying suspicious individuals who may be restricted from conducting financial activities.

Should it be impossible to adequately verify a customer, the Bank does not establish business relations or conduct transactions with such customer. Moreover, if there are existing business relations, the Bank reserves the right to terminate them. Additionally, if there are suspicions of money laundering or terrorism financing, the Bank is authorised to notify the relevant government authority before executing the banking transaction.

In its activities, the Bank strictly adheres to the requirements of the Financial Action Task Force ("**FATF**") 22, continually enhancing its AML/CFT systems and procedures using advanced technology and incorporating best international practices.

Legal Proceedings

From time to time, the Bank is subject of legal proceedings and other investigations in the ordinary course of its business. As at the date of this Information Memorandum, there are no, and have not been any, governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Bank is aware), which may have, or have had during the 12 months prior to the date of this Information Memorandum, a significant effect on the Bank's financial position or profitability.

Acquisition of Home Credit

In June 2025, the Bank reached an agreement with the shareholders of Home Credit on the acquisition of 100.0 per cent. of the shares of Home Credit and HomeITTech LLP. On 11 September 2025, the AFR granted its consent to the Bank to obtain the status of a banking holding company and to acquire a significant participation in the charter capital of Home Credit. On 19 September 2025, the Bank completed the acquisition of 26.8 per cent. of the ordinary shares of Home Credit. Subject to the receipt of further regulatory approval from the AFR, the Bank's management expects to complete the acquisition of Home Credit by the end of 2025. See "*Risk factors – Risks relating to the Bank's Business and Industry – The Bank's proposed acquisition of Home Credit involves significant risks, and there can be no assurance of successful integration of Home Credit's operations,*

products and services into the Group's existing business, and the Bank's actual consolidated financial position and results of operations may differ materially from the Unaudited Pro Forma Condensed Consolidated Financial Information included in this Information Memorandum", "*Business of Home Credit*", "*Management's Discussion and Analysis of Home Credit's Financial Condition and Results of Operations*" and "*Unaudited Pro Forma Condensed Consolidated Financial Information*."

The acquisition by the Bank of Home Credit is consistent with the Bank's strategic objective of expanding its market share and improving the utilisation of excess capital and liquidity accumulated in recent years. The Bank is expected to benefit from Home Credit's established expertise in the lower mass-market retail segment, which has not previously been a core area of the Bank's operations. Home Credit's capability to service this segment profitably, combined with the Bank's lower acquisition and funding costs, is anticipated to enhance the Group's profitability. In addition, Home Credit's large customer base and complementary product range are expected to provide opportunities for cross-selling and revenue diversification. The integration of operations is expected to generate cost synergies through the centralisation of supporting functions and infrastructure as well as optimisation of branch and point-of-sale networks. For example, if a branch or point-of-sale outlet in a particular location has sufficient capacity to serve the combined client base of both banks, redundant outlets may be closed, resulting in savings in rent, maintenance, utilities and other operating expenses.

As at 1 August 2025, Home Credit accounted for approximately 2.3 per cent. of the banking sector's total loans to customers (KZT906.6 billion out of KZT39,840.1 billion) and 2.0 per cent. of total individual deposits (KZT514.1 billion out of KZT25,895.9 billion). The inclusion of Home Credit's loan and deposit portfolios is expected to further strengthen the Bank's position in these segments. On a pro forma basis, including the Bank's acquisition of Home Credit as at 30 June 2025, the Group's total assets would have been approximately 20.4 per cent. higher, loans to customers 31.4 per cent. higher and current accounts and customer deposits (including certificates of deposit) 22.7 per cent. higher than those of the Bank on a standalone basis. Net income for the six-month period ended 30 June 2025 would have been 23.3 per cent. higher on a pro forma basis. See – "*Unaudited Pro Forma Condensed Consolidated Financial Information*".

The Bank intends to implement a phased integration plan to achieve operational alignment, optimise infrastructure and realise cost efficiencies, while preserving Home Credit's service quality and customer relationships. The integration is being executed in a structured manner with the objective of capturing commercial synergies while maintaining the core features of Home Credit's operating model. Under the plan, Home Credit is being brought under the Bank's governance framework to ensure targeted execution and strategic alignment, while continuing to operate as a dedicated value stream within the Bank. This structure allows the Bank to utilise Home Credit's consumer lending franchise and digital-led customer acquisition model, alongside the Bank's broader product offering, including deposits and SME products.

The integration centres on cross-selling opportunities and selective operational integration in areas such as risk management, central functions and product distribution. The Bank intends to retain key elements of Home Credit's business model, including its lean credit decisioning processes, customer segment focus and speed to market. This approach is expected to support business continuity and customer experience while enabling the Bank to pursue revenue and operational synergies over time.

The Bank is currently in the process of preparing an updated strategy to reflect the anticipated acquisition of Home Credit. Once finalised, the updated strategy will be subject to approval by the relevant corporate governance bodies of the Bank. The Bank's management expects that the updated strategy will be adopted by the end of the first quarter of 2026. See "*–Strategy*."

Home Credit will continue to use the "Home Credit" trademark for a period of 18 months following the consolidation of 75.0 per cent of its shares by the Bank.

Impact of the acquisition of Home Credit on the Bank's capital adequacy ratios

Upon completion of the acquisition, Home Credit is expected to become a subsidiary of the Bank and will be recognised as an investment within the Bank's risk-weighted assets ("**RWA**") for the purposes of calculating standalone regulatory capital adequacy ratios. These ratios form the basis of the Bank's minimum regulatory capital requirements.

From a regulatory capital perspective, the Bank's capital position is expected to reflect an increase in RWA, as its investment in Home Credit will be risk-weighted at 100.0 per cent.

For illustrative purposes only, had the acquisition occurred on 30 June 2025, the Bank's standalone regulatory capital adequacy ratios would have decreased by approximately 100 basis points as compared to the actual ratios at 30 June 2025.

Should the Bank decide to pursue a merger with Home Credit at a later stage, its capital position would be further affected by the consolidation of Home Credit's RWA. The precise impact of such consolidation will be determined at the time of the merger. However, based on capital planning analyses conducted by the Bank, it expects to remain fully compliant with applicable minimum regulatory capital requirements following any potential merger.

RISK MANAGEMENT

Overview

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

The following is a description of the Group's risk management policies and procedures in respect of the aforementioned risks. For a more detailed description of the Group's risk management policies and procedures, see Note 25 to the Annual Financial Statements.

Risk management is a crucial business process in the Bank and a significant component of its operational activities. The Bank's risk management system is based on the principle of continually assessing risk throughout the life of any operation and includes:

- risk identification;
- qualitative and quantitative assessment of a particular risk;
- determination of an acceptable risk level;
- placement of authority limits and creation of reserves;
- use of collateral;
- ongoing monitoring and control allowing efficient adjustments in case of any negative changes in the conditions on which the preliminary risk assessment was made;
- conducting stress tests to identify potential risks that may arise in the future and developing recommendations to mitigate them;
- maintaining a list of high-risk clients; and
- analysis of efficiency of the risk management system.

Risk Management Structure

Risk Management Bodies

The principal risk management bodies of the Bank are the Board of Directors, the Management Board, the Risk Committees, the Credit Risk Function and Strategic Risk Function, the Bank Treasury Department and the Internal Audit Department.

Board of Directors

The Board of Directors is responsible for the oversight of the risk management framework, overseeing the management of key risks and reviewing risk management policies and procedures as well as granting approval for material risk exposures or significant transactions.

Management Board

The Management Board is responsible for monitoring and implementing risk mitigation measures and ensuring that the Group operates in line with the established risk parameters. The Head of Risk Management Department, encompassing the Credit Risk Function, Strategic Risk Function and Collateral Function, is responsible for the overall risk management and compliance functions. This role includes ensuring the implementation of common principles and methods for identifying, measuring, managing and reporting both financial and non-financial

risks. The Head of Risk Management Department reports directly to the Chairman of the Management Board and indirectly to the Board of Directors.

Risk Committees

Credit risk is managed through a structured system of credit committees. To improve the efficiency of decision-making process, the Group has implemented a hierarchical framework of credit committees, tailored to address varying types and levels of risk exposure. Market risks, liquidity risk, as well as credit risks with respect to counterparties and country risks are managed and controlled by the Asset and Liability Management Committee (the "**ALMC**"). The ALMC operates at both the portfolio level and the level of individual transactions to ensure comprehensive risk control. Operational risks, including those related to information technology and information security, are monitored by the Operations Committee.

Credit Risk Function, Strategic Risk Function, Collateral Function

The Group identifies and manages both external and internal risk factors across all operations. Emphasis is placed on identifying the full spectrum of risk factors and evaluating the adequacy of existing risk mitigation measures. In addition to the routine analyses of the risks to which the Group is exposed, the risk management function actively monitors both financial and non-financial risks. This is achieved through regular engagements with first-line-of-defence divisions to gain expert insights into specific aspects of the Group's activities and development areas.

The Credit Risk Function focuses on minimising risks in the decision-making process for financing customers in the corporate sector, SMEs, retail business, and premier banking.

The Strategic Risk Function manages market risks (interest rate, currency, and price), liquidity risk, country risk, counterparty risk, and operational risks. It conducts analysis and monitors credit risk at the portfolio level and oversees risks related to information technology and information security, including on a consolidated basis. Furthermore, the Strategic Risk Function is responsible for calculation of provisions (reserves) according to IFRS standards, including the management and calculation of provisions on a consolidated basis.

The Collateral Function monitors and minimises risks associated with the valuation of collaterals for all of the Bank's business segments, as well as for the Bank's balance sheet assets, and its subsidiaries.

Bank Treasury Department

The Bank's Treasury is responsible for managing the Group's assets and liabilities and the overall financial structure. Its primary responsibilities include overseeing the funding and liquidity risks of the Group.

Internal Audit Department

Risk management processes throughout the Group are subject to an annual audit conducted by the internal audit function. This audit evaluates both the adequacy of the risk management procedures and the Group's compliance with the procedures. The Internal Audit Department reviews its findings with the management and submits its assessments, along with 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. These models leverage probabilities derived from historical data, adjusted to account for prevailing economic conditions. In addition to assessing expected losses, the Group conducts stress testing by modelling worst-case scenarios to evaluate potential impacts from extreme, low-probability events.

Risk monitoring and control are primarily conducted through limits set by the Group. These limits are designed to align with the Group's business strategy, market environment, and the level of risk that the Group is willing to accept. Additionally, the Group evaluates and monitors its overall risk-bearing capacity by assessing aggregate risk exposure across all risk types and activities to ensure comprehensive risk management.

Information gathered from all business units is thoroughly examined and processed to analyse, control, and proactively identify potential risks. This information is then presented and explained to the Management Board, the Risk Committees, and the heads of each business division. The reports include details on the total exposure to credit, market, and operational risks, liquidity indicators, and any changes in risk levels. On a monthly basis, the Management Board and its subordinate bodies receive a comprehensive risk report, while the Board of Directors receives a detailed risk report on a quarterly basis, which contains all the information necessary to assess the Group's risks and make informed decisions.

At all levels across the Group, customised risk reports are prepared and distributed to ensure that each business division has access to comprehensive, relevant, and up-to-date information necessary for effective decision-making and risk management.

Regular discussions are held at meetings of the Bank's Management Board, authorised collegial bodies, and other relevant Group employees to review compliance with and adherence to established limits, investment strategies, liquidity management, and any changes in the level of risk.

Risk Mitigation and Excessive Risk Concentration

As part of its risk management strategy, the Group employs a diverse range of instruments to manage exposures resulting from fluctuations in foreign exchange rates, portfolio price risks, derivative financial instruments, credit risk, and exposures related to forecast transactions. The Group is not active in the stock and derivatives markets and actively uses collateral to mitigate its credit risk.

Concentrations occur when multiple counterparties are involved in similar business activities, operate in the same geographic region, or share similar economic characteristics, making their ability to meet contractual obligations vulnerable to changes in economic, political, or other conditions. These concentrations indicate the sensitivity of the Group's performance to developments within a specific industry or geographic area. In order to mitigate the risk of excessive concentrations, the Group's policies and procedures include specific guidelines aimed at maintaining a diversified portfolio.

Credit risk

Credit risk is the risk that a borrower or counterparty will be unable to pay amounts in full or in part when due. Credit risk arises mainly in the context of the Bank's lending activities and other transactions with counterparties giving rise to financial assets.

The Group manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties, as well as for geographic and industry concentrations, and by monitoring exposures in relation to such limits.

The Group has implemented a credit quality review process to facilitate the early identification of potential changes in the creditworthiness of counterparties, including regular assessments of collateral. Counterparty limits are determined through a credit risk classification system, which assigns a risk rating to each counterparty. These risk ratings are regularly updated. The asset quality assessment procedure enables the Group to evaluate potential losses associated with its exposures and take appropriate actions when necessary.

Credit-related commitment risks

The Bank provides guarantees to its customers, which may obligate the Bank to make payments on their behalf. These payments are subsequently recovered from customers in accordance with the terms of the letter of credit. The risks associated with such guarantees are similar to those related to loans and are managed through the same control processes and policies.

The carrying amount of the components in the consolidated statement of financial position, before considering the impact of risk mitigation through master netting agreements and collateral arrangements, most accurately represents the maximum credit exposure associated with 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. However, it does not represent the maximum risk exposure that could arise in the future due to changes in the values of these instruments.

For further details on the maximum exposure to credit risk for each class of financial instruments, reference should be made to the specific notes to the Annual Financial Statements. The impact of collateral and other risk mitigation techniques is disclosed in Note 25 of the Annual Financial Statements.

Impairment Assessment

The Group calculates the expected credit loss ("**ECL**") for insignificant assets on a collective basis and for individually significant assets using multiple probability-weighted scenarios to estimate expected cash shortfalls. These shortfalls are then discounted using an approximation of the effective interest rate ("**EIR**"). A cash shortfall is the difference between the cash flows that are due to an entity under the terms of the contract and the cash flows that the entity expects to receive. For the mechanics of the ECL calculations and the summary of the key elements please refer to Note 25 of the Annual Financial Statements.

The allowance for the ECL is determined based on the expected credit losses over the lifetime of the asset (lifetime expected credit loss or "**LTECL**"), except in cases where there has been no significant increase in credit risk since origination. In such instances, the allowance is based on the 12-month expected credit loss ("**12mECL**"). The 12mECL represents the portion of LTECL associated with default events that are possible within 12 months from the reporting date. Both LTECL and 12mECL can be calculated on an individual or collective basis, depending on the characteristics of the underlying portfolio of financial instruments.

The Group has implemented a policy to assess, at the end of each reporting period, whether the credit risk of a financial instrument has increased significantly since initial recognition. This assessment is conducted by evaluating changes in the risk of default over the remaining life of the financial instrument. Based on this process, the Group categorises its issued loans as follows:

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.

Definition of default and cure

The Group classifies a financial instrument as defaulted and therefore assigns it to Stage 3 (credit-impaired) for ECL calculations in all instances where the borrower is 90 days or more past due on contractual payments. For individual financial assets, this threshold is reduced to 60 days or more past due.

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 are identified, the Group carefully considers whether the customer should be classified as defaulted and assigned to Stage 3 for ECL calculations or whether Stage 2 classification is more 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 Kazakhstan law (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; and
- Moving the borrower to the unit working with non-performing loans.

The Group considers a financial instrument as "cured" and reclassifies it out of Stage 3 when none of the default criteria are present as at the reporting date, provided there has been a reduction in the debt due to partial repayment. In the case of restructuring, the instrument is deemed cured only if at least 12 months have passed since the restructuring. The decision to classify a cured asset as Stage 2 or Stage 1 depends on whether it reflects a significant increase in credit risk compared to the initial recognition.

The internal rating and PD estimation process

The Bank's Credit Risk Department utilises internal rating models to assess credit risk. For corporate business and small and medium-sized businesses borrowers, a single rating model is used. The models incorporate both qualitative and quantitative data combining borrower-specific information with supplemental external factors that may affect borrower behaviour. Where practical, the models also build on information from the national and international external rating agencies. Probability of Default ("**PD**"), incorporating forward-looking information and the IFRS 9 stage classification of the exposure, are assigned for each rating grade. This process is conducted for each relevant economic scenario.

Treasury and interbank relationships

The Group's treasury and interbank counterparties include financial services institutions, banks, broker-dealers, exchanges, and clearinghouses. To evaluate these relationships, the Group's Strategic Risks Function utilises publicly available information, such as external ratings from international rating agencies, which forms the basis for the calculation of the ECL.

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 incorporates a range of historical, current and forward-looking information, including:

- 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;

- 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; and

- Any other objectively supportable information on the quality and abilities of the client's management relevant for the company'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.

For information regarding the Group's internal credit rating grades, please refer to Note 25 of the Annual Financial Statements.

Retail lending

Retail lending includes secured and unsecured personal loans and credit cards, which are evaluated using an automated scoring system. The models use the following key input data: credit history, the ratio of monthly loan payments 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 financial instruments subject to impairment calculations, taking into account both the client's potential to increase exposure as they approach default and the possibility of early repayments. To calculate the EAD for a Stage 1 loan, the Group assesses potential default events within the next 12 months for the purpose of calculating the 12mECL. For Stage 2, Stage 3, and POCI financial assets, the potential default events over the lifetime of the instruments is considered.

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

The Group's product offerings include various corporate and retail overdraft and credit card facilities, where the Group retains the right to cancel and/or reduce the facilities. The Group does not limit its exposure to credit losses to the contractual notice period. Instead, it calculates the ECL over a period that reflects the Group's expectations regarding customer behaviour, the likelihood of default, and future risk mitigation measures, such as 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.

Loss given default

In case of collateralised lending, the loss given default ("**LGD**") indicator is taken into account, which accounts 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 estimating future cash flows. The data used for these estimates is derived from historically collected loss data and includes 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. In assessing forward-looking information, the expectation is based on multiple scenarios. Key inputs include changes in collateral values, such as 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 segments of each asset class. The inputs for these LGD rates are estimated and, where possible, calibrated through back testing against recent recoveries. For securities issuers within the Bank's own securities portfolio, LGD levels are assessed based on external data from 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. For all assets, except loans to individuals, the Group considers that the credit risk of a financial instrument has increased significantly if the borrower's rating has decreased compared to 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 to identify a significant increase in credit risk for an asset. This includes factors such as a deterioration in the Bank's communication with the borrower, which may indicate potential difficulties in repaying the loan, or the granting of a grace period longer than one month when the client applies or restructuring measures in the case of state emergency. In certain cases, the Group may also consider that events explained in "Definition of default" section as indicative of a significant increase in credit risk, rather than a default. Regardless of any changes in credit grades, if contractual payments are more than 30 days past due, the credit risk is considered to have increased significantly since initial recognition.

The Group also applies the following criteria to determine whether there has been a significant increase in credit risk: a quantitative indicator based on changes in the PD since the initial recognition of a financial asset. For each financial asset risk group, a threshold of 200.0 per cent. is set. Additionally, the absolute value of the 12-month PD, based on the Group's own supportable statistics, is considered when assessing the increase in credit risk.

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:

- Individually significant financial assets in the corporate business and 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); and
- 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 corporate business and small and medium-sized businesses portfolio of Stage 1;
- Individually insignificant loans in the portfolio of corporate business and small and medium-sized businesses of Stage 2 and Stage 3;
- Mortgage loans;
- Consumer unsecured loans;
- Contingency loans;
- Car loans;
- Other loans to individuals; and

- 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. These may include factors such as overdue buckets, product type, loan-to-value ratios and the borrower's industry.

Forward-looking information and multiple economic scenarios

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

- Change in the price per a barrel of oil;
- Rate of inflation;
- GDP growth; and
- Changes in USD/KZT rate.

The Group obtains the forward-looking information from third party sources (external rating agencies, governmental bodies such as the NBK and international credit institutions). Experts of the Bank's Strategic Risks Function determine the weights attributable to the multiple scenarios. For details of a range of forecast values of key factors used by segments/subsegments depending on scenario weights in the ECL calculation, please refer to Note 25 of the Annual Financial Statements.

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 KZT89,385 million (31 December 2023: KZT90,263 million). For additional details, please refer to Note 15 of the 2024 Financial Statements and Note 14 of the 2023 Financial Statements.

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 SME segments. For loans and other financial instruments, credit quality is assessed on the basis of the internal ratings which are derived from the ratings assigned by international rating agencies.

LGD levels for securities issuers within the Bank's own securities portfolio are assessed based on external data from the international rating agency Moody's.

Geographic information

As at 30 June 2025, 31 December 2024 and 2023, the Group's assets and liabilities were primarily concentrated in the Republic of Kazakhstan.

Market risk

Market risk refers to the risk that the value or future cash flows of a financial instrument will fluctuate due to 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, as well as changes in the level of market price volatility and foreign currency exchange 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 ALMC. Market risk limits are approved by the Board of Directors based on recommendations of the Strategic Risk Function and subsequently agreed by the ALMC 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 limits are monitored on a regular basis and reviewed and approved by the Management Board and Board of Directors.

In addition, the Group employs a wide range of stress tests to model the potential financial impact of various exceptional market scenarios on individual trading portfolios and the Group's overall position. These stress tests provide an indication of the potential size of losses that could arise under extreme conditions. The stress tests conducted 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 potential stress events to specific positions.

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 due to 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. While interest margins may increase as a result of such changes, they may also decrease or result in losses if unexpected movements occur.

Interest rate gap analysis

Interest rate risk is primarily managed through the monitoring of interest rate gaps. Since the majority of the Group's financial instruments bear fixed interest rates, the interest gap analysis closely resembles 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. For the details of the sensitivity analysis conducted, please refer to Note 25 of the Annual Financial Statements.

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. Although the Group hedges its exposure to currency risk, such transactions do not qualify as hedging relationships in accordance with IFRS.

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 lead to reputational damage, legal or regulatory consequences, or financial losses. While the Group cannot eliminate all operational risks, it manages these risks through a robust control framework and continuous monitoring. The Group's controls include effective segregation of duties, access rights management, authorisation and reconciliation procedures, staff education, and assessment processes, including the use of internal audit.

The Bank's operational risk management measures include:

- collection of statistical data related to risk events;
- risk limitation through the development and approval of key risk indicators;
- setting the acceptable levels of operational risk based on the operational value-at-risk limit;
- performing scenario analysis and risk self-assessments;

- development of risk maps and planning for mitigative actions in response to identified risk incidents, o prevent future occurrences; and
- risk assessment associated with the launch of new products, business processes, IT developments, and software functionalities (analysis of new products, business processes, IT developments, and software features).

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 arises when the maturities of assets and liabilities do not match. The management of liquidity risk involves the matching and/or controlled mismatching of the maturities and interest rates of assets and liabilities. While it is uncommon for credit institutions to have fully matched positions due to the uncertain terms and varied nature of transactions, an unmatched position can potentially enhance profitability, but it also increases the risk of financial losses.

The Group manages liquidity with the objective of ensuring that sufficient funds are available at all times to meet its cash flow obligations as they become due. 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 a diversified portfolio of highly liquid assets, in order to be able to respond efficiently and effectively 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; and
- 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. Based on this information, the Bank Treasury Department then provides for an adequate portfolio of short-term liquid assets to be maintained, which primarily consists of short-term liquid trading securities, loans to banks, and other inter-bank facilities. This portfolio is designed to ensure that sufficient liquidity is available within the Group to meet its obligations and respond to any unforeseen liquidity needs across the organisation.

The daily liquidity position of the Group is monitored by the Bank Treasury Department, and regular liquidity stress testing is conducted by the Strategic Risks Function under a variety of scenarios, covering both normal and adverse market conditions. Under normal market conditions, liquidity reports are provided to the Management Board and the ALMC on a monthly basis, while the Board of Directors receives these reports on a quarterly basis. The ALMC, advised by the Risk Management Department, makes decisions on liquidity management, which are then implemented by the Bank Treasury Department.

MANAGEMENT

General

The Bank's Charter provides for the following corporate governing bodies:

1. General Meeting of Shareholders as a supreme governing body of the Bank;
2. Board of Directors, which is responsible for the general management of the Bank and the approval of its strategic and operational plans; and
3. Management Board, which is responsible for the day-to-day management and administration of the Bank.

Board of Directors

The Bank's Board of Directors is currently comprised of five members. Members of the Bank's Board of Directors are elected by the Bank's General Meeting of Shareholders in accordance with the Bank's charter to serve until their successors are duly elected and qualified.

The following table sets forth the current composition of the Bank's Board of Directors as at the date of this Information Memorandum:

Name	Age	Title
Timur Issatayev	56	Chairman of the Board of Directors – Representative of the interests of the Bank shareholder
Anuar Utemuratov	42	Member of the Board of Directors – Representative of the interests of the Bank shareholder
Guram Andronikashvili	46	Member of the Board of Directors – Representative of the interests of the Bank shareholder
Yerlan Tuyakbayev	63	Member of the Board of Directors (independent director)
Fedor Popandopulo	62	Member of the Board of Directors (independent director)

The following is a brief summary of the business experience of members of the Bank's Board of Directors.

Timur Issatayev is the Chairman of the Board of Directors. Mr. Issatayev is one of the leading specialists with extensive experience in the banking sector and private equity. He is the founding partner of the investment group "Verny Capital". He graduated with honours from Al-Farabi Kazakh National University and Yale University, majoring in development economics. From 1996 to 1999, he led ING Bank's representative office in Kazakhstan, managing financial institution and corporate banking relationships. From 1999 to 2000, he was First Deputy Chairman of ABN AMRO Bank Kazakhstan. From 2001 to 2003, he served as First Deputy Chairman at Temirbank JSC. In 2003, he joined ATF Bank, where he held several key positions, including Chairman of the Management Board, Member of the Board of Directors, and Chairman of the Board of Directors. Between 2006 and 2012, he served as the CEO of Verny Investments Holding, concurrently serving as Chairman of the Board of Directors from 2006 to 2013. From 2009 to 2013, Mr. Issatayev was Chairman of the Board of Directors of Bank Kassa Nova JSC. Additionally, from 2010 to 2013, he served as Advisor to the Chairman of the Management Board, Member of the Board of Directors, and Chairman of the Board of Directors of ForteBank JSC (formerly Metrocombank JSC). Since 2013, he has held roles at Alliance Bank JSC, including Chairman of the Management Board and Member of the Board of Directors. In 2014, he was elected as a Member of the Board of Directors of the Bank, and in April 2024, he assumed the role of Chairman of the Board of Directors of the Bank.

Anuar Utemuratov is a member of the Board of Directors, a representative of the Bank's major shareholder. In 2004, Mr. Utemuratov graduated from Huron University USA in London with a degree in International Relations. From 2008 to 2010, he served as an Adviser to Verny Investment Holding LLP and simultaneously held the position of Analyst at JP Morgan Financial Company in London, UK. From 2010 to 2012, Mr. Utemuratov served as Chief Risk Manager at ForteBank JSC (formerly Metrocombank JSC). In 2012, he joined the Management Board of the Bank as Chief Risk Manager, a position he held until 2013. Since 2013, he has

been an Advisor to the Chairman of the Management Board of the Bank and, concurrently, a Member of the Bank's Board of Directors. He continues to serve in this capacity to the present day.

Guram Andronikashvili is a seasoned executive with over two decades of experience in international banking, financial services, and corporate leadership. He holds a Bachelor of Arts degree in Economics from Durham University. Mr. Andronikashvili began his career in 2001 at J.P. Morgan in London, where he worked his way up from analyst to the Vice President in the Financial Institutions Group with a focus on European Emerging Markets. From 2010 until 2012, he served as a Chairman of the Management Board of ForteBank JSC (formerly Metrocombank JSC), and from 2013 until 2016 he was a member of the Board of Directors of Temirbank JSC. From 2015 until 2016 Mr. Andronikashvili served as a Member of the Management Board – Deputy Chairman of the Management Board of ForteBank JSC (formerly Alliance Bank JSC) and from 2016 until 2018 Mr. Andronikashvili served as a Member of the Management Board – Deputy Chairman of the Management Board and then Chairman of the Management Board of ForteBank JSC. In the period from 2018 until 2020 he held various positions in the Bank's affiliate companies, such as he was a Member of the Board of Directors and Chairman of the Board of Directors of ForteLeasing JSC and Bank Kassa Nova JSC. From 2020 until 2021 Mr. Andronikashvili served as a Member of the Board of Directors, Chairman of the Board of Directors of ForteFinance JSC. From August 2021 to June 2022, Mr. Andronikashvili was a Member of the Board of Directors of ForteBank, contributing his expertise in financial services, client relations and business development. In April 2025, he was re-elected to the Board of Directors of the Bank.

Yerlan Tuyakbayev is a member of the Board of Directors, an independent director. He graduated from the Kazakh Polytechnic Institute in 1988. From 2005 to 2007 he served as a Deputy Director of Department at Halyk Bank of Kazakhstan JSC. From 2007 to 2010 Mr. Tuyakbayev was a Director of Information Systems Department at ATF Bank JSC, and from 2010 to 2013 at Prof IT Global LLP. From 2013 to 2016, he served as Managing Director and Member of the Management Board of Alliance Bank JSC. In 2014, he concurrently held the position of Member of the Management Board and Deputy Chairman of the Management Board. From 2016 to 2020, he worked as Managing Director and Chief Information Officer at the Bank, while also serving as Member of the Management Board and Deputy Chairman of the Management Board. In April 2024, he was elected as a Member of the Board of Directors, Independent Director of the Bank.

Fedor Popandopulo is a member of the Board of Directors, an independent director. He graduated from the Moscow Agricultural Academy named after K.A. Timiryazev, Moscow. From 2007-2019 served as a Chief Financial Officer at Verny Investments Holding LLP and from 2013 to 2019 he was a Member of the Supervisory Board of KarTel LLP. From 2014 to 2019 Mr. Popandopulo acted as the Chairman of the Board of Directors of Haileybury Astana School NAO and from 2016 to 2019 he was a Member of the Board of Directors of Bank Kassa Nova JSC. From 2017 to 2019 Mr. Popandopulo served as a Member of the Board of Directors of Nova Leasing JSC and in April 2024, he was elected a Member of the Board of Directors – Independent Director of the Bank.

Management Board

The following table sets forth the current composition of the Bank's Management Board as at the date of this Information Memorandum:

Name	Age	Title
Talgat Kuanyshev	52	Chairman of the Management Board
Ravshan Irmatov	47	Deputy Chairman of the Management Board (Chief Financial Officer)
Anna Pilipenko	44	Member of the Management Board – Managing Director (Chief Operating Officer)
Anuar Bolgauov	43	Member of the Management Board – Managing Director (Chief Recovery Officer)
Sergey Kartashov	48	Member of the Management Board – Managing Director (Chief Informational Officer)
Nariman Zharkinbayev	42	Member of the Management Board – Managing Director (Chief Retail Banking Officer)
Yernar Tashenov	48	Member of the Management Board – Managing Director (Chief SME (Business) Banking Officer)
Alma Abilzhanova	44	Member of the Management Board – Managing Director (Chief Corporate Banking Officer)

The following is a brief summary of the business experience of the Bank's Management Board.

Talgat Kuanyshev is the Chairman of the Management Board of the Bank. Prior to joining the Bank in 2015, Mr. Kuanyshev was a Deputy Chairman of the Management Board at Alliance Bank JSC. Mr. Kuanyshev received a bachelor's degree from the Kazakh State Academy of Management and holds an MBA degree from the Aston Business School (UK).

Ravshan Irmatov joined the Bank in 2023 and currently serves as a Deputy Chairman of the Management Board (Chief Financial Officer), responsible for Accounting and Reporting, Financial Analysis and Budgeting, International Relations and Treasury. Mr. Irmatov has over 27 years of experience in the financial sector. Prior to joining the Bank, he was a partner at KPMG in charge of financial risks advisory practice and financial institutions audit practice. Mr. Irmatov graduated from the Kyrgyz Russian Slavic University with a degree in management.

Anna Pilipenko joined the Bank in 2015 and currently serves as a Member of the Management Board – Managing Director (Chief Operating Officer), responsible for the Bank's operational activities. Ms. Pilipenko has extensive experience in risk management. Prior to joining the Bank, Ms. Pilipenko worked at ATF Bank JSC, Metrocombank JSC and Accumulative Pension Fund Astana JSC. Ms. Pilipenko graduated from the Kazakh Academy of Labor and Social Relations with a degree in finance and credit.

Anuar Bolgauov joined the Bank in 2009 and currently serves as a Member of the Management Board – Managing Director (Chief Recovery Officer), responsible for legal matters and handling distressed assets. Mr. Bolgauov has extensive experience in the banking sector in Kazakhstan. Prior to joining the Bank, Mr. Bolgauov worked at Stressed Assets Fund JSC and Grata Law Firm. Mr. Bolgauov graduated from the Kazakh State Law University. Mr. Bolgauov also graduated from the Almaty Law Academy (KazGUU), and the Sarsen Amanzholov East Kazakhstan University.

Sergey Kartashov joined the Bank in 2013 and currently serves as a Member of the Management Board – Managing Director (Chief Informational Officer), responsible for IT. Mr. Kartashov has extensive experience in the banking sector in Kazakhstan. Prior to joining the Bank, Mr. Kartashov worked at ATF Bank JSC, JSC Halyk Bank of Kazakhstan and Nauryz Bank Kazakhstan JSC. Mr. Kartashov graduated from the Khabarovsk Polytechnic University and the Kherson State Pedagogical University.

Nariman Zharkinbayev joined the Bank in 2024 and currently serves as a Member of the Management Board – Managing Director (Chief Retail Banking Officer). Mr. Zharkinbayev has extensive experience in the banking sector. Prior to joining the Bank, Mr. Zharkinbayev worked at BankTuranAlem JSC, GarantiBank International NV, Alliance Bank JSC, ATF Bank JSC, Sekerbank T.A.S. and Şeker Finansal Kiralama A.Ş. Mr. Zharkinbayev graduated from the Kazakh Economic University with a degree in international economics.

Yernar Tashenov joined the Group in 2013 and currently serves as a Member of the Management Board – Managing Director (Chief SME (Business) Banking Officer). Mr. Tashenov has extensive experience in the banking sector in Kazakhstan. Prior to joining the Group, Mr. Tashenov worked at the NBK, Halyk Bank of Kazakhstan JSC, ATF Bank JSC, BTA Bank JSC and Almaty leasing and service company LPP. Mr. Tashenov graduated from the Kazakh State Academy of Management with a degree in finance and credit. Mr. Tashenov graduated from the Kazakh National Technical University.

Alma Abilzhanova joined the Bank in 2009 and currently services as a Member of the Management Board – Managing Director (Chief Corporate Banking Officer). Ms. Abilzhanova has extensive experience in the banking sector in Kazakhstan. Prior to joining the Bank, Ms. Abilzhanova worked at ATF Bank JSC and Temirbank JSC. Ms. Abilzhanova graduated from the Kh. Dosmukhamedov Atyrau University with a degree in finance and credit.

Committees of the Board of Directors

To examine key issues and prepare recommendations for matters to be discussed by the Board of Directors, as well as to ensure compliance with Kazakhstan law, the Bank's Board of Directors established specialised advisory and consultative bodies known as committees.

The chairpersons of these committees report to the Board of Directors on the activities performed, the issues addressed, and the decisions made. The committees of the Board of Directors are:

- Strategic Planning Committee;
- Risk Management, Lending, ALMC;
- Internal Audit Committee;
- Human Resources, Compensation and Benefits Committee; and
- Digitalisation Committee.

Corporate Governance

The Bank's Board of Directors is committed to the highest standards of corporate governance appropriate for a bank of the Bank's size and country of incorporation. The Bank's Corporate Governance Code, which was adopted in December 2014, is largely consistent with the principles of governance applicable to Kazakhstan companies. The Bank complies with the corporate governance regime under Kazakhstan law.

The Bank has appointed two independent (non-executive) directors pursuant to the Law of the Republic of Kazakhstan No. 415-II "On Joint Stock Companies" dated 13 May 2003, as amended (the "**JSC Law**").

Management Remuneration

The remuneration policy for the Bank's executive staff is implemented in accordance with Kazakhstan law and the Bank's Charter. The total remuneration of the members of the Board of Directors and the Management Board was KZT1,551 million for the six months ended 30 June 2025 and KZT4,591 million for the year ended 31 December 2024. The specified amounts include the cash remuneration for the members of the Board of Directors and the Management Board, relevant taxes and both the long-term and short-term components of the compensation.

Family Relationships

There is a family relationship between shareholder, Mr. Bulat Utemuratov, and Board member, Mr. Anuar Utemuratov, who represents the interests of Mr. Bulat Utemuratov.

Conflicts of Interest

There are no potential conflicts of interest between any duties of the members of the Board of Directors and the Management Board towards the Bank and their private interests or other duties.

The Bank has instituted and maintains a policy regarding the settlement of corporate conflicts and conflicts of interest involving officials and employees of the Bank, which is aimed at ensuring the prevention and settlement of any actual or potential conflicts of interest.

PRINCIPAL SHAREHOLDERS

As at the date of this Information Memorandum, the Bank's share capital is represented by fully paid 92,211,311,333 ordinary shares as follows:

Number of authorised shares	150,003,000,000
Number of issued shares	92,387,104,089
Number of repurchased (treasury) shares	(175,792,756)
Number of outstanding shares	92,211,311,333

The Bank's ordinary shares are admitted to trading on KASE.

As at the date of this Information Memorandum, Mr. Bulat Utemuratov is a beneficial owner of 91.10 per cent. of the outstanding ordinary shares of the Bank (including 0.01 per cent. in the form of outstanding global depositary receipts ("**GDRs**")) and is the ultimate controlling shareholder of the Group.

As at the date of this Information Memorandum, the Bank's free float constituted 8.9 per cent. of its share capital and the number of shareholders holding shares or GDRs exceeds 100,000.

The following table sets forth the shareholders of the Bank as at the date of this Information Memorandum.

Shareholder	Number of shares	Percentage of the share capital
Bulat Utemuratov*	84,002,086,022	91.1%
BNY (nominal holder of GDRs representing shares in the Bank)	6,835,076,090	7.4%
Other holders	1,374,149,221	1.5%
Total	**92,211,311,333**	**100.0%**

* directly and indirectly

The GDRs representing shares in the Bank are listed on the Luxembourg Stock Exchange (Euro MTF).

CERTAIN TRANSACTIONS WITH RELATED PARTIES

The following is an overview of the Group's transactions with related parties as at the dates indicated below. The financial information set forth herein has, unless otherwise indicated, been extracted without material adjustment from the Annual Financial Statements. See also "*Capitalisation*".

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 30 June 2025, 31 December 2024, 2023 and 2022 and related profit or loss amounts of transactions for the six months ended 30 June 2025 and the years ended 31 December 2024, 2023 and 2022 are as follows:

	As at 30 June 2025						
	Shareholders		*Entities under common control*		*Other related parties*		*Total*
	(million tenge)	*Average effective interest rate (%)*	(million tenge)	*Average effective interest rate (%)*	(million tenge)	*Average effective interest rate (%)*	(million tenge)
Assets							
Loans to customers	-	-	545	9.0	23,168	20.3	**23,713**
Other assets.....	-	-	287	-	158	-	**445**
Liabilities							
Current accounts and deposits of customers.....	6,352	1.0	30,224	11.0	34,342	10.0	**70,918**
Other liabilities	-	-	9	-	133	-	**142**
Credit related commitments	-	-	1,029	-	10,507	-	**11,536**
Guarantees issued	-	-	-	-	187	-	**187**

	For the six-month period ended 30 June 2025			
	Shareholders	*Entities under common control*	*Other related parties*	*Total*
	(million tenge)	(million tenge)	(million tenge)	(million tenge)
Income / (expense)				
Interest income.....	-	7	1,975	**1,982**
Interest expense.....	(40)	(1,345)	(375)	**(1,760)**
General and administrative expenses ...	-	(919)	(317)	**(1,236)**
Fee and commission income	2	23	37	**62**
Fee and commission expense	-	(1)	-	**(1)**
Other income	-	-	518	**518**
Other expense	-	-	(393)	**(393)**

	As at 31 December 2024						
	Shareholders		*Entities under common control*		*Other related parties*		*Total*
	(million tenge)	*Average effective interest rate (%)*	(million tenge)	*Average effective interest rate (%)*	(million tenge)	*Average effective interest rate (%)*	(million tenge)
Assets							
Loans to customers	-	-	-	-	14,805	19.0	**14,805**
Other assets.....	-	-	21	-	123	-	**144**
Liabilities							
Current accounts and deposits of customers.....	25,951	1.0	30,475	11.0	12,430	4.0	**68,856**
Other liabilities	-	-	14	-	111	-	**125**
Credit related commitments	-	-	2,100	-	9	-	**2,109**
Guarantees issued	-	-	-	-	169	-	**169**

	For the year ended 31 December 2024			
	Shareholders	***Entities under common control***	***Other related parties***	***Total***
	(million tenge)	(million tenge)	(million tenge)	(million tenge)
Income / (expense)				
Interest income.....	-	-	2,687	**2,687**
Interest expense.....	(101)	(2,778)	(2,664)	**(5,543)**
General and administrative expenses, less remuneration to KMP	-	(3,054)	(533)	**(3,587)**
Fee and commission income	3	69	95	**167**
Fee and commission expense	-	(5)	-	**(5)**
Other income	-	-	810	**810**
Other expense	-	-	(536)	**(536)**

	As at 31 December 2023						
	Shareholders		***Entities under common control***		***Other related parties***		***Total***
	(million tenge)	*Average effective interest rate (%)*	(million tenge)	*Average effective interest rate (%)*	(million tenge)	*Average effective interest rate (%)*	(million tenge)
Assets							
Loans to customers	-	-	-	-	14,870	13.92	**14,870**
Other assets.....	-	-	83	-	93	-	**176**
Liabilities							
Current accounts and deposits of customers.....	5,792	1.0	49,917	9.0	15,844	5.0	**71,553**
Other liabilities	-	-	69	-	86	-	**155**
Credit related commitments	-	-	-	-	27,950	-	**27,950**
Guarantees issued	-	-	-	-	188	-	**188**

	For the year ended 31 December 2023			
	Shareholders	***Entities under common control***	***Other related parties***	***Total***
	(million tenge)	(million tenge)	(million tenge)	(million tenge)
Income / (expense)				
Interest income.....	-	-	1,343	**1,343**
Interest expense.....	(97)	(1,744)	(1,466)	**(3,307)**
General and administrative expenses, less remuneration to KMP	-	(6,835)	(578)	**(7,413)**
Fee and commission income	7	56	98	**161**
Fee and commission expense	-	(194)	-	**(194)**
Other income	-	-	476	**476**
Other expense	-	(34)	(319)	**(353)**

	As at 31 December 2022						
	Shareholders		***Entities under common control***		***Other related parties***		***Total***
	(million tenge)	*Average effective interest rate (%)*	(million tenge)	*Average effective interest rate (%)*	(million tenge)	*Average effective interest rate (%)*	(million tenge)
Assets							
Loans to customers	-	-	-	-	26,969	6.56	**26,969**
Other assets.....	-	-	181	-	47	-	**228**
Liabilities							
Current accounts and deposits of customers.....	19,498	1.0	39,401	3.9	27,134	3.49	**86,033**
Other liabilities	-	-	75	-	55	-	**130**
Credit related commitments	-	-	-	-	6,868	-	**6,868**
Guarantees accepted.....	-	-	-	-	177	-	**177**
Guarantees issued	-	-	-	-	5,000	-	**5,000**

	For the year ended 31 December 2022			
	Shareholders	***Entities under common control***	***Other related parties***	***Total***
	(million tenge)	(million tenge)	(million tenge)	(million tenge)
Income / (expense)				
Interest income.....	-	-	1,941	**1,941**
Interest expense.....	(68)	(950)	(459)	**(1,477)**
General and administrative expenses, less remuneration to KMP	-	(874)	(453)	**(1,327)**
Fee and commission income	1	29	40	**70**
Fee and commission expense	-	(168)	-	**(168)**
Other income	-	367	442	**809**
Other expense	-	(258)	(458)	**(716)**

BUSINESS OF HOME CREDIT

In June 2025, the Bank reached an agreement with the shareholders of Home Credit on the acquisition of 100.0 per cent. of the shares of Home Credit and HomeITTech LLP. On 11 September 2025, the AFR granted its consent to the Bank to obtain the status of a banking holding company and to acquire a significant participation in the charter capital of Home Credit. On 19 September 2025, the Bank completed the acquisition of 26.8 per cent. of the ordinary shares of Home Credit. Subject to the receipt of further regulatory approval from the AFR, the Bank's management expects to complete the acquisition of Home Credit by the end of 2025. See "*Risk factors – Risks relating to the Bank's Business and Industry – The Bank's proposed acquisition of Home Credit involves significant risks, and there can be no assurance of successful integration of Home Credit's operations, products and services into the Group's existing business, and the Bank's actual consolidated financial position and results of operations may differ materially from the Unaudited Pro Forma Condensed Consolidated Financial Information included in this Information Memorandum*", "*Management's Discussion and Analysis of Home Credit's Financial Condition and Results of Operations*" and "*Unaudited Pro Forma Condensed Consolidated Financial Information*."

Overview

Home Credit is one of the leading retail focused banks in the Republic of Kazakhstan offering a wide range of banking products, offerings and solutions. According to the NBK, as at 1 July 2025, Home Credit was the 13th largest commercial bank in Kazakhstan by total assets (with a 1.8 per cent. market share), 11th by loan portfolio size (with a 2.2 per cent. market share), 8th by capital (with a 2.3 per cent. market share), 11th by deposits (with a 2.0 per cent. market share) and 12th by net profit (with a 1.6 per cent. market share).

Home Credit's business is focused on retail lending operations, deposit taking and customer accounts maintenance as well as guarantees, cash handling and settlement operations and foreign exchange transactions.

Home Credit operates a multichannel offline and online distribution network. As at 31 August 2025, the Home Credit's offline network was comprised of 57 branches, 119 microbranches and 6 cardshops, 214 ATMs and 407 payment terminals across 84 cities and towns within Kazakhstan. Home Credit's products and services may also be accessed through its online banking platform and mobile application.

As at 30 June 2025, Home Credit's total assets comprised KZT1,145,165 million while the total liabilities comprised KZT931,651 million. Shareholder equity was KZT213,514 million. As at 30 June 2025, total net loans to retail customers amounted to KZT836,155 million and current accounts and deposits from customers amounted to KZT593,881 million, including retail accounts and deposits in the amount of KZT528,404 million (or 89.0 per cent. of total accounts and deposits) and corporate accounts and deposits amounting to KZT65,477 million (or 11.0 per cent. of total accounts and deposits). For the six months ended 30 June 2025 and 2024, Home Credit generated profit of KZT21,251 million and KZT17,028 million, respectively.

As at 31 December 2024, Home Credit's total assets amounted to KZT1,029,884 million while the total liabilities amounted to KZT837,644 million. Shareholder equity was KZT192,240 million. As at 31 December 2024, total net loans to customers were KZT726,361 million. As at 31 December 2024, current accounts and deposits from customers amounted to KZT539,425 million, including retail accounts and deposits in the amount of KZT474,547 million (or 88.0 per cent. of total accounts and deposits) and corporate accounts and deposits in the amount of KZT64,878 million (or 12.0 per cent. of total accounts and deposits). For the years ended 31 December 2024 and 2023, Home Credit generated profit of KZT35,093 million and KZT24,707 million, respectively.

Home Credit was incorporated as a legal entity in 1993 under the laws of the Republic of Kazakhstan and operates under banking licence No. 1.2.36/40 dated 17 August 2022. The registered office of Home Credit is located at 248 Nursultan Nazarbayev Avenue, Almaty 050059, Republic of Kazakhstan. The telephone number of the registered office of Home Credit is +7 727 317 0041.

As at the date of this Information Memorandum, Home Credit has a long-term rating of 'BB-' from Fitch.

History of Home Credit

Home Credit Group entered Kazakhstan market in 2005 through JSC "Home Credit Kazakhstan", a microcredit organisation with a focus on consumer lending and, in 2008, it acquired Home Credit. During 2005-2012, Home Credit focused on establishing and expanding its consumer lending operations. Between 2013 and 2015, Home Credit expanded into deposit-taking activities and launched family banking services. From 2016 to 2019, Home Credit diversified its operations by introducing digital services, payment card products and corporate social responsibility initiatives. During 2020 and 2021, Home Credit accelerated the digitalisation of its services and enhanced its technology infrastructure.

Until 2022, Home Credit was wholly owned by Home Credit & Finance Bank (Russia) ("**HCFB**"). Beginning in 2022, 75.0 per cent. of the Kazakhstan business was acquired by individual investors (some of whom were then senior managers of PPF Group and Home Credit Group), reducing HCFB's ownership to 25.0 per cent., and by the end of 2022 no Russian shareholders remained in Home Credit. In 2022 and 2023, Home Credit transformed into an independent digital bank with a strategic focus on retail and SME clients. In 2024, Home Credit launched the new Home.kz app and Home Credit's assets surpassed KZT1 trillion.

Since 2019 Home Credit has introduced several debit cards (Home, Lite, Tau - affluent, Tan - pensioners). In 2025, Home Credit introduced segment specific travel debit card Aspan and general-purpose debit card Arna intended to replace Home and Lite. In 2023, Home Credit launched unique value proposition Ozen Credit Card, combining buy-now-pay-later and revolving functionality in one card. In cash lending, Home Credit introduced partnerships with Beeline (2023) providing cash loan BaaS solution and expanded refinancing and QR-based solutions in 2024, scaling into more channels through 2025. Home Credit has introduced U.S. dollar bonds and Flexi customer deposits in 2021, daily capitalisation in 2023, and a floating Flexi deposit in May 2025. On the payments side, the Home.kz application the first in Kazakhstan incorporated Kaspi QR in September 2024, and in August 2025, Home Credit joined the Interbank Mobile Payment System under the Open API platform providing customers with instant money transfers via phone number.

Home Credit operates in a competitive market landscape, where its principal rivals include Eurasian Bank, Bereke Bank, BCC and Alatau City Bank. It does not have any subsidiaries.

Home Credit was recognised The Best Bank for Digital Solutions (2020 and 2022, Asiamoney), The Best Bank for CSR (2019, Euromoney) and awarded the HR Brand for Central Asia (2016, 2023), HR4People award 2024 and 2025 for "Merch Store" and "Leadership program". Plus Galaxy Awards Almaty (2024, Best Mobile Bank), and Visa awards for API-enabled services in 2024. In 2024, Home Credit Business also received the World Business Outlook Award for Fastest App Development for Entrepreneurs in Kazakhstan.

Home Credit is a member of major payment systems including VISA, Mastercard, and SWIFT. Home Credit is a participant of the KASE and AIX, including through affiliated entities. It is also a member of the Kazakhstan Deposit Insurance Fund (KDIF) and Association of Financiers of Kazakhstan.

Home Credit operates under banking license No. 1.2.36/40 dated 17 August 2022. Its registered head office is located at 248 Nazarbayev Avenue, Almaty, 050040, with the mailing address at 1/1 Shashkin Street, Almaty, 050040.

Home Credit holds a long-term rating of "BB-" with a Stable outlook from Fitch Ratings.

Home Credit's Competitive Strengths

Home Credit is a leading participant in Kazakhstan's retail banking sector with strong positions across key product segments.

Home Credit's sustainable growth and profitability are underpinned by a balanced business model integrating lending, deposit-taking and service provision. On the lending side, instalment, point-of sale ("**POS**") and cash loans constitute Home Credit's core portfolio, while credit cards serve as a revolving product combining traditional credit features with buy-now-pay-later functionality. POS loans and credit cards function as primary customer acquisition tools, distributed mainly through merchant channels and also used for client re-engagement. Merchant commissions contribute to profitability, while cash loans are deployed to monetise the broader customer base. Advanced customer value management ("**CVM**") strategies enable effective cross-

selling and upselling, extending client lifetime value. On the liabilities side, debit cards act as both acquisition and engagement products, facilitating payments and transfers and linking customers to other products such as deposits and loans. Deposits remain Home Credit's principal funding source, diversified across savings and flexible products. Home Credit serves approximately 1.2 million customers across Kazakhstan, offering fully digitised products and services available through the reliable and robust mobile application home.kz. Strategic partnerships, including with Kaspi, strengthen Home Credit's value proposition and enhance customer engagement.

Home Credit has developed advanced risk-scoring and analytics-driven collection systems supported by a big data platform and proprietary modelling algorithms. Its risk-scoring framework combines external and internal data sources, including account statements, mobile application data and credit bureau information, to assess creditworthiness and detect fraud. The collection process is fully automated and data-driven, using multi-channel outreach, integration with national banking and government databases and real-time performance monitoring to maintain portfolio quality and manage credit risk.

Home Credit's financial stability is supported by a robust risk management and capital policy framework. Provisioning is carried out in accordance with regulatory requirements and IFRS 9, and Home Credit consistently passes annual asset quality reviews and regulatory stress tests. Capital management is overseen by Home Credit's finance function, which conducts lifetime value analyses and maintains a balanced product mix on a three-year horizon. Financial outlooks are reviewed quarterly to ensure readiness for regulatory changes and external developments.

Product innovation is a key driver of competitiveness. In 2025, Home Credit launched the Aspan debit card for travellers in July, followed by the Arna debit card in September, and introduced the Floating Flexi Deposit in May. Home Credit also launched business-to-card (original credit transaction) transfers and e-commerce acquiring solutions offering turn-key transactional digital solution for money disbursement and card payments acceptance to its clients. Cash loans were extended further within QR channel, external refinance grew in importance and volumes, as well as additional telecommunications partners were added. Cash loans for SME are expected to be launched in the fourth quarter of 2025.

Home Credit's senior management team combines extensive experience in banking and financial services with proven expertise in strategy execution and operational leadership, supporting Home Credit's ability to sustain profitability, maintain its market position and pursue ongoing transformation.

Home Credit's strategy is focused on customer-centricity, with an emphasis on underserved retail and SME segments. Strategic priorities include operational efficiency, technology, data analytics, brand development and partnerships.

Business Operations of Home Credit

Home Credit provides banking services to retail and SME clients, with a strategic focus on historically underserved customer segments. In retail banking, products are tailored to specific groups such as pensioners, digitally active clients, travellers and affluent customers, addressing unmet needs in terms of value proposition and customer experience. In SME banking, Home Credit targets merchants, foreign trade companies, start-ups and other underserved businesses, offering simple digital solutions designed to streamline daily operations.

The retail client base has evolved towards younger, digitally engaged demographics following the launch of new credit products, while pensioners continue to represent a significant share. Home Credit maintains a strong presence in major urban centres while ensuring broad geographic coverage through its branch network and digital platforms. The SME business has expanded rapidly following its launch, driven by digital onboarding, multicurrency accounts, merchant acquiring solutions and online accounting tools, with clients concentrated in major cities and supported by access to regional markets through digital channels.

Priority customer segments remain underserved groups. Retail acquisition is led by POS lending and the Ozen credit card, which combines instalment and revolving features and serves as a primary engagement and cross-selling tool. Debit cards and deposit products complement the offering, with tailored propositions for pensioners, travellers and affluent clients. Monetisation is enhanced by a customer value management engine that delivers personalised offers across the client base. In the SME segment, the focus remains on merchants and foreign

trade companies, which offer scale, liquidity and transaction volumes aligned with Home Credit's digital operating model and support the generation of sustainable fee income.

Distribution Network of Home Credit

Home Credit operates a multichannel offline and online distribution network. As at 31 August 2025, the Home Credit's offline network was comprised of 57 branches, 119 microbranches and 6 cardshops, 214 ATMs and 407 payment terminals across 84 cities and towns within Kazakhstan. The Home Credit's products and services may also be accessed through its online banking platform, mobile application.

Geographically, Home Credit is present in every regional centre of Kazakhstan through its branch network, with 20 full branches, and maintains coverage in 64 smaller towns and rural districts. Its digital services extend nationwide.

Online channels play a central role in customer engagement. The mobile application functions as the primary customer interface, offering self-service options for all banking products and services, i.e. loans, cards and deposits.

During 2025, Home Credit optimised 21 locations due to low profitability, including 17 micro-branches and 4 card shops, while four micro-branches were relocated to more favourable locations. Within the partner network, Home Credit's focus is on improving efficiency and expanding cooperation, particularly through new partnerships with e-commerce platforms such as Ozon and Wildberries, and extending into emerging verticals like e-grocery and service providers.

Sustainability of Home Credit

Home Credit's ESG strategy for 2025-2027 focuses primarily on advancing financial literacy and incorporates broader environmental and social initiatives. In the area of green finance, Home Credit has prepared a green bond policy.

Environmental and climate-related risks are managed under the Task Force on Climate-related Financial Disclosures ("**TCFD**") framework, distinguishing between physical risks, such as extreme weather events, and transition risks, including regulatory changes and reputational considerations. Home Credit monitors its carbon footprint across Scope 1, Scope 2 and selected Scope 3 emissions, supported by external verification, and conducts climate scenario analyses to assess potential impacts on business operations.

On the social side, Home Credit combines compliance with domestic regulatory requirements. Initiatives have included support for healthcare services, climate education, flood relief, environmental awareness programmes and community development projects. In 2025, Home Credit launched a series of social projects to mark its 20th anniversary, including the publication of a financial literacy book and the reconstruction of an eco-trail. Governance of ESG matters is overseen by a dedicated ESG officer reporting to the public relations function, with issues escalated to the Management Board. Internal initiatives under the Green Office programme include waste separation and energy efficiency measures.

Home Credit reports on its sustainability performance through integrated and stand-alone ESG reports prepared in accordance with Global Reporting Initiative ("**GRI**"), Sustainability Accounting Standards Board ("**SASB**") and TCFD standards. Home Credit has set clear targets, including a reduction of Scope 1 and 2 emissions by at least 10.0 per cent. by 2025, expansion of Scope 3 coverage and broader integration of ESG standards into its operations. Its ESG agenda is aligned with four UN Sustainable Development Goals: SDG 8 (Decent Work and Economic Growth), SDG 9 (Industry, Innovation and Infrastructure), SDG 13 (Climate Action) and SDG 17 (Partnerships for the Goals).

Information Technology

Home Credit operates integrated technology platforms that supports its core banking functions, including loan origination, underwriting, scoring, collections, treasury and enterprise resource planning. The platforms also underpin card operations, client verification and front-office processes, and is supported by advanced data storage and analytical capabilities.

Customer access to Home Credit's products and services is enabled through a range of digital channels, including mobile applications, online platforms for retail and SME clients, and loan origination portals. These channels provide comprehensive access to loans, deposits, cards and payment services and form the core of Home Credit's client engagement strategy.

Home Credit has invested in digitalisation and artificial intelligence to enhance operational efficiency and customer experience. Recent developments include the deployment of AI-driven tools, increased automation of internal processes, and the expansion of data processing and real-time decision-making capabilities. Home Credit's in-house IT development team of 323 specialists plays a key role in driving innovation.

Cybersecurity and data protection are embedded across all processes. Controls include role-based access, personal data masking, data leakage prevention, and formal procedures for sensitive information handling. The Information Security function participates in all client data processes, with regular mandatory penetration testing and brand protection services used to identify vulnerabilities.

Real Estate

Home Credit's real estate portfolio is limited to a land plot and an office building located at 4A Nursultan Nazarbaev Avenue in Karaganda.

Employees

As of at 30 June 2025, Home Credit employed approximately 3,000 staff members. Of these, approximately 1,300 were based in the regions, while the remainder were distributed across central functions.

Risk Management

Home Credit's risk management framework is aligned with the regulatory requirements, including Rule No. 188 on risk management and internal control. The framework is based on a hierarchy of documents comprising the Risk Management Strategy, the Risk Appetite Strategy and Statement, the Risk Management Policy, Internal Capital Adequacy Assessment Process and Internal Liquidity Adequacy Assessment Process policies, and specific policies addressing credit, market, operational, liquidity, capital, business continuity, compliance, legal and outsourcing risks. These are complemented by an Internal Control Framework.

Strategic oversight of risk management rests with the Home Credit's Board of Directors, with the Board Risk Committee responsible for setting risk limits and approving strategies and policies. Home Credit's Management Board oversees execution, while the Risk and Security function serves as the second line of defence for credit, market, liquidity, operational and business continuity risks, and supports capital, IT and information security risk management. Risk reporting on key risk categories is submitted monthly to the Management Board and the Board Risk Committee and quarterly to the Board of Directors, with material developments escalated on a daily basis between first- and second-line functions.

The risk management structure includes underwriting, portfolio management, antifraud, collections, financial risk and operational risk divisions, with the Security Department operating as a separate unit within the Risk and Security block under the Chief Risk Officer ("**CRO**"). Risk appetite metrics with potential financial impact are monitored on a daily basis under the supervision of the CRO and the Management Board, with proactive mitigation of potential breaches.

Anti-Money Laundering, Combatting the Financing of Terrorism and Anti-Bribery Policies

Home Credit maintains a comprehensive compliance framework designed to prevent money laundering, terrorist financing, and corruption. Key internal regulations include the Policy on Compliance Risk and AML/CFT Risk Management, the Policy on Anti-Bribery and Corruption, rules of internal control covering AML/CFT and the proliferation of weapons of mass destruction, procedures for compliance risk management, and rules on managing conflicts of interest.

Home Credit enforces strict anti-corruption standards through its Anti-Bribery and Corruption Policy, which is binding on all employees. Compliance oversight is carried out by a designated officer and a dedicated Compliance Department, which includes specialised units focusing on AML, sanctions, legal compliance, and

anti-bribery issues. Staff receive mandatory training in AML/CFT and anti-corruption, and the effectiveness of the framework is regularly assessed through both internal and external audits.

Legal Proceedings

Home Credit is not currently involved in any significant court or arbitration proceedings, either as plaintiff or defendant, and no major disputes or claims have arisen in recent years that could have affected its financial position or reputation. It is not subject to investigations or inspections by state authorities. Overall, the risk of material litigation is assessed as remote.

Management and Corporate Governance

Home Credit's corporate governance framework is structured around three governing bodies established by its Charter: the General Shareholders' Meeting ("**GSM**"), the Board of Directors and the Management Board, supported by dedicated committees.

The GSM, convened annually or on an extraordinary basis, is the supreme governing body of Home Credit. Its exclusive powers include the approval of audited financial statements, allocation of profits and dividends, election and remuneration of the Board of Directors, appointment of external auditors, amendments to the Charter and governance code, changes to the capital structure and share issuances, authorisation of major transactions, and approval of significant participations.

The Board of Directors provides strategic oversight and supervision of Home Credit's activities, except for matters reserved to the GSM. Its responsibilities include setting Home Credit's strategy, convening shareholder meetings, approving share placements and buybacks, reviewing financial statements, appointing and remunerating the Management Board, the Head of Internal Audit and the Corporate Secretary, approving key internal policies, and authorising major and related-party transactions. The Board of Directors also approves standard banking contract forms, branch openings and closures, and acquisitions or disposals above defined thresholds.

The Management Board is responsible for the day-to-day management of Home Credit in line with the strategy and policies set by the Board of Directors. Its responsibilities include executing business plans and budgets, maintaining accounting and reporting standards, managing assets and risks, ensuring compliance with legal and regulatory requirements, and organising internal controls. The Management Board submits key matters for approval by the Board of Directors or GSM and is accountable to both. It is supported by several internal committees, including the Management Committee, the ALMC, the Credit Committee, the Procurement Committee, the Information Security Committee and the Risk Management Committee, which oversee operational, financial, credit, security and risk-related matters.

The Board of Directors is chaired by **Pavel Rozehnal**, who was first appointed to this role in 2008 and reappointed in July 2013. Other members include **Anvar Saidenov**, an independent director with extensive experience in central banking and financial regulation, and **Narine Nadirova**, a career banking professional recognised for her contribution to the Kazakh financial sector. The Board of Directors currently includes one independent director, who provides oversight and performs control functions across Home Credit's activities.

The Management Board is chaired by **Kiril Bachvarov**, who has served as Chairman and Chief Executive Officer since 2022. Other members include **Viktor Batrak**, Managing Director of Home Credit's Legal Department, and **Zdenek Foukal**, Managing Director of Product Development and Customer Relationship Management. Responsibilities within the Management Board are allocated by the Chairman in accordance with members' expertise.

The Board of Directors is supported by four standing committees. The Audit Committee oversees Home Credit's external audit process, internal controls and compliance. The Risk Committee defines Home Credit's risk appetite and approves risk policies. The Committee on Personnel and Remuneration sets remuneration policies and governance procedures. The Strategic Planning Committee reviews and monitors Home Credit's strategy, budget and profitability policies.

Home Credit's corporate governance framework is underpinned by the Corporate Governance Code, the Code of Business Conduct and Ethics and the Code of Corporate Ethics.

Members of Home Credit's Management Board receive a fixed salary and an annual bonus under a deferred scheme. Members of the Board of Directors receive a fixed monthly remuneration and are not eligible for bonuses. Home Credit does not operate long-term incentive programmes such as stock options or equity-based schemes.

Selected Key Performance Indicators of Home Credit

	As at or for the six-month period ended 30 June		As at or for the year ended 31 December	
	2025	2024	2024	2023
	%			
Financial Performance				
Return on average assets[(1)]	3.9%	4.0%	3.9%	3.7%
Return on average equity[(2)]	20.9%	20.6%	20.1%	17.1%
Cost-to-income ratio[(3)]	41.8%	42.5%	41.2%	43.1%
Net Interest Margin[(4)]	16.4%	17.0%	16.8%	17.9%
Allowance for loan losses / Gross loans[(5)]	5.0%	5.6%	5.3%	4.5%
Interest received / interest accrued[(6)]	93%	94%	94%	95%
Liquidity				
Total liquid assets[(7)] / total assets	20.7%	21.7%	24.4%	23.6%
Loan to deposit ratio[(8)]	148%	155%	142%	157%
Capital Adequacy				
Regulatory Capital Ratio[(9)]	14.9%	14.9%	15.3%	15.4%
Capital Adequacy Ratio[(9)]	14.9%	14.9%	15.3%	15.4%
Credit Quality				
Non-performing loans as a proportion of the loans, gross (NPL ratio)[(10)]	5.7%	6.2%	6.2%	4.7%
Non-performing loans coverage[(11)]	86.7%	89.1%	84.9%	96.3%
Credit impaired loans / gross loans[(12)]	10.9%	13.1%	11.2%	13.1%
Cost of risk[(13)]	4.7%	4.6%	5.9%	5.8%
Risk-Weighted Assets (RWA) density[(14)]	112%	116%	109%	119%

Notes:

(1) Return on average assets is calculated based on the opening and ending balances of each applicable period. For consistency of presentation, amounts for the six-month periods ended 30 June 2025 and 2024 are calculated by multiplying the value of the profit in formula by 2. Such amounts should not be treated as any forecast of future returns.

(2) Return on average equity is calculated based on the opening and ending balances of each applicable period. For consistency of presentation, amounts for the six-month periods ended 30 June 2025 and 2024 are calculated by multiplying the value of the profit in formula by 2. Such amounts should not be treated as any forecast of future returns.

(3) Cost-to-income ratio is calculated as general and administrative expenses divided by the sum of operating income. Sum of operating income includes net margin on interest and similar income, net fee and commission income (calculated as commission income minus commission expense), net gain/(loss) from trading in foreign currencies, net gain/(loss) on financial instruments at fair value through profit or loss, net gain/(loss) on derecognition of investment securities measured at fair value through other comprehensive income, net gain/(loss) on derecognition of financial assets measured at amortised cost, net loss on modification of a liability that results in derecognition, dividends received and net other income/(expenses).

(4) Net interest margin is calculated as net margin on interest and similar income divided by average interest-earning assets. The average interest-earning assets are based on the average of the quarter-end balances within each applicable period. Interest-earning assets include loans and advances to customers, investment securities, cash and cash equivalents (excluding cash on hand) and due from other banks. For consistency of presentation, amounts for the six-month periods ended 30 June 2025 and 2024 are calculated by multiplying net interest margin formula by 2. Such amounts should not be treated as any forecast of future margin.

(5) Allowance for loan losses / Gross loans is calculated as allowance for expected credit losses as at the period end divided by total loans and advances to customers, gross as at the period end.

(6) Interest received / interest accrued is calculated as interest received on loans to customers divided by the interest income accrued on loans to customers.

(7) Total liquid assets represent cash and cash equivalents and investment securities measured at FVOCI divided by the total assets.

(8) Loan to deposit ratio represents gross loan portfolio divided by the current accounts and deposits of customers.

(9) Regulatory Capital Ratio (ratio of regulatory capital to risk weighted assets) and Capital Adequacy Ratio (ratio of tier 1 capital to risk weighted assets) are calculated based on NBK standards.

(10) Non-performing loans are defined as loans and advances to customers, gross, with overdue payments of principal loan amount and/or interest by more than 90 days as at the period end. NPL ratio is calculated as non-performing loans divided by total loans and advances to customers, gross as at the period end.

(11) Non-performing loans coverage is calculated as the amount of allowance for expected credit losses as at period end divided by the total amount of the Non-performing loans (as defined in Note 10 above) as at the period end.

(12) Credit impaired loans / gross loans is calculated as Stage 3 and POCI (credit-impaired) loans and advances to customers, gross as at the period end divided by loans and advances to customers, gross as at the period end.

(13) Cost of risk is calculated as credit loss expenses on loans to customers divided by average gross loan portfolio (based on the opening and ending balances of each applicable period). For consistency of presentation, amounts for the six-month periods ended 30 June 2025 and 2024 are calculated by multiplying the value of the credit loss expenses on loans to customers in formula by 2. Such amounts should not be treated as any forecast of future cost of risk.

(14) Risk-Weighted Assets density is calculated as total risk-weighted assets, contingent liabilities, operational and market risk divided by total assets.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF HOME CREDIT'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following management's discussion and analysis of Home Credit's consolidated financial condition and results of operations covers the six months ended 30 June 2025 and 2024 and the years ended 31 December 2024 and 2023. Unless otherwise indicated, all of the financial data and discussions thereof are based on the Home Credit's Annual Financial Statements and Home Credit's Interim Financial Statements. This section should be read together with the Home Credit's Annual Financial Statements and Home Credit's Interim Financial Statements and the notes thereto, as well as the other financial information included elsewhere in this Information Memorandum.

The following discussion contains forward-looking statements. Home Credit has based these forward-looking statements on its current projections and expectations about future events. The actual results of Home Credit may differ materially from those anticipated in these forward-looking statements as a result of many important factors, including those set for under "Risk Factors" and elsewhere in this Information Memorandum.

Overview

Home Credit is one of the leading retail focused banks in the Republic of Kazakhstan offering a wide range of banking products, offerings and solutions. According to the NBK, as at 1 July 2025, the Home Credit was the 13th largest commercial bank in Kazakhstan by total assets (with a 1.8 per cent. market share), 11th by loan portfolio size (with a 2.2 per cent. market share), 8th by capital (with a 2.3 per cent. market share), 11th by deposits (with a 2.0 per cent. market share) and 12th by net profit (with a 1.6 per cent. market share).

Home Credit's business is focused on retail lending operations, deposit taking and customer accounts maintenance as well as guarantees, cash handling and settlement operations and foreign exchange transactions.

Home Credit operates a multichannel offline and online distribution network. As at 31 August 2025, the Home Credit's offline network was comprised of 57 branches, 119 microbranches and 6 cardshops, 214 ATMs and 407 payment terminals across 84 cities and towns within Kazakhstan. The Home Credit's products and services may also be accessed through its online banking platform and mobile application.

As at 30 June 2025, Home Credit's total assets comprised KZT1,145,165 million while the total liabilities comprised KZT931,651 million. Shareholder equity was KZT213,515 million. As at 30 June 2025, total net loans to retail customers amounted to KZT836,155 million and current accounts and deposits from customers amounted to KZT593,881 million, including retail accounts and deposits in the amount of KZT528,404 million (or 89.0 per cent. of total accounts and deposits) and corporate accounts and deposits amounting to KZT65,477 million (or 11.0 per cent. of total accounts and deposits). For the six months ended 30 June 2025 and 2024, Home Credit generated profit of KZT21,251 million and KZT17,028 million, respectively.

As at 31 December 2024, Home Credit's total assets amounted to KZT1,029,884 million while the total liabilities amounted to KZT837,644 million. Shareholder equity was KZT192,240 million. As at 31 December 2024, total net loans to customers were KZT726,361 million. As at 31 December 2024, current accounts and deposits from customers amounted to KZT539,425 million, including retail accounts and deposits in the amount of KZT474,547 million (or 88.0 per cent. of total accounts and deposits) and corporate accounts and deposits in the amount of KZT64,878 million (or 12.0 per cent. of total accounts and deposits). For the years ended 31 December 2024 and 2023, Home Credit generated profit of KZT35,093 million and KZT24,707 million, respectively.

Home Credit was incorporated in 1993 under the laws of the Republic of Kazakhstan and operates under banking licence No. 1.2.36/40 dated 17 August 2022. The registered office of Home Credit is located at 248 Nursultan Nazarbayev Avenue, Almaty 050059, Republic of Kazakhstan. The telephone number of the registered office of Home Credit is +7 727 317 0041.

As at the date of this Information Memorandum, Home Credit has a long-term rating of 'BB-' from Fitch.

See – "*Business of Home Credit*" and "*Unaudited Pro Forma Condensed Consolidated Financial Information*."

Factors Affecting the Results of Operations

Key factors affecting the Home Credit's results of operations during the period under review and expected to continue to affect Home Credit's results of operations in the future are discussed below.

Macroeconomic Conditions

Home Credit's results of operations and financial condition are significantly influenced by the overall macroeconomic conditions in Kazakhstan that are described in "*Management Discussion and Analysis of Financial Condition and Results of Operations — Factors Affecting the Results of Operations*."

Political Conditions

Political conditions in Kazakhstan may impact Kazakhstan's economy, which may in turn affect the Home Credit's results of operations. See – "*Management Discussion and Analysis of Financial Condition and Results of Operations — Factors Affecting the Results of Operations*."

Fluctuations in Interest Rates

Home Credit is exposed to risks resulting from fluctuations in interest rates. See – "*Management Discussion and Analysis of Financial Condition and Results of Operations — Factors Affecting the Results of Operations*."

Quality of Loan Portfolio, Allowance for Expected Credit Losses and Provision for Credit Losses on Loans to Customers

The asset quality of Home Credit's loan portfolio impacts its financial results. Home Credit's NPL ratio was 5.7 per cent., 6.2 per cent. and 4.7 per cent. as at 30 June 2025 and 31 December 2024 and 2023, respectively.

Home Credit's allowance for expected credit losses has been increasing in recent years primarily due to the growth of portfolio and increased risk appetite since the end of 2022.

As at 30 June 2025, Home Credit's allowance for expected credit losses was KZT43,565 million, a 7.2 per cent. increase as compared to KZT40,651 million as at 31 December 2024. Home Credit's allowance for expected credit losses increased by KZT13,965 million, or 52.3 per cent. from KZT26,686 million as at 31 December 2023 to KZT40,651 million as at 31 December 2024 reflecting an increase in allowance for expected credit losses on Stage 1, 2 and 3 loans due to due to the growth of the loan portfolio and increased risk appetite since end of 2022.

Home Credit's allowance for expected credit loss is classified by three stages. See Note 12 to Home Credit's Annual Financial Statements and Note 10 to Home Credit's Interim Financial Statements.

Results of Operations for the Six Months Ended 30 June 2025 and 2024

For the six-month period ended 30 June 2025, Home Credit generated profit of KZT21,251 million, an increase of KZT4,223 million, or 24.8 per cent., from KZT17,028 million for the six-month period ended 30 June 2024.

The following table sets forth the components of Home Credit's profit for the periods indicated.

	Six months ended 30 June	
	2025	**2024**
	million tenge (unaudited)	
Interest income calculated using the effective interest method	138,168	107,603
Interest expense	(57,048)	(41,979)
Net interest income	**81,120**	**65,624**
Fee and commission income	6,364	4,864
Fee and commission expense	(8,417)	(7,639)
Net fee and commission income	**(2,053)**	**(2,775)**
Net (loss) / gain on financial instruments at fair value through profit or loss	(522)	(850)
Net foreign exchange (loss) / gain	(175)	28
Income from penalties	1,401	1,100
Other operating income, net	(574)	238

Operating income	**79,197**	**63,365**
Impairment losses	(19,178)	(14,695)
General administrative expenses	(33,104)	(26,903)
Profit before income tax	**26,915**	**21,767**
Income tax expenses	(5,664)	(4,739)
Profit for the period	**21,251**	**17,028**
Other comprehensive income, net of income tax		
Items that are or may be reclassified subsequently to profit or loss:		
Movement in fair value reserve (debt instruments):		
- Net change in fair value	24	478
Other comprehensive income for the period, net of income tax	**24**	**478**
Total comprehensive income for the period	**21,275**	**17,506**

Net Interest Income

Net interest income has historically been the largest component of the Bank's operating income. For the six-month period ended 30 June 2025, net interest income amounted to KZT81,120 million, an increase of KZT15,496 million, or 23.6 per cent., from KZT65,624 million for the six-month period ended 30 June 2024 as a result of an increase in interest income calculated using effective interest rate and other interest income.

The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instruments or a shorter period, where appropriate, to the net carrying amount of the financial assets or liabilities. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment option) and includes any fees and incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses.

Interest Income Calculated Using Effective Interest Rate

Home Credit's interest income calculated using effective interest income for the six-month period ended 30 June 2025 increased by KZT30,565 million, or 28.4 per cent., from KZT107,603 million for the six-month period ended 30 June 2024.

The following table sets forth the principal components of Home Credit's interest income calculated using effective interest income for the periods indicated.

	Six months ended 30 June			
	2025		**2024**	
	million tenge	*% of total*	*million tenge*	*% of total*
	(unaudited)			
Interest income calculated using the effective interest rate				
Loans to retail customers	125,313	90.7%	101,189	94.0%
Cash and cash equivalents	12,851	9.3%	6,414	6.0%
Investment securities	4	0.0%	-	0.0%
Total interest income calculated using the effective interest rate	**138,168**	**100.0%**	**107,603**	**100.0%**

Home Credit's interest income calculated using effective interest rate rose primarily due to a 23.8 per cent. increase in interest income on loans to retail customers, reflecting higher interest rates and a larger net loan portfolio.

Interest Expense

For the six months ended 30 June 2025, Home Credit's interest expense increased by KZT15,069 million, or 35.9 per cent., to KZT57,048 million from KZT41,979 million for the six months ended 30 June 2024.

The following table sets forth the principal components of Home Credit's interest expense for the periods indicated.

	Six-month period ended 30 June			
	2025		2024	
	million tenge	*% of total*	*million tenge*	*% of total*
	(unaudited)			
Interest expense				
Current accounts and deposits from customers	(33,552)	58.8%	(23,937)	57.0%
Other borrowed funds	(1,704)	3.0%	(3,334)	7.9%
Certificates of deposit	(9,931)	17.4%	(7,097)	16.9%
Debt securities issued	(11,098)	19.5%	(7,380)	17.6%
Lease liabilities	(763)	1,3%	(231)	0.6%
Total interest expense	**(57,048)**	**100.0%**	**(41,979)**	**100.0%**

The overall increase in Home Credit's interest expense for the six-month period ended 30 June 2025 was mainly due to higher interest costs on current accounts, debt securities issued and certificates of deposit which was partially offset by lower interest expense on other borrowed funds.

In particular, interest expense on current accounts and customer deposits increased by KZT9,615 million, or 40.2 per cent., to KZT33,552 million for the six-month period ended 30 June 2025 as compared to KZT23,937 million for the six-month period ended 30 June 2024 which was the reflection of an increase in customer accounts as well as higher interest rates paid on such accounts.

Interest expense on debt securities issued increased by KZT3,718 million, or 50.4 per cent, to KZT11,098 million for the six-month period ended 30 June 2025, compared to KZT7,380 million for the six-month period ended 30 June 2024. This increase primarily reflects the growth in the Bank's debt securities portfolio, which expanded by approximately KZT12,495 million during the first half of 2025 and by KZT42,838 million year-on-year (from 30 June 2024 to 30 June 2025). In addition, market conditions contributed to higher funding costs: the KZT yield curve shifted upward during this period, resulting in higher yield to maturity on newly issued debt. The combined effect of the larger outstanding portfolio and less favourable pricing conditions drove the rise in interest expense.

Interest expense on certificates of deposit increased by KZT2,834 million, or 39.9 per cent., to KZT9,931 million for the six-month period ended 30 June 2025 from KZT7,097 million for the six-month period ended 30 June 2024 primarily due to an increase in customer accounts.

Net Fee and Commission Expense

For the six-month period ended 30 June 2025, Home Credit's net fee and commission expense amounted to KZT2,053 million, which represented a reduction of 26.0 per cent., from an expense of KZT2,775 million for the six-month period ended 30 June 2024.

For the six-months period ended 30 June 2025 and 2024, the largest sources of Home Credit's fee and commission income are its commission income from insurance, card operations and fees for early loan repayments.

Other Non-Interest Income

Home Credit's non-interest income comprises net gain/loss on financial instruments at fair value through profit or loss, net foreign exchange gain/loss, income from penalties and other operating income.

Net Loss on Financial Instruments

For the six-month period ended 30 June 2025, Home Credit has generated a net loss on financial instruments at fair value through profit or loss of KZT522 million, a 38.5 per cent. reduction as compared to a net loss of KZT850 million for the six-month period ended 30 June 2024. These losses were primarily attributable to balance sheet revaluation effects arising from off-balance sheet transactions entered into for liquidity management purposes.

Net Foreign Exchange Gain/Loss

For the six-month period ended 30 June 2025, Home Credit has generated a net foreign exchange loss of KZT175 million which represented a reduction of 727.5 per cent. from the foreign exchange gain of KZT28 million for the six months ended 30 June 2024. The loss primarily reflects the mark-to-market impact on short-term derivative transactions executed for liquidity management purposes.

Income from Penalties

Income from penalties increased by KZT301 million, or 27.3 per cent., from KZT1,100 million for the six months ended 30 June 2024 to KZT1,401 million for the six months ended 30 June 2025 as a result of net loans portfolio increase.

Other Operating Income

For the six-month period ended 30 June 2025, Home Credit has generated a negative net other operating income in the amount of KZT574 million as compared to a positive net other operating income in the amount of KZT238 million for the six months ended 30 June 2024 which was primarily due to forgiveness of interest accrued for 90+ days past due contracts by a law decree.

Non-Interest Expenses

Non-interest expenses increased by KZT10,684 million, or 25.7 per cent., to KZT52,282 million for the six-month period ended 30 June 2025 from KZT41,598 million for the six-month period ended 30 June 2024. This increase primarily resulted from the growth across the impairment losses and general administrative expenses.

Impairment Losses

Impairment losses comprised 36.7 per cent. and 35.3 per cent. of the non-interest expenses for the six-month periods ended 30 June 2025 and 2024, respectively. Impairment losses increased to KZT19,178 million for the six months ended 30 June 2025 from KZT14,695 million for the six months ended 30 June 2024. This increase primarily resulted from portfolio growth between 2024 and 2025.

General Administrative Expenses

The main components of Home Credit's general administrative expenses are employee compensation and payroll related taxes, information technology, depreciation and amortisation, advertising and marketing, professional services, telecommunications and postage, collectors' services and other operating expenses. General administrative expenses increased by KZT6,201 million, or 23.1 per cent., to KZT33,104 million for the six-month period ended 30 June 2025 as compared to KZT26,903 million for the six-month period ended 30 June 2024, which was primarily due to an increase in employee compensation and payroll related taxes, information technology and depreciation and amortisation.

Income Tax Expense or Benefits

For the six-month period ended 30 June 2025, Home Credit recorded corporate income tax expense of KZT5,664 million as compared to income tax expense of KZT4,739 million for the six-month period ended 30 June 2024. The increase in income tax expense was primarily due to growth of gross profit.

Total Comprehensive Income for the Period

As a result of the factors described above, Home Credit generated total comprehensive income for the six months ended 30 June 2025 in the amount of KZT21,275 million, which represented an increase of KZT3,769 million, or 21.5 per cent., as compared to the profit of KZT17,506 million for the six months ended 30 June 2024.

Results of Operations for the Years Ended 31 December 2024 and 2023

For the year ended 31 December 2024, Home Credit's total comprehensive income for the year increased by KZT10,190 million, or 40.4 per cent., to KZT35,427 million from KZT25,237 million for the year ended 31 December 2023.

The following table sets forth the components of Home Credit's consolidated statement of profit or loss for the periods indicated.

	Year ended 31 December	
	2024	2023
	million tenge	
	(audited)	
Interest income calculated using the effective interest method	234,434	168,659
Interest expense	(94,317)	(63,402)
Net interest income	**140,117**	**105,257**
Fee and commission income	11,344	9,163
Fee and commission expense	(15,846)	(13,059)
Net fee and commission expense	**(4,502)**	**(3,896)**
Net loss on financial instruments at fair value through profit or loss	(73)	(4,351)
Income from penalties	2,398	1,813
Net foreign exchange (loss) / gain	(606)	140
Other operating income, net	697	446
Operating income	**138,031**	**99,409**
Charge of expected credit loss allowance for debt financial assets	(36,116)	(24,458)
Charge of expected credit loss allowance for loan commitments	(594)	(563)
General administrative expenses	(56,897)	(42,799)
Profit before income tax	**44,424**	**31,589**
Income tax expense	(9,331)	(6,882)
Profit for the year	**35,093**	**24,707**

Net Interest Income

For the year ended 31 December 2024, net interest income amounted to KZT140,117 million, an increase of KZT34,860 million, or 33.1 per cent., from KZT105,257 million for the year ended 31 December 2023, as a result of increases in interest income calculated using the effective interest rate driven by increase of cash loans portfolio.

Interest Income Calculated Using the Effective Interest Method

For the year ended 31 December 2024, Home Credit's interest income calculated using the effective interest rate method increased by KZT65,775 million, or 39.0 per cent., to KZT234,434 million from KZT168,659 million for the year ended 31 December 2023.

The following table sets forth the principal components of Home Credit's interest income for the periods indicated.

	Year ended 31 December			
	2024		2023	
	million tenge	*% of total*	*million tenge*	*% of total*
	(audited)			
Interest income calculated using the effective interest method				
Loans to retail customers	216,839	92.50%	156,770	92.96%
Cash and cash equivalents	17,591	7.50%	11,848	7.02%
Investment securities	4	0.0%	41	0.02%
Total interest income calculated using the effective interest method	**234,434**	**100.00%**	**168,659**	**100.00%**

The increases in Home Credit's interest income calculated using the effective interest rate during the periods under review resulted primarily from increases in interest income from loans to retail customers.

Interest income from loans to retail customers increased by KZT60,069 million, or 38.3 per cent., to KZT216,839 million for the year ended 31 December 2024 from KZT156,770 million for the year ended 31 December 2023, which was mainly driven by the overall growth in Home Credit's loan portfolio for the respective periods.

Interest Expense

For the year ended 31 December 2024, Home Credit's interest expense increased by KZT30,915 million, or 48.8 per cent., to KZT94,317 million from KZT63,402 million for the year ended 31 December 2023, which in turn was an increase of KZT28,484 million, or 81.6 per cent., from KZT34,918 million for the year ended 31 December 2022.

The following table sets forth the principal components of Home Credit's interest expense for the years indicated.

	Year ended 31 December			
	2024		2023	
	million tenge	*% of total*	*million tenge*	*% of total*
	(audited)			
Interest expense				
Current accounts and deposits from customers	(53,742)	56.98%	(32,796)	51.72%
Debt securities issued	(17,183)	18.22%	(6,030)	9.51%
Certificates of deposit	(16,106)	17.08%	(10,038)	15.83%
Other borrowed funds	(5,456)	5.78%	(12,595)	19.87%
Deposits and balances from banks	(976)	1.03%	(1,426)	2.25%
Lease liabilities	(854)	0.91%	(517)	0.82%
Total interest expense	**(94,317)**	**100.00%**	**(63,402)**	**100.00%**

The overall increase in Home Credit's interest expense during the periods under review mainly resulted from increases in interest expense on current accounts and deposits from customers.

Interest expense on customer accounts and deposits from customers increased by KZT20,946 million, or 63.9 per cent., to KZT53,742 million for the year ended 31 December 2024 as compared to KZT32,796 million for the year ended 31 December 2023, which was primarily due to overall increase of the number of accounts and the interest paid to customers.

Net Fee and Commission Expense

For the year ended 31 December 2024, Home Credit's net fee and commission expense amounted to KZT4,502 million, which represented an increase of 15.5 per cent., from an expense of KZT3,896 million for the year ended 31 December 2023.

For the years ended 31 December 2024 and 2023, the largest sources of Home Credit's fee and commission income are its commission income from insurance, card operations and fees for early loan repayments.

Other Non-Interest Income

Home Credit's non-interest income comprises net gain/loss on financial instruments at fair value through profit or loss, income from penalties, net foreign exchange gain/loss and other operating income.

Other non-interest income was KZT2,416 million for the year ended 31 December 2024, an increase of KZT4,368 million, or 223.8 per cent., as compared to the expense of KZT1,952 million for the year ended 31 December 2023. This increase was primarily due to reduction in the net loss on financial instruments at fair value through profit or loss.

Net Loss on Financial Instruments at Fair Value through Profit or Loss

In the year ended 31 December 2024, Home Credit's net loss on financial instrument at fair value through profit or loss decreased by KZT4,278 million, or 98.3 per cent., to KZT73 million from KZT4,351 million in the year ended 31 December 2023. This significant reduction was primarily attributable to the maturity of derivative transactions during the reporting period.

Income from Penalties

Income from penalties increased by KZT585 million, or 32.3 per cent., from KZT1,813 million for the year ended 31 December 2023 to KZT2,398 million for the year ended 31 December 2024 mainly due to overall increase of the net loans portfolio.

Net Foreign Exchange Loss / Gain

In the year ended 31 December 2024, Home Credit generated a net foreign exchange loss of KZT606 million as compared to a net foreign exchange gain of KZT140 million in the year ended 31 December 2023. This adverse movement primarily reflected the mark-to-market impact of derivative transactions entered into for liquidity management purposes.

Other Operating Income

For the year ended 31 December 2024, Home Credit's other operating income amounted to KZT697 million as compared to other operating income in the amount of KZT446 million for the year ended 31 December 2023.

Charge of Expected Credit Loss

Charge of expected credit loss allowance for debt financial assets primarily consists of charges relating to loans to retail customers. Charge of expected credit loss allowance for debt financial assets relating to loans to retail customers increased by KZT11,289 million or 38.7 per cent. to KZT40,468 million for the year ended 31 December 2024 from KZT29,179 million for the year ended 31 December 2023, which was primarily due to the increase of the loan portfolio by 27.7 per cent.

General Administrative Expenses

The main components of Home Credit's general administrative expenses employee are compensation and payroll related taxes, information technology, depreciation and amortisation, advertising and marketing, professional services, telecommunications and postage, collectors' services and other operating expenses.

General administrative expenses increased by KZT14,098 million, or 32.9 per cent., to KZT56,897 million for the year ended 31 December 2024 as compared to KZT42,799 million for the year ended 31 December 2023, which was primarily driven by an increase in compensation and payroll related taxes, information technology and depreciation and amortisation.

Corporate Income Tax Expense

For the year ended 31 December 2024, Home Credit's corporate income tax expense was KZT9.331 million, an increase of KZT2,449 million or 35.6 per cent. from KZT6,882 million for the year ended 31 December 2023, reflecting a growth of profit before tax.

Total Comprehensive Income

As a result of the factors described above, Home Credit generated a total comprehensive income in the amount of KZT35,427 million and KZT25,237 million for the years ended 31 December 2024 and 2023, respectively.

Financial Position

The following discussion of Home Credit's assets and liabilities should be read in conjunction with "Business of Home Credit — Risk Management".

Total Assets

As at 30 June 2025, Home Credit had total assets of KZT1,145,165 million as compared to KZT1,029,884 million as at 31 December 2024 and KZT791,532 million as at 31 December 2023.

The following table sets forth the principal components of Home Credit's total assets as at the dates set forth below.

	As at 30 June	As at 31 December	
	2025	2024	2023
		million tenge	
	(unaudited)	(audited)	
Cash and cash equivalents	236,769	250,615	186,708
Placements with banks	14,058	7,601	6,497
Loans to retail customers	836,155	726,361	568,712
Investment securities	360	337	-
Financial instruments at fair value through profit or loss	1,951	526	527
Property, plant and equipment and intangible assets	39,722	35,812	18,087
Other assets	16,150	8,632	11,001
Total assets	**1,145,165**	**1,029,884**	**791,532**

The increase in total assets by KZT115,281 million, or 11.2 per cent., as at 30 June 2025 as compared to 31 December 2024, was mainly driven by an increase in loans to retail customers. In particular, loans to retail customers increased by KZT109,794 million, or 15.1 per cent., as at 30 June 2025 as compared to 31 December 2024, which reflected the overall growth of Home Credit's loan portfolio. See "—*Loan Portfolio*" below.

The increase in total assets by KZT238,352 million, or 30.1 per cent., as at 31 December 2024 as compared to 31 December 2023 is primarily attributable to the increases in loans to retail customers and cash and cash equivalents. In particular, loans to retail customers increased by KZT157,649 million, or 27.7 per cent. as at 31 December 2024 as compared to 31 December 2023, which reflected the overall growth of Home Credit's business. See "—*Loan Portfolio*" below. Cash and cash equivalents increased by KZT63,907 million, or 34.2 per cent., as at 31 December 2024 as compared to 31 December 2023, which reflected the increase in balances of nostro accounts with other banks and term deposits with NBK.

Loan Portfolio

Loans to retail customers (net of loss allowance) is the largest component of Home Credit's total assets, accounting for 73.0 per cent., 70.5 per cent. and 71.8 per cent. of total assets as at 30 June 2025, 31 December 2024 and 2023, respectively.

General

As at 30 June 2025, Home Credit' loans to customers amounted to KZT836,155 million, representing a 15.1 per cent. increase as compared to KZT726,361 million as at 31 December 2024. As at 31 December 2024, total loans to customers, increased by KZT157,649 million, or 27.7 per cent., as compared to KZT568,712 million as at 31 December 2023.

Distribution of Loans by Type

The following table sets forth composition of Home Credit's loans to retail customers by type as at the date set forth below.

	As at 30 June 2025		As at 31 December			
			2024		2023	
	million tenge	*% of total gross*	*million tenge*	*% of total gross*	*million tenge*	*% of total gross*
	(unaudited)		(audited)			
Cash loans	722,097	82.1	628,229	81.9	481,114	80.8
POS loans	78,516	8.9	75,399	9.8	78,281	13.2
Credit cards	79,106	9.0	63,384	8.3	36,003	6.0
Total loans to retail customers	**879,719**	**100.0**	**767,012**	**100.0**	**595,398**	**100.0**
Loss allowance	(43,564)		(40,651)		(26,686)	
Net loans to retail customers	**836,155**		**726,361**		**568,712**	

Cash loans accounted for the largest portion of the total gross loans to retail customers, accounting for 82.1 per cent., 81.9 per cent. and 80.8 per cent. as at 30 June 2025, 31 December 2024 and 2023, respectively.

Distribution of Loans by Maturity

Of Home Credit's net loans to retail customers of KZT836,155 million as at 30 June 2025, KZT293,670 million, or 35.1 per cent., had a maturity of less than one year and KZT476,043 million, or 56.9 per cent., had a maturity profile of more than one year and KZT66,442 million, or 8.0 per cent., represented overdue loans.

The following table sets forth the expected maturity of Home Credit's net loans to retail customers as at 31 December 2024 and 2023.

	As at 31 December			
	2024		2023	
Maturity	*million tenge*	*% of total net loans*	*million tenge*	*% of total net loans*
Demand and less than one month	31,386	4.3%	14,680	2.6%
One to three months	46,747	6.4%	35,802	6.3%
Three to 12 months	188,250	25.9%	150,853	26.5%
One to five years	405,589	55.9%	327,313	57.6%
Over five years	-	0.0%	-	0.0%
No maturity	-	0.0%	-	0.0%
Overdue	54,389	7.5%	40,064	7.0%
Total net loans to retail customers	**726,361**	**100.0%**	**568,712**	**100.0%**

Distribution of Loans by Currencies

Home Credit's loan portfolio is denominated only in tenge.

NPLs

Home Credit had gross carrying amount of NPLs in the amount of KZT50,226 million, KZT47,865 million and KZT27,723 million as at 30 June 2025 and 31 December 2024 and 2023, respectively. Home Credit's NPL ratio as a percentage of total loans to retail customers, gross was 5.7 per cent., 6.2 per cent. and 4.7 per cent. as at 30 June 2025 and 31 December 2024 and 2023, respectively.

The NPL ratio increased in 2024 primarily due to a higher risk appetite adopted since the end of 2022, a rise in social engineering cases at the end of 2023 and the beginning of 2024, and adjustments to recovery coefficients used in write down calculations, which increased the share of the on-balance portfolio classified as 180+ days past due. In 2025, the NPL ratio began to decline following the mitigation of social engineering incidents in the first quarter of 2024 and tighter loan underwriting standards driven by both reduced risk appetite and regulatory changes.

Loss Allowance

As at 30 June 2025, Home Credit's allowance for expected credit losses was KZT43,564 million, a 7.2 per cent. increase as compared to KZT40,651 million as at 31 December 2024, primarily due to growth of the credit portfolio by 14.7 per cent. Home Credit's allowance for expected credit losses as at 31 December 2024 increased by KZT13,965 million, or 52.3 per cent. as compared to KZT26,686 million as at 31 December 2023 which was largely the result of the increase of the loan portfolio by 28.8 per cent, increased risk appetite and increased social engineering attacks at the end of 2023 and beginning of 2024.

Home Credit's management believes that the level of allowance for expected credit loss as at 30 June 2025 covers all significant overdue loans. Home Credit's allowance for expected credit loss is classified by three stages. See Note 12 to the Annual Financial Statements and Note 10 to the Interim Financial Statements.

Total Liabilities

General

The following table sets forth the principal components of Home Credit's total liabilities as at the dates set forth below.

	As at 30 June	As at 31 December	
	2025	2024	2023
		million tenge	
	(unaudited)		(audited)
Financial instruments at fair value through profit or loss	1,966	542	583
Deposits and balances from banks	1,410	935	1,206
Current accounts and deposits from customers			
Current accounts and deposits from retail customers	528,404	474,547	338,247
Current accounts and deposits from corporate customers	65,477	64,878	41,210
Debt securities issued	158,255	145,759	96,719
Other borrowed funds	35,160	17,493	70,730
Certificates of deposit	107,697	107,083	69,101
Lease liabilities	10,787	9,415	2,969
Other liabilities	22,495	16,992	13,954
Total liabilities	**931,651**	**837,644**	**634,719**

As at 30 June 2025, Home Credit had total liabilities of KZT931,651 million as compared to KZT837,644 million as at 31 December 2024 and KZT634,719 million as at 31 December 2023.

The increase in total liabilities of KZT94,007 million, or 11.2 per cent., as at 30 June 2025 as compared to 31 December 2024 was primarily attributable to increases in current accounts and deposits from retail customers, debt securities issued and other borrowed funds.

Current accounts and deposits from retail customers grew by KZT53,857 million, or 11.3 per cent., to KZT528,404 million as at 30 June 2025 from KZT474,547 million as at 31 December 2024 primarily due to the KZT53,263 million, or 12.2 per cent. growth in term deposits from retail customers.

Debt securities issued increased by KZT12,496 million, or 8.6 per cent., to KZT158,255 million as at 30 June 2025 as compared to KZT145,759 million as at 31 December 2024 mainly as a result of the issuance of KZT-denominated debt securities in the aggregate amount of KZT12,506 million.

Other borrowed funds grew by KZT17,667 million, or 101.0 per cent., as at 30 June 2025 as compared to 31 December 2024, primarily due to attracting unsecured loans in the aggregate amount of KZT35,160 million which was partially offset by the repayment of unsecured loans in the aggregate amount of KZT17,493 million.

The increase in total liabilities of KZT202,925 million, or 32.0 per cent., as at 31 December 2024 as compared to 31 December 2023 was primarily due to increases in current accounts and deposits from retail and corporate customers, debt securities issued and certificates of deposit which was partially offset by a reduction in other borrowed funds.

Current accounts and deposits from retail and corporate customers increased by KZT136,300 million, or 40.3 per cent., and KZT23,669 million, or 57.4 per cent., respectively as at 31 December 2024 as compared to 31 December 2023, reflecting growth in retail and corporate current accounts and term deposits.

Debt securities issued increased by KZT49,040 million, or 50.7 per cent., to KZT145,759 million as at 31 December 2024 as compared to KZT96,719 million as at 31 December 2023 as a result of Home Credit issuing U.S.$- and KZT-denominated notes in the aggregate amount of KZT82,562 million.

Home Credit's certificates of deposit grew by KZT37,982 million, or 55.0 per cent. to KZT107,083 million as at 31 December 2024 as compared to KZT69,101 million as at 31 December 2023.

Other borrowed funds decreased by KZT53,237 million, or 75.3 per cent., from KZT70,730 million as at 31 December 2023 to KZT17,493 million as at 31 December 2024 due to the repayment a number of KZT-denominated unsecured facilities.

Maturity Profile of Home Credit's Financial Liabilities

Of Home Credit's liabilities as at 30 June 2025, KZT802,738 million, or 86.2 per cent., had a maturity of less than one year and KZT128,913 million, or 13.8 per cent., had a maturity profile of more than one year.

The table below presents that the amount of financial liabilities of the Bank at maturities as at the dates indicated below:

	As at 31 December			
	2024		2023	
Maturity	*million tenge*	*% of total*	*million tenge*	*% of total*
			(audited)	
Less than one month	185,707	22.2%	112,552	17.7%
One to three months	167,245	20.0%	92,982	14.7%
Three to 12 months	378,529	45.1%	299,611	47.2%
One to five years	102,369	12.2%	129,573	20.4%
Over five years	3,794	0.5%	1	0.0%
No maturity	-	0.0%	-	0.0%
Overdue	-	0.0%	-	0.0%
Total liabilities	**837,644**	**100.0%**	**634,719**	**100.0%**

Total Equity

As at 30 June 2025, Home Credit had total equity of KZT213,515 million, an increase of KZT21,275 million, or 11.1 per cent., from KZT192,240 million as at 31 December 2024. This increase was mainly attributable to an increase in retained earnings from net profit for the period.

As at 31 December 2024, Home Credit had a total equity of KZT192,240 million, an increase of KZT35,247 million, or 22.6 per cent., from KZT156,813 million as at 31 December 2023. This increase was also attributable to an increase in retained earnings from net profit for the period.

Liquidity and Capital Resources

Home Credit's principal sources of liquidity are current accounts and deposits from customers, long-term and short-term loans from other credit institutions, issued certificates of deposit and debt securities as well as diversified portfolios of highly liquid assets.

Funding

Home Credit's funding base consists primarily of current accounts and deposits from customers. Other sources of funding include loans from banks and other credit institutions, certificates of deposit debt securities issued. See "– *Financial Position – Total Liabilities*". As at 30 June 2025, funding from current accounts and deposits from customers comprised KZT593,881 million, or 66.3 per cent, of Home Credit's funding base, as compared to KZT539,425 million as at 31 December 2024. Home Credit's funding strategy is to continue developing a diversified funding base to cover the growing needs of Home Credit's business.

The following table sets out Home Credit's sources of funding as at the dates indicated:

	As at 30 June		As at 31 December			
	2025		2024		2023	
	million tenge	*% of total*	***million tenge***	***% of total***	***million tenge***	***% of total***
	(unaudited)				(audited)	
Current Accounts and deposits from Customers						
Current Accounts	80,446	9.0%	81,708	10.1%	65,216	10.6%
Term deposits	513,435	57.3%	457,717	56.4%	314,242	50.9%
Total	**593,881**	**66.3%**	**539,425**	**66.5%**	**379,458**	**61.5%**
Certificates of deposit	**107,697**	**12.0%**	**107,083**	**13.2%**	**69,101**	**11.2%**
Deposits and balances from banks	**1,410**	**0.2%**	**935**	**0.1%**	**1,206**	**0.2%**
Debt securities in issue	**158,255**	**17.7%**	**145,759**	**18.0%**	**96,719**	**15.7%**
Other borrowed funds	**35,160**	**3.8%**	**17,493**	**2.2%**	**70,730**	**11.4%**
Total funding	**896,403**	**100.0%**	**810,695**	**100.0%**	**617,214**	**100.0%**

Current Accounts and Deposits from Customers

The following table sets forth the Bank's current accounts and deposits from customers as at the dates indicated:

	As at 30 June		As at 31 December			
	2025		2024		2023	
	million tenge	*% of total*	*million tenge*	*% of total*	*million tenge*	*% of total*
	(unaudited)				(audited)	
Current account and deposits						
Retail customers	37,148	6.3%	36,554	6.8%	33,840	8.9%
Corporate customers	43,298	7.3%	45,154	8.4%	31,376	8.3%
Total	**80,446**	**13.6%**	**81,708**	**15.2%**	**65,216**	**17.2%**
Term deposits						
Retail customers	491,256	82.7%	437,993	81.1%	304,407	80.2%
Corporate customers	22,179	3.7%	19,724	3,7%	9,834	2.6%
Total	**513,435**	**86.4%**	**457,717**	**84.8%**	**314,241**	**82.8%**
Total current accounts and deposits from customers	**593,881**	**100.0%**	**539,425**	**100.0%**	**379,457**	**100.0%**

As at 30 June 2025, Home Credit has one customer whose balances in the amount of KZT24,688 million exceeded 10 per cent. of Home Credit's equity as compared to one customer with balances of KZT22,550 million as at 31 December 2024 and one customer with balances of KZT21,471 million as at 31 December 2023.

Home Credit has a statutory obligation to repay deposits to customers upon demand, including for term-deposits. Home Credit must repay amounts within seven calendar days for term or conditional deposits or within 30 calendar days for saving deposits, measured from the date the depositor demands repayment.

Debt Securities

The following table sets forth Home Credit's debt securities in issue as at the dates indicated:

	Maturity	Coupon rate, %	As at 30 June 2025	As at 31 December 2024	2023
				million tenge	
Bonds in KZT					
Bonds issued in 2022	2024	12.5%	-	-	8,166
Bonds issued in 2022	2025	12.5%	-	20,801	19,842
Bonds issued in 2023	2025	16.5%	21,314	21,136	20,817
Bonds issued in 2024	2026	17.2%	7,423	7,409	-
Bonds issued in 2025	2026	17.5%	10,604	-	-
Bonds issued in 2023	2026	16.5%	21,037	20,901	16,955
Bonds issued in 2024	2027	17.3%	21,333	10,129	-
Bonds issued in 2023	2028	16.5%	10,433	10,406	5,673
Bonds issued in 2024	2029	17.3%	21,241	14,440	-
Bonds issued in 2025	2028	18.2%	6,342	-	-
Total bonds in KZT			**119,727**	**105,222**	**71,453**
Bonds in U.S.$					
Zero coupon bonds issued in 2023	2024	-	-	-	6,545
Zero coupon bonds issued in 2023	2024	-	-	-	8,776
Zero coupon bonds issued in 2023	2024	-	-	-	5,826
Zero coupon bonds issued in 2023	2024	-	-	-	4,119
Zero coupon bonds issued in 2024	2025	-	-	25,364	-
Zero coupon bonds issued in 2024	2025	-	13,162	8,863	-
Zero coupon bonds issued in 2024	2025	-	7,524	6,310	-
Zero coupon bonds issued in 2025	2026	-	7,926	-	-
Zero coupon bonds issued in 2025	2026	-	9,916	-	-
Total bonds in U.S.$			**38,528**	**40,537**	**25,266**
Total bonds			**158,255**	**145,759**	**96,719**

On the domestic capital market, the Bank has consistently maintained an active presence through regular bond placements. These issuances are structured across different maturities and coupon formats, supporting the Bank's objective to diversify its liability profile and strengthen its long-term funding base. The outstanding portfolio includes primarily local currency bonds with fixed coupons, complemented by selected foreign currency instruments, in line with the Bank's development strategy. This approach supports balance sheet stability and provides flexibility to adapt to market conditions.

The Bank has remained fully compliant with all terms and conditions of its bond programs, with no defaults or breaches of repayment obligations related to principal or interest as at 30 June 2025 and in the years ended 31 December 2024 and 2023.

Other Borrowed Funds

The following table sets forth Home Credit's other borrowed funds as at 30 June 2025:

	Outstanding amount	Maturity
	(million Tenge)	
Unsecured KZT-denominated loan	10,000	31 March 2026
Unsecured KZT-denominated loan	5,005	20 May 2026
Unsecured KZT-denominated loan	5,003	29 May 2026
Unsecured KZT-denominated loan	15,152	12 June 2026
Total	**35,160**	

Home Credit had no defaults and other breaches of repayment schedules of the attracted loans, related to principal and interest payments as at 30 June 2025 and years ended 31 December 2024 and 2023.

Capital Management

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

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

Home Credit 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 following table shows the composition of Home Credit's capital position calculated in accordance with the NBK requirements as at 30 June 2025, 31 December 2024 and 2023.

	30 June 2025 (unaudited)	**31 December**	
		2024	**2023**
	million tenge (except ratios)		
Tier 1 capital	190,734	171,477	144,883
Tier 2 capital	-	-	-
Total regulatory capital	190,734	171,477	144,883
Total credit risk-weighted assets and liabilities, including market and operational risk	**1,276,980**	**1,122,215**	**943,437**
k1 ratio	14.9%	15.3%	15.4%
k1-2 ratio	14.9%	15.3%	15.4%
k2 ratio	14.9%	15.3%	15.4%

For a detailed description of the capital and regulatory ratios which apply to Home Credit, see "*Banking Sector and Banking Regulation in the Republic of Kazakhstan*".

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The Bank is currently in the process of acquisition of the 100.0 per cent. equity interest in Home Credit and the estimated purchase value is approximately KZT268,000 million. Together, the Bank and the Home Credit shall hereinafter be referred to as the "**Pro Forma Group**". The corresponding transactions collectively shall hereinafter be referred to as the "**Acquisition**".

On 11 September 2025, the Bank received approval from the AFR for significant participation in the capital of Home Credit and to obtain the status of a banking holding company.

The following unaudited pro forma consolidated financial information of the Bank and Home Credit is presented to illustrate the estimated effects ("**Adjustments**" or "**Pro Forma Adjustments**") of the Acquisition described above and is prepared using the acquisition method of accounting in accordance with IFRS, except that the pro forma financial information does not contain fair value adjustments to identifiable assets acquired and liabilities assumed according to requirements of IFRS 3 "Business Combinations", due to the lack of relevant information available as the Acquisition is not yet complete. The determination of the fair value of Home Credit's assets and liabilities will be made on the basis of the analysis to be performed after completion of the Acquisition. Accordingly, the pro forma adjustments, including the determination of goodwill, are preliminary and have been made solely for illustrative purposes to present the effects of the acquisition. The pro forma adjustments are based upon available information and certain assumptions that the Bank believes are reasonable. Differences between these preliminary estimates and the final acquisition accounting may have a material impact on the accompanying pro forma financial information and the consolidated company's future results of operations and financial position.

The unaudited pro forma condensed consolidated financial information is provided for illustrative purposes only and is not intended to represent or be indicative of what the Pro Forma Group's financial position or results of operations would have been had the Home Credit acquisition been completed as of the dates presented herein.

The unaudited pro forma condensed consolidated financial information does not reflect the impacts of any potential operational efficiencies, revenue enhancements, cost savings or economies of scale that the Pro Forma Group may achieve as a result of the acquisition.

The unaudited pro forma condensed consolidated statement of comprehensive income for the six-months period ended 30 June 2025 and for the year ended 31 December 2024 reflects the Bank and Home Credit's financials, adjusted as if the acquisition had occurred on 1 January 2024. The unaudited pro forma condensed consolidated statement of financial position as at 30 June 2025 reflects the Bank and Home Credit's financials, adjusted as if the acquisition had occurred on 30 June 2025, based on the estimated transaction value at closing (November 2025).

For the purposes of the pro forma financial information, the Bank has conformed Home Credit's accounting policies to those of the Bank by applying appropriate adjustments and reclassifications.

The pro forma financial information has been prepared in accordance with Rule 11 of Regulation S-X as amended. In addition, the pro forma financial information is derived from and should be read in conjunction with the following historical financial statements and accompanying notes of the Bank and Home Credit:

(i) audited consolidated financial statements of the Bank as of and for the year ended 31 December 2024;
(ii) audited financial statements of Home Credit as of and for the year ended 31 December 2024;
(iii) interim condensed consolidated audited financial statements of the Bank as of and for the six-month period ended 30 June 2025; and
(iv) interim condensed unaudited financial statements of Home Credit as of and for the six-month period ended 30 June 2025.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2025

	As at 30 June 2025								
	Bank	*Home Credit*	*Pro Forma Adjustments*						*Pro Forma consolidated*
			Reclassification adjustments (Note (a))	*Adjustments*	*Note*	*Acquisition accounting adjustments*	*Note*	*Elimination adjustments (Note (b))*	
	millions of tenge (unless otherwise stated)								
Assets									
Cash and cash equivalents	443,863	236,769	–	–		(268,000)	(d)	–	412,632
Amounts due from credit institutions	150,704	14,058	–	–		–		–	164,762
Securities measured at fair value through profit or loss	2,731	–	–	–		–		–	2,731
Loans to customers	2,687,160	836,155	–	548	(g)	–		–	3,523,863
Investment securities	1,122,065	360	–	–		–		(3,155)	1,119,270
Property and equipment	60,428	16,942	–	–		–		–	77,370
Intangible assets	15,183	22,780	–	–		–		–	37,963
Deferred tax assets	2,716	–	–	–		–		–	2,716
Other assets	54,686	16,150	1,951	–		–		–	72,787
Financial instruments at fair value through profit or loss	–	1,951	(1,951)	–		–		–	–
Goodwill	–	–	–	–		53,937	(c)(d)(e)	–	53,937
Total assets	**4,539,536**	**1,145,165**	**–**	**548**		**(214,063)**		**(3,155)**	**5,468,031**
Liabilities									
Current accounts and deposits of customers	3,091,305	593,881	–	–		–		–	3,685,186
Amounts due to banks and other credit institutions	180,994	1,410	35,160	–		–		–	217,564
Amounts payable under repurchase agreements	410,007	–	–	–		–		–	410,007
Debt securities issued	283,182	158,255	–	–		–		(3,155)	438,282
Subordinated debt	12,191	–	–	–		–		–	12,191
Other liabilities	64,655	22,494	12,753	–		–		–	99,902
Financial instruments at fair value through profit or loss	–	1,966	(1,966)	–		–		–	–
Certificates of deposit	–	107,697	–	–		–		–	107,697
Lease liabilities	–	10,787	(10,787)	–		–		–	–

Other borrowed funds	–	35,160	(35,160)	–		–		–	–
Total liabilities	**4,042,334**	**931,650**	**–**	**–**		**–**		**(3,155)**	**4,970,829**
Equity									
Share capital	332,815	5,200	–	–		(5,200)	(c)	–	332,815
Additional paid-in capital	31,334	–	–	–		–		–	31,334
Treasury shares	(315)	–	–	–		–		–	(315)
Fair value reserve	(49,625)	358	–	–		(358)	(c)	(43)	(49,668)
Retained earnings	182,993	207,957	–	548	(g)	(208,505)	(c)	43	183,036
Total equity	**497,202**	**213,515**	**–**	**548**		**(214,063)**		**–**	**497,202**
Total equity and liabilities	**4,539,536**	**1,145,165**	**–**	**548**		**(214,063)**		**(3,155)**	**5,468,031**

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025

	For the six-month period ended 30 June 2025						
	Bank	*Home Credit*	*Pro Forma Adjustments*				*Pro Forma consolidated*
			Reclassification adjustments (Note (a))	*Adjustments*	*Note*	*Elimination adjustments (Note (b))*	
	millions of tenge (unless otherwise stated)						
Interest income calculated using effective interest rate	297,408	138,168	1,401	–		(265)	436,712
Other interest income	4,071	–	–	–		–	4,071
Interest expense	(157,982)	(57,048)	(2,322)	–		265	(217,087)
Net interest income	143,497	81,120	(921)	–		–	223,696
Fee and commission income	17,405	6,364	–	–		–	23,769
Fee and commission expenses	(8,314)	(8,417)	3,815	–		–	(12,916)
Net loss on financial instruments at fair value through profit or loss	(12,454)	(522)	–	–		–	(12,976)
Net gain on derecognition of investment securities at fair value through other comprehensive income	7	–	–	–		–	7
Net gain/(loss) from foreign currencies	16,511	(175)	–	–		–	16,336
Dividends received	85	–	–	–		–	85
Other income	4,767	(574)	–	–		–	4,193
Income from penalties	–	1,401	(1,401)	–		–	–
Non-interest income	**18,007**	**(1,923)**	**2,414**	**–**		**–**	**18,498**
Credit loss expenses	(2,344)	(19,178)	–	501	(g)	–	(21,021)
Net gain on derecognition of financial assets measured at amortised cost	1,290	–	–	–		–	1,290
Net loss on modification of a liability that results in derecognition	–	–	–	–		–	–
General and administrative expenses	(44,968)	(33,104)	1,114	–		–	(76,958)
Other expenses	(6,660)	–	(2,607)	–		–	(9,267)
Non-interest expenses	**(52,682)**	**(52,282)**	**(1,493)**	**501**		**–**	**(105,956)**
Profit before corporate income tax expense	**108,822**	**26,915**	**–**	**501**		**–**	**136,238**
Corporate income tax expenses	(8,815)	(5,664)	–	–		–	(14,479)
Profit for the period	**100,007**	**21,251**	**–**	**501**		**–**	**121,759**
Other comprehensive income							
Other comprehensive income/(loss) to be reclassified to profit or loss in the subsequent periods							
Net change in fair value of debt instruments at fair value through other comprehensive income	(79,177)	24	–	–		–	(79,153)
Income tax relating to components of other comprehensive income	(142)	–	–	–		–	(142)
Changes in allowance for expected credit losses of debt instruments at fair value through other comprehensive income	(484)	–	–	–		–	(484)

Amount reclassified to profit or loss as a result of derecognition of debt instruments measured at fair value through other comprehensive income	(7)	–	–	–		–	(7)
Net other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods	**(79,810)**	**24**	**–**	**–**		**–**	**(79,786)**
Other comprehensive loss, that will not to be reclassified subsequently to profit or loss							
Loss on equity instruments measured at fair value through other comprehensive income	(16)	–	–	–		–	(16)
Total other comprehensive loss that will not be reclassified to profit or loss in subsequent periods	**(16)**	**–**	**–**	**–**		**–**	**(16)**
Other comprehensive (loss)/income for the period, net of tax	**(79,826)**	**24**	**–**	**–**		**–**	**(79,802)**
Total comprehensive income for the period	**20,181**	**21,275**	**–**	**501**		**–**	**41,957**
Basic and diluted earnings per ordinary share (in tenge) (Note (f))	**1.11**						**1.36**

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2024

	For the year ended 31 December 2024						
	Bank	*Home Credit*	*Pro Forma Adjustments*				*Pro Forma consolidated*
			Reclassification adjustments (Note (a))	*Adjustments*	*Note*	*Elimination adjustments (Note (b))*	
	millions of tenge (unless otherwise stated)						
Interest income calculated using effective interest rate	517,435	234,434	2,398	–		(525)	753,742
Other interest income	5,576	–	–	–		–	5,576
Interest expense	(260,282)	(94,317)	(1,827)	–		525	(355,901)
Net interest income	**262,729**	**140,117**	**571**	**–**		**–**	**403,417**
Fee and commission income	36,070	11,344	–	–		–	47,414
Fee and commission expenses	(13,679)	(15,846)	4,995	–		–	(24,530)
Net gain/(loss) on financial instruments at fair value through profit or loss	14,604	(72)	–	–		–	14,532
Net gain from foreign currencies	13,269	(606)	–	–		–	12,663
Net gain on derecognition of investment securities at fair value through other comprehensive income	267	–	–	–		–	267
Dividends received	499	–	–	–		–	499
Other income	4,192	697	–	–		–	4,889
Income from penalties	–	2,398	(2,398)	–		–	-
Non-interest income	**55,222**	**(2,085)**	**2,597**	**–**		**–**	**55,734**
Credit loss expenses	(41,806)	(36,116)	(594)	(1,581)	(g)	–	(80,097)
Net loss on derecognition of financial assets measured at amortised cost	(1,689)	–	–	–		–	(1,689)
Net loss on modification of a liability that results in derecognition	(3,593)	–	–	–		–	(3,593)
General and administrative expenses	(87,283)	(56,897)	2,032	–		–	(142,148)
Other expenses	(9,237)	–	(5,200)	–		–	(14,437)
Charge of expected credit loss allowance for loan commitments	–	(594)	594	–		–	–
Non-interest expenses	**(143,608)**	**(93,607)**	**(3,168)**	**(1,581)**		**–**	**(241,964)**
Profit before corporate income tax expense	**174,343**	**44,425**	**–**	**(1,581)**		**–**	**217,187**
Corporate income tax expenses	(13,997)	(9,331)	–	–		–	(23,328)
Profit for the period	**160,346**	**35,094**	**–**	**(1,581)**		**–**	**193,859**
Other comprehensive income							
Other comprehensive income/(loss) to be reclassified to profit or loss in the subsequent periods							
Net change in fair value of debt instruments at fair value through other	35,787	334	–	–		–	36,121

comprehensive income							
Income tax relating to components of other comprehensive income	24	–	–	–		–	24
Changes in allowance for expected credit losses of debt instruments at fair value through other comprehensive income	686	–	–	–		–	686
Amount reclassified to profit or loss as a result of derecognition of debt instruments measured at fair value through other comprehensive income	(267)	–	–	–		–	(267)
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	**36,230**	**334**	**–**	**–**		**–**	**36,564**
Other comprehensive loss, that will not to be reclassified subsequently to profit or loss							
Gain on equity instruments measured at fair value through other comprehensive income	15	–	–	–		–	15
Total other comprehensive income that will not be reclassified to profit or loss in subsequent periods	**15**	**–**	**–**	**–**		**–**	**15**
Other comprehensive income for the period, net of tax	**36,245**	**334**	**–**	**–**		**–**	**36,579**
Total comprehensive income for the period	**196,591**	**35,428**	**–**	**(1,581)**		**–**	**230,438**
Basic and diluted earnings per ordinary share (in tenge) (Note (f))	**1.77**						**2.14**

Notes to Unaudited Pro Forma Condensed Consolidated Financial Information

(a) Reflects the reclassification adjustments to conform the presentation of assets, liabilities, income and expense items to the accounting and presentation of the Bank.

(b) Elimination adjustment related to debt securities issued by Home Credit which are reflected as Investment securities in the statement of financial position of the Bank and purchased within Investment securities portfolio of the Bank.

(c) Reflects adjustment to write off the equity (including retained earnings, fair value reserve, share capital) of the Home Credit, which is expected to occur as part of the Acquisition.

(d) Estimated purchase value is approximately 268,000 million tenge, the adjustment reflects the cash expected to be transferred in connection with the close of the Acquisition.

(e) The goodwill presented in the pro forma condensed balance sheet has been determined as the difference between the expected consideration to be transferred and the book value of the assets and liabilities acquired from Home Credit as at 30 June 2025, adjusted for the differences in accounting policies between the Bank and Home Credit.

(f) Basic and diluted earnings per ordinary share were computed by dividing net profit attributable to shareholders by the weighted average number of ordinary shares outstanding during the reporting period.

The following table sets forth the computation of pro forma basic and diluted earnings per ordinary share:

	For the six-month period ended 30 June 2025		**For the year ended 31 December 2024**	
	Bank	***Bank and Home Credit***	***Bank***	***Bank and Home Credit***
Net profit attributable to shareholders, in millions tenge	100,007	121,759	160,346	193,859
A weighted average number of ordinary shares	89,814,874,287	89,814,874,287	90,452,669,892	90,452,669,892
Basic and diluted earnings per ordinary share, in tenge	1.11	1.36	1.77	2.14

(g) Reflects the adjustments to expected credit losses on loans to customers portfolio of Home Credit in the pro forma condensed consolidated statement of financial position as at 30 June 2025 and the adjustments to credit loss expenses of Home Credit in the unaudited pro forma condensed consolidated statements of comprehensive income for the year ended 31 December 2024 and the six-month period ended 30 June 2025, based on the following:

- Conformance of the accounting policies related to expected credit losses of Home Credit with the accounting policies of the Bank.
- Loans to customers in Home Credit's loan portfolio classified to Stage 2 category of credit risk are reclassified to Stage 1 category of credit risk in the Pro forma consolidated loan portfolio at the assumed date of acquisition with subsequent estimated effects on credit loss expense for the year ended 31 December 2024 and the six-month period ended 30 June 2025;
- Loans to customers in Home Credit's loan portfolio classified to Stage 3 category of credit risk are reclassified to purchased or originated credit-impaired (POCI) category in the Pro forma consolidated loan portfolio at the assumed date of acquisition with subsequent estimated effects on credit loss expense for the year ended 31 December 2024 and the six-month period ended 30 June 2025.

THE BANKING SECTOR AND BANKING REGULATION IN THE REPUBLIC OF KAZAKHSTAN

The Bank is subject to numerous laws and regulations in Kazakhstan governing banking activities, as well as, among other matters, payment services, anti-money laundering, data protection, and employment.

The following is only a summary and, as such, is not intended to provide an exhaustive description of all regulatory requirements to which the Bank is subject in Kazakhstan. The Bank believes that it is generally in compliance with applicable laws and regulations in Kazakhstan in all material respects. Although the Bank cannot predict the effect of changes to existing laws and regulations, it is not aware of any proposed changes or proposed new laws and regulations that would have a material adverse effect on the Bank's business, other than outlined below.

The Bank notes that the application of the regulations that are, in the Bank's opinion, material to its business and listed below may be subject to certain uncertainties and, therefore, may be associated with risks related to the Bank's business. The Bank refers to such uncertainties below. In addition, the Bank notes that general uncertainties in the Kazakhstan regulatory, enforcement and judicial landscape may also affect its business and results of operations, including:

- inconsistent interpretations, applications and enforcement of the law, including inconsistencies among laws, decrees, orders and regulations issued by the President of Kazakhstan, the Kazakhstan government, ministries and regulatory authorities and local laws, rules and regulations;
- limited judicial and administrative guidance on interpreting Kazakhstan legislation;
- the relative inexperience of judges, courts and arbitration tribunals in interpreting new principles of Kazakhstan legislation, particularly business and corporate law;
- substantial gaps in the regulatory structure due to the delay or absence of implementing legislation;
- a high degree of unchecked discretion on the part of governmental and regulatory authorities, including in matters of enforcement and interpretation of applicable laws, regulations and standards, the issuance and renewal of licenses and permits;
- uncertainties related to protection of property rights against expropriation and nationalisation;
- underdeveloped or still maturing banking, insurance and securities markets laws and regulations; and
- any future adverse changes in Kazakhstan tax law and advertising and e-commerce legislation.

See "*Risk Factors—Risks Relating to Kazakhstan*" and "*Risk Factors—Risks Relating to Taxation*" for more detail.

The main piece of Kazakhstan law regulating incorporation and management of joint stock companies is the JSC Law. See "*Description of Share Capital and Charter*" for more detail.

Introduction

Kazakhstan has a two-tier banking system, with the NBK comprising the first tier and all other commercial banks, including the Bank, comprising the second tier, with the exception of the Development Bank of Kazakhstan (DBK), which as a state development bank has a special status and belongs to neither tier. Generally, all financial institutions in Kazakhstan are required to be licensed and regulated by AFR. From 2004 until April 2011, these functions were carried out by Financial Market Supervision Agency (the "**FMSA**") and, prior to 2004, and from April 2011 until 1 January 2020, these functions were carried out by the Financial Market Supervision Committee (the "**FMSC**") of the NBK. In May 2019, the NBK proposed changes to legislation providing for the establishment of a new independent regulatory body responsible for financial markets control and development. With effect from 1 January 2020, the AFR was established. The AFR is responsible for the licensing and supervision of financial institutions, supervision and development of the financial market, as well as consumer rights protection, while the NBK focuses on monetary and currency control policies as well as inflation control.

The Government, the NBK, the FMSA, the FMSC and subsequently, the AFR, have undertaken significant structural reforms in the banking sector, aimed at promoting consolidation in the banking sector and improving the overall stability of the system.

Global financial instability, market dislocation, the COVID-19 pandemic, the unrest in Kazakhstan in January 2022 and, most recently, the impact of the armed conflict commenced by Russia in Ukraine, which is ongoing, have adversely affected the Kazakhstan banking sector, resulting in asset quality deterioration and reduced funding sources for Kazakhstan banks.

According to the International Monetary Fund (the "**IMF**"), Kazakhstan's banking sector is exposed to geopolitical risks, including the armed conflict commenced by Russia in Ukraine, which puts pressure on Kazakhstan's financial sector. Along with inflationary and exchange rate pressures, the spillover effects include increased sanctions risks as a result of heightened risks of Kazakhstan banks being involved in transactions with sanctioned entities, which could, in turn, results in the imposition of secondary sanctions.

Commercial Banks

Sanctions imposed against Russia have increased the concentration of the banking sector in Kazakhstan. Subsidiaries of three Russian banks, which represented 15.0 per cent. of total Kazakhstan bank assets prior to February 2022, were subjected to international sanctions. In coordination with the AFR, two such banks, Alfa Bank and the subsidiary of Sberbank in Kazakhstan have been acquired by local entities, thus increasing the concentration of Kazakhstan's banking sector. The third bank, Bank VTB (Kazakhstan), was recapitalised and has continued operating in Kazakhstan focusing on intermediating payments with Russia. The subsidiary bank of Sberbank in Kazakhstan was further renamed Bereke Bank, and after the sanctions against it were lifted by the U.S. Treasury Department in early March 2023, it was acquired by a Qatari-based Lesha Bank LLC.

As of 1 September 2025, the number of banks in Kazakhstan had increased to 23, as compared to 21 as at January 2025, following the conversion of two microfinance organizations into banks – BNK Commercial Bank, which was granted a banking licence on 25 June 2025, and KMF Bank, which obtained its banking licence on 12 August 2025.

As at 1 July 2025, the total capital of commercial banks was KZT9,346.3 billion, as compared to KZT8,891.9 billion, KZT6,861.9billion and KZT5,227.6 billion as at January 2025, January 2024 and January 2023, respectively. During such period, the total assets (including reserves) of such banks increased to KZT64,848.6 as at 1 July 2025 from KZT61,557.0 billion as at 1 January 2025, which in turn increased from KZT51,439.9 billion as at 1 January 2024. Aggregate liabilities were approximately KZT55,502.3 billion as at 1 July 2025, as compared to KZT52,667.1 billion and KZT44,579.5 billion as at 1 January 2025 and 1 January 2024, respectively. The aggregate net income of commercial banks amounted to KZT1,386.3 billion as at 1 July 2025, as compared to KZT2,565.1 billion and KZT2,193.8 billion as at 1 January 2025 and 1 January 2024, respectively.

In 2015, the NBK introduced a so-called "base rate" of the NBK which constitutes the main tool of monetary policy of the NBK and is used to regulate nominal interbank interest rates. By determining the level of the base rate, the NBK determines the target rate of the interbank short-term loans interest rate to ensure price stability in the medium term. After successive increases in 2022 and 2023, the NBK decreased the base rate to 15.25 per cent. on 22 January 2024, followed by further reductions to 14.75 per cent. on 26 February 2024, 14.50 per cent. on 3 June 2024, and 14.25 per cent. on 15 July 2024. On 2 December 2024, the rate was increased to 15.25 per cent and has been maintained on this level, before being increased to 16.5 per cent. on 11 March 2025. On 10 October 2025, the NBK raised the base rate once again to 18.0 per cent. in response to elevated inflationary pressures and to support price stability.

Foreign Capital in the Banking Sector

The liberalisation of the economy in Kazakhstan prior to the global financial crisis, which began in 2008, resulted in a number of foreign companies, including banks, establishing operations in Kazakhstan through direct investment or by participating in the banking and financial services sector. Foreign banks were prohibited from opening branches in Kazakhstan. Accordingly, foreign banks must establish a Kazakhstan subsidiary or joint venture in order to provide banking services in Kazakhstan.

A number of foreign banks have opened representative offices in Kazakhstan, including MUFJ Bank, Commerzbank AG, Deutsche Bank AG, ING Bank N.V., JP Morgan Chase Bank, N.A. and Société Générale.

However, the slowdown in Kazakhstan's economy in the following years has resulted in the withdrawal of a number of foreign investors from the Kazakhstan banking sector, including ABN Amro, Royal Bank of Scotland, HSBC and Uni Credit. In December 2020, Kazakhstan law was amended to widen access to the local financial market for foreign banks. Foreign banks are now able to provide a full range of banking services in Kazakhstan through their Kazakhstan branch offices upon receiving the relevant banking license in Kazakhstan.

The scope of the license to be issued by the AFR to a branch office of a foreign bank under the applications must correspond to the scope of the license that the foreign bank holds in its home jurisdictions. Branch offices of foreign banks are subject to Kazakhstan regulatory requirements including, inter alia, the relevant local capital requirements and other requirements related to risk management, internal controls system and corporate governance.

In response to the President Kassym-Jomart Tokayev's directive on attracting foreign banks to stimulate investment and increase competition, amendments to the Banking Law were adopted in June 2025, which provide for the following:

- reduction of the minimum total asset requirement for foreign banks planning to open a branch in Kazakhstan from U.S.$20 billion to U.S.$10 billion;
- reduction the number of documents required to obtain permission to open a subsidiary of a foreign bank or a branch of a foreign bank in Kazakhstan;
- expansion of the functionality of foreign banks' branches, including the ability to issue payment cards, conduct foreign currency exchange operations, provide syndicated financing, and provide custodial services. These amendments reduce restrictions that limit the operations of foreign banks branches' compared to banks established as JSC in Kazakhstan;
- allowing foreign banks' branches to place assets held as reserves in low-risk financial instruments; and
- abolition of the requirement for a bank to have their own premises for conducting operations.

Three new foreign banks have been recently attracted to Kazakhstan's banking sector:

- On 25 June 2025, BNK Commercial Bank, a subsidiary of BNK Financial Group (South Korea), obtained a banking license. Previously, BNK Commercial Bank operated as a microfinance organization.
- On 9 October 2024, Abu Dhabi Commercial Bank completed the acquisition of shares in JSC Islamic Bank Al Hilal. On October 21, 2024, JSC Islamic Bank Al Hilal was renamed JSC Islamic Bank ADCB.
- On 8 October 2024, 100.0 per cent. shares in Bereke Bank were acquired by Lesha Bank (Qatar).

Planned Regulatory Changes in the Banking Sector

The AFR has initiated significant regulatory changes in the banking sector in Kazakhstan. On 12 December 2024, the AFR published the Consultative Document on Regulatory Policy to the Draft Law "On Banks and Banking Activities in the Republic of Kazakhstan" ("**Consultative Document**"). The proposed reforms aim to modernise the legislative framework to address the development of the financial market, including the increasing role of digital financial technologies, the emergence of fintech companies, and the need to strengthen financial stability.

In August 2025, the Draft Banking Law incorporating the reforms outlined in the Consultative Document was submitted to the Mazhilis for consideration.

The Draft Banking Law suggests implementation of proportional regulation through the establishment of universal and basic banking licenses. This approach tailors regulatory requirements to the size, scale, and complexity of banking operations, supporting the growth of smaller regional banks while ensuring appropriate oversight of larger, systemically important institutions. Additionally, the Draft Banking Law to enhance innovation in the sector by enabling banks to engage with fintech companies and digital platforms, thereby broadening the scope of financial services.

Key elements of the reform also focus on improving consumer protection and cybersecurity. Furthermore, the Consultative Document aims to support the development of Islamic finance by enabling conventional banks to offer Islamic Draft Banking Law financial products through "Islamic windows", thereby fostering financial inclusion and diversification.

Importantly, the Draft Banking Law provides for the reform of the bank crisis management framework including introduction of the bank resolution mechanism purported to be in line with the IMF recommendations and international best practices.

These proposed changes, as detailed in the Consultative Document and the Draft Banking Law, are expected to position the Kazakhstani banking sector as a more robust and adaptive component of the national economy, contributing to sustainable financial growth and resilience in a rapidly changing global environment.

Regulation of the Banking Activities

The AFR

The AFR is the state authority responsible for regulating, controlling, and supervising of financial market and financial organisations in Kazakhstan. Although it is an independent institution, it is subordinate to the President of Kazakhstan. The President of Kazakhstan has the power, among other things, to appoint and remove the Chairman of the AFR, to appoint and remove the AFR's Deputy Chairman upon the proposal of the Chairman. The Chairman of the AFR is appointed for a term of six years. Ms. Madyna Abylkassymova was appointed as Chairman of the AFR in December 2019. The principal governing body of the AFR is the Executive Board. The Executive Board consists of seven members. The Executive Board of the AFR includes the Chairman, four officials of the AFR, one representative from the President of Kazakhstan, and one representative from the NBK.

The AFR performs most of the supervisory and regulatory functions in the financial sector. These functions were performed by the FMSA from 2004 until April 2011, and, prior to 2004, and from April 2011 until 1 January 2020, by the FSMC, which was a sub-division of the NBK.

The Agency for Protection and Development of Competition of the Republic of Kazakhstan (the "**Competition Agency**") administers anti-monopoly legislation in Kazakhstan with respect to the banking sector. However, certain issues of anti-monopoly regulation are under the jurisdiction of both the Competition Agency and the AFR. For example, economic concentrations involving a value exceeding certain thresholds require the prior consent of the Competition Agency. Such thresholds for the purposes of regulated financial organisations are established jointly by the Competition Agency and the AFR.

The NBK

The NBK is the central bank of Kazakhstan and the state authority that develops and conducts monetary policy, ensures the functioning of payment systems, conducts currency regulation and control and assists in ensuring the stability of the financial system and price stability in Kazakhstan. Although the NBK is an independent institution, it reports directly to the President of Kazakhstan. The NBK is authorised, among other things, to license legal entities conducting currency exchange operations and legal entities whose exclusive activity is the collection of banknotes, coins and valuables.

Financial Stability Council

The Financial Stability Council is an advisory and consultative body under the President of Kazakhstan and performs interagency coordination to ensure financial stability. The Financial Stability Council consists of the Chairman of the NBK (Chairman of Financial Stability Council); advisor of the President of Kazakhstan

(overseeing social and economic issues); Chairman of the AFR; Minister of Finance of Kazakhstan; Minister of the National Economy of Kazakhstan; and the Governor of the Astana International Financial Centre.

The primary objective of the Financial Stability Council is assisting in ensuring the financial stability of Kazakhstan and preventing or mitigating systemic risks. The Financial Stability Council initially considers and provides recommendations on issues related to ensuring financial stability, including:

- macroprudential policy implementation measures aimed at mitigating systemic risks of the financial system;
- measures for preventing financial turmoil and mitigation of its consequences;
- rehabilitation measures for insolvent banks, the forced liquidation of which may lead to systemic risks for the financial system, including state participation in such rehabilitation; and
- financing measures for rehabilitation of second-tier banks, including at the expense of the NBK or its subsidiaries.

The operating entity of the Financial Stability Council is the NBK. The Financial Stability Council may request and receive materials required for the implementation of the functions and objectives of the Financial Stability Council from Kazakhstan state authorities and other organisations on the terms set out in the Kazakhstan legislation. Such materials include, among other things, information from the NBK on identified systemic risks, results of assessments and the monitoring of systemic risks and proposed measures for their mitigation in terms of macroprudential issues, and information from the AFR on the financial condition and risks of financial organisations, supervisory and regulatory measures in terms of macroprudential policy and the financial condition and material position of insolvent banks, proposed measures for rehabilitation of insolvent banks and the rationale of necessity, practicability and efficiency of state participation in consideration of issues related to rehabilitation measures for an insolvent bank.

The Banking Law

The Law of the Republic of Kazakhstan No. 2444 dated 31 August 1995 "On Banks and Banking Activity", as amended (the "**Banking Law**"), is the main law regulating the banking sector in Kazakhstan. It establishes a framework for banking activities, registration and licensing of banks and regulation of banking activities by the AFR and the NBK.

The Banking Law provides for a list of banking operations that cannot be conducted without an appropriate license from the AFR and sets forth a list of activities permitted for banks and Bank Holdings (as defined below).

The Bank holds a banking license for performing banking and other certain operations and conducting activity in the securities market.

Systemically Important Financial Institutions

Under the NBK Law, to ensure the stability of the financial system, the NBK performs regular monitoring of macroeconomic and macrofinancial factors affecting the stability of Kazakhstan's financial system and establishes a macroprudential policy, which includes a set of measures aimed at lowering the systemic risks of the financial system. Such systemic risks include the risks of interruption of the provision of financial services, which could possibly lead to the deterioration of the financial condition of the whole financial system or its parts, or the risk of interruption of the stable functioning of the financial system. Systemic risks also include risks relating to the operation of systemically important financial institutions, whose stable functioning determines the overall stability of the financial system.

Among other functions, the NBK, subject to the approval of the AFR, determines the criteria for classifying financial institutions as systemically important and manages the list of such financial organisations. Second-tier banks may be assigned the status of a systemically important financial institution subject to the NBK's determination. The stable functioning of a systemically important financial organisation determines the stability of the country's financial system as a whole or of its separate segments.

The following criteria are used for determining whether a second-tier bank is a systemically important financial institution:

- scale of the bank, i.e., the share of the bank's total assets and liabilities of the total assets and liabilities of all second-tier banks;
- interrelatedness of the bank with financial market participants:
  - share of the bank's inter-bank assets, contingent assets towards second-tier banks and investments in its subsidiaries of the total amounts for second-tier banks;
  - share of the bank's inter-bank liabilities, contingent liabilities towards second-tier banks and liabilities on pension assets of the Unified Accumulative Pension Fund invested by deposits and securities of the total amounts for second-tier banks; and
  - share of the amount of individuals' deposits placed with the bank guaranteed by the Kazakhstan Deposit Guarantee Fund, of the total amount of such deposits, placed with all banks guaranteed by the Kazakhstan Deposit Guarantee Fund;
- fungibility of the bank:
  - share of the total amount of payments made by the bank through the inter-bank money transfer system, inter-bank clearing system, payments in the e-banking market (in a banking network), payments and transfers made through correspondent accounts opened between the bank and its counterparties, through international money transfer systems in the total amounts for second-tier banks;
  - share of the bank's loan portfolio of the total loan portfolio of second-tier banks; and
  - share of assets accepted by the bank for custody services of the total assets accepted by second-tier banks for custody services; and
- complexity of banking operations performed by the bank:
  - share of total contingent claims of the bank on derivatives and foreign currency of the total amounts for second-tier banks;
  - share of total contingent liabilities of the bank on derivatives and foreign currency of the total amounts for second-tier banks; and
  - proportion of the total amount of securities at fair value through profit or loss and securities at fair value through other comprehensive income held by banks in the total amounts for second-tier banks.

Capital Requirements

All second-tier banks, including the Bank, are subject to regulations regarding regulatory capital and risk management. These regulations represent a substantial step towards the implementation of the Basel II and III accords. The AFR sets limits and rules for calculating capital adequacy, maximum credit exposures to single borrowers, liquidity ratios and open currency positions limits and may further establish additional prudential requirements applied in international banking practice.

According to the Resolution of the Management Board of the NBK No. 170 dated 13 September 2017, as amended, (the "**Resolution No. 170**") own capital of a bank and its components are defined through an exhaustive list of different categories of debt and equity that qualify for treatment as capital and certain ratios, as applicable.

In accordance with Resolution No. 170, the bank's regulatory "own capital" is calculated as the sum of tier 1 capital and tier 2 capital (the "**Tier 2 Capital**"). In its turn, tier 1 Capital comprises "base capital" and additional tier 1 capital (the "**Additional Tier 1 Capital**").

Additional Tier 1 Capital includes, subject to certain adjustments certain categories of preferred shares and "perpetual financial instruments" (the **Additional Tier 1 Instruments**) which are defined by the Banking Law as unsecured obligation of a bank under issued bonds or an attracted loan which (i) is issued for a term of not less than fifty (50) years, (ii) does not give creditors the right to claim early redemption, and (iii) may be redeemed by the issuer only if such redemption does not cause a breach by the bank of any prudential requirements and (iv) ranks in the tenth (the last) order of priority in case of the bank's forced liquidation and after the claims under Subordinated Tier 2 Debt (as defined below). The Resolution No. 170 envisages more detailed criteria for Additional Tier 1 Instruments eligible to be included into the Additional Tier 1 Capital which are generally in line with Basell III requirements. The Additional Tier 1 Instruments can only be included into the bank's own capital calculations upon a written confirmation from the AFR which may be obtained by the bank after the respective instrument is issued and paid for by the creditor(s). Tier 2 Capital includes, subject to certain adjustments, "subordinated debt" of the bank (the "**Subordinated Tier 2 Debt**") which is defined by the Banking Law as unsecured obligation of a bank under issued bonds or an attracted loan which (i) is issued for a term of not less than five (5) years, (ii) does not give creditors the right to claim early redemption, and (iii) may be redeemed by the issuer only if such redemption does not cause a breach by the bank of any prudential requirements and (iv) ranks in the tenth (the last) order of priority in case of the bank's forced liquidation. The Resolution No. 170 envisages more detailed criteria for Subordinated Tier 2 Debt eligible to be included into the Tier 2 Capital which are generally in line with Basell III requirements. Under the Banking Law, with a view to restoring the financial soundness of a bank which has been recognised by the AFR as "insolvent", the AFR is entitled to adopt a decision on the mandatory restructuring of certain liabilities of the insolvent bank, including Additional Tier 1 Instruments and Subordinated Tier 2 Debt, by way of a full or partial write down of obligations and (or) the conversion of securities and other monetary liabilities of an insolvent bank into its common shares. See also "*— Power of AFR to Mandatorily Restructure Bank's Liabilities*" below and "*Risk Factors—Risk Related to the Notes— The Notes may be subject to statutory write down, conversion or variation*".

The Resolution No. 170 requires banks (including the Bank) to maintain a k1 capital adequacy ratio (base capital to total risk weighted assets) of 5.5 per cent., and a k1-2 capital adequacy ratio (Tier 1 capital to total risk weighted assets) of 6.5 per cent. The k2 capital adequacy ratio (own capital to total risk weighted assets) requirement is 8.0 per cent.

In relation to a specific bank, the minimum capital adequacy ratios k1, k1-2 and k2 specified above may be increased based on the results of the AFR's risk-based supervision conducted through the annual supervisory review and evaluation process assessing risks and deficiencies in a bank's activities ("**SREP**") and/or the regular annual asset quality review of a bank's assets and contingent (potential) liabilities ("**AQR**"). The range of the supervisory add-on established based on the results of SREP is from 0.0 per cent. to 3.0 per cent. of total risk weighted assets and applies to banks that are not included in the perimeter of the regular AQR. For banks subject to both SREP and regular AQR, the supervisory add-on may range from 0.0 per cent. to 6.0 per cent. of total risk weighted assets. The supervisory add-on determined based on the results of SREP, as well as the add-on based on the results of SREP and regular AQR, is established annually.

In line with the Basel III accord, Resolution No. 170 sets forth different requirements for banks that fall under the definition of systematically important financial organisations and for the banks which do not qualify as such and introduces two additional capital buffers: a "capital conservation buffer" and a "systematic buffer". All banks, except for systemically important financial organisations, must maintain levels of k1, k1-2 and k2 ratios, accounting for the conservation buffer, of 8.0 per cent., 9.0 per cent. and 10.5 per cent., respectively. In turn, systemically important financial organisations must maintain such ratio, including the system buffer, at minimum levels of 9.5 per cent., 10.5 per cent., and 12.0 per cent., respectively.

In addition to the capital adequacy ratios, the AFR may, based on the results of supervisory stress testing, establish a supervisory stress test buffer, which reflects the bank's financial resilience to adverse stress scenarios. The range of the supervisory stress test buffer is from 0 per cent. to 3 per cent. of total risk-weighted assets.

Where k1, k1-2 and k2 ratios of a bank comply with capital adequacy requirements but at least one of them falls below the capital adequacy ratios calculated together with capital buffer requirements, such a bank is restricted from paying dividends or buying back shares, except as provided by the JSC Law.

The Banking Law further requires banks to maintain a countercyclical capital buffer (the "**CCyB**") and a sectoral countercyclical capital buffer (the "**Sectoral CCyB**") aimed to ensure that the capital requirements of the banking sector take into account the macro-financial environment in which banks operate. In implementing the Banking Law, the Resolution of the Management Board of the NBK No. 52 dated 25 August 2025 (the "**Resolution No. 52**"), envisages that CCyB may be in the range between 0.0 and 3.0 per cent. of total risk weighted assets and, as of the date of this Information Memorandum, the applicable CCyB rate is set at 0.0 per cent. Sectoral CCyB, which is aimed at mitigating risks in specific segments of the lending market, should be calculated based on the amount of total assets weighted for credit risk related to a given lending segment. The Resolution No. 52, envisages that Sectoral CCyB may be in the range between 0.0 and 6.0 per cent. of total assets weighted for credit risk related to a given lending segment. The applicable Sectoral CCyB rates are currently set as follows: (i) for loans to individual consumers (excluding individual entrepreneurs): 0.0 per cent. until 31 March 2026 and 2.0 per cent. from 1 April 2026 onwards, and (i) for loans to legal entities and individual entrepreneurs: 0.0 per cent. Any increase in the regulatory value of the CCyB or Sectoral CCyB comes into force 12 months after the date of the relevant decision of the Financial Stability Council.

If a bank fails to calculate or maintain the respective capital adequacy ratios or buffers, the bank may be subject to restrictions on dividend payments and share buy-backs until full compliance is restored.

The NBK annually conducts re-assessment and updates the list of systemically important financial organisations. For 2025, the Bank has been recognised as a "potentially systemically important financial institution" and may be designated by the NBK as a systemically important bank for 2026 or at any other point in time in future, which would require the Bank to comply with the regulatory ratios applicable to banks holding this status.

Shareholders of a bank who have the status of the Bank Holding or Major Participant (each, as defined below) of the bank are obliged to take measures provided for by the NBK regulations to maintain the capital adequacy ratios of the bank. In the event of a deterioration in the bank's financial position, the Bank Holding or Major Participant must, upon the request of the AFR, take measures to improve the bank's financial position, including increasing the bank's equity to an amount sufficient to ensure the bank's financial stability.

As at the date of this Information Memorandum, the minimum charter capital for a newly-established bank was set at the level of KZT10 billion. In turn, the minimum capital base for a bank currently amounts to KZT10 billion.

Liquidity Ratios

Second-tier banks are required to maintain liquidity ratios that include: current liquidity ratio, the short-term liquidity ratio, and the short-term foreign currency liquidity ratios. The Bank's current liquidity ratio k-4 is calculated as the ratio of the bank's average monthly highly liquid assets to the average monthly amount of on-demand liabilities, taking into account accrued interest. The short-term liquidity ratio k4-1, k4-2, and k4-3 are calculated as the ratios of the average monthly amount of highly liquid assets (for k4-2 and k4-3 – liquid and highly liquid assets) to the average monthly amount of short-term liabilities with a remaining maturity of up to 7 days, 1 month, and 3 months, respectively. The short-term foreign currency liquidity ratios k4-4, k4-5, and k4-6 are calculated as the ratios of the average monthly amount of highly liquid foreign currency assets (for k4-5 and k4-6 – liquid and highly liquid foreign currency assets) to the average monthly amount of short-term liabilities in the same foreign currency with a remaining maturity of up to 7 days, 1 month, and 3 months, respectively.

As at the date of this Information Memorandum, the minimum values of the specified ratios are as follows: k4 - 0,3; k4-1 - 1; k4-2 - 0,9; k4-3 - 0,8; k4-4 - 1; k4-5 - 0,9; and k4-6 - 0,8.

Regulation of Retail Lending

Kazakhstan banks are required to maintain calculations of a debtor's debt ratio in two forms: calculation of a borrower's credit score and calculation of a borrower's debt ratio. Calculation of the borrower's debt ratio is required to determine whether the bank can grant unsecured consumer loans.

Consumers are able to meet the required borrower's credit score if their wage ratio exceeds the Minimum Subsistence Level ("**MSL**"), which is KZT46,228 as at the date of this Information Memorandum. The formula set for determining the minimum borrower's credit score is as follows:

Monthly wage ≥ MSL + 0.5*MSL*(number of infant family members).

The calculation of the monthly wage is made taking into account, among other things, the following:

- official wage for a period of 6 months preceding the borrower's application for the loan, which could be confirmed by documental means, among others, in the form of an extract from the Unified Accumulative Pension Fund, the database of State Corporation "Government for Citizens," or an extract from the borrower's bank account(s);
- the borrower's average expenses with the use of a debit card for a period of 6 months prior to the application for loan;
- average balances on the borrower's debit cards for a period of 6 months prior to the application for loan; or
- average monthly amount of withdrawals from the borrower's deposit(s) or current bank account(s) for a period of 6 months prior to the application for loan.

The borrower's debt ratio is calculated as the ratio of the total monthly payment on all outstanding loans of the borrower, including overdue payments on such loans, together with the average monthly payment on the borrower's new debt, to the borrower's average monthly income over the last 6 months.

If a borrower's monthly wage is lower than the amount calculated per the above and the debtor's debt ratio exceeds 0.5, banks cannot provide loans or credit lines to such a borrower and cannot refinance such borrower's existing loans if such refinancing would increase the borrower's debt ratio.

In addition, the Banking Law provides that under a loan agreement granted to an individual who is not engaged in entrepreneurial activity, a bank is not allowed to accrue and claim interest, penalty (fees or charges), or fees or other payments connected with such loan, following 90 consecutive calendar days of the individual's delay in repaying any payments of the principal debt amount or interest on the loan. This restriction, however, does not apply to retail loans entered into with an individual if, as at the effective date of the loan agreement, the principal amount under the loan was secured in full by a property subject to registration or cash collateral.

Deposit Insurance

In December 1999, a self-funded domestic deposit insurance scheme was established. As at the date of this Information Memorandum, 21 banks, including the Bank, are covered by this scheme. At present, the insurance coverage is limited to personal deposits in any currency and current accounts up to a maximum amount per customer of KZT20 million for a saving deposit in tenge, KZT10 million for other deposits in tenge and KZT5 million for deposits in a foreign currency at any given bank. Only banks participating in the deposit insurance scheme are authorised to open accounts and take deposits from private individuals and participation in the deposit insurance scheme is mandatory for second-tier banks. If a customer holds several deposits of different kinds and in different currencies with a bank, such customer is entitled to receive aggregate guaranteed compensation in respect of such deposits in an amount not exceeding KZT20 million.

Deposit Interest Rate Caps

On 1 January 2024, a regulation in relation to deposit interest rates came into force. Under this regulation, fixed interest rate caps for tenge-denominated deposits with fixed interest rates apply only to the so-called "less than well capitalised banks." Interest rate caps for deposits in foreign currency are fixed at 1.0 per cent. and apply to all banks. The criteria for classifying as a less than well capitalised bank are established by the internal rules of Kazakhstan Deposit Insurance Fund JSC, a wholly owned subsidiary of the NBK. The Bank currently does not fall within the criteria for being classified as "less than well capitalised bank."

Acquisition of Shares of Kazakhstan Banks

Shareholders of a Kazakhstan bank

Under the Banking Law, any individual or legal entity, both residents and non-residents of Kazakhstan, can be a shareholder of a Kazakhstan bank except as follows:

- a legal entity registered in an Offshore Jurisdiction (as defined below) cannot directly and/or indirectly own voting shares in a Kazakhstan bank, unless such Kazakhstan bank is a subsidiary of a non-resident bank and such non-resident bank has the minimum required credit rating issued by one of the rating agencies determined by the AFR; or

- an individual or a legal entity cannot own shares in a Kazakhstan bank exceeding a certain threshold established by the Banking Law without the prior written consent of the AFR (as described below).

General ownership restriction

Direct or indirect acquisition of shares in a Kazakhstan bank may require the prior written consent of the AFR if certain thresholds set out under the Banking Law are met or exceeded.

In particular, without obtaining the prior written consent of the AFR no person (whether independently or jointly with another person) can directly or indirectly:

- own, use or dispose 10.0 per cent. or more of the Kazakhstan bank's placed shares (excluding preferred shares and shares redeemed by the respective Kazakhstan bank), and also

- have control or the ability to influence the decisions made by the respective Kazakhstan bank in the amount of 10.0 per cent. or more of the Kazakhstan bank's placed shares (excluding preferred shares and shares redeemed by the respective Kazakhstan bank).

This requirement, among other things, does not apply to the state or the national managing holding, an organisation specializing in improving the quality of loan portfolios of second-tier banks, subsidiaries of the NBK, and a single accumulative pension fund if it owns 10.0 per cent. or more of a Kazakhstan bank's placed shares (excluding preferred shares and shares redeemed by a Kazakhstan bank) at the expense of pension assets.

If a person acquires (whether independently or jointly with another person), directly or indirectly, 10.0 per cent. or more of the voting shares of a bank without obtaining the prior written consent of the AFR, the AFR has the right to apply the supervisory response measures envisaged by the Banking Law, which includes, among others, the requirement for the sale of shares in a bank by the respective person within a period not exceeding six months. In addition, exercising a right to vote at a general meeting of shareholders without the relevant AFR consent may be subject to a legal challenge by the AFR or any other interested party of the legality of the general meeting and any decision taken at such general meeting of shareholders.

A person who has acquired 10.0 per cent. or more of the voting shares of a Kazakhstan bank is considered its affiliate and must disclose its identity to the respective Kazakhstan bank in the manner prescribed by the law. Information about the identity of an affiliate is publicly available. The owner of 10.0 per cent. or more of the voting shares in a Kazakhstan bank also assumes certain obligations, including the obligation to support the respective bank in remedying any financial problems it may incur (primarily through providing equity capital or subordinated debt), an obligation to obtain a credit rating and ongoing reporting obligations.

The Banking Law also provides for such terms as "Major Participant" and "Bank Holding" in relation to shareholders of a Kazakhstan bank.

Major Participant status

Under the Banking Law, an individual or a legal entity (except for, among others, the state, the national managing holding, an organisation specializing in improving the quality of credit portfolios of Second- Tier Banks and subsidiaries of the NBK), which (whether independently or jointly with another person):

- may directly or indirectly own 10.0 per cent. or more of placed shares of a Kazakhstan bank (excluding preferred shares and shares redeemed by a Kazakhstan bank);
- may directly or indirectly be able to vote with 10.0 per cent. or more of the Kazakhstan bank's voting shares; or
- may influence the decisions taken by the Kazakhstan bank by virtue of a contract or otherwise,

will be deemed to be a major participant of a Kazakhstan bank (the "**Major Participant**") and will need to obtain the prior written consent of the AFR before acquiring such status.

Bank Holding status

Under the Banking Law, a legal entity (except for, among others, the state, the national managing holding, an organisation specializing in improving the quality of credit portfolios of second-tier banks and subsidiaries of the NBK), which (whether independently or jointly with another person):

- may directly or indirectly own 25.0 per cent. or more of the Kazakhstan bank's placed shares (excluding preferred shares and shares redeemed by a Kazakhstan bank);
- may directly or indirectly be able to vote with 25.0 per cent. or more of the Kazakhstan bank's voting shares; or
- may determine the decisions taken by the Kazakhstan bank, by virtue of a contract or otherwise, or have control,

will be deemed to be a bank holding of a Kazakhstan bank (a "**Bank Holding**") and will need to obtain the prior written consent of the AFR before acquiring such status.

A foreign legal entity may directly hold 25.0 per cent. or more of the placed shares (excluding preferred shares and shares redeemed by a Kazakhstan bank) of a Kazakhstan bank, or has the ability to vote directly with 25.0 per cent. or more of the Kazakhstan bank's voting shares, only if such foreign legal entity is a financial organisation that: (i) is authorised to conduct financial activities in its home jurisdiction; (ii) has regulatory approval from its home financial regulator, where required, to hold shares in a Kazakhstan bank; (iii) meets the minimum credit rating requirements as described below; and (iv) is subject to consolidated supervision in its home jurisdiction.

The Banking Law sets forth a list of activities permitted for a Bank Holding. Such permitted activities include, among others:

- establishment or acquiring shares by a Bank Holding of certain legal entities, including, (i) financial organisations, (ii) organisations engaged in development, implementation and support of software used by financial organisations, (iii) legal entities-non-residents of the Republic of Kazakhstan having the status of banks, insurance organisations, pension funds, professional participants in the securities market, (iv) organisations providing services to enable transactions between financial institutions or issuers and consumers of financial services using information system via the Internet;
- acquiring the bonds of, among others: (i) international financial organisations, including, Asian Development Bank, Eurasian Development Bank, European Bank for Reconstruction and Development, International Monetary Fund, International Finance Corporation, (ii) bonds that meet the requirements established by the NBK, such as bonds issued by the Ministry of Finance of the Republic of Kazakhstan, the NBK or local executive bodies of the Republic of Kazakhstan, bonds of foreign issuers having S&P rating not lower than "B" (or equivalent Fitch or Moody's rating), and bonds issued by the governments of foreign countries having S&P sovereign rating of at least "BBB-" (or equivalent Fitch or Moody's rating), (iii) own bonds of a Bank Holding and bonds issued by subsidiaries of the Bank Holding that are guaranteed by the Bank Holding;
- acquiring assets from a person not associated with the Bank Holding by special relations for the Bank Holding's own needs;

- providing consulting services on issues related to financial activities;
- sale of own assets.

The limitations established by the Banking Law in relation to permitted activities do not apply to:

(1) a Bank Holding that indirectly own the shares of the bank through ownership of shares of a Bank Holding-resident of Kazakhstan that directly owns the shares of the bank;
(2) a Bank Holding-non-resident of Kazakhstan that:
    (i) has S&P rating not lower than "A" (or equivalent Fitch or Moody's rating) and is subject to consolidated supervision in its home jurisdiction; or
    (ii) the state of residence of such Bank Holding has an agreement with AFR (or NBK) on the exchange of information, and the Bank Holding has the minimum required rating of one of the rating agencies;
(3) a Bank Holding-resident of Kazakhstan that qualifies as a financial organization.

Consent of the AFR

Under the Banking Law, the AFR's consent for a Major Participant or Bank Holding status is issued by the AFR within 50 business days after the relevant application is submitted to the AFR subject to the provision of required documents and absence of grounds for the AFR's refusal to issue the consent established by the Banking Law, which include, among others:

- unstable financial condition of the applicant;
- breach of requirements of Kazakhstan competition regulations as a result of acquiring the Major Participant or Bank Holding status;
- potential deterioration of financial condition of the bank;
- inefficiency of the provided recapitalisation plan in the case of deterioration of a bank's financial condition; and
- lack of impeccable business reputation of an applicant who is an individual or the managerial personnel of an applicant which is a legal entity.

Minimum credit rating requirement

Non-resident legal entities may obtain the consent of the AFR to acquire the status of a Bank Holding or a Major Participant if such non-resident legal entities or their parent companies meet a minimum required credit rating determined by the AFR. This requirement does not apply to: (i) a non-resident legal entity that intends to indirectly own 10.0 or more per cent of the bank's issued shares through ownership of shares of a non-resident legal entity, which is a Major Participant (Bank Holding) of the bank, directly owning 10.0 or more per cent of the bank's issued shares and having the minimum required rating, and (ii) cases of acquisition by a non-resident financial organisation of Kazakhstan of 100.0 per cent. of the shares of a resident bank of Kazakhstan from national management holding company (e.g. JSC NMH Baiterek).

Offshore Jurisdictions prohibition

In accordance with Article 17(5) of the Banking Law, legal entities registered in any of the Offshore Jurisdictions (as listed below) cannot directly or indirectly own, use, or dispose of voting shares of a Kazakhstan bank, unless such Kazakhstan bank is a subsidiary of a non-resident bank and such non-resident bank has the minimum required rating of one of the rating agencies determined by the AFR.

Offshore Jurisdictions refer to states or territories that provide a preferential tax regime and (or) do not require disclosure or reporting of information in connection with financial transactions.

The exact list of Offshore Jurisdictions is determined by the AFR. The following are currently Offshore Jurisdictions: Principality of Andorra; State of Antigua and Barbuda; Commonwealth of the Bahamas; Barbados State; State of Belize; the state of Brunei Darussalam; Republic of Vanuatu; Republic of Guatemala; State of

Grenada; Republic of Djibouti; Dominican Republic; the Canary Islands (Spain); Macau Special Administrative Region (People's Republic of China); Federal Islamic Republic of Comoros; Republic of Costa Rica; Labuan enclave (Malaysia); Republic of Liberia; Madeira Islands (Portugal); Republic of Maldives; Republic of Malta; Republic of Marshall Islands; Union of Myanmar; Republic of Nauru; Aruba and the dependent territories of the Antilles (Netherlands); Federal Republic of Nigeria; Cook Islands and Niue (New Zealand); Republic of Palau; Republic of Panama; Independent State of Samoa; Republic of Seychelles; State of Saint Vincent and the Grenadines; Federation of Saint Kitts and Nevis; State of Saint Lucia; Anguilla Islands, Bermuda, British Virgin Islands, Gibraltar, Cayman Islands, Montserrat Island, Turks and Caicos Islands, the Channel Islands of Sark and Alderney, South Georgia Island, South Sandwich Islands and Chagos Island (United Kingdom); U.S. Virgin Islands, Wyoming, Guam, the Commonwealth of Puerto Rico (United States); Kingdom of Tonga; Republic of the Philippines; Republic of Montenegro; Democratic Republic of Sri Lanka; United Republic of Tanzania; Commonwealth of Dominica; Cooperative Republic of Guyana; Lebanese Republic; Islamic Republic of Mauritania; Mariana Islands; City of Tangier (Kingdom of Morocco); Republic of Suriname; Republic of Trinidad and Tobago; Sovereign Democratic Republic of Fiji; Kerguelen Islands, French Guiana and French Polynesia (France); and Jamaica.

Financial Stability

Under the Banking Law, in the event of a breach by a bank of capital adequacy or liquidity ratios, or two or more breaches by a bank in any 12-month period of any other prudential or other mandatory requirements, the Kazakhstan government, based on the proposal of the AFR, may acquire, either directly or through a national management holding company, the issued shares of any bank in Kazakhstan to the extent necessary (but not less than 10.0 per cent. of the total amount of placed shares of such bank, including those to be acquired by the Kazakhstan government or the national management holding company) to improve such bank's financial condition and ensure compliance with prudential or other mandatory requirements. If all authorised shares are outstanding or the number of unplaced or treasury shares is insufficient for the acquisition, the Kazakhstan government may approve the increase of the number of authorised shares of the bank, the number of shares to be placed in favour of the Kazakhstan government and the placement price. The Banking Law provides that the management and shareholders of an affected bank are not granted any right to approve any such acquisition, and any shares issued as part of any such acquisition may be issued without granting pre-emptive rights to existing shareholders. Following such an acquisition, the state body authorised to manage state property or the national management holding company is authorised to appoint no more than 30.0 per cent. of the members of the board of directors and the management board of the affected bank.

The Kazakhstan government or the national management holding company must sell the acquired shares by way of direct sale or through the stock exchange in case of improvement to the financial condition of the bank.

If a bank's liabilities exceed its assets, the AFR may buy out shares of such bank subject to the consequent sale of the shares to an investor guaranteeing improvement of the bank's financial condition. The buyout is carried out under the AFR's decision at the price determined by the AFR taking into account the ratio of the bank's assets to its liabilities as at the date of the AFR's decision. The shares are subsequently sold at the price the AFR bought the shares from the original shareholder to the investor that complies with the requirements set out by the Banking Law on the shareholders of the bank. See "*—Acquisition of Shares of Kazakhstan Banks—Shareholders of a Kazakhstan bank*."

The main objectives of these regulations are to improve early detection mechanisms for risks in the financial system, provide powers to the Kazakhstan government and the AFR to acquire shares in commercial banks that face financial problems, and improve the overall condition of financial institutions in Kazakhstan.

As mentioned above, the Draft Banking Law contains more detailed regulation of the various procedures which may be applied by AFR to improve or restore the financial position of the banks. If adopted, the Draft Banking Law is expected to amend the respective procedures and powers of the AFR to bring them closer to the internationally recognised standards.

Other Regulations

The Banking Law establishes an exhaustive list of activities allowed for a Bank Holding and lists the types of legal entities whose shares may be acquired by a bank or a Bank Holding.

Under the Banking Law, the AFR's consent is required for election or appointment of the managerial personnel of a bank and of a Bank Holding.

For consent purposes, managerial personnel of a bank includes head and members of the board of directors, head of the management board, its deputies, members of the management board, chief accountant, deputy chief accountant and other managers of a bank responsible for coordinating or monitoring the activities of more than one structural unit of the bank and authorised to sign documents on the basis of which banking operations are conducted.

The managerial personnel of a Bank Holding:

(1) if a Bank Holding is a resident of Kazakhstan – includes head of the board of directors, its deputies, members of the board of directors, head of the management board, its deputies, members of the management board, chief and deputy chief accountant and other managers of a Bank Holding responsible for coordinating or monitoring the activities of subsidiaries or organisations where a Bank Holding holds (directly or indirectly) significant participation in the capital of such organisation (i.e., holds 20.0 per cent. and more of voting shares (participatory interests in the charter capital) (whether independently or jointly with another legal entity));
(2) if a Bank Holding is non-resident of Kazakhstan – includes head of the board of directors, its deputies, members of the board of directors, head of the management board, its deputies, members of the management board, and chief accountant.

Management of Distressed Assets

The Banking Law allows a bank, upon receipt of the consent of the AFR, to establish or acquire a subsidiary organisation acquiring distressed assets of the parent bank. The Bank has established two subsidiary organisations acquiring distressed assets of the parent bank, OUSA Alliance LLP and OUSA-F LLP, established 9 February 2013 and 19 August 2015 respectively, to manage the Bank's distressed assets.

The procedure for a subsidiary acquiring distressed assets of the parent bank, the period during which the subsidiary manages the acquired distressed assets, as well as the requirements for such assets are established by the AFR. Such subsidiary organisation may conduct only those activities related to the management of distressed assets which are in line with the regulations of the AFR.

A subsidiary organisation acquiring distressed assets is obliged to transfer the money received from its activities to the parent bank, except for amounts of expenses related to the implementation of the activities related to acquisition and disposal of distressed assets under the Banking Law.

Supervisory authority of the AFR under the Banking Law

Under the Banking Law, the AFR may apply a number of supervisory response measures with respect to banks (including second-tier banks in Kazakhstan such as the Bank), Bank Holdings, the managerial personnel of the respective bank and the Bank Holding, their respective Major Participants, a bank conglomerate or organisations included in a bank conglomerate in order to protect the interests of depositors, creditors, clients and correspondents of banks, ensure the financial stability of banks and prevent deterioration of financial conditions and increasing risks related to bank's banking activities.

Supervisory Response Measures

The Banking Law allows the AFR to apply the following supervisory response measures:

- recommended supervisory response measures;
- measures for improvement of financial condition and minimisation of risks; and
- compulsory measures of supervisory response.

Recommended supervisory response measures

"Recommended supervisory response measures" are taken by the AFR when deficiencies, risks or violations in the activities of banks, Major Participants, Bank Holdings, the bank conglomerate or organisations included in the bank conglomerate do not have material impact on financial stability and do not threaten their financial condition and / or interests of the bank's depositors. Such measures include making a notification on discovered instances of non-compliance to a bank's governing bodies, Major Participants, Bank Holdings or bank conglomerate member entity, recommendation on mitigation of revealed instances of non-compliance and warning on implementation of other supervisory response measures.

Measures on improvement of financial conditions and minimisation of risks

The Banking Law allows the AFR to apply a number of measures aimed at the improvement of the financial conditions and minimisation of risks of the banks, Major Participants, Bank Holdings, the bank conglomerate or organisations included in the bank conglomerate. In particular, Article 46 of the Banking Law allows the AFR to apply, among other things, the following measures aimed at the improvement of financial condition and minimisation of risks, including:

- requiring that the bank maintains the capital adequacy ratios or liquidity ratios above the minimum levels established by the NBK;
- removing the managerial personnel of a bank;
- suspending or restricting carrying out certain types of banking and other operations, carrying out certain types of transactions or establishing a special procedure for their implementation;
- restructuring of assets or bank liabilities, including changes in their structure;
- reduction of expenses, including through the termination or limitation of additional hiring of employees, closure of branches and representative offices, subsidiaries, restriction of remuneration and other types of material incentives for top management;
- suspension or restriction of investments in certain types of assets or the establishment of their special order of implementation;
- forming provisions or reserves according to international financial reporting standards;
- restricting operations with persons connected with a bank by special relations; and
- suspending accrual or payment of dividends on shares or unlimited financial instruments.

The AFR can apply the above compulsory measures by way of:

- issuing mandatory written instructions to a bank, a Major Participant, a Bank Holding, a bank conglomerate or an organisation included in the bank conglomerate, setting out compulsory measures to be taken by such an entity or requiring develops an action plan to restore such financial condition;
- entering into an agreement with a bank, a Major Participant, a Bank Holding, a bank conglomerate or an organisation included in the bank conglomerate, setting out measures to be taken by such an entity to remedy any identified breaches.

While not being directly named "compulsory" these measures on improvement of financial conditions and minimisation of risks are effectively compulsory in nature.

Compulsory measures of supervisory response

The Banking Law sets out a list of compulsory measures of supervisory response. AFR applies compulsory measures of supervisory response to Major Participants and Bank Holdings, as well as organisations that are part of a banking conglomerate if, among others:

- the use of other supervisory response measures cannot ensure the protection of the interests of depositors and creditors, the financial stability of a bank, and the minimisation of risks associated with the activities of a bank; or

- the actions or inaction of a Bank Holding or a Major Participant could lead to a further deterioration in the financial position of the bank or Bank Holding.

If a bank's shareholders include a Major Participant or a Bank Holding, the AFR may require such shareholders to decrease their direct or indirect ownership of the relevant bank to less than 10.0 per cent. of the bank's voting shares in the case of a Major Participant and less than 25.0 per cent. of the bank's voting shares in the case of a Bank Holding. Such measures can be applied to a bank's shareholder when, for example, the bank's shareholders which are Major Participants or a Bank Holding are in an unstable financial condition, which may negatively affect the bank concerned.

The AFR may apply measures on the improvement of financial conditions, the minimisation of risks, and compulsory measures of supervisory response when it discovers any deficiencies, risks or violations including based on its justified judgment.

Bank with an Unstable Financial Situation

The AFR can classify a bank as a "bank with an unstable financial situation" threatening the interests of its depositors and creditors or threatening the stability of the financial system if:

- the bank's capital adequacy ratios fall below the minimum levels required under the applicable banking legislation;

- the bank fails to meet its monetary obligations or other financial claims of creditors due to a lack or insufficiency of funds;

- facts (or transactions) are identified, the accurate reflection of which in the bank's financial or other reporting would result in a breach of capital adequacy ratios and/or failure to meet its monetary obligations and other financial claims of creditors; or

- deficiencies and/or risks are identified in the bank's operations that may create a situation threatening the bank's stable functioning and/or the interests of its depositors and/or creditors, and/or the stability of the financial system.

The AFR may apply any supervisory response measures to the bank with an unstable financial situation. If a bank's unstable financial situation is not remedied within the period established by the AFR which should not exceed 12 months, or in certain circumstances 24 months, the AFR may qualify this bank as an "insolvent" bank and apply certain measures, such as:

- mandatory restructuring of the bank's liabilities;

- transfer of all or part of the bank's assets and liabilities to another bank(s);

- establishing a stabilisation bank and transfer of all or part of the bank's assets and liabilities to such stabilisation bank; or

- deprivation of a license to conduct banking and other operations with the subsequent forced liquidation of the insolvent bank.

Power of AFR to Mandatorily Restructure Bank's Liabilities

The AFR's decision on the mandatory restructuring of certain liabilities, including obligations under Additional Tier 1 Instruments and/or Subordinated Tier 2 Debt, of the insolvent may *inter alia* contemplate (i) full or partial write down of liabilities, and/or (2) the conversion of securities and other monetary liabilities of an insolvent bank, into its common shares and/or (c) the modification of maturities and/or interest rates on the insolvent bank's obligations, including a temporary suspension of payments on such obligations.

The mandatory restructuring of liabilities of an insolvent bank is carried out in reverse order of priority of creditors' claims as established by the Banking Law, i.e. obligations under the Additional Tier 1 Instruments should be restructured first, followed by the obligations under Subordinated Tier 2 Debt. Liabilities of the insolvent bank toward creditors of the same priority level are restructured simultaneously and proportionally to the amount of their respective claims. Restructuring of liabilities toward creditors of the next priority level takes place only after the restructuring of liabilities owed to creditors of the preceding level has been completed.

The Draft Banking Law is expected to make a comprehensive reform of Kazakhstan's bank crisis management framework, aligning it with International Monetary Fund recommendations and Financial Stability Board's "*Key Attributes of Effective Resolution Regimes for Financial Institutions*". It proposes to introduce a three-stage mechanism for: (a) enhanced supervision, (b) financial recovery, and (c) bank's resolution — with certain criteria for transitions between stages. The framework should also retain the possibility of mandatory restructuring of bank's liabilities aiming to strengthen financial stability and reduce taxpayer exposure in times of banking distress. However, the specific criteria and manner of application of the various resolution tools by the resolution authority, including mandatory restructuring of liabilities of banks remain to be determined.

Sanctions

The AFR has the right to apply to the bank, the Major Participant, the Bank Holding, organisations that are part of a banking conglomerate, sanctions (regardless of the supervisory response measures applied to them earlier, if any) in the form of suspension or deprivation of a bank's license or annexes to a bank's license for all or certain banking operations on the grounds provided for in Article 48 of the Banking Law.

Grounds for the suspension or deprivation of a bank's license may include, for example, conducting banking operations with systematic (three or more instances within 12 consecutive calendar months) violations of applicable legislation or engaging in activities prohibited or restricted for banks.

Regulation of Payment Services

The Law of the Republic of Kazakhstan No. 11-VI "On Payments and Payment Systems" dated 26 July 2016, as amended (the "**Payment Systems Law**"), is the main law establishing the legal framework for payments and payment services in Kazakhstan. It sets forth the list of payment instruments, payments processing procedures and requirements with respect to payment services providers. Under the Payment Systems Law, it is prohibited to provide payment services in Kazakhstan without a corresponding license from the AFR or without registration with the NBK. A bank may provide payment services under the Payment Systems Law if it holds a license from the AFR for opening and maintaining clients' bank accounts and performing transfer operations.

Under the Payment Systems Law, the NBK determines rules and procedures for maintaining bank accounts, forms of payment documents, and terms and conditions for payments processing. In particular, the Rules for the Opening, Maintaining and Closing of Clients' Bank Accounts approved by the Resolution of the Management Board of the NBK No. 207 dated 31 August 2016, as amended, set forth, among other things, know-your-client procedures, the legal framework for bank account agreements to be entered into with clients, and a unified bank account number structure. The Rules for Making Non-Cash Payments or Money Transfers in the Republic of Kazakhstan approved by the Resolution of the Management Board of the NBK No. 208 dated 31 August 2016, as amended, set forth requirements for payment documents and terms and conditions of payment processing.

The Anti-Money Laundering Law

The Law of the Republic of Kazakhstan No. 191-IV dated 28 August 2009 "On Countering the Legalisation (Laundering) of Criminally Obtained Income and the Financing of Terrorism", as amended (the "**Anti-Money Laundering Law**"), covers a broad scope of persons (including certain types of companies and notaries) which can be designated as financial monitoring subjects and imposes a number of requirements that these persons have to comply with, including, among other things, the development of appropriate internal standards and procedures, client identification, control over client operations and the reporting of suspicious operations. In particular, banks are to be recognised as financial monitoring subjects.

Under the Anti-Money Laundering Law, one of the main obligations imposed on financial monitoring subjects is the appropriate identification of clients and verification of certain operations, including:

- payments and money transfers made by a client in favour of another person on a non-repayable basis, in cash or non-cash form (if the transaction amount is equal to or exceeds KZT7 million);
- certain transactions where one of the counterparties is a legal entity registered, or an individual domiciled, in an offshore jurisdiction, or has a bank account in such jurisdiction (if the transaction amount is equal to or exceeds KZT5 million);
- transfer of money to or from a bank account or deposit opened in a foreign jurisdiction where such bank account or deposit has been opened for an anonymous person (if the transaction amount is equal to or exceeds KZT5 million); and
- transactions conducted by a legal entity existing for less than three months (if the transaction amount is equal to or exceeds KZT10 million).

Under the Anti-Money Laundering Law, suspicious transactions must be reported immediately by financial monitoring subjects to the Financial Monitoring Agency of the Republic of Kazakhstan (the "**Agency**"), which has the authority to order suspension of suspicious transactions by the financial monitoring subjects, and in any case before the suspicious transaction has been processed. Transactions with money or other property that were not recognised as suspicious before they were processed must be submitted by the financial monitoring subject to the Agency no later than 24 hours after the transaction is recognised as suspicious.

In addition, financial monitoring subjects must carry out certain actions if an operation involves an individual or organisation known to participate in extremist or terrorist activities. If the officer of a financial monitoring subject suspects that an operation is conducted to legalise any funds received from illegal activities, such operation must be reported whether or not it is qualified as suspicious. Financial monitoring subjects must not inform their clients that transactions are being reported and bear no liability for damages to their clients that may be caused by the suspension of the transactions or the refusal to process them.

Currency Control

In accordance with the Currency Control Law, the objectives of currency regulation and control are to promote the stability of the balance of payments, ensure the stability of the domestic foreign exchange market and the economic security, and ensure compliance by residents and non-residents with the foreign exchange legislation of Kazakhstan when conducting foreign exchange transactions.

Second-tier banks that conduct foreign exchange transactions, including those on behalf of clients, are considered authorised banks and agents of currency control.

Authorised banks with the relevant license are entitled to sell and/or purchase foreign currency both within the Republic of Kazakhstan and abroad. Legal entities and branches (representative offices) of foreign organisations conduct non-cash purchases and/or sales of foreign currency in the Republic of Kazakhstan through bank accounts held with authorised banks.

To organise and monitor foreign exchange transactions, authorised banks assign registration numbers to foreign exchange contracts in cases stipulated by the Currency Control Law, where settlements are conducted through accounts with authorised banks.

Authorised banks provide the NBK with information on the sources of demand and supply in the domestic foreign exchange market of Kazakhstan, as well as the purposes for which the purchased foreign currency is used. Additionally, authorised banks submit notifications to the NBK on conducted foreign exchange transactions, including those performed on behalf of clients.

The Kazakhstan government, based on a joint recommendation from the NBK and with other relevant state authorities, is entitled to introduce the payment balance protection measures in the event of a serious threat to the stability of (i) the payment balance, (ii) the internal currency market and (iii) the economic security of Kazakhstan – provided that this situation cannot be resolved by other economic policy measures. The payment balance protection measures must comply with the international treaties ratified by the Republic of Kazakhstan, if and when such treaties entered into within the framework of participation in international associations

(organisations) e.g., Eurasian Economic Community. Such measures must have temporary effect and be cancelled when the circumstances that led to their introduction are eliminated.

See – "*Risk Factors – Risks relating to Kazakhstan – Kazakhstan's Currency Control Law allows the Government to introduce currency control measures which may hinder the stability and growth of Kazakhstan's economy*".

Personal Data Protection

The purpose of the Law of the Republic of Kazakhstan No. 94-V "On Personal Data and Its Protection" dated 21 May 2013, as amended (the "**Personal Data Law**") is to ensure the protection of the rights and freedoms of individuals during the collection and processing of their personal data. In particular, the Personal Data Law requires that an individual must consent to the processing (i.e., any action on the accumulation, storage, modification, addition, use, distribution, depersonalisation, blocking and destruction) of their personal data and must provide such consent prior to the personal data being processed. Under the Personal Data Law, personal data processing consent may be provided in several forms, most commonly in writing. Cross-border transfer of data is permitted subject to the consent of the subject of personal data to this.

Under the Personal Data Law, the storage of personal data must be carried out by the owners or operators of personal data bases, as well as by third party which related through circumstances or has contractual relationships with such owners or operators, in the database which is physically located and stored within the territory of the Republic of Kazakhstan.

Under the Personal Data Law, owners and operators of personal data databases must ensure security of personal data through legal, technical and organisational measures and in accordance with the requirements set forth by the Law of the Republic of Kazakhstan No. 418-V "On Informatisation" dated 24 November 2015, as amended.

Employment

Employment matters in Kazakhstan are governed mainly by the Labour Code of the Republic of Kazakhstan No. 414-V dated 23 November 2015, as amended (the "**Labour Code**"). The Labour Code sets out minimum rights of employees that must be complied with by any employer in Kazakhstan. Employment is required to be documented by an employment agreement that may be entered into either for an indefinite term or a fixed term (generally not less than one year). Foreigners may be employed in Kazakhstan equally as Kazakhstan citizens. However, as a general rule, a work permit is required prior to employment of foreign citizens. The permits are issued within the annual quota limits for employing foreigners in Kazakhstan established by the Ministry of Labour and Social Protection of the Republic of Kazakhstan.

Under the Labour Code, employees are granted certain rights and protections. For instance, a regular duration of working hours must not exceed forty hours a week. Overtime work must not exceed two hours a day for each employee and must be compensated. The total duration of overtime work must not exceed 12 a month and 120 a year. The paid annual leave must be at least 24 calendar days.

An employment agreement may be terminated, among others, by mutual consent of the employer and the employee, upon expiration of the employment agreement, at the employee's initiative, or at the employer's initiative. Unilateral early termination of employment agreements by an employer is possible only for certain reasons expressly outlined in the Labour Code, and generally requires a prior termination notice and compensation. The Labour Code establishes cases when early termination of employment agreements by an employer is prohibited, including during the period of temporary disability of employee and during the annual leave, as well as in relation to pregnant women, women with children under the age of three and single mothers of children under the age of 14 or children with disabilities under the age of eighteen.

Entering into a collective bargaining agreement is allowed by the Labour Code but is not compulsory. An employer must maintain a compulsory occupational accident insurance and social insurance.

Consumer Protection

Consumer protection in Kazakhstan is designed to safeguard the rights and interests of consumers and is regulated by Law of the Republic of Kazakhstan No. 274-IV "On Protection of Consumer Rights" dated 4 May

2010, as amended (the "**Consumer Protection Law**"). The Consumer Protection Law guarantees the rights of consumers to, among others, have accurate and complete information about goods, works or services, as well as about the seller or producer, acquire goods, works or services that meet the required quality and safety standards, free choice of goods, works or services, exchange and return of goods, compensation for personal injury or property damages due to defects in goods, works or services.

While the Consumer Protection Law mostly regulates the activity of sellers or producers of goods and service provides, it also imposes certain obligations on e-trading platforms, such as the e-Commerce business of our Marketplace Platform. Under the Consumer Protection Law, e-trading platforms must adopt adequate internal procedures targeted at the prevention of inappropriate actions of sellers and provision of false information for the purposes of preventing illegal trade. E-trading platforms must also ensure the use of secure communication channels in their operations.

Commerce Regulation

As the Bank operates an e-marketplace, it is subject to e-commerce regulation in Kazakhstan under Law of the Republic of Kazakhstan No. 544-II "On Regulation of Commerce" dated 12 April 2004. Under this law, the infrastructure of e-commerce via e-trading platforms must provide for the user terms of service, electronic payment options for goods, works and services using banking payment systems, delivery options for goods or services, settlement of payments between sellers and purchasers and possibility of entering into contracts electronically.

An e-trading platform must also develop procedures for ensuring the integrity and confidentiality of information. An e-trading platform generally must not disclose information on transactions and user data, transfer electronic documents to third parties, electronic messages or their copies and change the content of electronic documents or electronic messages or the procedure for their use.

Advertising Regulation

Advertising regulations in Kazakhstan aim to ensure fair and transparent practices, protect consumers, and maintain ethical standards in advertising. The Law of the Republic of Kazakhstan No. 508-II dated 19 December 2003 "On Advertising", as amended (the "**Advertising Law**"), defines advertising as information distributed or placed in any form by any means, intended for an undefined audience and designed to form or maintain interest in an individual or legal entity, goods, trademarks or services and facilitate the sale thereof.

Advertising regulations set out general rules and requirements for advertising, such as that:

- advertising, regardless of the form or method of distribution or placement, including in the field of e-commerce, must be truthful and recognisable;
- advertising must be distributed in Kazakhstan in the Kazakh language, and at the discretion of the advertiser also in Russian or other languages;
- advertising of goods, works and services prohibited for production and sale is not allowed;
- if the activity carried out by the advertiser is subject to licensing, then advertising of relevant goods, works and services, as well as advertising of the advertiser shall indicate the number of the license and the name of the authorised body that issued the license;
- in advertising of goods, works and services sold on the territory of Kazakhstan the price, tariffs or rates must be indicated in tenge;
- advertising by means of audio information in open spaces outside premises (buildings, structures and their complexes) in populated areas, in the right-of-way of public motorways is prohibited;
- advertising must not be used to promote or agitate changes in the constitutional order, violation of the integrity of the Republic of Kazakhstan, undermining the security of the state, war, social, racial, national, religious, class and tribal superiority, the cult of cruelty and violence, pornography, as well as

dissemination of information constituting state secrets of Kazakhstan and other secrets protected by law;

- advertising must not cause panic in society, induce individuals to aggression, as well as to other illegal actions or inaction;
- false, inaccurate, misleading, unethical, hidden advertising is prohibited.

When producing, distributing, advertising financial (including banking), insurance, investment and other services related to the use of money of individuals and legal entities, securities, as well as secured digital assets, it is prohibited, among others, to:

- provide information in advertising that is not directly related to the advertised services, securities or secured digital assets;
- guarantee income and the amount of dividends on ordinary shares or the receipt of income from secured digital assets;
- advertise securities without registration of their issue, as well as in the case of suspension or recognition of the issue of securities invalid;
- provide any guarantees or proposals on the future profitability of activities, including by announcing an increase in the market value of securities or secured digital assets; and
- conceal any material terms stipulated in the contracts.

Moreover, additional requirements for advertising banking products are directly provided by the Banking Law which stipulates that:

- banks are prohibited from advertising their activities if such advertising does not reflect the actual situation on the day of its publication;
- a bank, when distributing and/or placing advertisements that contain information about interest rates for a bank loan or deposit, is obliged to indicate the interest rate in a reliable, annual, effective, comparable calculation;
- when distributing advertisements containing information on interest rates for a bank loan or deposit, including their publication, the annual effective interest rate must be stated in numerical form, using the same font size and style as other interest rates. It is not permitted to use a smaller font size for the annual effective interest rate than that used for other information in the advertisement.

The AFR is entitled to require the bank to make changes to any advertisement that does not correspond to reality, to discontinue it, or to publish a correction/retraction.

If this requirement is not fulfilled within the period established by the AFR, the AFR is entitled to publish information regarding the inaccuracy of the data contained in the advertisement or to correct such data at the expense of the bank that published the advertisement.

Legal entities that do not hold a license from the AFR or the NBK for conducting banking operations are prohibited from advertising the services they provide if those services fall under the category of banking operations.

In addition to the Advertising Law and the Banking Law, the Resolution of the Board of the NBK No. 136 "On the Approval of the Rules for Providing Banking Services and Considering Customer Appeals by Banks and Organisations Engaged in Certain Types of Banking Operations Arising in the Process of Providing Banking Services" dated 28 July 2017, which regulates the rules for the provision of banking services, establishes that advertising for bank loans (except for advertising on radio and television) must be accompanied by a statement regarding the responsibility of an individual borrower in the event of failure to fulfill obligations under a bank loan agreement.

This statement (advertisement) must include information about the bank's rights to charge penalty fees (fines, penalties), seize funds from the borrower's bank accounts, transfer the debt for pre-trial collection and settlement to a debt collection agency, file a claim in court; and any other information provided for in the bank's internal regulations.

Bankruptcy of Individuals

On December 30, 2022, new Law of the Republic of Kazakhstan No. 178-VII "On Restoration of Solvency and Bankruptcy of Citizens of the Republic of Kazakhstan" (the "**Citizens Bankruptcy Law**") was signed by the President introducing for the first time the concept of bankruptcy of individuals that are not individual entrepreneurs with the objective to reduce the debt burden of citizens. The Citizens Bankruptcy Law sets outs court and out-of-court bankruptcy procedures, as well as procedures for restoration of individuals' solvency. The application for bankruptcy or restoration of solvency can only be filed by an individual and not their creditors.

Out-of-court bankruptcy is available only if the creditor is a bank, a branch of a foreign bank, a microfinance organisation or, in certain cases, a collection agency, only if the amount of debt under the bank loan and (or) microfinance loan does not exceed 1,600 monthly calculation index ("**MCI**") and subject to certain other conditions or if the term of non-fulfillment of obligations exceeds five years as at the date of the application submission. The application for an out-of-court bankruptcy must be filed through the specialised governmental web portal, and once the resolution on bankruptcy is published, obligations of the debtor are deemed terminated. In respect of debts exceeding 1,600 MCI and meeting certain other conditions, individuals are able to apply for court bankruptcy. The court procedure includes appointment of a financial manager who, among others, lists inventory of the debtor's assets, coordinates with the Ministry of Finance the publication on the Ministry's website of commencement of court procedure, collection of creditors' claims, sale of the debtor's assets, settlement of creditors' claims, and issues a final report which includes a statement on whether there are grounds for termination of the debtor's obligations. If the court is satisfied, it will pass a decision and once the decision is entered into force, obligations of the debtor are deemed terminated.

An individual declared bankrupt is barred from getting a loan from banks and microfinance organisations (excluding pawnshops) for five years from the date of completion of the bankruptcy procedure and declaration of bankruptcy. In addition, a bankrupt individual is prohibited from providing collateral in the form of a pledge, guarantee or surety under any bank loan and microcredit agreement for the same period.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions of the Notes, which, subject to amendment, will be endorsed on each Definitive Note and will (subject to the provisions thereof) apply to the Global Note.

The U.S.$400,000,000 9.750 per cent. Perpetual Subordinated Callable Additional Tier 1 Notes (the "Notes", which expression includes any further Notes issued pursuant to Condition 14 (Further Issues)) of "ForteBank" JSC (the "**Issuer**") were authorised by a resolution of the General Shareholders' Meeting of the Issuer dated 13 October 2025 and a resolution of the Board of Directors of the Issuer dated 27 October 2025. The Notes are constituted by a trust deed to be dated 3 November 2025 (the "**Trust Deed**") made between the Issuer and BNY Mellon Corporate Trustee Services Limited (the "**Trustee**", which expression shall include all persons for the time being who are the trustee or trustees under the Trust Deed) as trustee for the holders of the Notes.

These terms and conditions (the "**Conditions**") include summaries of, and are subject to, the detailed provisions of the Trust Deed. The Issuer will enter into a paying agency agreement, to be dated 3 November 2025 (the "Paying Agency Agreement") with the Trustee, The Bank of New York Mellon, London Branch as principal paying agent (the "**Principal Paying Agent**" and, together with any other paying agents appointed under the Paying Agency Agreement, the "**Paying Agents**") and as calculation agent (the "**Calculation Agent**") and The Bank of New York Mellon SA/NV, Dublin Branch as registrar and transfer agent (the "**Registrar**" and the "**Transfer Agent**"). The Registrar, the Paying Agents, the Calculation Agent and the Transfer Agent are together referred to herein as the "Agents", which expression includes any successor or additional paying, calculation and transfer agents or registrars appointed from time to time in connection with the Notes.

Copies of the Trust Deed and the Paying Agency Agreement are available for inspection electronically from the Issuer or the Principal Paying Agent. The Noteholders (as defined below) are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those provisions of the Paying Agency Agreement applicable to them. Capitalised terms used but not defined in these Conditions shall have the respective meanings given to them in the Trust Deed.

1 Form and Denomination

The Notes are issued in registered form, without interest coupons attached, in denominations of U.S.$200,000 or integral multiples of U.S.$1,000 in excess thereof ("**authorised denominations**"). Title to the Notes shall pass by registration in the register (the "**Register**") which the Issuer shall procure to be kept by the Registrar. The Notes are represented by registered definitive Notes ("**Definitive Notes**") and, save as provided in Condition 2(c), each Definitive Note shall represent the entire holding of Notes by the same holder.

2 Register, Title and Transfers

(a) **Register:** The Registrar shall maintain the Register in respect of the Notes in accordance with the provisions of the Paying Agency Agreement. The Register shall be kept at the specified office for the time being of the Registrar and shall record the names and addresses of the holders of the Notes, particulars of the Notes and all transfers and redemptions thereof. In these Conditions, the "**holder**" of a Note means the person in whose name such Note is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof) and "**Noteholder**" shall be construed accordingly.

(b) **Title:** Title to the Notes will pass by and upon registration in the Register. The holder of each Note shall (except as otherwise required by a court of competent jurisdiction or applicable law) be treated as the absolute owner of such Note for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing on the Definitive Note relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft of such Definitive Note) and no person shall be liable for so treating such holder.

(c) **Transfers:** Subject to Conditions 2(e) and 2(f) below, a holding of Notes may be transferred in whole or in part in an authorised denomination upon surrender (at the specified office of the

Registrar or the Transfer Agent) of the relevant Definitive Note representing that Note, together with the form of transfer (including any certification as to compliance with restrictions on transfer included in such form of transfer endorsed thereon) (the "**Transfer Form**"), duly completed and executed, at the specified office of the Transfer Agent or of the Registrar, together with such evidence as the Transfer Agent or the Registrar may reasonably require to prove the title of the transferor and the authority of the persons who have executed the Transfer Form. In the case of a transfer of part only of a holding of Notes represented by one Definitive Note, a new Definitive Note shall be issued to the transferee in respect of the part transferred and a further new Definitive Note in respect of the balance of the holding not transferred shall be issued to the transferor. Neither the part transferred nor the balance not transferred may be less than the minimum authorised denomination. In the case of a transfer of Notes to a person who is already a holder of Notes, a new Definitive Note representing the enlarged holding shall only be issued against surrender of the Definitive Note representing the existing holding. No transfer of a Note will be valid unless and until entered on the Register.

(d) **Delivery of New Definitive Notes:** Each new Definitive Note to be issued pursuant to Condition 2(c) shall be available for delivery within three business days of receipt of a duly completed form of transfer and surrender of the existing Definitive Note(s). Delivery of the new Definitive Note(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer or Definitive Note shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Definitive Note to such address as may be so specified, unless such holder requests otherwise and pays in advance to the Transfer Agent or the Registrar (as the case may be) the costs of such other method of delivery and/ or such insurance as it may specify. In this Condition 2(d), "**business day**" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the Transfer Agent or the Registrar (as the case may be).

(e) **Transfer or Exercise Free of Charge:** Definitive Notes, on transfer, shall be issued and registered without charge by or on behalf of the Issuer, the Registrar or the Transfer Agent, but upon payment by the person making such application for transfer or exercise of an option of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the Transfer Agent may require).

(f) **Closed Periods:** No Noteholder may require the transfer of a Note to be registered (i) during the period of 15 days ending on (and including) the date on which the Notes are scheduled to be redeemed, substituted or varied or (ii) during the period of seven days ending on (and including) any Record Date.

(g) **Regulations concerning Transfer and Registration:** All transfers of Notes and entries on the Register are subject to the detailed regulations concerning the transfer and registration of Notes set out in Schedule 1 to the Paying Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Trustee and the Agents (such approval not to be unreasonably withheld or delayed). A copy of the current regulations will be sent by the Registrar free of charge to any person who so requests and will be available at the specified offices of the Registrar and at the specified office of the Transfer Agent.

3 Status and Subordination etc.

(a) **Status**: The Notes constitute direct, subordinated, unsecured and unguaranteed obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The rights and claims of Noteholders in respect of, or arising under, the Notes (including any damages awarded for breach of obligations in respect thereof) are subordinated as described in Condition 3(b). The Notes do not have the benefit of (i) any guarantee provided by the Issuer, its related parties or any other entity or (ii) any other contractual arrangements that would make them rank senior to the claims of other creditors of the Issuer.

(b) **Subordination**: Subject to any other ranking that may apply as a result of any mandatory provision of the laws of the Republic of Kazakhstan, upon the insolvency or the liquidation of the Issuer (determined at all times in accordance with Applicable Banking Regulations), the rights and claims of the Noteholders in respect of, or arising under, the Notes (including any damages awarded for breach of obligations in respect thereof) shall rank:

(i) *pari passu* and without any preference among themselves and with any claims in respect of (A) any other Additional Tier 1 Instruments and (B) any other subordinated obligations of the Issuer which by law rank *pari passu* with the claims of the Noteholders in respect of the Notes;

(ii) junior to any claims in respect of (A) any unsubordinated obligations of the Issuer and (B) any other subordinated obligations of the Issuer other than those which by law rank *pari passu* with, or junior to, the claims of the Noteholders in respect of the Notes; and

(iii) senior to any claims in respect of (A) the Ordinary Shares and (B) any other subordinated obligations of the Issuer which by law rank junior to the claims of the Noteholders in respect of the Notes.

(c) **Waiver of Set-off:** No Noteholder may at any time exercise or claim any Waived Set-Off Rights against any right, claim, or liability the Issuer has or may have or acquire against such Noteholder, directly or indirectly, howsoever arising (and, for the avoidance of doubt, including all such rights, claims and liabilities arising under or in relation to any and all agreements or other instruments of any sort, whether or not relating to such Notes) and each Noteholder shall be deemed to have waived all Waived Set-Off Rights to the fullest extent permitted by applicable law in relation to all such actual and potential rights, claims and liabilities. Notwithstanding the preceding sentence, if any of the amounts owing to any Noteholder by the Issuer in respect of, or arising under or in connection with the Notes is discharged by set-off, such Noteholder shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the Issuer and, until such time as payment is made, shall hold an amount equal to such amount in trust for the Issuer and accordingly any such discharge shall be deemed not to have taken place.

For the avoidance of doubt, nothing in this Condition 3(c) (*Waiver of Set-Off*) is intended to provide, or shall be construed as acknowledging, any right of deduction, set-off, netting, compensation, retention or counterclaim or that any such right is or would be available to any Noteholder but for this Condition 3(c) (*Waiver of Set-Off*).

4 Interest

(a) **Interest Rate**: Each Note bears interest on its Outstanding Principal Amount from and including the Issue Date:

(i) in respect of the period from (and including) the Issue Date to (but excluding) the First Reset Date, at the rate of 9.750 per cent. per annum; and

(ii) in respect of each Reset Period, at the rate determined by the Calculation Agent on the relevant Reset Determination Date equal to the sum of the relevant Treasury Yield plus the Margin (rounded if necessary to five decimal places, with 0.000005 rounded up).

Subject as provided in Conditions 4(c) and 4(d) and Condition 5 (*Write Down*), interest will be payable semi-annually in arrear on each Interest Payment Date.

If interest is required to be calculated for a period of less than a complete Interest Period (as defined below), the relevant day-count fraction will be determined on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed.

In these Conditions, the period beginning on and including the Issue Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date is called an "**Interest Period**".

Interest in respect of any Note shall be calculated per U.S.$1,000 in principal amount of the Notes (the "**Calculation Amount**"). The amount of interest payable per Calculation Amount for any period shall be equal to the product of the rate of interest specified above, the Calculation Amount and the day-count fraction for the relevant period, rounding the resulting figure to the nearest cent (half a cent being rounded upwards). If, pursuant to Condition 5 (*Write Down*), the Outstanding Principal Amount of the Notes is Written Down, the Calculation Amount will be adjusted to reflect such revised Outstanding Principal Amount from time to time.

(b) **Reset of the Interest Rate**:

(i) The Calculation Agent will, as soon as practicable after 11:00 a.m. (New York time) on each Reset Determination Date, determine the Interest Rate in respect of the relevant Reset Period.

(ii) The Calculation Agent will cause the Interest Rate in respect of each Reset Period to be notified to the Issuer who shall procure that such Interest Rate is notified to the Trustee, the Principal Paying Agent and any stock exchange on which the Notes are for the time being listed or by which they have been admitted to listing and notice thereof is to be published in accordance with Condition 15 (*Notices*) as soon as possible after its determination but in no event later than the fourth Business Day thereafter.

(iii) All notifications, certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4 (*Interest*) by the Calculation Agent, shall (in the absence of manifest error) be final and binding on the Issuer, the Principal Paying Agent, the Trustee and all Noteholders and no liability to the Issuer or the Noteholders shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(c) **Discretionary Interest Payments**: The Issuer may elect at any time, in its sole and absolute discretion, to cancel (in whole or in part) the payment of any Interest otherwise scheduled to be paid on an Interest Payment Date.

(d) **Restrictions on Interest Payments**: Without prejudice to any right of the Issuer to cancel the payment of any Interest under Condition 4(c) above:

(i) the Issuer will cancel any Interest, or the relevant part thereof, otherwise scheduled to be paid on an Interest Payment Date if and to the extent that the Issuer is required to cancel the relevant payment of Interest in whole or in part in accordance with the Applicable Banking Regulations;

(ii) the Issuer will cancel any Interest, or the relevant part thereof, otherwise scheduled to be paid on an Interest Payment Date if and to the extent that the Competent Authority, in accordance with the Applicable Banking Regulations, requires the Issuer to cancel the relevant payment of Interest in whole or in part;

(iii) the Issuer will cancel any Interest, or the relevant part thereof, otherwise scheduled to be paid on an Interest Payment Date if and to the extent that such payment would cause a breach of any regulatory restriction or prohibition on payments on Additional Tier 1 Capital pursuant to the Applicable Banking Regulations (including, without limitation, the reduction of the Issuer's or the Group's capital adequacy ratios below the minimum levels required under the Applicable Banking Regulations); and

(iv) if a Write Down Event occurs at any time on or after the Issue Date, any Interest which accrues to the Write Down Measure Effective Date shall automatically be cancelled and shall not be paid.

(e) **Additional Amounts**: For the purposes of the cancellation of Interest pursuant to Conditions 4(c) and 4(d) above, the term "**Interest**" will be deemed to include, if applicable, any additional amounts payable pursuant to Condition 8 (*Taxation*) below.

(f) **Payments of Interest Non-Cumulative**: Payments of Interest on the Notes are non-cumulative. Accordingly, if any payment of Interest (or part thereof) is not made in respect of the Notes as a result of any election of the Issuer to cancel such payment of Interest pursuant to Condition 4(c) above or the limitations on payment set out in Condition 4(d) above or Condition 5 (*Write Down*) below, then the right of the Noteholders to receive the relevant payment of Interest (or part thereof) in respect of the relevant Interest Period will be extinguished and the Issuer will have no obligation to pay such Interest (or part thereof) accrued for such Interest Period or to pay any interest thereon, whether or not Interest on the Notes is paid in respect of any future Interest Period.

(g) **Restriction on Distributions and Dividends**: If any scheduled payment of Interest is not made in full because of the cancellation of Interest pursuant to Condition 4(c), 4(d) or 5 (*Write Down*), the Issuer shall ensure that:

(i) no distribution or dividend in cash or in kind shall be paid or made on any Ordinary Shares or any other class of share capital of the Issuer; and

(ii) no transaction shall be entered into that would allow the Issuer to, directly or indirectly, redeem, purchase or otherwise acquire any of the Ordinary Shares or any other class of share capital of the Issuer (a "**Share Purchase**"), other than, with respect to any Share Purchase, in relation to:

(A) transactions in securities effected by, on behalf of, or for the account of customers of the Issuer or any of its Subsidiaries or in connection with the distribution or trading of, or market making in respect of the Ordinary Shares or any other class of share capital of the Issuer;

(B) the satisfaction by the Issuer or any of its Subsidiaries of its obligations under any employee benefit plans or similar arrangements with or for the benefit of employees, officers, directors or consultants;

(C) a reclassification of the Capital Stock of the Issuer or the exchange or conversion of one class or series of such Capital Stock for another class or series of such Capital Stock;

(D) a restructuring of the Issuer's loans to borrowers, any takeover or merger agreement or the purchase of fractional interests in shares of the Capital Stock of the Issuer or any of its majority-owned Subsidiaries pursuant to the provisions of any security being converted into or exchanged for such Capital Stock; or

(E) a transaction required to be effected pursuant to mandatory provisions of the laws of the Republic of Kazakhstan,

in each of case (i) and (ii), until the earliest of the date on which: (i) the Interest due and payable on the Notes on any subsequent Interest Payment Date has been paid in full or (ii) no Notes remain outstanding (including, for the avoidance of doubt, as a result of the Outstanding Principal Amount of the Notes being Written Down to zero pursuant to Condition 5 (*Write Down*)).

(h) **Effect of Interest Cancellation; Notice of Interest Cancellation**: Any election to cancel the payment of any Interest (or part thereof) pursuant to Condition 4(c) or any non-payment of any

Interest (or part thereof) as a result of the limitations on payment set out in Condition 4(d) and Condition 5 (*Write Down*) will not constitute a default or an event of default or the occurrence of any event related to the insolvency of the Issuer (determined in accordance with the Applicable Banking Regulations) or entitle Noteholders or the Trustee to take any action pursuant to Condition 9 (*Enforcement Events*) or, subject to Condition 4(g) above, in any way limit or restrict the Issuer from making any payment of Interest or distribution or equivalent payment in connection with any instrument ranking senior, junior or *pari passu* to the Notes.

If the Issuer does not pay Interest or part thereof on the relevant Interest Payment Date, such non-payment shall evidence the cancellation of such Interest (or relevant part thereof) or, as appropriate, the Issuer's exercise of its discretion to cancel such Interest (or relevant part thereof) and, accordingly, such Interest payment shall not in any such case be due and payable. Notwithstanding the previous sentence, the Issuer will use all reasonable endeavours to provide at least five Business Days' notice to the Trustee, the Principal Paying Agent, the Calculation Agent and the Noteholders in accordance with Condition 15 (*Notices*) of any election under Condition 4(c) and of any limitation set out in Condition 4(d) occurring or applying and shall specify the amount of the relevant cancellation and, accordingly, the amount (if any) of the relevant Interest on the Notes that will be paid on the relevant Interest Payment Date. To the extent it is not practicable to provide at least five Business Days' notice, the Issuer will provide notice without undue delay and in any event such notice shall be given on or prior to the relevant Interest Payment Date. Any failure to give such notice shall not affect the validity of the cancellation of Interest and shall not constitute a default for any purpose.

5 Write Down

(a) If a Write Down Event has occurred and is continuing on the Write Down Measure Effective Date:

(i) the following consequences shall arise automatically:

(A) any accrued and unpaid Interest payable in respect of the Notes shall not be paid and shall be cancelled and the Issuer's obligations hereunder to pay the amounts of accrued and unpaid Interest under the Notes shall be terminated in full (such measure being an "**Interest Cancellation Measure**" or an "**Interest Cancellation**" and "**Cancel**" or "**Cancelled**" being construed accordingly); and

(B) the Outstanding Principal Amount of the Notes shall be reduced by the Write Down Amount and the Issuer's obligation to pay any applicable Monetary Damages shall be terminated in full (such measure in respect of the Outstanding Principal Amount of the Notes being a "**Principal Write Down Measure**", and in respect of any Monetary Damages being a "**Monetary Damages Cancellation Measure**" and the terms "**Write Down**", "**Written Down**", "**Monetary Damages Cancellation**" and "**Cancelled**", respectively, being construed accordingly),

in each case, subject to Condition 5(k); and

(ii) on the Write Down Measure Effective Date:

(A) any applicable Monetary Damages shall be Cancelled;

(B) any applicable Interest Cancellation Amount shall be Cancelled; and

(C) the Write Down Amount shall be Written Down.

(b) The Issuer shall provide to the Trustee, the Principal Paying Agent, the Calculation Agent and the Noteholders, in accordance with Condition 15 (*Notices*), (i) as soon as reasonably practicable following the occurrence of the relevant Write Down Event, a Write Down Event Notice; and (ii) no later than two Business Days prior to the relevant Write Down Measure Effective Date,

the Write Down Measure Notice, provided that any failure to give any such notice(s) shall not affect the validity of applicable Write Down Measures and shall not constitute a default for any purpose.

(c) For the purposes of determining whether a Write Down Event has occurred, the CET1 Ratio may be calculated at any time based on information (whether or not published) available to management of the Issuer and/or to the Competent Authority, including information internally reported within the Issuer pursuant to its procedures for monitoring the CET1 Ratio.

The determination as to whether a Write Down Event has occurred shall be made by the Issuer or the Competent Authority or any agent appointed for such purpose by the Competent Authority. Any such determination shall be binding on the Issuer and the Noteholders.

The disclosure of the occurrence of a Write Down Event and the provision by the Issuer to the Competent Authority of information on the aggregate amounts of the Issuer's obligations under the Notes and the Loss Absorbing Instruments and Monetary Damages (if any) as may be required by Applicable Banking Regulations will be made within the periods and in the manner set out therein. The Issuer intends to calculate and publish the CET1 Ratio on at least a semi-annual basis.

(d) If Condition 5(k) applies, a Write Down Event may occur on more than one occasion (and Monetary Damages and accrued Interest may be Cancelled and the Notes may be Written Down in accordance with this Condition 5 (*Write Down*) on more than one occasion).

(e) The Outstanding Principal Amount of the Notes may only be used to remedy a Write Down Event *pro rata* with the Loss Absorbing Instruments and Monetary Damages and accrued Interest may only be Cancelled *pro rata* with monetary damages and accrued interest on the Loss Absorbing Instruments, provided that, in each case, the effectiveness of a write down or cancellation under a Loss Absorbing Instrument shall not prejudice any Write Down of the Notes or any Cancellation of Monetary Damages or Interest under the Notes. Unless otherwise determined by the Competent Authority, the *pro rata* write down or cancellation under any Loss Absorbing Instrument shall be taken into account to the extent required to restore the CET1 Ratio to such Loss Absorbing Instrument's trigger level and, in each case, in accordance with the terms of the relevant Loss Absorbing Instrument and the Applicable Banking Regulations. If, in connection with any Monetary Damages Cancellation, Interest Cancellation and/or Write Down (if any) of the Notes, any relevant proportion must be determined for the purpose of pro-rating such Monetary Damages Cancellation, Interest Cancellation and Write Down (if any) amongst the Notes and any Loss Absorbing Instruments, the monetary damages, accrued interest and principal amount of any obligation (including the Notes and any Loss Absorbing Instruments) which is not denominated in the Accounting Currency will (for the purposes of such determination only) be deemed to be converted into the Accounting Currency at the then prevailing foreign exchange rates determined in the sole discretion of the Issuer in accordance with its accounting policies established under applicable accounting standards.

(f) If the Outstanding Principal Amount of the Notes is Written Down to zero, these Conditions shall cease to have effect. Once the Outstanding Principal Amount of the Notes has been Written Down in accordance with this Condition 5 (*Write Down*), the principal amount so Written Down may not be restored or reinstated under any circumstances, including where the relevant Write Down Event is no longer continuing.

(g) Any Monetary Damages and/or Interest payment that has been Cancelled in accordance with this Condition 5 (*Write Down*) shall not accumulate or be payable at any time thereafter, including where the relevant Write Down Event is no longer continuing.

(h) Subject to this Condition 5 (*Write Down*), the Monetary Damages Cancellation Amount, the Interest Cancellation Amount and the Write Down Amount and the determination thereof shall be set out by the Issuer in the relevant Write Down Measure Notice together with the then remaining Outstanding Principal Amount of the Notes (if any) and the then remaining Monetary

Damages (if any) and accrued but unpaid Interest (if any) following the relevant Monetary Damages Cancellation, Interest Cancellation and/or Write Down in accordance with this Condition 5 (*Write Down*).

(i) From the occurrence of the Write Down Event until the Write Down Measure Effective Date, the Issuer shall not make any payments of Interest on any portion of the Outstanding Principal Amount of the Notes, and no Monetary Damages or Interest shall accrue on such unpaid amounts. The Issuer shall immediately notify the Trustee, the Principal Paying Agent, the Calculation Agent and the Noteholders in accordance with Condition 15 (*Notices*) in writing on the cessation of any Write Down Event, provided that any failure to give any such notice shall not affect the validity of any such cessation and shall not constitute a default for any purpose.

(j) The write down mechanics set out in this Condition 5 (*Write Down*) shall not apply if the Competent Authority does not issue the Conclusion prior to the Approval Date. The Issuer shall notify the Trustee, the Principal Paying Agent, the Calculation Agent and the Noteholders in accordance with Condition 15 (*Notices*) as to whether the Conclusion has or has not been issued promptly following receipt of the Conclusion or, as applicable, promptly following the Approval Date.

(k) The Competent Authority may, at its sole discretion, and in accordance with Applicable Banking Regulations, following the occurrence of a Write Down Event, determine that (i) any Monetary Damages and/or accrued and unpaid Interest (if any) need only be Cancelled in part (and not in full) and/or (ii) the Outstanding Principal Amount of the Notes need only be Written Down in part (and not in full), in each case, in order to remedy the relevant Write Down Event. In such event, if the Competent Authority delivers to the Issuer a written notice prior to the Write Down Measure Effective Date confirming that it has made such a determination and specifying the relevant amount(s) of Monetary Damages, accrued and unpaid Interest and Outstanding Principal Amount of the Notes that must be Cancelled or Written Down (as appropriate) on the relevant Write Down Measure Effective Date (the "**Partial Write Down Amounts**"), references in these Conditions to the amount of Monetary Damages, the Interest Cancellation Amount and the Write Down Amount (as applicable) to be Cancelled or Written Down on the Write Down Measure Effective Date shall be construed accordingly.

(l) Any Loss Absorbing Instrument that may be written down or converted into shares and other instruments of ownership in full but not in part (save for any one cent floor) shall be treated as if its terms permitted partial write down or conversion into shares and other instruments of ownership, only for the purposes of determining the relevant *pro rata* amounts in the operation of write down and calculation of the Write Down Amount. For the avoidance of doubt, to the extent that the write down or conversion of any Loss Absorbing Instruments is not effective for any reason, (i) the ineffectiveness of any such write down or conversion shall not prejudice the requirement to effect a Write Down of the Notes, and (ii) the write down or conversion of any Loss Absorbing Instrument which is not effective shall not be taken into account in determining the Write Down Amount of the Notes.

6 Redemption, Substitution, Variation and Purchase

(a) **No Fixed Redemption Date**: The Notes are perpetual securities in respect of which there is no fixed redemption date and the Notes are only redeemable in accordance with the following provisions of this Condition 6 (*Redemption, Substitution, Variation and Purchase*).

(b) **Redemption at the Option of the Issuer**: Subject to Condition 6(h), the Issuer may, at its option, redeem the Notes in whole but not in part on any day falling in the period commencing on (and including) 3 November 2030 and ending on (and including) the First Reset Date or on any Interest Payment Date falling after the First Reset Date, in each case at the Redemption Price.

(c) **Redemption at the Option of the Issuer following a Capital Event**: Subject to Condition 6(h), the Issuer may, at its option, redeem the Notes in whole but not in part at the Redemption Price

at any time if, on or after the Issue Date, a Capital Event occurs and is continuing at the time of giving the notice referred to in Condition 6(f) below.

(d) **Redemption at the Option of the Issuer following a Tax Event**: Subject to Condition 6(h), the Issuer may, at its option, redeem the Notes in whole but not in part at the Redemption Price at any time in the period of 90 days commencing on (and including) the date on which the Tax Event occurs if, on or after the Issue Date, a Tax Event occurs and is continuing at the time of giving the notice referred to in Condition 6(f) below.

(e) **Redemption at the Option of the Issuer following an Approval Event**: Subject to Condition 6(h), the Issuer may, at its option, redeem the Notes in whole but not in part at the Redemption Price at any time in the period of 30 days commencing on (and including) the Approval Date if an Approval Event occurs and is continuing at the time of giving the notice referred to in Condition 6(g) below. The Issuer shall use its reasonable endeavours to procure that the Competent Authority issues the Conclusion on or prior to the Approval Date.

(f) **Redemption at the Option of the Issuer following a Substantial Repurchase Event**: Subject to Condition 6(h), the Issuer may, at its option, redeem all (but not some only) of the remaining Notes at the Redemption Price at any time, if 75 per cent. or more of the aggregate principal amount of the Notes originally issued (and, for these purposes, any further Notes issued pursuant to Condition 14 (*Further Issues*) will be deemed to have been originally issued) has been purchased by the Issuer or any of its Subsidiaries and cancelled ("**Substantial Repurchase Event**").

(g) **Notice of Redemption**: Any decision to redeem the Notes must be notified by the Issuer to the Trustee, the Principal Paying Agent and the Calculation Agent in accordance with the terms of the Trust Deed and the Agency Agreement and to the Noteholders not less than 10 and not more than 60 days prior to the relevant redemption date. Subject to Condition 6(i) below, any such notice shall be irrevocable.

(h) **Conditions to Redemption, Substitution, Variation or Purchase**: Any redemption, substitution, variation or purchase of the Notes in accordance with Conditions 6(b), 6(c), 6(d), 6(f), 6(j) and 6(k) is subject, if and to the extent required by the Applicable Banking Regulations then in force, to:

(i) the Issuer having obtained the prior consent of the Competent Authority;

(ii) in the case of any redemption or purchase of any Notes, the Issuer having replaced such Notes with capital instruments of the same or better quality;

(iii) in the case of any redemption or purchase of any Notes, immediately after such redemption or purchase, the own capital and capital adequacy ratios of the Issuer remaining above the minimum requirements envisaged by the Applicable Banking Regulations then in force; and

(iv) such redemption, substitution, variation or purchase being otherwise permitted by the Applicable Banking Regulations then in force.

The Issuer may not give notice under Condition 6(f) in respect of a redemption of the Notes pursuant to Condition 6(c), 6(d), 6(e) or 6(f) or give notice of a substitution or variation of the Notes pursuant to Condition 6(j) unless, at least two Business Days prior to the publication of any notice of redemption, substitution or variation, it has delivered to the Trustee:

(i) an Officer's Certificate stating that a Capital Event, a Tax Event, an Approval Event or a Substantial Repurchase Event has occurred, or there is sufficient certainty that it will occur, as the case may be, and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred; and

(ii) in the case of a redemption, substitution or variation as a result of a Tax Event, (x) an Officer's Certificate of the Issuer stating that the Issuer is entitled to effect such redemption, substitution or variation and that the conditions precedent set out in (i) and (ii) of the definition of "Tax Event" in Condition 20 (*Definitions*) have occurred and (y) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

The Trustee shall be entitled to accept and rely absolutely, without further enquiry and without liability to any person, upon such opinion and certificate as sufficient evidence of the satisfaction of such conditions precedent, in which event it shall be conclusive and binding on the Noteholders.

Any refusal by the Competent Authority to give its consent as contemplated above (or, having given it, any revocation by the Competent Authority of such consent) shall not constitute a default for any purpose.

Notwithstanding the above conditions, if, at the time of any redemption, substitution, variation or purchase, the prevailing Applicable Banking Regulations permit the repayment, substitution, variation or purchase only after compliance with one or more alternative or additional pre-conditions to those set out above in this Condition 6(h), the Issuer shall comply with such other and/or, as appropriate, additional pre-condition(s).

(i) **Impact of Write Down Event**: The Issuer may not give a notice of redemption pursuant to this Condition 6 (*Redemption, Substitution, Variation and Purchase*) if a Write Down Event has occurred and is continuing. If any notice of redemption of the Notes has been given pursuant to this Condition 6 (*Redemption, Substitution, Variation and Purchase*) and a Write Down Event occurs prior to such redemption, the relevant redemption notice shall be automatically rescinded and shall be of no force and effect, there shall be no redemption of the Notes on such redemption date and, instead, the Write Down shall take place as provided under Condition 5 (*Write Down*). The Issuer shall give notice of any such automatic rescission of a redemption notice to the Trustee, the Principal Paying Agent, the Calculation Agent and to the Noteholders in accordance with Condition 15 (*Notices*) as soon as possible thereafter.

(j) **Substitution or Variation**: Subject to Condition 6(h), if a Capital Event or a Tax Event has occurred and is continuing, or in order to ensure the effectiveness and enforceability of Condition 19 (*Acknowledgement of Statutory Write-Down or Conversion*), the Issuer may, in its sole discretion, but subject as set out below, having given not less than 10 nor more than 60 days' notice to the Trustee, the Principal Paying Agent, the Calculation Agent and to the Noteholders in accordance with Condition 15 (*Notices*), without any requirement for the consent or approval of the Noteholders, either substitute all (but not some only) of the Notes for, or vary the terms of the Notes (including changing the governing law of the Notes) so that the Notes remain or, as appropriate, become, Qualifying Additional Tier 1 Notes and the Trustee shall (subject to the following provisions of this Condition 6(j) and subject to the receipt by it of the Officer's Certificates referred to in Condition 6(h) above and in the definition of Qualifying Additional Tier 1 Notes) agree to such substitution or variation. Upon the expiry of such notice, the Issuer shall either vary the terms of the Notes or, as the case may be, substitute the Notes in accordance with this Condition 6(j). In connection with any substitution or variation in accordance with this Condition 6(j), the Issuer shall comply with the rules of any stock exchange on which such Notes are for the time being listed or admitted to trading. The Trustee shall, at the request of the Issuer, use its reasonable endeavours to assist the Issuer in the substitution of the Notes for, or the variation of the terms of the Notes so that they remain, or as appropriate, become, Qualifying Additional Tier 1 Notes, provided that the Trustee shall not be obliged to participate in, assist with, or agree to, any such substitution or variation if the terms of the proposed Qualifying Additional Tier 1 Notes or the participation in or assistance with or agreement to such substitution or variation would have the effect of (i) exposing the Trustee to any liability against which it is not indemnified and/or secured and/or pre-funded to its satisfaction, (ii) changing,

increasing or adding to the obligations or duties of the Trustee or (iii) removing or amending any protection or indemnity afforded to, or any other provision in favour of, the Trustee under the Trust Deed, these Conditions and/or the Notes. By its acquisition of Notes, each Noteholder (which, for the purpose of this Condition 6(j), includes each holder of a beneficial interest in the Notes) shall be deemed to have expressly consented to any substitution or variation pursuant to this Condition 6(j) and to grant to the Issuer full power and authority to take any action and/or to execute and deliver any document in the name and/or on behalf of the Noteholders which is necessary or convenient to complete any such substitution or variation.

(k) **Purchase**: Subject to Condition 6(h), the Issuer and its Subsidiaries may at any time purchase or procure others to purchase for its account Notes in the open market or otherwise at any price. The Notes so purchased, while held by or on behalf of the Issuer or any such Subsidiary, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Condition 12(a).

(l) **Cancellation**: All Definitive Notes representing Notes purchased pursuant to this Condition 6 shall be either cancelled forthwith, held or, to the extent permitted by law, resold. Any Definitive Notes so cancelled may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

7 Payments

(a) **Method of Payment:**

(i) Payments of principal shall be made (subject to surrender of the relevant Definitive Notes at the specified office of any Transfer Agent or of the Registrar if no further payment falls to be made in respect of the Notes represented by such Definitive Notes) in the manner provided in paragraph (ii) below.

(ii) Interest on each Note shall be paid to the person shown on the Register at the close of business on the business day before the due date for payment thereof (the "**Record Date**"). Payments of interest on each Note shall be made by transfer to an account in U.S. Dollars maintained by the payee with a bank.

(iii) If the amount of principal being paid upon surrender of the relevant Definitive Note is less than the outstanding principal amount of such Definitive Note, the Registrar will annotate the Register with the amount of principal so paid and will (if so requested by the Issuer or a Noteholder) issue a new Definitive Note with a principal amount equal to the remaining unpaid outstanding principal amount. If the amount of interest being paid is less than the amount then due, the Registrar will annotate the Register with the amount of interest so paid.

(b) **Payments subject to fiscal laws:** All payments in respect of the Notes are subject in all cases to (i) any applicable fiscal or other laws and regulations, but without prejudice to the provisions of Condition 8 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code, or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 8 (*Taxation*)) any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Noteholders in respect of such payments.

(c) **Agents:** The initial Agents and their initial specified offices are listed below. The Issuer reserves the right (subject to prior written approval of the Trustee (such approval not to be unreasonably withheld or delayed)) to terminate the appointment of all or any of the Agents at any time (provided that no Agent shall be responsible for any costs or liabilities occasioned by any such termination) and appoint additional or other payment or transfer agents, provided that they will maintain (i) a Principal Paying Agent, (ii) a Registrar, (iii) a Transfer Agent, (iv) such other

agents as may be required by any other stock exchange on which the Notes may be listed, in each case, as approved by the Trustee (such approval not to be unreasonably withheld or delayed). Notice of any such change will be provided as described in Condition 15 (*Notices*) below.

(d) **Delay in Payment:** Noteholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due on a Note if the due date is not a business day, or if the Noteholder is late in surrendering or cannot surrender its Definitive Note (if required to do so).

(e) **Non-Business Days:** If any date for payment in respect of any Note is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this Condition 7, "**business day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the place in which the specified office of the Principal Paying Agent is located and on which foreign exchange transactions may be carried on in U.S. Dollars in New York City.

(f) **Calculations:** The Calculation Agent will cause the amounts of interest, the amounts of principal and any other amount required to be paid hereunder to be calculated and such calculations to be provided to the Issuer, the Trustee and the Agents in the manner contemplated in these Conditions and the Agency Agreement.

8 Taxation

All payments of principal, interest and other amounts in respect of the Notes by the Issuer shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatsoever nature imposed, levied, collected, withheld or assessed by or within the Republic of Kazakhstan or any political subdivision or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts as will result in receipt by the Noteholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Definitive Note:

(i) held by a holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of its having some connection with the Republic of Kazakhstan other than the mere holding of such Definitive Note; or

(ii) where (in the case of a payment of principal or interest on redemption) the relevant Definitive Note is surrendered for payment more than 30 days after the Relevant Date except to the extent that the relevant holder would have been entitled to such additional amounts if it had surrendered the relevant Definitive Note on the last day of such period of 30 days.

Notwithstanding any other provision of these Conditions, any amounts to be paid on the Notes by or on behalf of the Issuer will be paid net of any deduction or withholding imposed or required pursuant to an agreement described in Section 1471(b) of the Code, or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) (any such withholding or deduction, a "**FATCA Withholding**"). Neither the Issuer nor any other person will be required to pay any additional amounts in respect of FATCA Withholding.

"**Relevant Date**" in respect of any Note means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further surrender of the Definitive Note representing

such Note being made in accordance with these Conditions, such payment will be made, provided that payment is in fact made upon such surrender.

Any reference in these Conditions to principal or interest shall be deemed to include any additional amounts in respect of principal or interest (as the case may be) which may be payable under this Condition 8. If the Issuer becomes subject in respect of payments of principal or interest on the Notes to any taxing jurisdiction other than (or in addition to) the Republic of Kazakhstan, references in these Conditions to the Republic of Kazakhstan shall be construed as references to such other jurisdiction.

9 Enforcement Events

Except as described in this Condition 9 (*Enforcement Events*), no remedy shall be available to the Trustee or the Noteholders against the Issuer, whether for the recovery of amounts owing in respect of the Notes or under the Trust Deed or in respect of any breach by the Issuer of any of its obligations under or in respect of the Notes or the Trust Deed.

(a) **Non-Payment of Principal**: If the Issuer fails to pay the principal on any of the Notes when due in accordance with Condition 6 (*Redemption, Substitution, Variation and Purchase*) and such failure to pay is not remedied within five Business Days of the due date for payment, the Trustee may, in accordance with the Applicable Banking Regulations, initiate or request the Competent Authority to initiate, proceedings for the winding-up, insolvency (bankruptcy) or liquidation of the Issuer and/or may prove and/or claim in any consequent winding-up, insolvency (bankruptcy) or liquidation (whether voluntary or involuntary) of the Issuer, with the question of whether the Issuer is, as a matter of fact, insolvent or in liquidation being determined in accordance with the Applicable Banking Regulations.

(b) **Insolvency**: In the event of the commencement of proceedings for the winding-up, insolvency (bankruptcy) or liquidation (whether voluntary or involuntary) of the Issuer (each as determined in accordance with and subject to, the Applicable Banking Regulations), the Trustee may prove and/or claim in the insolvency (bankruptcy) or liquidation of the Issuer and the amount of any claim in respect of a Note shall be its Outstanding Principal Amount together with any accrued and unpaid Interest that has not been Cancelled in accordance with these Conditions.

(c) **Performance Obligations**: The Trustee may institute such proceedings and/or take any other steps or actions against the Issuer as it may think fit to enforce any term or condition binding on the Issuer under the Notes or the Trust Deed (other than any payment obligations of the Issuer arising thereunder, including any damages awarded for breach of any obligations, but excluding any amount due to the Trustee in respect of its fees and expenses or any other amounts owing to the Trustee (acting in its capacity as such) (including under any indemnity)), provided that in no event shall the Issuer, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it pursuant to these Conditions and the Trust Deed.

(d) **Enforcement**: The Trustee shall not be bound to take any of the actions referred to in this Condition 9 (*Enforcement Events*) against the Issuer to enforce the terms of the Trust Deed or the Notes or any other action under or pursuant to the Trust Deed unless (i) it shall have been so directed by an Extraordinary Resolution or requested in writing by the holders of at least one-quarter in Outstanding Principal Amount of the Notes and (ii) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction.

10 Prescription

Claims for the payment of principal and interest in respect of any Definitive Note shall be prescribed unless made within 10 years (for claims for the payment of principal) or five years (for claims for the payment of interest) from the appropriate Relevant Date in respect of them.

11 Replacement of Definitive Notes

If any Definitive Note is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Registrar, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Definitive Notes must be surrendered before replacements will be issued.

12 Meetings of Noteholders, Modification and Waiver

(a) **Meetings of Noteholders:** The Trust Deed contains provisions for convening meetings of Noteholders to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed. Such meetings shall be held in accordance with the provisions set out in the Trust Deed. Such a meeting may be convened by the Trustee upon receipt of a written request by Noteholders holding not less than 10 per cent. in Outstanding Principal Amount of the Notes (subject to the Trustee being indemnified and/or secured and/or prefunded to its satisfaction against all costs and expenses). The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more persons holding or representing a clear majority in Outstanding Principal Amount of the Notes, or at any adjourned meeting two or more persons being or representing Noteholders whatever the Outstanding Principal Amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to modify any date fixed for the payment of the principal amount of the Notes or the dates on which interest is payable in respect of the Notes, (ii) to reduce or cancel the principal amount of, or interest on, the Notes (other than any reduction following a Write Down Event), (iii) to alter the method of calculating the amount of any payment in respect of the Notes, (iv) to change the currency of payment of the Notes or (v) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass an Extraordinary Resolution, in which case the necessary quorum will be two or more persons holding or representing not less than two-thirds, or at any adjourned meeting not less than 25 per cent., in principal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed).

An Extraordinary Resolution is a resolution passed at a meeting duly convened and held in accordance with this Trust Deed by a clear majority of the votes cast. The Trust Deed provides that a resolution in writing signed by or on behalf of the holders of not less than two-thirds in principal amount of the Notes outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

(b) **Modification and Waiver:** The Trustee may agree, without the consent of the Noteholders, to (i) any modification of any of the provisions of the Trust Deed or the Notes which is, in the opinion of the Trustee, of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach of any of the provisions of the Notes or the Trust Deed, which is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders and shall be notified to the Noteholders as soon as practicable thereafter.

(c) **Entitlement of the Trustee:** In connection with the exercise of its functions (including but not limited to those referred to in this Condition 12) the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders and the Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer, the Trustee or any other Person, any indemnification or

payment in respect of any tax consequences of any such exercise upon individual Noteholders.

(d) **Consent of the Competent Authority:** No variation, modification or amendment of these Conditions or of the Trust Deed shall become effective unless and until the Issuer has obtained the consent of the Competent Authority, if and to the extent required by the Applicable Banking Regulations then in force.

13 Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility including provisions relieving it from taking action unless indemnified and/or secured and/or prefunded to its satisfaction. The Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit.

The Trust Deed also contains a provision permitting the Trustee to request a compliance certificate from the Issuer related to compliance with these Conditions in the circumstances described in the Trust Deed. The Trustee may rely without liability to Noteholders on a report, confirmation or certificate or any advice of any accountants, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such report, confirmation or certificate or advice and such report, confirmation or certificate or advice without further investigation or enquiry and without liability and if accepted shall be binding on the Issuer and the Noteholders.

14 Further Issues

The Issuer may from time to time, without the consent of the Noteholders, create and issue further securities having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest) and so that such further issue shall be consolidated and form a single series with the outstanding Notes. Any further securities forming a single series with the outstanding securities of any series (including the Notes) constituted by the Trust Deed or any deed supplemental to it shall be constituted by a deed supplemental to the Trust Deed.

15 Notices

Notices to the Noteholders shall be valid if sent to them by first class mail (airmail if overseas) at their respective addresses on the Register. Any such notice shall be deemed to have been given on the fourth day after the date of mailing. In addition, so long as the Notes are admitted to trading on the Stock Exchange, notices will be published in a manner which complies with the rules and regulations of the Stock Exchange. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made.

16 Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

17 Governing Law

The Notes and the Trust Deed and any non-contractual obligations arising out of or in connection with any of them are governed by, and shall be construed in accordance with, English law, except that the provisions of Condition 3 (*Status and Subordination etc.*) and the relevant provisions of the Trust Deed shall be governed by and construed in accordance with, the laws of the Republic of Kazakhstan and shall be subject to the mandatory rules of the laws of the Republic of Kazakhstan.

18 Arbitration, Consent to Enforcement and Waiver of Immunity

(a) **Arbitration**: Any dispute arising out of or connected with the Notes and the Trust Deed, including a dispute as to the validity or existence of the Notes and the Trust Deed and/or this Condition 18 or any non-contractual obligation arising out of or in connection with the Notes and the Trust Deed (a "**Dispute**"), shall be resolved by arbitration whose seat shall be in London, England, conducted in the English language by three arbitrators pursuant to the rules of the London Court of International Arbitration ("**LCIA**") (such arbitration to also be administered by the LCIA in accordance with those rules), which rules are deemed to be incorporated by reference into this Condition 18 with the exception that any provision of such rules relating to the nationality of an arbitrator shall, to that extent, not apply and save that, unless the parties agree otherwise, the third arbitrator, who shall act as chairman of the tribunal, shall be nominated by the two arbitrators nominated by or on behalf of the parties. If the third arbitrator is not so nominated within 30 days of the date of nomination of the later of the two party-nominated arbitrators to be nominated, the third arbitrator shall be chosen by the LCIA. Sections 45 and 69 of the Arbitration Act 1996 shall not apply.

(b) **Agent for Service of Process**: The Issuer has appointed Law Debenture Corporate Services Limited, at Eighth Floor, 100 Bishopsgate, London EC2N 4AG as its agent in England to receive service of process in any proceedings in England in connection with the Notes and the Trust Deed.

(c) **Consent to enforcement etc.**: The Issuer consents generally in respect of any Disputes to the giving of any relief or the issue of any process in connection with such Disputes including (without limitation) the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any judgment or award which may be made or given in such Disputes.

(d) **Waiver of immunity**: To the extent that the Issuer may in any jurisdiction claim for itself or its assets or revenues immunity from suit, execution, attachment (whether in aid of execution, before the making of a judgment or an award or otherwise) or other legal process including in relation to the enforcement of a judgment or award and to the extent that such immunity (whether or not claimed) may be attributed in any such jurisdiction to the Issuer or its respective assets or revenues, the Issuer agrees not to claim and irrevocably waives such immunity.

19 Acknowledgement of Statutory Write-Down or Conversion

Notwithstanding any provision of these Conditions and irrespective of whether or not a Write-Down Event has occurred, the Noteholders (which, for the purposes of this Condition 19 (*Acknowledgement of Statutory Write-Down or Conversion*), includes any current or future holder of a beneficial interest in the Notes) and the Issuer acknowledge, accept, consent and agree that the Competent Authority may, in accordance with the Applicable Banking Regulations, exercise its resolution powers envisaged by the Applicable Banking Regulations in relation to the Notes, which may include, and result in, without limitation, the following (or any combination thereof):

(i) any accrued and unpaid Interest payable in respect of the Notes not being paid and being cancelled, and the Issuer's obligations hereunder to pay the amounts of accrued and unpaid Interest under the Notes being terminated in full;

(ii) the Outstanding Principal Amount of the Notes being reduced in whole or in part and the Issuer's obligation to pay any applicable damages or any other amounts payable under the Notes being terminated in full;

(iii) the Notes being cancelled;

(iv) the Outstanding Principal Amount of the Notes and any accrued and unpaid Interest payable in respect of the Notes that has not been previously cancelled or otherwise is no longer due being, in whole or in part, converted into Ordinary Shares or other equity instruments; and/or

(v) any term of the Notes being amended or varied, including, without limitation, any date (or the Issuer's discretion in respect thereof) on which the Notes may be redeemed in accordance with Condition 6 (*Redemption, Substitution, Variation and Purchase*) or the amount of Interest payable on the Notes, or the date on which the Interest becomes payable, including by suspending payment for a temporary period,

in each case, in accordance with the Applicable Banking Regulations, and any such exercise by the Competent Authority of the aforesaid resolution powers shall be binding on the Issuer and the Noteholders.

20 Definitions

In these Conditions, the following terms shall have the following meanings:

"**Accounting Currency**" means Kazakhstani Tenge or such other primary currency used in the presentation of the Issuer's financial statements from time to time;

"**Additional Tier 1 Capital**" (in Russian, "*dobavochniy kapital*") has the meaning given to it (or to any successor term) in the Applicable Banking Regulations;

"**Additional Tier 1 Instrument**" means any subordinated obligation of the Issuer which constitutes Additional Tier 1 Capital in accordance with the then prevailing Applicable Banking Regulations;

"**Applicable Banking Regulations**" means, at any time, the laws, regulations, delegated or implementing acts, regulatory or implementing technical standards, rules, requirements, guidelines and policies relating to the operation of banking and financial industry and banking and financial services in the Republic of Kazakhstan and which apply to the Issuer or to the Group at that time including, without limitation (and to the extent applicable as aforesaid) the laws, regulations, delegated or implementing acts, regulatory or implementing technical standards, rules, requirements, guidelines and policies related to corporate structure, composition of assets, capital adequacy, resolution and/or solvency;

"**Approval Date**" means the date falling 90 calendar days after the Issue Date;

an "**Approval Event**" is deemed to have occurred if the Competent Authority does not issue the Conclusion to the Issuer on or prior to the Approval Date;

"**Board of Directors**" means with respect to the Issuer, its board of directors;

"**Business Day**" means (except where expressly defined otherwise) a day, other than a Saturday, Sunday or a public holiday, on which banks and foreign exchange markets are open for business in Astana, London and, if on that day a payment is to be made, New York City;

a "**Capital Event**" is deemed to have occurred if, at any time after the Approval Date, a change in the regulatory classification of the Notes under the Applicable Banking Regulations occurs, or the Competent Authority makes a decision, that results (or would result) in some or all of the Outstanding Principal Amount of the Notes that was included in, or counted towards, the Issuer's Additional Tier 1 Capital (on a standalone basis) and the Group's Additional Tier 1 Capital (on a consolidated basis) on the Approval Date ceasing to be included in, or counting towards, either the Issuer's Additional Tier 1 Capital (on a standalone basis) or the Group's Additional Tier 1 Capital (on a consolidated basis) and in any such case, if and to the extent required by the Applicable Banking Regulations, (a) the Competent Authority considers such a change to be sufficiently certain, and (b) the Issuer demonstrates to the satisfaction of the Competent Authority that the regulatory reclassification of the Notes was not reasonably foreseeable as at the Issue Date. For avoidance of doubt, a Capital Event shall not be deemed to have occurred solely as a consequence of any actual or potential Write Down of any Notes;

"**Capital Stock**" means, with respect to any Person, any and all shares, interests (including partnership interests), rights to purchase, warrants, options, participations or other equivalents (however designated, whether voting or non-voting) of such Person's equity, including any Preferred Stock of such Person, whether now outstanding or issued after the Issue Date, including without limitation, all series and

classes of such Capital Stock but excluding any debt securities convertible into or exchangeable for such Capital Stock;

"**CET1 Capital**" (in Russian - "*osnovnoj kapital*") means, at any time, the aggregate amount (in the Accounting Currency) of the common equity tier 1 capital of the Issuer (on a standalone basis) calculated in accordance with the Applicable Banking Regulations at such time;

"**CET1 Ratio**" means, at any time, the ratio (expressed as a percentage) of the aggregate amount (in the Accounting Currency) of the CET1 Capital of the Issuer at such time, divided by the Risk-Weighted Assets of the Issuer at such time, all as calculated by the Issuer;

"**Code**" means the United States Internal Revenue Code of 1986, as amended;

"**Competent Authority**" means the Agency of the Republic of Kazakhstan for Regulation and Development of the Financial Market or such other successor authority having primary bank supervisory authority with respect to prudential oversight and supervision in relation to the Issuer and/or the Group;

"**Conclusion**" means the written confirmation of the Competent Authority that the terms of the Notes comply with the criteria set forth by the Applicable Banking Regulations for the inclusion of the full Outstanding Principal Amount of the Notes into the own funds (capital) of the Issuer and of the Group as Additional Tier 1 Capital;

"**Extraordinary Resolution**" has the meaning given in the Trust Deed;

"**First Reset Date**" means 3 May 2031;

"**Group**" means the Issuer and its consolidated Subsidiaries taken as a whole;

"**H.15**" means the statistical release designated as such, or any successor publication, published by the Board of Governors of the United States Federal Reserve System, and "**most recent H.15**" means, in respect of any Reset Period, the H.15 published closest in time but prior to the close of business on the Reset Determination Date in respect of that Reset Period;

"**Interest**" means interest payable on the Notes in accordance with Condition 4 (*Interest*);

"**Interest Cancellation Amount**" means all or such part of the amount of Interest accrued to (but excluding) the Write Down Event Date that is determined by the Issuer and/or the Competent Authority as necessary to be cancelled (in conjunction with any interest cancellation measures taken in respect of Loss Absorbing Instruments which qualify as Additional Tier 1 Capital) in order to immediately remedy a Write Down Event);

"**Interest Payment Date**" means 3 May and 3 November in each year, with the first Interest Payment Date falling on 3 May 2026;

"**Interest Rate**" means the rate at which the Notes accrue Interest in accordance with Condition 4 (*Interest*);

"**IFRS**" means International Financial Reporting Standards (formerly International Accounting Standards), issued by the International Accounting Standards Board ("**IASB**") and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB (as amended, supplemented or re-issued from time to time);

"**Issue Date**" means 3 November 2025;

"**Loss Absorbing Instruments**" means any obligation (other than the Notes) incurred directly or indirectly by the Issuer or any other member of the Group which (a) in the case of the liquidation (whether voluntary or involuntary) of the Issuer (determined in accordance with the Applicable Banking Regulations) ranks or is expressed to rank *pari passu* with the Notes (or, if issued by another member of the Group, has an equivalent ranking to that provided in Condition 3(b)), (b) is an Additional Tier 1

Instrument of the Issuer or of the Group, and (c) contains provisions analogous to those in Condition 4 (*Interest*) with respect to obligations qualifying as Additional Tier 1 Capital and Condition 5 (*Write Down*) relating to cancellation of interest and monetary damages and a write down of the principal amount of such instrument or which otherwise permit or require the cancellation of interest and monetary damages and write down of such instrument and in respect of which the conditions (if any) to the operation of such provisions are (or with the giving of any certificate or notice which is capable of being given by the Issuer, would be) satisfied;

"**Margin**" means 6.188 per cent. per annum;

"**Monetary Damages**" means any amount of financial damages which the Issuer may become liable to pay for failure to perform its obligations under these Conditions;

"**Monetary Damages Cancellation Amount**" means all or such part of the amount of Monetary Damages, if any, accrued to (but excluding) the Write Down Event Date that is determined by the Issuer and/or the Competent Authority as necessary to be cancelled (in conjunction with any monetary damages cancellation measures taken in respect of any Loss Absorbing Instruments which qualify as Additional Tier 1 Capital) in order to immediately remedy a Write Down Event;

"**New York Business Day**" means a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments generally in New York City;

"**Officer**" means the chief financial officer, the chairman or the first deputy chairman of the Board of Directors, the chairman of the Management Board or other person holding a corresponding or similar position of responsibility;

"**Officer's Certificate**" means a certificate executed on behalf of the Issuer by one Officer;

"**Ordinary Shares**" means ordinary shares in the capital of the Issuer;

"**Outstanding Principal Amount**" means, in respect of a Note at any time, the principal amount of that Note that is outstanding at that time;

"**Person**" means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organisation, limited liability company or government or other entity;

"**Preferred Stock**", as applied to the Capital Stock of any Person, means Capital Stock of any class or classes (however designated) which is preferred as to the payment of dividends or distributions, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person;

"**Qualifying Additional Tier 1 Notes**" means securities that:

(a) are issued by the Issuer;

(b) rank at least equally with the ranking of the Notes;

(c) other than in respect of the effectiveness and enforceability of Condition 19 (*Acknowledgement of Statutory Write-Down or Conversion*), have terms not materially less favourable to Noteholders than the terms of the Notes (as reasonably determined by the Issuer in consultation with an investment bank or financial adviser of international standing (which in either case is independent of the Issuer), and provided that an Officer's Certificate to such effect (including as to such consultation) shall have been delivered to the Trustee (upon which the Trustee shall be entitled to rely without further enquiry and without liability to any person) prior to the issue or, as appropriate, variation of the relevant securities);

(d) (without prejudice to paragraph (c) above) (i) contain terms such that they comply with the applicable requirements in relation to Additional Tier 1 Capital pursuant to the Applicable Banking Regulations then in force; (ii) bear the same rate of interest from time to time applying to the Notes and preserve the same Interest Payment Dates; (iii) preserve the obligations

(including the obligations arising from the exercise of any right) of the Issuer as to redemption of the Notes, including (without limitation) as to timing of, and amounts payable upon, such redemption; (iv) have the same Outstanding Principal Amount as the Notes; and (v) preserve any existing rights to any accrued and unpaid Interest and any other amounts payable under the Notes which has accrued to Holders and has not been paid (subject always to the right of the Issuer subsequently to cancel such accrued and unpaid interest in accordance with the terms of such securities);

(e) are listed on the same stock exchange or market (if any) as the Notes; and

(f) where the Notes which have been substituted or varied had a published rating solicited by the Issuer from one or more Rating Agencies immediately prior to their substitution or variation, benefit from (or will, as announced by each such Rating Agency, benefit from) an equal or higher published rating from each such Rating Agency as that which applied to the Notes;

"**Rating Agency**" means each of Standard & Poor's Credit Market Services Europe Limited ("**S&P**"), Fitch Rating Limited ("**Fitch**") and Moody's Investors Service ("**Moody's**"), or any of their affiliates or successors; provided that if any of Fitch, S&P or Moody's ceases to rate the Issuer or the Notes or fails to make a rating of the Issuer or the Notes publicly available for reasons outside of the Issuer's control, any other rating agency of equivalent international standing may be selected by the Issuer as a replacement agency for Fitch, S&P or Moody's, or any of them, as the case may be;

"**Redemption Price**" means, per Note, the Outstanding Principal Amount of such Note plus, if applicable, where not cancelled pursuant to, or otherwise subject to the limitations on payment set out in Condition 4 (*Interest*), an amount equal to accrued and unpaid Interest for the then current Interest Period to (but excluding) the date fixed for redemption of the Notes;

"**Reset Date**" means the First Reset Date and every fifth anniversary thereof;

"**Reset Determination Date**" means, in relation to each Reset Date, the second Business Day immediately preceding such Reset Date;

"**Reset Period**" means the period from (and including) a Reset Date to (but excluding) the next succeeding Reset Date;

"**Risk-Weighted Assets**" means, at any time, the aggregate amount (in the Accounting Currency) of the risk-weighted assets of the Issuer (on a standalone basis) calculated in accordance with the Applicable Banking Regulations at such time;

"**Stock Exchange**" means Wiener Börse AG;

"**Subsidiary**" means, in relation to any Person (the "**first person**"), at any particular time, any other Person (i) which the first person controls or has the power to control and (ii) which is (or is required under IFRS to be) consolidated in or with the financial statements of the first person. For the purposes of this definition, "**control**", as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise;

"**Substantial Repurchase Event**" has the meaning given to it in Condition 6(f) (*Redemption at the Option of the Issuer Following a Substantial Repurchase Event*);

a "**Tax Event**" shall be deemed to have occurred if (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the Republic of Kazakhstan or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment has become or becomes effective on or after the Issue Date and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it;

"**Tier 1 Capital**" has the meaning given to it (or to any successor term) in the Applicable Banking Regulations;

"**Transfer Agent**" means The Bank of New York Mellon SA/NV, Dublin Branch or any successor transfer agent appointed by the Issuer from time to time and notice of whose appointment is published in the manner specified in Condition 15 (*Notices*);

"**Treasury Yield**" means, in relation to any Reset Period:

(a) the rate per annum corresponding to the semi-annual equivalent yield to maturity, that represents the average for the five consecutive New York Business Days immediately prior to the applicable Reset Determination Date, appearing in the most recent H.15, and that establishes yields on actively traded U.S. Treasury securities adjusted to constant maturity, for five-year maturities from the applicable Reset Date, under the caption "Treasury Constant Maturities"; or

(b) if there is no such published actively traded U.S. Treasury security with a maturity of five years from the next Reset Date, the rate determined by interpolation between the most recent weekly average yield to maturity for two series of U.S. Treasury securities trading in the public securities market selected by the Issuer, (i) one maturing as close as possible to, but earlier than, the first Reset Date following the next succeeding Reset Determination Date, and (ii) the other maturing as close as possible to, but later than, the first Reset Date following the next succeeding Reset Determination Date, in each case as published in the most recent H.15; or

(c) if the Treasury Yield cannot be determined pursuant to the methods described in paragraphs (a) or (b) above, the rate equal to the Treasury Yield for the last preceding Reset Period (or, in the case of the first Reset Period, the rate equal to 3.687 per cent. per annum), in each case, as determined by the Calculation Agent on the applicable Reset Determination Date;

"**U.S. Dollars**", "**dollars**" or the sign "**$**" means such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts;

"**Waived Set-Off Rights**" means any and all rights of or claims of any Noteholder for deduction, set-off, netting, compensation, retention or counterclaims arising directly or indirectly under or in connection with any Note;

"**Write Down Amount**" means all of the Outstanding Principal Amount of the Notes, or such part only as may be determined by the Issuer and/or the Competent Authority as necessary to be Written Down (in conjunction with any Interest Cancellation Amount, Monetary Damages Cancellation Amount and any other write down or conversion of, or other write down measures taken in respect of, Loss Absorbing Instruments which qualify as Additional Tier 1 Capital) in order to immediately remedy a Write Down Event in accordance with Condition 5(k);

a "**Write Down Event**" is deemed to have occurred if, at any time, as determined by the Issuer, the Competent Authority or an agent appointed by the Competent Authority, the CET1 Ratio is less than 5.500 per cent.;

"**Write Down Event Notice**" means a notice which shall be given by the Issuer to the Trustee, the Principal Paying Agent, the Calculation Agent and the Noteholders pursuant to Condition 5(b) and which shall state that the Write Down Event has occurred and provide reasonable details of the event(s) triggering such Write Down Event;

"**Write Down Measures**" means an Interest Cancellation Measure, a Monetary Damages Cancellation Measure and/or a Principal Write Down Measure;

"**Write Down Measure Effective Date**" means the date as of which the Write Down Measures become effective, which is specified in the Write Down Measure Notice and which shall occur on or prior to the date falling 30 Business Days after the occurrence of the Write Down Event; and

"**Write Down Measure Notice**" means a notice which shall be given by the Issuer to the Trustee, the Principal Paying Agent, the Calculation Agent and the Noteholders pursuant to Condition 5(b) and which shall specify with reasonable detail (a) the Write Down Measure Effective Date; and (b) the Write Down Measures being implemented, including any Interest Cancellation Amount, any Monetary Damages Cancellation Amount and any Write Down Amount, and the basis of their calculation.

SUMMARY OF THE PROVISIONS RELATING TO THE NOTES WHEN IN GLOBAL FORM

The Notes will be evidenced on issue by (i) in the case of Regulation S Notes, a Regulation S Global Note deposited with, and registered in the name of a nominee for, a common depositary for Euroclear and Clearstream, Luxembourg and (ii) in the case of Rule 144A Notes, a Rule 144A Global Note deposited with a custodian for, and registered in the name of Cede & Co. as nominee of DTC.

Beneficial interests in the Regulation S Global Note may be held only through Euroclear or Clearstream, Luxembourg at any time. See "*—Book-entry Procedures for the Global Notes*". By acquisition of a beneficial interest in the Regulation S Global Note, the purchaser thereof will be deemed to represent, among other things, that if it determines to transfer such beneficial interest, it will transfer such interest only to a person whom the seller reasonably believes (a) to be purchasing outside of the United States in accordance with Regulation S or (b) to be a person who takes delivery in the form of an interest in a Rule 144A Global Note (if applicable). See "*Transfer Restrictions*".

Beneficial interests in the Rule 144A Global Note may be held only through DTC at any time. See "*—Book-entry Procedures for the Global Notes*". By acquisition of a beneficial interest in the Rule 144A Global Note, the purchaser thereof will be deemed to represent, among other things, that it is a QIB and that, if in the future it determines to transfer such beneficial interest, it will transfer such interest in accordance with the procedures and restrictions contained in the agency agreement. See "*Transfer Restrictions*".

Beneficial interests in each Global Note will be subject to certain restrictions on transfer set forth therein and in the Paying Agency Agreement and the Global Notes will bear applicable legends regarding such restrictions set forth under "*Transfer Restrictions*". A beneficial interest in the Regulation S Global Note may be transferred to a person who takes delivery in the form of an interest in the Rule 144A Global Note and only upon receipt by the Registrar of a written certification (in the form provided in the Paying Agency Agreement) to the effect that the transferor reasonably believes that the transferee is a QIB and that such transaction is in accordance with any applicable securities laws of any state of the United States or any other jurisdiction. Beneficial interests in the Rule 144A Global Note may be transferred to a person who takes delivery in the form of an interest in the Regulation S Global Note only upon receipt by the Registrar of a written certification (in the form provided in the Paying Agency Agreement) from the transferor to the effect that the transfer is being made in accordance with Regulation S.

Save in the case of the issue of replacement Notes pursuant to Condition 12, the Issuer, the Transfer Agents and the Registrar shall make no charge to the holders for the registration of any holding of Notes or any transfer thereof or for the issue of any Notes or for the delivery thereof at the specified office of a Transfer Agent or the Registrar or by uninsured post to the address specified by the holder, but such registration, transfer, issue or delivery shall be effected against such indemnity from the holder or the transferee thereof as the Registrar or the relevant Transfer Agent may require in respect of any tax or other duty of whatever nature which may be levied or imposed in connection with such registration, transfer, issue or delivery. Except in the limited circumstances described below, owners of beneficial interests in the Global Notes will not be entitled to receive physical delivery of Note certificates in definitive form (the "**Definitive Notes**"). The Notes are not issuable in bearer form.

Amendments to Conditions

Each Global Note contains provisions that apply to the Notes that it represents, some of which modify the effect of the above Conditions. The following is a summary of those provisions:

Payments

Payments of principal and interest in respect of Notes evidenced by a Global Note will be made to the person who appears on the register of Noteholders at the close of business on the Record Date as holder of the relevant Global Note against presentation and (if no further payment falls to be made in respect of the relevant Notes) surrender of such Global Note to or to the order of the Principal Paying Agent (or to or to the order of such other Paying Agent as shall have been notified to the Noteholders for this purpose), which shall endorse such payment or cause such payment to be endorsed in the appropriate schedule to such Global Note (such endorsement being prima facie evidence that the payment in question has been made). Interest in respect of the Notes represented

by a Global Note will be paid from the Interest Commencement Date in arrear at the rates, on the dates for payment, and in accordance with the method of calculation provided for in the Conditions, save that the calculation is made in respect of the total aggregate amount of the Notes represented by such Global Note, together with such other sums and additional amounts (if any) as may be payable under the Conditions, in accordance with the Conditions.

Notices

So long as the Notes are evidenced by a Global Note and such Global Note is held by or on behalf of a clearing system, notices to Noteholders may be given by delivery of the relevant notice to that clearing system for communication to entitled account holders rather than in the manner specified in the Conditions and shall be deemed to be given to holders of interests in such Global Note with the same effect as if they had been given to such Noteholder in accordance with the Conditions; *provided*, *however*, *that* as long as the Notes are included in trading on the Vienna MTF and admitted to the Official List of the AIX, all notices will also be given in accordance with the rules of the Vienna Stock Exchange and the rules of the AIX, respectively. Any such notice will be deemed to have been given on the day the same has been delivered to the relevant clearing systems, or as otherwise required by the rules of the AIX. For so long as any Notes are listed on AIX, any notices are deemed to be given to Noteholders in a sufficient manner if disclosed through AIX Regulatory Announcement Service.

Record Date

Notwithstanding Condition 8(a)(ii), "Record Date" shall mean the Clearing System Business Day before the relevant due date for payment, where "Clearing System Business Day" means Monday to Friday inclusive, except 25 December and 1 January.

Meetings

The holder of a Global Note will be treated as being two persons for the purposes of any quorum requirements of, or the right to demand a poll at, a meeting of Noteholders and in any such meeting as having one vote in respect of each Note for which such Global Note may be exchangeable.

Trustee's Powers

Notwithstanding anything contained in the Trust Deed, in considering the interests of Noteholders while a Global Note is held on behalf of a clearing system, the Trustee may, to the extent it considers it appropriate to do so in the circumstances, have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to such Global Note and may consider such interests, and treat such accountholders, as if such accountholders were the holders of such Global Note.

Issuer's Option

So long as the Notes are evidenced by a Global Note and such Global Note is held by or on behalf of a clearing system, any option of the Issuer provided for in the Conditions shall be exercised by the Issuer giving notice to the Noteholders and the relevant clearing systems (or procuring that such notice is given on its behalf) within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the serial numbers of Notes drawn in the case of a partial exercise of an option and, accordingly, no drawing of Notes shall be required and instead the Notes to be redeemed shall be selected (i) in the case of the Regulation S Global Note, in accordance with the rules and procedures of Euroclear and/or Clearstream, Luxembourg or (ii) in the case of the Rule 144A Global Note, on a *pro rata* pass-through distribution of principal basis.

Noteholder's Option

So long as the Notes are evidenced by a Global Note and such Global Note is held by or on behalf of a clearing system, the exercise of the option of Noteholders provided for in Condition 7(g) will be subject to the normal rules and operating procedures of such clearing system.

Electronic Consent and Written Resolution

While a Global Note is registered in the name of any nominee for a clearing system, then:

(a) approval of a resolution proposed by the Issuer or the Trustee (as the case may be) given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than two-thirds in principal amount of the Notes outstanding (an "**Electronic Consent**" as defined in the Trust Deed) shall, for all purposes (including matters that would otherwise require an Extraordinary Resolution to be passed at a meeting in respect of which the special quorum provisions specified in the Notes apply, take effect as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held, and shall be binding on all Noteholders whether or not they participated in such Electronic Consent; and

(b) where Electronic Consent is not being sought, for the purpose of determining whether a Written Resolution (as defined in the Trust Deed) has been validly passed, the Issuer and the Trustee shall be entitled to rely on consent or instructions given in writing directly to the Issuer and/or the Trustee, as the case may be, by (a) accountholders in the clearing system with entitlements to such Global Note and/or, (b) where the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person for whom such entitlement is ultimately beneficially held, whether such beneficiary holds directly with the accountholder or via one or more intermediaries. For the purpose of establishing the entitlement to give any such consent or instruction, the Issuer and the Trustee shall be entitled to rely on any certificate or other document issued by, in the case of (a) above, Euroclear, Clearstream, Luxembourg or any other relevant alternative clearing system (the "**relevant clearing system**") and in the case of (b) above, the relevant clearing system and the accountholder identified by the relevant clearing system for the purposes of (b) above. Any resolution passed in such manner shall be binding on all Noteholders, even if the relevant consent or instruction proves to be defective. Any such certificate or other document shall be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear's EasyWay or Clearstream, Luxembourg's Xact Web Portal system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the Notes is clearly identified together with the amount of such holding. Neither the Issuer nor the Trustee shall be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

Exchange for Definitive Notes

Exchange

Each Global Note will be exchangeable, free of charge to the holder, in whole but not in part, for Notes in definitive, registered form if: (i) in the case of a Rule 144A Global Note, DTC notifies the Issuer that it is no longer willing or able to discharge properly its responsibilities as depositary with respect to the Rule 144A Global Note or ceases to be a "clearing agency" registered under the Exchange Act or if at any time it is no longer eligible to act as such, and the Issuer is unable to locate a qualified successor within 90 days of receiving notice or becoming aware of such ineligibility on the part of DTC or (ii) in the case of a Regulation S Global Note, Euroclear or Clearstream, Luxembourg, as the case may be, is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so, by the holder giving notice to the Registrar or any Transfer Agent.

The Registrar will not register the transfer of, or exchange of interests in, a Global Note for Definitive Notes for (i) a period of 15 calendar days ending on the due date for any payment of principal or interest or (ii) a period of 15 calendar days prior to (and including) any date of optional redemption in respect of the Notes, (iii) after any such Note has been called for redemption, or (iv) seven days ending on (and including) any Record Date.

"**Exchange Date**" means a day falling not later than 90 days after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Registrar or the relevant Transfer Agent is located.

Delivery

In such circumstances, the relevant Global Note shall be exchanged in full for Definitive Notes and the Issuer will, at the cost of the Issuer (but against such indemnity as the Registrar or the Transfer Agent may require in respect of any tax or other duty of whatever nature which may be levied or imposed in connection with such exchange), cause sufficient Definitive Notes to be executed and delivered to the Registrar for completion, authentication and dispatch to the relevant Noteholders. A person having an interest in a Global Note must provide the Registrar with (a) a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such Notes and (b) in the case of a Rule 144A Global Note only, a fully completed, signed certification substantially to the effect that the exchanging holder is not transferring its interest at the time of such exchange or, in the case of simultaneous sale pursuant to Rule 144A, a certification that the transfer is being made in compliance with the provisions of Rule 144A to a QIB. Definitive Notes issued in exchange for a beneficial interest in a Rule 144A Global Note shall bear the legend applicable to transfers pursuant to Rule 144A, as set out under "*Transfer Restrictions*".

Legends

The holder of a Definitive Note may transfer the Notes evidenced thereby in whole or in part in the applicable minimum denomination by surrendering it at the specified office of the Registrar or the Transfer Agent, together with the completed form of transfer thereon.

Book-entry Procedures for the Global Note

Custodial and depositary links are to be established between DTC, Euroclear and Clearstream, Luxembourg to facilitate the initial issue of the Notes and cross-market transfers of the Notes associated with secondary market trading. See "*–Settlement and Transfer of Notes*".

Euroclear and Clearstream, Luxembourg

The Regulation S Global Note will have an ISIN and Common Code. The Regulation S Global Note will be deposited with a common depositary for Euroclear and Clearstream, Luxembourg and registered in the name of a nominee of such common depositary. The address of Euroclear is 1 Boulevard du Roi Albert II, 1210 Brussels, Belgium, and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855, Luxembourg.

DTC

The Rule 144A Global Note will have a CUSIP number and will be deposited with a custodian (the "**Custodian**") for, and registered in the name of Cede & Co. as nominee of, DTC. The Custodian and DTC will electronically record the principal amount of the Notes held within the DTC System.

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each hold securities for their customers and facilitate the clearance and settlement of securities transactions through electronic book-entry transfer between their respective accountholders. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an accountholder of either system. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depositary and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective customers may settle trades with each other. Their customers are worldwide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Investors may hold their interests in the Regulation S Global Note directly through Euroclear or Clearstream, Luxembourg if they are accountholders ("**Direct Participants**") or indirectly ("**Indirect Participants**" and, together with Direct Participants, "**Participants**") through organisations that are accountholders therein.

DTC

The information set out below in connection with DTC is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC currently in effect. The information about DTC set forth below has been obtained from sources that the Issuer believes to be reliable, including DTC, but neither the Issuer nor any of the Managers takes any responsibility for the accuracy of the information. If investors wish to use the facilities of any clearing system they should confirm the applicability of the rules, regulations and procedures of the relevant clearing system. None of the Issuer, the Trustee or any of the Managers will have any responsibility or liability for any aspect of the records relating to, or payments made on account of interests in, Notes held through the facilities of any clearing system, or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

DTC has advised the Issuer as follows: DTC is a limited-purpose trust company organised under the laws of the State of New York, a "banking organisation" under the laws of the State of New York, a member of the U.S. Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities for its Participants and facilitate the clearance and settlement of securities transactions between Participants through electronic computerised book-entry changes in accounts of its Participants, thereby eliminating the need for physical movement of certificates. Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to DTC is available to others, such as banks, securities brokers, dealers and trust companies, which clear through or maintain a custodial relationship with a DTC Direct Participant, either directly or indirectly.

Investors may hold their interests in the Rule 144A Global Note directly through DTC if they are Direct Participants in the DTC system, or as Indirect Participants through organisations that are Direct Participants in such system. DTC has advised the Issuer that it will take any action permitted to be taken by a holder of Notes only at the direction of one or more Direct Participants and only in respect of such portion of the aggregate principal amount of the Rule 144A Global Note as to which such Participant or Participants has or have given such direction. However, in the circumstances described under "*Exchange for Definitive Notes*" DTC will surrender the Rule 144A Global Note for exchange for individual Rule 144A Definitive Notes (which will bear the legend applicable to transfers pursuant to Rule 144A).

Relationship of Participants with Clearing Systems

Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg or DTC as the holder of a Note evidenced by a Global Note must look solely to Euroclear or Clearstream, Luxembourg or DTC (as the case may be) for his share of each payment made by the Issuer to the holder of such Global Note and in relation to all other rights arising under such Global Note, subject to and in accordance with the respective rules and procedures of Euroclear and Clearstream, Luxembourg or DTC (as the case may be). The Issuer expects that, upon receipt of any payment in respect of Notes evidenced by a Global Note, the common depositary by whom such note is held, or nominee in whose name it is registered, will immediately credit the relevant participants' or holders' accounts in the relevant clearing system with payments in amounts proportionate to their respective beneficial interests in the principal amount of such Global Note as shown on the records of the relevant clearing system or its nominee. The Issuer also expects that payments by Direct Participants in any clearing system to owners of beneficial interests in a Global Note held through such Direct Participants in any clearing system will be governed by standing instructions and customary practices. Save as aforesaid, such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are evidenced by a Global Note and the obligations of the Issuer will be discharged by payment to the registered holder, as the case may be, of such Global Note in respect of each amount so paid. None of the Issuer, the Trustee or any Agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of ownership interests in any Global Note or for maintaining, supervising or reviewing any records relating to such ownership interests.

Settlement and Transfer of Notes

Subject to the rules and procedures of each applicable clearing system, purchases of Notes held within a clearing system must be made by or through Direct Participants, which will receive a credit for such Notes on the clearing

system's records. The ownership interest of each actual purchaser of each such note (the "**Beneficial Owner**") will in turn be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from any clearing system of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which such Beneficial Owner entered into the transaction.

Transfers of ownership interests in Notes held within the clearing system will be affected by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in such Notes unless and until interests in the relevant Global Note held within a clearing system are exchanged for Definitive Notes.

No clearing system has knowledge of the actual Beneficial Owners of the Notes held within such clearing system and their records will reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by the clearing systems to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

The laws of some jurisdictions may require that certain persons take physical delivery in definitive form of securities. Consequently, the ability to transfer interests in a Global Note to such persons may be limited. In particular, because DTC can only act on behalf of Direct Participants the ability of a person having an interest in the Rule 144A Global Note to pledge such interest to persons or entities that do not participate in DTC, or otherwise take actions in respect of such interest, may be affected by the lack of a physical certificate in respect of such interest.

Trading between Euroclear and/or Clearstream, Luxembourg Participants

Secondary market sales of book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg to purchasers of book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg will be conducted in accordance with the normal rules and operating procedures of Euroclear and Clearstream, Luxembourg and will be settled using the procedures applicable to conventional eurobonds.

Trading between DTC Participants

Secondary market sales of book-entry interests in the Notes between DTC participants will occur in the ordinary way in accordance with DTC rules and will be settled using the procedures applicable to United States corporate debt obligations in DTC's Same-Day Funds Settlement system in same-day funds, if payment is effected in U.S. Dollars, or free of payment, if payment is not effected in U.S. Dollars. Where payment is not effected in U.S. Dollars, separate payment arrangements outside DTC are required to be made between the DTC participants.

Trading between DTC Seller and Euroclear/Clearstream, Luxembourg Purchaser

When book-entry interests in Notes are to be transferred from the account of a DTC participant holding a beneficial interest in the Rule 144A Global Note to the account of a Euroclear or Clearstream, Luxembourg accountholder wishing to purchase a beneficial interest in the Regulation S Global Note, as the case may be (subject to the certification procedures provided in the Paying Agency Agreement), the DTC participant will deliver instructions for delivery to the relevant Euroclear or Clearstream, Luxembourg accountholder to DTC by 12 noon, New York time, on the settlement date. Separate payment arrangements are required to be made between the DTC participant and the relevant Euroclear or Clearstream, Luxembourg participant. On the settlement date, the custodian of the Rule 144A Global Note will instruct the Registrar to (i) decrease the amount of Notes registered in the name of Cede & Co. and evidenced by the Rule 144A Global Note of the relevant class and (ii) increase the amount of Notes registered in the name of the nominee of the common depositary for Euroclear and Clearstream, Luxembourg and evidenced by the Regulation S Global Note. Book-entry interests will be delivered free of payment to Euroclear or Clearstream, Luxembourg, as the case may be, for credit to the relevant accountholder on the first business day following the settlement date.

Trading between Euroclear/Clearstream, Luxembourg Seller and DTC Purchaser

When book-entry interests in the Notes are to be transferred from the account of a Euroclear or Clearstream, Luxembourg accountholder to the account of a DTC participant wishing to purchase a beneficial interest in the Rule 144A Global Note (subject to the certification procedures provided in the Paying Agency Agreement), the Euroclear or Clearstream, Luxembourg participant must send to Euroclear or Clearstream, Luxembourg delivery free of payment instructions by 7:45 p.m., Brussels or Luxembourg time, one business day prior to the settlement date. Euroclear or Clearstream, Luxembourg, as the case may be, will in turn transmit appropriate instructions to the common depositary for Euroclear and Clearstream, Luxembourg and the Registrar to arrange delivery to the DTC participant on the settlement date. Separate payment arrangements are required to be made between the DTC participant and the relevant Euroclear or Clearstream, Luxembourg accountholder, as the case may be. On the settlement date, the common depositary for Euroclear and Clearstream, Luxembourg will (a) transmit appropriate instructions to the custodian of the Rule 144A Global Note who will in turn deliver such book-entry interests in the Notes free of payment to the relevant account of the DTC participant and (b) instruct the Registrar to (i) decrease the amount of Notes registered in the name of the nominee of the common depositary for Euroclear and Clearstream, Luxembourg and evidenced by the Regulation S Global Note; and (ii) increase the amount of Notes registered in the name of Cede & Co. and evidenced by the Rule 144A Global Note. Although Euroclear, Clearstream, Luxembourg and DTC have agreed to the foregoing procedures in order to facilitate transfers of beneficial interest in Global Notes among participants and accountholders of Euroclear, Clearstream, Luxembourg and DTC, they are under no obligation to perform or continue to perform such procedure, and such procedures may be discontinued at any time. None of the Issuer, the Trustee nor any Agent will have the responsibility for the performance by Euroclear, Clearstream, Luxembourg or DTC or their respective Direct or Indirect Participants of their respective obligations under the rules and procedures governing then-operations.

Pre-issue Trades Settlement

It is expected that delivery of Notes will be made against payment therefor on the Issue Date thereof, which could be more than one business day following the date of pricing. Under Rule 15c6-l under the Exchange Act, trades in the United States secondary market are generally required to settle within one business day (T+1), unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Notes in the United States on the date of pricing or the next succeeding business days until one days prior to the Issue Date will be required, by virtue of the fact the Notes initially will settle beyond T+1, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Settlement procedures in other countries will vary. Purchasers of Notes may be affected by such local settlement practices, and purchasers of Notes between the relevant date of pricing and the Issue Date should consult their own advisors.

Payment, Settlement and Transfer in the AIX and the AIX CSD

Notes offering will be made through the book-building platform of the trading system of the AIX in accordance with the AIX Business Rules and relevant AIX Market Notice. The payment and settlement will be made through the settlement system of the Astana International Exchange Central Securities Depository ("**AIX CSD**") in accordance with the rules and regulations of the AIX CSD (the "**AIX CSD Rules**"), in particular delivery of the Notes through the system of the AIX CSD and the account of AIX CSD at Euroclear, on or about Issue Date.

In order to participate in the offering of Notes, take delivery of Notes and trade Notes on the AIX, investors are required to have an account opened with a brokerage company admitted as an AIX Trading Member and an AIX CSD Participant. Notes will be held on behalf of investors in the relevant AIX Trading Member's custodial account at AIX CSD.

The Issuer expects that custodial and depositary links have been established between Euroclear and the AIX CSD, with AIX CSD maintaining an account with Euroclear, to facilitate the initial issue of the Notes and cross-market transfers of the Notes associated with secondary market trading.

Initial Settlement

Euroclear and Clearstream, Luxembourg are expected to accept the Notes for settlement in their respective book-entry settlement systems. The Issuer expects that delivery of the Notes will be made through the facilities

of Euroclear and Clearstream, Luxembourg on or about the Issue Date. Except as set forth herein, investors may hold beneficial interests in and transfer the Notes only through Euroclear or Clearstream, Luxembourg and their direct and indirect participants, including AIX CSD. Transfers within Euroclear and Clearstream, Luxembourg and AIX CSD will be in accordance with the usual rules and operating procedures of the relevant system.

The Issuer will not impose any fees in respect of the Notes; however, holders of book-entry interests in the Notes may incur fees normally payable in respect of the maintenance and operation of accounts in AIX CSD, Euroclear, Clearstream, Luxembourg.

AIX CSD

AIX CSD holds securities for AIX Trading Members and their clients and facilitates the clearance and settlement of securities transactions between these participants through electronic book entry changes in accounts of such participants. AIX CSD provides, among other things, services for safekeeping, administration, clearance and settlement of traded securities and securities lending and borrowing. AIX CSD has established a direct electronic linkage to Euroclear to facilitate the transfer of securities between AIX CSD and the Euroclear system.

Distributions of coupons and other payments with respect to book entry interests in the Notes held through AIX CSD will be credited to the cash accounts of AIX Trading Members in accordance with the relevant system's rules and procedures.

AIX maintains an account with AIX CSD, which has a direct access to the Euroclear system. Upon settlement of the Notes in accordance with the Terms and Conditions of the Notes, the AIX CSD will receive the Notes allocated to the AIX Trading Members through the book-build process and will hold the Notes in the AIX CSD nominee account at Euroclear. Upon receipt, AIX CSD will create the total number of Notes allocated to AIX Trading Members' accounts in AIX CSD and allocate the same to the investor nominee or custodial account of an AIX Trading member as instructed by the Kazakhstan Manager.

Trading between AIX CSD Participants

After the Notes are issued and lodged in the AIX CSD, any trading of such Notes between investors on the secondary market will take place electronically, and settlement/recording will be handled by the AIX CSD, in line with AIX Business Rules and the AIX CSD Rules.

Distributions of Coupon

Coupon and other payments with respect to book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by such depositaries, to the cash accounts of Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures. This includes holders of book entry interests in Notes at AIX CSD, where the coupon and other payments will be credited to AIX CSD. Upon receipt by AIX CSD, coupons and other payments with respect to book entry interests in the Notes held through AIX CSD will be credited to the cash accounts of the AIX Trading Members nominee or account at AIX CSD in accordance with AIX CSD Rules.

TRANSFER RESTRICTIONS

Rule 144A Bonds

Each purchaser of the bonds in the United States will be deemed to represent, acknowledge and agree as follows:

1. It is (i) a QIB, (ii) acquiring such Notes for its own account or for the account of a QIB, and (iii) aware, and each beneficial owner of such Notes has been advised, that the sale of such Notes to it is being made in reliance on Rule 144A.

2. It understands that the Notes have not been and will not be registered under the Securities Act and are "restricted securities" within the meaning of Rule 144 under the Securities Act and may not be offered, sold, pledged or otherwise transferred except (a) in accordance with Rule 144A to a person that it and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or for the account of a QIB, (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S or (c) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available), in each case in accordance with any applicable securities laws of any State of the United States.

3. It understands that the Rule 144A Global Notes, unless otherwise agreed between the Issuer and the Trustee in accordance with applicable law, will bear a legend to the following effect:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**") TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT OR (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR RESALES OF THIS NOTE.

4. It understands that the Notes offered in reliance on Rule 144A will be represented by the Rule 144A Global Note and that the Notes offered and sold outside of the United States in reliance on Regulation S will be represented by the Regulation S Global Note. Before any interest in the Rule 144A Global Note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the Regulation S Global Note, it will be required to provide a Transfer Agent with a written certification (in the form provided in the Agency Agreement) as to compliance with applicable securities laws.

5. The Issuer, the Registrar, the Transfer Agent, the Managers and each of their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements. It agrees that if any of the acknowledgments, representations or agreements deemed to have been made by it by virtue of its purchase of the Notes is no longer accurate, it shall promptly notify the Issuer, the Registrar, the Transfer Agent and the Managers. If it is acquiring any Notes for the account of one or more QIBs, it represents that it has sole investment discretion with respect to each of those accounts and that it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each such account.

Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

TAXATION

Prospective purchasers of the Notes are advised to consult their own tax advisers as to the consequences under the tax laws of the country of which they are resident of a purchase of Notes, including, but not limited to, the consequences of the receipt of interest and the sale or redemption of Notes. The following is a general description of Kazakhstan withholding tax laws and certain United States tax consequences relating to the Notes as in effect on the date hereof (unless specified otherwise), and does not purport to be a comprehensive discussion of the tax treatment of the Notes.

Kazakhstan Tax Considerations

The following summary of certain Kazakhstan taxation matters is based on the laws as at the date of this Information Memorandum (unless specified otherwise) and is subject to any changes in the laws, interpretation and application thereof, while such changes could be made with retroactive effect. The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to acquire, hold or dispose of the Notes, and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities) may be subject to special rules.

Investors should consult their own professional advisers with respect to the tax consequences of their acquisition, holding and disposal of the Notes, including their eligibility for the benefits of double tax treaties, under the laws of their country of citizenship, residence, domicile or incorporation, and seek separate Kazakhstan tax advice, as necessary.

Subject to the foregoing, this section outlines the main Kazakhstan tax consequences of the acquisition, ownership and disposal of the Notes. In general, Kazakhstan tax legislation with respect to the taxation of securities and financial instruments is not well developed and, in many cases, the exact scope of Kazakhstan tax compliance rules and enforcement mechanisms are unclear or subject to different interpretations. Moreover, the New Tax Code shall enter into effect on 1 January 2026. The general description of regulation under the New Tax Code is provided further below.

Kazakhstan Tax Considerations under the Tax Code

General Tax Implications under the Tax Code

Non-resident individuals and legal entities that acquire the Notes should be subject to income tax withholding at source of payment in Kazakhstan either on (i) receipt of interest or (ii) in connection with disposal of such Notes. No other taxes or duties should be levied on non-residents in Kazakhstan with respect to such transactions.

Kazakhstan resident legal entities are subject to corporate income tax ("**CIT**") and Kazakhstan resident individuals are subject to personal income tax ("**PIT**") in accordance with the Tax Code, respectively.

The Kazakhstan tax legislation does not provide clear and explicit treatment of certain operations performed on stock exchanges. This ambiguity creates a risk that the Kazakhstan tax authorities may take a view different from the one which is outlined below.

Under the Tax Code, the term "interest" includes, *inter alia*, payments on debt securities in the form of discount or coupon (taking into account the discount or premium on the value of the initial placement and (or) acquisition cost), payments to the holder of debt securities who is a related party for the payer of interest on such securities.

Additionally, the Tax Code stipulates the following definitions applicable to debt securities:

- debt securities – government-issued securities, bonds, and other securities recognized as debt securities in accordance with the legislation of the Republic of Kazakhstan;
- discount on debt securities – the difference between the nominal value and the price of the initial placement (excluding coupon) or the acquisition price (excluding coupon) of debt securities;

- coupon on debt securities – the amount paid (or payable) by the issuer in excess of the nominal value of debt securities in accordance with the terms of issuance; and
- premium on debt securities – the difference between the price of the initial placement (excluding coupon) or the acquisition price (excluding coupon) and the nominal value of debt securities, where the terms of issuance provide for the payment of a coupon.

Taxation of Kazakhstan tax residents

Gains from disposal of the Notes

Gains derived from the disposal of securities constitute a taxable income for both Kazakhstan resident legal entities and Kazakhstan resident individuals. The taxable amount of a gain for a Kazakh resident legal entity should be calculated as the positive difference (excluding the coupon) between the selling price and the initial (acquisition) value (tax base cost), taking into account the amortization of the discount and/or premium as of the sale date. Kazakhstan resident legal entities are required to include gains from the disposal of securities in their aggregate annual income, which is subject to CIT at the rate of 20 per cent.

An individual tax resident should measure the gain from sale of a security as a positive difference between the selling price and the initial (acquisition) value (tax base cost). Kazakhstan resident individuals that derive gains from the disposal of securities are required to include such gains in their annual income, which is subject to PIT at the rate of 10 per cent.

Tax benefits applicable to gains derived from disposal of the Notes (applicable to exchange transactions)

The tax benefit (downward adjustment of income for individuals and reduction of taxable income for legal entities) applies to gains from the disposal of the Notes and is subject to the following conditions: (i) the Notes are included in the official list of the stock exchange (ii) realization is conducted through an open trade method and (iii) realization is conducted on a stock exchange functioning in the territory of the Republic of Kazakhstan, which are KASE and AIX.

Additionally, a Kazakhstan resident legal entity's gains from the disposal of the Notes which meet these conditions should be reduced by the losses accumulated in connection with disposal of securities meeting the following conditions (i) securities are included in the official list of the stock exchange (ii) realization is conducted through an open trade method and (iii) realization is conducted on a stock exchange functioning in the territory of the Republic of Kazakhstan, which are KASE and AIX.

Interest

Kazakhstan resident legal entities are required to include interest income on securities in their aggregate annual income, which is subject to CIT at the rate of 20 per cent.

Kazakhstan resident individuals are obliged to include interest income on securities in their annual income, which is subject to PIT at the rate of 10 per cent.

Tax benefits applicable to interest income on the Notes

The tax benefit (reduction of taxable income for legal entities) applies to interest on the Notes in case the Notes are included in the official list of the stock exchange functioning in the territory of the Republic of Kazakhstan, which are KASE and AIX.

Kazakhstan resident individuals can exclude interest on the Notes from a taxable income (downward adjustment of income).

Taxation of Kazakhstan tax non-residents

Non-resident persons should not become residents in Kazakhstan for Kazakhstan tax purposes by reason of solely the acquisition, ownership or disposal of the Notes. Therefore, under the Kazakhstan tax law, holders of the Notes, being non-residents for Kazakhstan tax purposes with no presence in Kazakhstan, should only be taxed on their income earned from sources in Kazakhstan, rather than on their worldwide income.

Non-resident buyers of the Notes are not subject to taxation in Kazakhstan upon acquisition of such securities during the Offering. However, under the Tax Code, a withholding tax ("**WHT**") applies in respect of income derived by non-residents from sources in Kazakhstan, provided that such non-residents do not operate through a permanent establishment in Kazakhstan. The liability to calculate, withhold, remit and report the withheld tax lies with the payer of taxable income, which acts as a tax agent in this case.

Obligations on assessment, declaration, withholding and remittance to the Kazakhstan state budget of WHT on gains realised on post-Offering transactions should generally be fulfilled by a buyer of the Notes, which is recognised as a tax agent (excluding individuals), regardless of whether such buyer is a resident or non-resident for Kazakhstan tax purposes. To fulfil their tax agent obligations, such a non-resident should register with the Kazakhstan tax authorities.

Obligations on assessment, declaration, withholding and remittance to the Kazakhstan state budget of WHT on interest should rest with the Issuer which is a Kazakh tax agent in this case.

Gains from disposal of the Notes

As a general rule, a gain derived from the disposal of securities is subject to WHT at the rate of 15 per cent. (or 20 per cent. if the holder of securities is registered in a Country with Favourable Tax Regime, as defined below). Disposals in this section refer to various types of title transfers including sale, exchange and gratuitous transfer.

For tax purposes, a gain is measured as a positive difference (excluding the coupon) between the sale price and the initial (acquisition) value (tax base cost), taking into account the amortization of the discount and/or premium as of the sale date. If a seller fails to provide a buyer with documents confirming the initial value of the securities, which are in possession of the seller (the tax base cost of the seller), the buyer must apply any resulting income tax on a gross basis (i.e., on the entire purchase price).

The Tax Code defines a "Country with Favourable Tax Regime" as either a foreign country or a territory, which meets one of the following criteria:

- profit tax rate in such country or territory is less than 10 per cent.; or
- such country or territory has laws on confidentiality of financial information or laws, which allow keeping confidential information about the actual owner of property or income or the actual owners, participants, founders or shareholders of a legal entity (except for a foreign country or a territory which has entered into an international treaty with the Republic of Kazakhstan, which provides for exchange of information on tax matters between the competent authorities, save for the cases when the foreign country or territory does not ensure exchange of information on tax matters between the competent authorities). Foreign country or territory is regarded as failed to ensure exchange of information with the competent Kazakhstan authority for tax purposes if one of the following conditions is met: (1) the Kazakhstan competent authority receives an official refusal of a foreign competent authority for provision of information, even though such exchange is envisaged by the relevant international agreement; (2) the competent foreign authority failed to provide the requested information within the period exceeding two years after the delivery of the request by the Kazakhstan competent authority.

The exact list of Countries with Favourable Tax Regime is approved by Decree No. 142 of the Minister of Finance of the Republic of Kazakhstan, dated 8 February 2018. The following jurisdictions are currently included in the list of Countries with a Favourable Tax Regime: Principality of Andorra, Antigua and Barbuda, Commonwealth of The Bahamas, Barbados, Kingdom of Bahrain, Belize, Negara Brunei Darussalam, Republic of Vanuatu, Republic of Guyana, Republic of Guatemala, Grenada, Republic of Djibouti, Dominican Republic, Commonwealth of Dominica, Kingdom of Spain (in respect of the territories of The Canary Islands only), People's Republic of China (in respect of the territories of the special administrative regions of Macau and Hong Kong only), Republic of Colombia, Union of the Comoros, Republic of Costa Rica, Malaysia (in respect of the territory of Labuan enclave only), Republic of Liberia, Republic of Lebanon, Republic of Mauritius,Islamic Republic of Mauritania, Republic of Portugal (in respect of the territory of the islands of Madeira only), Republic of Maldives, Republic of the Marshall Islands, Principality of Monaco, Republic of Malta, Mariana Islands, Kingdom of Morocco (in respect of the territory of the city of Tangier only), Republic of the Union of Myanmar, Republic of Nauru, Kingdom of the Netherlands (in respect of the territories of the islands of Aruba

and dependent territories of the Antilles islands only), Federal Republic of Nigeria, New Zealand (in respect of the territories of the Cook Islands and Niue only), Republic of Palau, Republic of Panama, Independent State of Samoa, Republic of San Marino, Republic of Seychelles, Saint Vincent and the Grenadines, Saint Kitts and Nevis, Saint Lucia, United Kingdom (in respect of the following territories only: Anguilla; Bermuda; the British Virgin Islands; Gibraltar; the Cayman Islands; Montserrat; the Turks and Caicos Islands, Isle of Man, the Channel Islands (Guernsey, Jersey, Sark and Alderney), South Georgia and the South Sandwich Islands, Chagos Island), United States (in respect of the following territories only: The Virgin Islands of the United States, Guam, Commonwealth of Puerto Rico, State of Wyoming), Republic of Suriname, United Republic of Tanzania, Kingdom of Tonga, Republic of Trinidad and Tobago, Republic of Fiji, Republic of the Philippines, Republic of France (in respect of the following territories only: Kerguelen Islands, French Polynesia, French Guiana), Montenegro, Democratic Socialist Republic of Sri Lanka, Jamaica.

Tax benefits applicable to gains derived from disposal of the Notes (applicable to exchange transactions)

Gains derived by non-resident legal entities from the sale of securities may be exempt from taxation in Kazakhstan subject to the following conditions: (i) securities are included in the official list of the stock exchange functioning in the territory of Kazakhstan (i.e. KASE or AIX) or a foreign stock exchange, and (ii) realization is conducted through an open trade method.

Gains derived by non-resident individuals from the sale of securities may be exempt from taxation in Kazakhstan subject to the following conditions: (i) securities are included in the official list of the stock exchange functioning in the territory of Kazakhstan, which are KASE and AIX, and (ii) realization is conducted through an open trade method.

The abovementioned exemption should also apply to non-resident legal entities that are registered in a foreign jurisdiction, included in the list of Countries with a Favourable Tax Regime.

Interest

Under the Tax Code, interest is subject to WHT at the rate of 15 per cent. (or 20 per cent. if the holder is registered in a Country with Favourable Tax Regime). WHT is applied to the gross amount of interest without allowance for any deductions.

Tax benefits applicable to interest income on the Notes

Interest income of non-resident legal entities and non-resident individuals received on the Notes should be exempt from WHT if the Notes (1) are included in the official list of the stock exchange functioning in the territory of Kazakhstan (i.e. KASE or AIX) at the time of interest accrual, and (2) the Notes meet the trading criteria established by the Kazakhstan Government, including having a minimum volume of debt securities issued through public trading and in circulation of at least 1 billion tenge.

The abovementioned exemption should also apply to non-resident legal entities that are registered in a foreign jurisdiction, included in the list of Countries with a Favourable Tax Regime.

Kazakhstan Tax Considerations under the New Tax Code Effective Starting on 1 January 2026

On 18 July 2025, the President of Kazakhstan signed the New Tax Code which enters into force on 1 January 2026. Therefore, provisions of the New Tax Code should apply to operations with the Notes that take place on or after 1 January 2026.

General Tax Implications under the New Tax Code

Similar to the regulation under the Tax Code, in accordance with the New Tax Code the non-resident individuals and legal entities that acquire the Notes should be subject to income tax withholding at source of payment in Kazakhstan either on (i) receipt of interest or (ii) in connection with disposal of such Notes. No other taxes or duties should be levied on non-residents in Kazakhstan with respect to such transactions. Kazakhstan resident legal entities are subject to CIT and Kazakhstan resident individuals are subject to PIT, respectively.

Under the New Tax Code, the term "interest" includes, *inter alia*, interest on debt securities which are payments in the form of a discount or coupon (taking into account the discount on debt securities or premium on the value of the initial placement and (or) acquisition cost) made to the holder of debt securities or another person who is a related party for the payer of interest on such securities.

Additionally, the New Tax Code stipulates the following definitions applicable to debt securities:

- debt securities – securities certifying the obligation of the issuer (debtor) to repay the principal amount of debt under the terms of issuance of such securities, including government issued securities and bonds;
- discount on debt securities – the positive difference between the nominal value and the price of the initial placement (excluding coupon) or the acquisition price (excluding coupon) of debt securities;
- coupon on debt securities – the amount paid (or payable) by the issuer in excess of the nominal value of debt securities in accordance with the terms of issuance; and
- premium on debt securities – the positive difference between the price of the initial placement (excluding coupon) or the acquisition price (excluding coupon) and the nominal value of debt securities, where the terms of issuance provide for the payment of a coupon.

Taxation of Kazakhstan Tax Residents

Gains from disposal of the Notes

The New Tax Code introduces a separate category of securities – so-called "tax-privileged securities" – for the purposes of taxation of gains from disposals of such securities by Kazakhstan resident legal entities and individuals. Such tax-privileged securities include, among others:

- listed securities which meet all of the following conditions: (i) securities are included in the official list of the stock exchange as of the date of realization, (ii) realization is conducted through an open trade method and (iii) realization is conducted on a stock exchange functioning in the territory of the Republic of Kazakhstan, which are KASE and AIX (the "**Listed Securities**");
- debt securities issued by a Kazakhstan resident legal entity, and which meet all of the following conditions: (i) on the date of disposal of the debt securities, the taxpayer has held such debt securities for more than three years, (ii) such resident legal entity issuer is not a subsoil user, (iii) the property of persons (a person) being subsoil users in the value of assets of such resident legal entity issuer on the date of such disposal, does not exceed 50 percent (the "**Long-term Debt Securities**").

As a result of a debt security's disposal, a Kazakhan resident legal entity should calculate the difference (excluding the coupon) between the selling price and the initial (acquisition) value (tax base cost), taking into account the amortization of the discount and/or premium as of the sale date. A Kazakhstan resident legal entity's differences from the disposals of each category of tax-privileged securities within a tax period (calendar year) must be aggregated to determine whether the aggregate result is positive (i.e. gain) or negative (i.e. loss). A negative result (i.e. loss) is not taken into account in the taxpayer's CIT calculations. A positive result (i.e. gain), however, must be included in the taxpayer's aggregate annual income. The applicable CIT rate is 20 per cent.

As a result of a debt security's disposal, a Kazakh resident individual should calculate the difference between the selling price and the initial value (tax base cost). A Kazakhstan resident individual's differences from the disposals of all tax-privileged securities within a tax period (calendar year) must be aggregated to determine whether the result is positive (i.e. gain) or negative (i.e. loss). A negative result (i.e. loss) is not taken into account in the taxpayer's PIT calculation. A positive result, however, must be included in the taxpayer's annual income. The applicable PIT rate is 10 per cent. (or 15 per cent. on taxable income exceeding the statutory threshold of 8,500 times MCI).

Tax benefits applicable to gains derived from disposal of the Notes

If the aggregate amount of a Kazakhstan resident legal entity's differences from disposal operations with

specific type of tax-privileged securities in a calendar year is positive (i.e. gain) and such gain is included in the Kazakhstan resident legal entity's gross annual income, the Kazakhstan resident legal entity should be eligible to apply the tax benefit (reduction of taxable income) to such gain derived from the disposal of Notes if they qualify as tax-privileged securities, including Listed Securities or Long-term Debt Securities (applicable in case the sale of the Notes is conducted over-the-counter).

If the aggregate amount of a Kazakhstan resident individual's differences from disposal operations with all tax-privileged securities in a calendar year is positive (i.e. gain) and such gain is included in the Kazakhstan resident individual's annual income, the Kazakhstan resident individual should be eligible to apply the tax benefit (reduction of income subject to tax) to such gain derived from the disposal of the Notes if they qualify as tax-privileged securities, including Listed Securities or Long-term Debt Securities (applicable in case the sale of the Notes is conducted over-the-counter).

Interest

Kazakhstan resident legal entities are required to include interest income on securities in their aggregate annual income, which is subject to CIT at the rate of 20 per cent.

Kazakhstan resident individuals are obliged to include interest income on securities in their annual income, which is subject to PIT at the rate of 10 per cent (or 15 percent on taxable income exceeding the statutory threshold of 8,500 times MCI). A resident individual's taxable income in the form of interest consists of interest paid (or payable), except for the discount on debt securities, which is recognized by an individual upon their disposal, including redemption, as a gain from disposal.

Tax benefits applicable to interest income on the Notes

A Kazakhstan resident legal entity should be eligible to apply the tax benefit (reduction of taxable income) to interest income received on debt securities that, as of the date such interest is accrued, are included in the official list of a stock exchange operating in the territory of the Republic of Kazakhstan which are KASE and AIX.

A Kazakhstan resident individual should be eligible to apply the tax benefit (reduction of income subject to tax by the amount of relevant interest) to interest on debt securities issued by entities registered under the laws of the Republic of Kazakhstan and interest on securities that, as of the date such interest is accrued, are included in the official list of a stock exchange operating in the territory of the Republic of Kazakhstan which are KASE and AIX.

Taxation of Kazakhstan Tax Non-Residents

Non-resident persons should not become residents in Kazakhstan for Kazakhstan tax purposes by reason of solely the acquisition, ownership or disposal of the Notes. Therefore, under the Kazakhstan tax law, holders of the Notes, being non-residents for Kazakhstan tax purposes with no presence in Kazakhstan, should only be taxed on their income earned from sources in Kazakhstan, rather than on their worldwide income.

Non-resident buyers of the Notes are not subject to taxation in Kazakhstan upon acquisition of such securities during the offering. A WHT applies in respect of income derived by non-residents from sources in Kazakhstan, provided that such non-residents do not operate through a permanent establishment in Kazakhstan. The liability to calculate, withhold, remit and report the withheld tax lies with the payer of taxable income, which acts as a tax agent in this case.

Obligations on assessment, declaration, withholding and remittance to the Kazakhstan state budget of WHT on gains realised on post-offering transactions should generally be fulfilled by a buyer of the Notes, which is recognised as a tax agent, regardless of whether such buyer is a resident or non-resident for Kazakhstan tax purposes. To fulfil its tax agent obligations, such a non-resident should register with the Kazakhstan tax authorities. Individuals, who act as buyers of the Notes, should not be regarded as tax agents with regard to the taxable gain of non-residents if the transaction takes place on a stock exchange.

Obligations on assessment, declaration, withholding and remittance to the Kazakhstan state budget of WHT on interest should rest with the Issuer which is a Kazakh tax agent in this case.

Gains from disposal of the Notes

As a general rule, a gain derived from the disposal of securities is subject to WHT at the rate of 15 per cent. (or 20 per cent. if the holder of securities is registered in a Country with Favourable Tax Regime, as defined below). Disposals in this section refer to various types of title transfers such as sale, exchange and gratuitous transfer.

The New Tax Code does not set out the procedure for determining non-resident's income in the form of gains arising from the disposal of debt securities. If the procedure for determining resident's income in the form of gains arising from the disposal of debt securities established for residents is applied, a gain should be measured as the difference (excluding the coupon) between the selling price and the initial (acquisition) value (tax base cost), taking into account the amortization of the discount and/or premium as of the sale date. If a seller fails to provide a buyer with documents confirming the initial value of the securities, which are in possession of the seller (the tax base cost of the seller), the buyer must apply any resulting income tax on a gross basis (i.e., on the entire purchase price).

The New Tax Code defines a "Country with Favourable Tax Regime" as either a foreign country or a territory, which meets one of the following criteria:

- profit tax rate in such country or territory is less than 10 per cent.; or
- such country or territory has laws on confidentiality of financial information or laws, which allow keeping confidential information about the actual owner of property or income or the actual owners, participants, founders or shareholders of a legal entity (except for a foreign country or a territory which has entered into an international treaty with the Republic of Kazakhstan, which provides for exchange of information on tax matters between the competent authorities, save for the cases when the foreign country or territory does not ensure exchange of information on tax matters between the competent authorities). Foreign country or territory is regarded as failed to ensure exchange of information with the competent Kazakhstan authority for tax purposes if one of the following conditions is met: (1) the Kazakhstan competent authority receives an official refusal of a foreign competent authority for provision of information, even though such exchange is envisaged by the relevant international agreement; (2) the competent foreign authority failed to provide the requested information within the period exceeding two years after the delivery of the request by the Kazakhstan competent authority.

The exact list of Countries with Favourable Tax Regime is approved by Decree No. 142 of the Minister of Finance of the Republic of Kazakhstan, dated 8 February 2018 (the list of Countries with Favourable Tax Regime is valid as of September 2025 and may change before or after the New Tax Code is enacted). The following jurisdictions are currently included in the list of Countries with a Favourable Tax Regime: Principality of Andorra, Antigua and Barbuda, Commonwealth of The Bahamas, Barbados, Kingdom of Bahrain, Belize, Negara Brunei Darussalam, Republic of Vanuatu, Republic of Guyana, Republic of Guatemala, Grenada, Republic of Djibouti, Dominican Republic, Commonwealth of Dominica, Kingdom of Spain (in respect of the territories of The Canary Islands only), People's Republic of China (in respect of the territories of the special administrative regions of Macau and Hong Kong only), Republic of Colombia, Union of the Comoros, Republic of Costa Rica, Malaysia (in respect of the territory of Labuan enclave only), Republic of Liberia, Republic of Lebanon, Republic of Mauritius, Islamic Republic of Mauritania, Republic of Portugal (in respect of the territory of the islands of Madeira only), Republic of Maldives, Republic of the Marshall Islands, Principality of Monaco, Republic of Malta, Mariana Islands, Kingdom of Morocco (in respect of the territory of the city of Tangier only), Republic of the Union of Myanmar, Republic of Nauru, Kingdom of the Netherlands (in respect of the territories of the islands of Aruba and dependent territories of the Antilles islands only), Federal Republic of Nigeria, New Zealand (in respect of the territories of the Cook Islands and Niue only), Republic of Palau, Republic of Panama, Independent State of Samoa, Republic of San Marino, Republic of Seychelles, Saint Vincent and the Grenadines, Saint Kitts and Nevis, Saint Lucia, United Kingdom (in respect of the following territories only: Anguilla; Bermuda; the British Virgin Islands; Gibraltar; the Cayman Islands; Montserrat; the Turks and Caicos Islands, Isle of Man, the Channel Islands (Guernsey, Jersey, Sark and Alderney), South Georgia and the South Sandwich Islands, Chagos Island), United States (in respect of the following territories only: The Virgin Islands of the United States, Guam, Commonwealth of Puerto Rico, State of Wyoming), Republic of Suriname, United Republic of Tanzania, Kingdom of Tonga, Republic of Trinidad and Tobago,

Republic of Fiji, Republic of the Philippines, Republic of France (in respect of the following territories only: Kerguelen Islands, French Polynesia, French Guiana), Montenegro, Democratic Socialist Republic of Sri Lanka, Jamaica.

Tax benefits applicable to gains derived from disposal of the Notes (applicable to exchange and non-exchange transactions)

Gains derived by non-resident individuals from the sale of Listed Securities should not be subject to taxation in Kazakhstan. Gains derived by non-resident legal entities and non-resident individuals from disposal of Long-term Debt Securities (applicable in case the sale of the Notes is conducted over-the-counter (in relation to non-resident individuals)) should not be subject to taxation in Kazakhstan.

Individual residents / citizens of Countries with a Favourable Tax Regime should be eligible to claim the exemption on Listed Securities.

Interest

Under the New Tax Code, interest on debt securities received from the issuer of such securities is subject to WHT at the rate of 10 per cent. (or 20 per cent. if the holder is registered in a Country with Favourable Tax Regime). WHT is applied to the gross amount of interest without allowance for any deductions.

Tax benefits applicable to interest income on the Notes

Under the New Tax Code, interest income of non-resident legal entities and non-resident individuals received on the Notes should not be subject to taxation in Kazakhstan if the Notes (1) are included in the official list of the stock exchange functioning in the territory of Kazakhstan (i.e. KASE or AIX) at the time of interest accrual, and (2) the Notes meet the trading criteria established by the Kazakhstan Government, including having a minimum volume of debt securities issued through public trading and in circulation of at least 1 billion tenge.

The New Tax Code also stipulates that amounts of accrued interest on debt securities paid upon their purchase by resident buyers should not be regarded as non-resident's Kazakh-source income.

Non-resident individuals and non-resident legal entities who are residents of Countries with a Favourable Tax Regime or are registered in such countries should be eligible to apply the abovementioned exemption.

AIX tax exemptions for Kazakhstan residents and non-residents

In respect of the securities listed on AIX, the applicable tax exemptions are provided by the AIFC Law. The Notes shall, upon AIX Admission, be included into the AIX Official List.

Under the AIFC Law, the tax exemptions (discussed below) are effective until 1 January 2066.

Gains from disposal of the Notes

Gains derived from the realization of securities should be exempt from taxation in Kazakhstan provided that such securities are included in the AIX Official List at the date of their realization.

Thus, in respect of the Notes listed on AIX, pursuant to the AIFC Law, gains should be exempt from taxation in Kazakhstan provided that such securities are included in the AIX Official List at the date of their sale.

Interest

Under the AIFC Law, interest paid on the Notes should be exempt from taxation in Kazakhstan, provided that such Notes are included in the AIX Official List at the time the interest is accrued.

Treaty protection in the absence of exemption

If the exemptions envisaged by the Tax Code (prior to the enactment of the New Tax Code on 1 January 2026) or the New Tax Code (on or after 1 January 2026), the AIFC Law (as stated above) are not available, non-resident holders of the Notes, who are residents in the countries with which Kazakhstan has a tax treaty, may be

entitled to apply tax exemptions or a reduced tax rate (on interest) under such treaty, if certain conditions are met.

However, the tax treaty protection in respect of gains from the disposal of the Notes could be achieved in Kazakhstan through income tax refund only, i.e., after income tax is already paid to the Kazakhstan state budget. Thus, the relevant investors should file an income tax refund claim along with documents prescribed by the Kazakhstan tax legislation to the respective tax authority within the established timeframe. In practice, however, this process may prove to be administratively burdensome and time-consuming with no guarantee of the outcome.

In addition, non-resident holders of the Notes who are residents of the countries with which Kazakhstan has tax treaties may be entitled to a reduced rate of withholding tax on interest, if certain conditions are met.

In particular, depending on the country of residence and satisfaction of certain other conditions, the interest WHT rates under most of Kazakhstan's tax treaties which are in effect as at the date of this Information Memorandum is 10 per cent. Since the New Tax Code establishes a 10 per cent. WHT rate on debt securities interest, and most of Kazakhstan's tax treaties also provide for a 10 per cent. rate, the application of a treaty will generally be relevant only in specific cases where a treaty grants preferential treatment to certain organizations or institutions.

Before enactment of the New Tax Code, reduction of the interest WHT to a rate which is below 15 per cent. under a tax treaty may only be available to beneficial owners of interest (i.e. a recipient of interest shall have the rights of possession, use, disposal of the relevant income and shall not act as an intermediary (such as an agent or nominee holder)) and if the Tax Code and tax treaty requirements are met.

In order to avail themselves of this relief, eligible holders have to provide the Issuer with a document issued by the competent authority of their country of tax residence confirming tax residence in a treaty jurisdiction. The document should be provided within the deadlines established by the Kazakhstan tax legislation and meet the requirements of the Tax Code. In particular, to be valid in Kazakhstan, a stamp of the competent authority and signature of the authorised official in the document, which confirms tax residence, should be apostilled or legalised by a holder's home country's competent authority. A signature and a stamp of a foreign notary should also be apostilled or legalised.

Apostille or legalisation of the aforementioned signatures and stamps are not required, *inter alia*, if: (i) the relevant document is published on the official website of the competent authority, or (ii) other authentication procedures, which are envisaged by international agreements to which Kazakhstan is a party, are met.

In addition, for legal holders of the Notes, the Issuer will need to have available the list of the legal holders of the Notes containing the information required by the Kazakhstan tax legislation. Depending on how a contract for keeping records and proof of ownership over the Notes is structured, the list of the legal holders of Notes should be provided to the Issuer either by the Kazakhstan Central Securities Depository or an organisation which is entitled to conduct depository activity on a foreign security market.

If a legal holder of the Notes is a resident of the tax treaty state with which the tax treaty is modified by a Multilateral Instrument (the "**MLI**") of the Organisation for Economic Co-operation and Development, the legal holder of the Notes may be requested to provide documents confirming the satisfaction of MLI requirements. If the above document and other required documents are not made available to the Issuer prior to 31 March of the year following the year when interest are paid, and/or if the list of the legal holders of Notes is not provided to the Issuer (as required above), then the Issuer should apply WHT at a standard 15 per cent. rate (or 20 per cent. rate if the recipient is registered in a Country with Favourable Tax Regime), as applicable, and account for the withheld amounts to the relevant authority.

In certain cases the holders/beneficial owners of the Notes who are eligible for a lower WHT rate under the tax treaty should later be able to claim a refund of overpaid tax either from the Kazakhstan state budget or from the Issuer under certain conditions.

VAT and Stamp Duties

No Kazakhstan VAT or stamp duty should be payable by holders of the Notes in connection with the sale purchase of the Notes and with the interest received on the Notes in the manner contemplated in the Information Memorandum.

Certain U.S. Federal Income Tax Considerations

The following summary describes certain U.S. federal income tax consequences of the acquisition, ownership and disposition of the Notes by a U.S. Holder (as defined below) and that holds them as a capital asset (generally, property held for investment). The following summary is based on the Internal Revenue Code of 1986, as amended (the "**Code**"), U.S. Treasury regulations thereunder, and judicial and administrative interpretations thereof, all as in effect as at the date hereof and any of which may at any time be repealed, revoked or modified or subject to differing interpretations, potentially retroactively, so as to result in U.S. federal income tax consequences different from those discussed below. There can be no assurances that the Internal Revenue Service (the "**IRS**") will not challenge one or more of the tax consequences described herein, and we have not obtained, nor do we intend to obtain, a ruling from the IRS with respect to the U.S. tax consequences of purchasing, owning or disposing of the Notes.

This summary does not address all aspects of U.S. federal income taxation that may be applicable to particular U.S. Holders subject to special U.S. federal income tax rules, including, but not limited to, tax-exempt organisations, financial institutions, dealers and traders in securities or currencies, traders in securities that elect to use a mark-to-market method of accounting, thrifts, regulated investment companies, real estate investment trusts, insurance companies, tax-deferred or other retirement accounts, U.S. Holders that will hold the Notes as part of a "straddle," hedging transaction, "conversion transaction" or other integrated transaction for U.S. federal income tax purposes, U.S. Holders treated as holding 10 per cent or more of the total voting power or value of all of the Issuer's outstanding stock (including the Notes and any other securities treated as equity for U.S. federal income tax purposes), U.S. Holders that enter into "constructive sale" transactions with respect to the Notes, U.S. Holders liable for alternative minimum tax or the tax on net investment income, U.S. Holders whose functional currency is not the U.S. dollar, investors holding the Notes in connection with a trade or business conducted outside the United States, U.S. Holders required to include certain amounts in income no later than the time such amounts are reflected on their financial statements, and U.S. expatriates or certain former citizens or long-term residents of the United States. In addition, this summary does not address consequences to U.S. Holders of the acquisition, ownership or disposition of the Notes under any other U.S. federal tax laws (including, but not limited to, estate or gift tax laws) or under the tax laws of any state, locality or other political subdivision of the United States or of other countries or jurisdictions. This summary does not address U.S. tax consequences to persons other than U.S. Holders of the acquisition, ownership or disposition of Notes. This summary also does not address any potential consequences of a substitution or a variation under Condition 6(j) of the Terms and Conditions of the Notes and prospective purchasers should consult their own tax advisers regarding such potential consequences.

The summary of the U.S. federal income tax consequences set out below is for general information only and is not tax advice with respect to any specific investor. Prospective investors should consult their own tax advisers as to the particular tax consequences to them of the acquisition, ownership and disposition of the Notes, including the applicability and effect of state, local, non-U.S. and other tax laws and possible changes in tax law.

As used herein, the term "**U.S. Holder**" means a beneficial owner of the Notes that is for U.S. federal income tax purposes: (a) an individual who is a citizen or resident of the United States, (b) a corporation (or other entity or arrangement that is treated as a corporation for U.S. federal income tax purposes) created or organised in or under the laws of the United States, any state thereof or the District of Columbia, (c) an estate, the income of which is subject to U.S. federal income taxation regardless of its source or (d) a trust if it (x) is subject to the primary supervision of a U.S. court and one or more U.S. persons have the authority to control all substantial decisions of the trust or (y) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

If a partnership (or any entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds the Notes, the U.S. federal income tax treatment of a partner in the partnership will generally depend upon

the status of the partner and the activities of the partnership. Therefore, a beneficial owner of a Note that is a partnership, and partners in such partnership, should consult their own tax advisers regarding the U.S. federal income tax consequences of the acquisition, ownership and disposition of the Notes in their particular circumstances.

U.S. HOLDERS CONSIDERING THE PURCHASE OF NOTES SHOULD CONSULT THEIR OWN TAX ADVISORS CONCERNING THE PARTICULAR UNITED STATES FEDERAL INCOME TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE NOTES, AS WELL AS THE CONSEQUENCES ARISING UNDER OTHER UNITED STATES FEDERAL TAX LAWS AND THE LAWS OF ANY OTHER TAXING JURISDICTION.

U.S. Federal Income Tax Characterisation of the Notes

The determination of whether an obligation represents debt, equity, or some other instrument or interest for U.S. federal income tax purposes is based on all the relevant facts and circumstances. The Issuer intends to treat the Notes as equity interests in the Issuer for U.S. federal income tax purposes. The Notes have several equity-like features, including (1) the absence of a fixed maturity date, (2) provisions for the cancellation of interest payments and the Write Down of principal, (3) the deep subordination of the Notes to other debt of the Issuer, and (4) the lack of default provisions. By purchasing a Note, each holder agrees to treat the Note as an equity interest in the Issuer for U.S. federal income tax purposes. Accordingly, each "interest" payment should be treated as a distribution by the Issuer with respect to such equity interest, and any reference in this discussion to "dividends" or "distributions" refers to the "interest" payments on the Notes. The Issuer's characterization of the Notes is not binding on the IRS, and no assurance can be given that the IRS will not assert, or a court would not sustain, a contrary position regarding the characterization of the Notes. Each prospective investor should consult its own tax advisor about the proper characterization of the Notes for U.S. federal income tax purposes. The remainder of this discussion assumes that the Notes will be characterized as equity in the Issuer for U.S. federal income tax purposes.

Payments of Interest

Payments of stated interest on the Notes will be treated as distributions on the Issuer's stock and such distributions paid by the Issuer out of current or accumulated earnings and profits (as determined for U.S. federal income tax purposes) generally will be taxable to a U.S. Holder as dividend income on the date actually or constructively received, and will not be eligible for the dividends received deduction generally available to U.S. corporations with respect to dividends received from other U.S. corporations. Distributions in excess of current and accumulated earnings and profits will be treated as a non-taxable return of capital to the extent of the U.S. Holder's basis in the Notes and thereafter as capital gain. The Issuer does not maintain calculations of its earnings and profits in accordance with U.S. federal income tax accounting principles. Therefore, U.S. Holders should assume that any distribution by the Issuer with respect to the Notes will be reported as ordinary dividend income. U.S. Holders should consult their own tax advisors with respect to the appropriate U.S. federal income tax treatment of any distribution received from the Issuer. Dividends received by certain non-corporate U.S. Holders generally will be subject to taxation at the maximum rate applicable to long-term capital gains if the dividends give rise to "qualified dividend income." Generally, dividends will be treated as giving rise to qualified dividend income if: (i) the Issuer is eligible for the benefits of the income tax treaty between the United States and Kazakhstan; (ii) the Issuer is not (and is not treated with respect to the U.S. Holder as) a PFIC in the taxable year of the Issuer in which the dividend is paid or the preceding taxable year; and (iii) certain holding period and other requirements are met. U.S. Holders should consult their own tax advisors regarding the availability of this reduced dividend tax rate for interest payments on the Notes.

A U.S. Holder may be entitled to a credit against its U.S. federal income tax liability, or to a deduction, if elected, in computing its U.S. federal taxable income, for non-refundable non-U.S. income taxes withheld from distributions on the Notes, if any, at a rate not exceeding the rate provided in the income tax treaty between the United States and Kazakhstan (if applicable). For purposes of the foreign tax credit limitation, dividends paid by the Issuer generally will constitute foreign source income in the "passive category income" basket, but there are significant complex limitations on a U.S. Holder's ability to claim such a credit or deduction. U.S. Holders should consult their tax advisors concerning the creditability and deductibility of any non-U.S. income taxes withheld in their particular circumstances.

Sale or Other Disposition

Upon a sale or other disposition of Notes, a U.S. Holder generally will recognize capital gain or loss (assuming, in the case of a redemption, the U.S. Holder does not own, and is not deemed to own, any of our ordinary shares or any other instruments issued by the Issuer that are treated as equity for U.S. federal income tax purposes) for U.S. federal income tax purposes equal to the difference, if any, between the amount realized on the sale or other disposition and the U.S. Holder's adjusted tax basis in the Notes. This capital gain or loss will be long-term capital gain or loss if the U.S. Holder's holding period in the Notes exceeds one year and will generally be U.S.- source. Certain non-corporate U.S. Holders may be eligible for reduced rates of taxation on long-term capital gains. The deductibility of capital losses is subject to limitations. There are significant, complex and evolving limitations on the creditability of non-U.S. taxes imposed on disposition gains (if any) that may prevent a U.S. Holder from obtaining or utilizing foreign tax credits. U.S. Holders should consult their own tax advisors regarding the creditability, deductibility, determination of the amount realized, and any other consequences, of any non-U.S. income tax imposed on the disposition of the Notes in their particular circumstances. Further, U.S. Holders that own and/or are deemed to own our ordinary shares or any other instruments issued by the Issuer that are treated as equity for U.S. federal income tax purposes may be subject to Section 302 of the Code, which could, in certain circumstances, cause a redemption to be treated as a dividend distribution rather than a sale. However, redemptions of Notes held by a U.S. Holder that does not own (and is not deemed to own) a substantial proportion of the Issuer's voting stock and whose proportionate ownership of the equity of the Issuer decreases as a result of the redemption are likely to be treated as "not essentially equivalent to a dividend" in which case they should be treated as sales. U.S. Holders that own and/or are deemed to own our ordinary shares or any other instruments issued by the Issuer that are treated as equity for U.S. federal income tax purposes should consult with their own tax advisors as to the tax consequences of a redemption in their particular circumstances.

Write Down of the Notes

No statutory, judicial or administrative authority directly addresses the U.S. federal income tax treatment of a write down of the Notes. Among other matters, there is no authority addressing whether U.S. holders would be entitled to a deduction for loss at the time of a write down. U.S. holders may, for example, be required to wait to take a deduction until there is an actual or deemed sale, exchange or other taxable disposition of the Notes. A U.S. Holder should consult its tax advisor to determine the U.S. federal income tax consequences to it of a write down of the Notes.

Passive Foreign Investment Company Considerations

A foreign corporation will be a PFIC for any taxable year in which, after taking into account the income and assets of the corporation and certain subsidiaries pursuant to applicable "look-through rules," either (i) at least 75% of its gross income is "passive income" or (ii) at least 50% of the average value of its assets (generally determined on the basis of a quarterly average and generally measured at fair market value) is attributable to assets which produce passive income or are held for the production of passive income. Passive income generally includes interest, dividends, rents, royalties and certain gains, subject to certain active business exceptions, including exceptions for certain active banking income and for certain dealer income. The application of the PFIC rules to banks is unclear under present U.S. federal income tax law. Although banks generally derive a substantial part of their income from assets that are interest bearing or that otherwise could be considered passive under the PFIC rules, the IRS has issued guidance in certain proposed regulations (that taxpayers may rely on pending finalization) that exclude from passive income any income derived in the active conduct of a banking business by a qualifying foreign bank. Based on such proposed regulations, and upon the Issuer's regulatory status under Kazakhstan law, its banking activities performed in the ordinary course of business (including lending, accepting deposits and depositing money in other banks), and the proportion of its income derived from activities that are "bona fide" banking activities for U.S. federal income tax purposes, the Issuer does not believe that it was a PFIC for its most recently ended taxable year, and does not expect to be a PFIC for the current taxable year or for any foreseeable future taxable year. However, because a PFIC determination is a factual determination that must be made following the close of each taxable year and is based on, among other things, the composition of a foreign bank's assets and income, and the proposed regulations may not be finalized in their current form, there can be no assurance that the Issuer will not be considered a PFIC for its most recently ended taxable year, the current taxable year or any subsequent taxable year. If the Issuer is treated as a PFIC for any taxable year during a U.S. Holder's holding period, unless a U.S. Holder is eligible to and elects to be taxed annually on a mark to market basis with respect to the Notes, any gain realized on a sale or other taxable

disposition of the Notes and certain "excess distributions" will be treated as ordinary income and will be subject to tax as if (a) the excess distribution or gain had been realized ratably over the U.S. Holder's holding period for the Notes, (b) the amount deemed realized in each year had been subject to tax in each such year at the highest marginal rate for such year, and (c) the interest charge generally applicable to underpayments of tax had been imposed on the taxes deemed to have been payable in those years. In addition, payments on the Notes would not be eligible for treatment as "qualified dividend income." U.S. Holders should consult with their own independent tax advisors regarding the application of the PFIC rules to the Notes and the availability and advisability of making an election with respect to the Notes to avoid the adverse tax consequences of the PFIC rules should the Issuer be considered a PFIC for any taxable year.

Information Reporting and Backup Withholding

Information returns may be filed with the IRS (unless the U.S. Holder establishes, if requested to do so, that it is an exempt recipient) in connection with payments on the Notes, and the proceeds from the sale, exchange or other disposition of Notes. If information reports are required to be made, a U.S. Holder may be subject to U.S. backup withholding if it fails to provide its taxpayer identification number, or to establish that it is exempt from backup withholding. The amount of any backup withholding imposed on a payment will be allowed as a credit against any U.S. federal income tax liability of a U.S. Holder and may entitle the U.S. Holder to a refund, provided the required information is timely furnished to the IRS. U.S. Holders should consult their own tax advisors regarding any filing and reporting obligations they may have as a result of their acquisition, ownership or disposition of Notes.

Foreign Financial Asset Reporting

Certain U.S. Holders that own "specified foreign financial assets" with an aggregate value in excess of US$50,000 are generally required to file an information statement along with their tax returns, currently on Form 8938, with respect to such assets. "Specified foreign financial assets" include any financial accounts held at a non-U.S. financial institution, as well as securities issued by a non-U.S. issuer that are not held in accounts maintained by financial institutions. The understatement of income attributable to "specified foreign financial assets" in excess of U.S.$5,000 extends the statute of limitations with respect to the tax return to six years after the return was filed. U.S. Holders who fail to report the required information could be subject to substantial penalties. Prospective investors are encouraged to consult with their own tax advisors regarding the possible application of these rules, including the application of the rules to their particular circumstances.

SUBSCRIPTION AND SALE

J.P. Morgan Securities plc (the "**Sole Global Coordinator and Bookrunner**"), Commerzbank Aktiengesellschaft, First Abu Dhabi Bank PJSC and Mashreqbank psc (the "**Joint Lead Managers and Bookrunners**", and together with the Sole Global Coordinator and Bookrunner, the "**Bookrunners**") and "ForteFinance" JSC (the "**Kazakhstan Manager**", and together with the Bookrunners, the "**Managers**") have, pursuant to a Subscription Agreement dated 30 October 2025 (the "**Subscription Agreement**"), agreed with the Issuer, subject to the satisfaction of certain conditions, to subscribe and pay for the principal amount of Notes set opposite its name in the table below at the issue price of 99.479 per cent. of the principal amount of Notes:

Bookrunner	Principal Amount of Notes (U.S.$)
J.P. Morgan Securities plc	U.S.$100,000,000
Commerzbank Aktiengesellschaft	U.S.$100,000,000
First Abu Dhabi Bank PJSC	U.S.$100,000,000
Mashreqbank psc	U.S.$100,000,000

The Issuer has agreed to pay to the Bookrunners a management, underwriting and selling commission in respect of the Notes. The Subscription Agreement entitles the Bookrunners to terminate it in certain circumstances prior to payment being made to the Issuer. The Issuer has in the Subscription Agreement agreed to indemnify the Bookrunners against certain liabilities incurred in connection with the issue of the Notes.

The Managers and their respective affiliates may, from time to time in the ordinary course of their respective businesses, engage in further transactions with, and perform services for, the Issuer and its affiliates. In particular, the Managers and their respective affiliates have performed and expect to perform in the future various financial advisory, investment banking and commercial banking services for, and may arrange loans and other non public market financing for, and enter into derivative transactions with, the Issuer or its affiliates (including their respective shareholders) and for which they will receive customary fees.

United States

The Notes have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States.

The Notes are being offered and sold outside of the United States in reliance on Regulation S. The Subscription Agreement provides that the Bookrunners may directly or through their respective U.S. broker-dealer affiliates arrange for the offer and resale of Notes within the United States only to qualified institutional buyers in reliance on Rule 144A.

In addition, until 40 days after the commencement of the offering of the Notes, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A.

United Kingdom

Prohibition of Sales to UK Retail Investors

Each Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the UK. For the purposes of this provision the expression "retail investor" means a person who is one (or more) of the following:

(a) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or

(b) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

Other Regulatory Restrictions

Each Manager has represented, warranted and agreed that:

(a) **Financial promotion**: it has only communicated or caused to be communicated, and will only communicate or cause to be communicated, any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and

(b) **General compliance**: it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Prohibition of Sales to EEA Retail Investors

Each Manager has represented, warranted and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the EEA. For these purposes the expression "retail investor" means a person who is one (or more) of the following:

(a) a retail client as defined in point (11) of Article 4(1) of MiFID II; or

(b) a customer within the meaning of the IDD, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

Republic of Kazakhstan and Astana International Financial Centre ("AIFC")

Each Manager has agreed that it will not, directly or indirectly, offer for subscription or purchase or issue invitations to subscribe for or buy or sell the Notes or distribute any draft or definitive document in relation to any such offer, invitation or sale in Kazakhstan except in compliance with the laws of Kazakhstan.

The Notes may be offered or sold to Accredited Investor(s) as defined in section 1.1.2(6)(a)) of the AIFC Market Rules.

Singapore

Each Manager has acknowledged that this Information Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Manager has represented, warranted and undertaken with the Issuer that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, the Information Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the "**SFA**")) pursuant to Section 274 of the SFA or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

General

Neither the Issuer nor the Managers has made any representation that any action has been or will be taken in any jurisdiction by the Managers or the Issuer that would permit a public offering of the Notes, or possession or distribution of this Information Memorandum (in preliminary, proof or final form) or any other offering or publicity material relating to the Notes (including roadshow materials and investor presentations), in any country or jurisdiction where action for that purpose is required.

INDEPENDENT AUDITORS

Independent Auditors of the Group

The Interim Financial Statements pertaining to the financial information of the Group as at and for the six-month period ended 30 June 2025, the 2024 Financial Statements and 2023 Financial Statements, included in this Information Memorandum, have been audited by KPMG, independent auditors, as stated in their reports appearing herein.

The 2022 Financial Statements included in this Information Memorandum have been audited by EY, independent auditors, as stated in their audit report appearing herein.

With respect to the Interim Financial Statements pertaining to the financial information of the Group as at and for the six-month period ended 30 June 2024 included herein, KPMG, as the independent auditor, has reported that it applied limited procedures in accordance with professional standards for review of such information. However, KPMG did not audit and does not express an opinion on the Interim Financial Statements pertaining to the financial information of the Group as at and for the six-month period ended 30 June 2024. Accordingly, the degree of reliance on such information should be restricted in light of the limited nature of the review procedures applied.

KPMG has a State audit licence for audit activities on the territory of the Republic of Kazakhstan, under registration number #0000021 dated 6 December 2006 and issued by the Ministry of Finance of the Republic of Kazakhstan.

EY has a State audit licence for audit activities on the territory of the Republic of Kazakhstan: series MDFO-2, No. 0000003 issued by the Ministry of Finance of the Republic of Kazakhstan on 15 July 2005.

Independent Auditors of Home Credit

The Home Credit 2024 Financial Statements included in this Information Memorandum have been audited by KPMG, as stated in their report appearing herein.

With respect to the Home Credit Interim Financial Statements, KPMG, as the independent auditor, has reported that it applied limited procedures in accordance with professional standards for review of such information. However, KPMG did not audit and does not express an opinion on the Home Credit Interim Financial Statements. Accordingly, the degree of reliance on such information should be restricted in light of the limited nature of the review procedures applied.

GENERAL INFORMATION

(1) It is expected that the Notes will be admitted to trading on the Vienna MTF and or around 3 November 2025, subject only to the issue of the Notes. Transactions will normally be effected for delivery on the third working day after the day of the transaction. The expenses related to the inclusion of the Notes in trading on the Vienna MTF are expected to be approximately €7,000 and approximately U.S.$11,000 for initial admission to trading on the "Bonds" category of the "Debt securities" sector of the "Main" platform of the AIX.

(2) The Issuer will use its reasonable endeavours to cause the Notes to be admitted to the "Bonds" category of the "Debt Securities" sector of the "Main" platform of the AIX as from (and including) the Issue Date of the Notes.

(3) The issue of the Notes was authorised by a resolution of the General Shareholders Meeting of the Issuer dated 13 October 2025 and a written resolution of the Board of Directors of the Issuer dated 27 October 2025.

(4) The Notes have been accepted for clearance through DTC, Euroclear and Clearstream, Luxembourg.

(5) The indication of yield in relation to the Notes is 9.875 per cent. per annum. This yield is calculated at the Issue Date on the basis of the Issue Price in respect of the period from (and including) the Issue Date to (but excluding) the First Reset Date. It is not an indication of future yield.

(6) The ISIN of the Regulation S Global Note is XS3218687625 and the Common Code of the Regulation S Global Note is 321868762. The ISIN of the Rule 144A Global Note is US34955XAC56, the Common Code of the Rule 144A Global Note is 322178824 and the CUSIP of the Rule 144A Global Note is 34955X AC5.

(7) The Legal Entity Identifier of the Issuer is 529900TH5WJ6KE8N8Z35.

(8) There has been no material adverse change in the prospects of the Issuer since 31 December 2024 and no significant change in the financial performance and the financial position of the Issuer or the Group since 30 June 2025 and to the date of this Information Memorandum.

(9) As at the date of this Information Memorandum, there are no, and have not been any, governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware), which may have, or have had during the 12 months prior to the date of this Information Memorandum, a significant effect on the financial position or profitability of the Issuer or the Group.

(10) For so long as any Notes are outstanding, copies of the following will be available for inspection on the Issuer's website (https://ir.forte.kz/):

- a copy of this Information Memorandum along with any supplement to this Information Memorandum;
- the constitutional documents of the Issuer; and
- the Financial Statements, including the related independent auditor's report and review report in respect thereof.

The information on this website or any other website mentioned herein is expressly not incorporated by reference herein.

(11) For so long as any Notes are outstanding, copies of the following may be obtained electronically from the Issuer or the Principal Paying Agent:

- the Trust Deed to be entered into with the Trustee; and
- the Paying Agency Agreement to be entered into with the paying agents and the Trustee.

(12) No natural or legal person has an interest that is material to the issue of the Notes.

(13) The Issuer has obtained all necessary consents, approvals and authorisations in Kazakhstan in connection with its entry into, and performance of its obligations under, the Trust Deed and the Agency Agreement.

(14) There are no material contracts entered into other than in the ordinary course of the Issuer's business, which could result in any member of the Group being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to Noteholders under the Notes.

(15) Where information in this Information Memorandum has been sourced from third parties, this information has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from the information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third-party information is identified where used.

(16) The auditor of the Issuer is KPMG who have audited the Interim Financial Statements pertaining to the financial information of the Group as at and for the six-month period ended 30 June 2025, the 2024 Financial Statements and the 2023 Financial Statements. EY have audited the 2022 Financial Statements. See "*Independent Auditors.*"

(17) The language of this Information Memorandum is English.

(18) The Issuer does not intend to provide any post-issuance transaction information regarding the Notes.

(19) The Bank of New York Mellon SA/NV, Dublin Branch will act as Registrar in relation to the Notes.

(20) There are no potential conflicts of interest between any duties of the members of the administrative, management or supervisory bodies of the Issuer towards the Issuer and their private interests and/or other duties.

(21) The Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with and may perform services of the Issuer in the ordinary course of business. In the ordinary course of their business activities, the Managers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investments and securities activities may involve securities and instruments of the Issuer.

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«ForteBank» Joint Stock Company

Interim condensed consolidated financial statements

30 June 2025
and Independent Auditors' Report on Review of
Interim Condensed Consolidated Financial Information

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180 Dostyk Avenue, Almaty,
A25D6T5, Kazakhstan

Independent Auditors' Report

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

Opinion

We have audited the interim condensed consolidated financial information of ForteBank Joint Stock Company and its subsidiaries (the "Group"), which comprise the interim condensed consolidated statement of financial position as at 30 June 2025, the interim condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and notes to the interim condensed consolidated financial information.

In our opinion, the accompanying interim condensed consolidated financial information is prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.

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 Interim Condensed Consolidated Financial Information* 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)*, as applicable to audits of financial information of public interest entities, together with the ethical requirements that are relevant to our audit of the interim condensed consolidated financial information of public interest entities in the Republic of Kazakhstan. We have also 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.

Other matters

The interim condensed consolidated statement of comprehensive income for the three-month period ended 30 June 2025, the respective corresponding figures for the three-month period ended 30 June 2024 and the related notes have not been audited or reviewed.

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The interim condensed consolidated financial information as at and for the six-month period ended 30 June 2024 was reviewed by us and our report thereon, dated 29 August 2024, stated that nothing came to our attention that caused us to believe the interim condensed consolidated financial information was not presented fairly, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*. However, a review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the interim condensed consolidated financial information taken as a whole.

Responsibilities of Management and Those Charged with Governance for the Interim Condensed Consolidated Financial Information

Management is responsible for the preparation of the interim condensed consolidated financial information in accordance with IAS 34 *Interim Financial Reporting*, and for such internal control as management determines is necessary to enable the preparation of interim condensed consolidated financial information that is free from material misstatement, whether due to fraud or error.

In preparing the interim condensed consolidated financial information, 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 Interim Condensed Consolidated Financial Information

Our objectives are to obtain reasonable assurance about whether the interim condensed consolidated financial information 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 this interim condensed consolidated financial information.

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 interim condensed consolidated financial information, 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 interim condensed consolidated financial information 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.

- 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 information. 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.

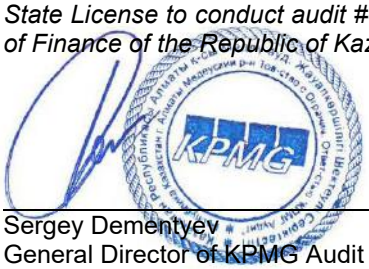
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken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

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



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 the Charter

29 August 2025

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six-month period ended 30 June 2025

(millions of tenge)

	Note	For the three-month period ended 30 June		For the six-month period ended 30 June	
		2025 *	2024 *	2025	2024 (unaudited)
Interest income calculated using effective interest rate	4	**157,064**	126,637	**297,408**	243,523
Other interest income	4	**2,197**	1,354	**4,071**	2,517
Interest expense	4	**(87,523)**	(65,005)	**(157,982)**	(124,814)
Net interest income		**71,738**	62,986	**143,497**	121,226
Fee and commission income		**9,160**	8,761	**17,405**	16,829
Fee and commission expenses		**(4,547)**	(3,214)	**(8,314)**	(6,521)
Net gain/(loss) on financial instruments at fair value through profit or loss	5	**73**	5,363	**(12,454)**	4,376
Net (loss)/gain on derecognition of investment securities at fair value through other comprehensive income		**(34)**	83	**7**	98
Net gain from foreign currencies	6	**1,891**	3,039	**16,511**	10,239
Dividends received		**36**	494	**85**	494
Other income		**2,628**	521	**4,767**	1,443
Non-interest income		**9,207**	15,047	**18,007**	26,958
Credit loss expenses/reversal of allowance for expected credit losses	7	**2,963**	(13,411)	**(2,344)**	(17,532)
Net gain/(loss) on derecognition of financial assets measured at amortised cost		**966**	(320)	**1,290**	(546)
Net loss on modification of a liability that results in derecognition	15	**–**	–	**–**	(3,593)
General and administrative expenses	8	**(22,153)**	(19,463)	**(44,968)**	(41,333)
Other expenses		**(4,761)**	(1,784)	**(6,660)**	(3,229)
Non-interest expenses		**(22,985)**	(34,978)	**(52,682)**	(66,233)
Profit before corporate income tax expense		**57,960**	43,055	**108,822**	81,951
Corporate income tax expenses	9	**(3,838)**	(2,861)	**(8,815)**	(7,186)
Profit for the period		**54,122**	40,194	**100,007**	74,765

* *neither audited nor reviewed*

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)

	Note	*For the three-month period ended 30 June*		*For the six-month period ended 30 June*	
		*2025**	*2024**	*2025*	*2024 (unaudited)*
Other comprehensive income					
Other comprehensive income/ (loss) to be reclassified to profit or loss in the subsequent periods					
Net change in fair value of debt instruments at fair value through other comprehensive income		**(11,508)**	(15,509)	**(79,177)**	(410)
Income tax relating to components of other comprehensive income		**(28)**	(12)	**(142)**	45
Changes in allowance for expected credit losses of debt instruments at fair value through other comprehensive income	7	**(134)**	468	**(484)**	881
Amount reclassified to profit or loss as a result of derecognition of debt instruments measured at fair value through other comprehensive income		**34**	(83)	**(7)**	(98)
Net other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods		**(11,636)**	(15,136)	**(79,810)**	418
Other comprehensive loss, that will not to be reclassified subsequently to profit or loss					
Loss on equity instruments measured at fair value through other comprehensive income		**–**	–	**(16)**	(1)
Total other comprehensive loss that will not be reclassified to profit or loss in subsequent periods		**–**	–	**(16)**	(1)
Other comprehensive (loss)/income for the period, net of tax		**(11,636)**	(15,136)	**(79,826)**	417
Total comprehensive income for the period		**42,486**	25,058	**20,181**	75,182
Basic and diluted earnings per ordinary share (in tenge)	19	**0.61**	0.44	**1.11**	0.83

** neither audited nor reviewed*

Ravshan Irmatov
Deputy Chairman of the Management Board (CFO)

29 August 2025

Aliya Sauytbekova
Chief Accountant – Executive Director

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2025

(millions of tenge)

	Note	30 June 2025	31 December 2024
Assets			
Cash and cash equivalents	10	**443,863**	946,000
Amounts due from credit institutions	11	**150,704**	100,478
Securities measured at fair value through profit or loss		**2,731**	2,888
Loans to customers	12	**2,687,160**	1,820,134
Investment securities:			
Held by the Group	13	**709,212**	677,646
Pledged under sale and repurchase agreement	13	**412,853**	436,666
Property and equipment		**60,428**	54,232
Intangible assets		**15,183**	15,224
Deferred tax assets		**2,716**	–
Other assets		**54,686**	37,668
Total assets		**4,539,536**	4,090,936
Liabilities			
Current accounts and deposits of customers	14	**3,091,305**	2,867,955
Amounts due to banks and other credit institutions	15	**180,994**	77,661
Amounts payable under repurchase agreements	16	**410,007**	435,394
Debt securities issued	17	**283,182**	71,844
Subordinated debt		**12,191**	14,389
Deferred tax liabilities		**–**	10,568
Other liabilities		**64,655**	44,941
Total liabilities		**4,042,334**	3,522,752
Equity			
Share capital	18	**332,815**	332,815
Additional paid-in capital		**31,334**	23,651
Treasury shares	18	**(315)**	(3,465)
Fair value reserve		**(49,625)**	30,201
Retained earnings		**182,993**	184,982
Total equity		**497,202**	568,184
Total equity and liabilities		**4,539,536**	4,090,936

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six-month period ended 30 June 2025

(millions of tenge)

	Note	For the six-month period ended 30 June 2025	2024 (unaudited)
Cash flows from operating activities			
Interest income received	4	**363,589**	227,472
Interest expenses paid	4	**(149,174)**	(109,676)
Fee and commission income received		**17,288**	16,755
Fee and commission expenses paid		**(8,342)**	(6,543)
Net realised (loss)/income on financial instruments at fair value through profit or loss		**(12,325)**	3,498
Net realised gain from foreign currency transactions	6	**18,212**	14,627
Other operating income received/(expenses paid), net		**1,643**	(1,048)
Dividends received		**85**	494
General and administrative expenses paid		**(37,754)**	(31,540)
(Increase)/decrease in operating assets			
Amounts due from credit institutions		**(49,210)**	57,287
Securities measured at fair value through profit or loss		**181**	428
Loans to customers		**(932,921)**	(224,057)
Other assets		**1,270**	(98)
Increase/(decrease) in operating liabilities			
Current accounts and deposits of customers		**218,644**	170,917
Amounts due to banks and other credit institutions, excluding amounts under non-government program		**(2,496)**	13,898
Amounts payable under repurchase agreements		**(26,017)**	253,049
Other liabilities		**3,564**	1,443
Net cash flow (used in)/from operating activities before corporate income tax		**(593,763)**	386,906
Corporate income tax paid		**(10,093)**	(3,145)
Net cash (used in)/from operating activities		**(603,856)**	383,761
Cash flows from investing activities			
Purchase of investment securities at fair value through other comprehensive income		**(279,029)**	(717,267)
Proceeds from sale of investment securities at fair value through other comprehensive income		**55,985**	18,544
Proceeds from redemption of investment securities at fair value through other comprehensive income		**120,651**	207,897
Purchase of property and equipment and intangible assets		**(12,023)**	(3,790)
Proceeds from sale of property and equipment and intangible assets		**1**	1
Net cash used in investing activities		**(114,415)**	(494,615)
Cash flows from financing activities			
Repayment of lease liabilities		**(404)**	(359)
Proceeds from placement of debt securities issued		**206,626**	3,235
Sale of previously repurchased shares		**10,833**	–
Repayment of subordinated debt		**(2,182)**	–
Proceeds from borrowings, excluding amounts under government program		**102,214**	–
Dividends paid	18	**(101,700)**	(58,208)
Net cash from/(used in) financing activities		**215,387**	(55,332)
Net change in cash and cash equivalents		**(502,884)**	(166,186)
Effect of changes in exchange rates on cash and cash equivalents		**705**	2,367
Effect of of expected credit loss on cash and cash equivalents		**42**	(6)
Cash and cash equivalents at the beginning of the period		**946,000**	704,042
Cash and cash equivalents at the end of the period		**443,863**	540,217
Non-monetary transactions			
Repossession of collateral on loans to customers	12	**418**	1,243

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six-month period ended 30 June 2025

(millions of tenge)

	Share capital	*Additional paid-in capital*	*Treasury shares*	*Fair value reserve*	*Retained earnings*	*Total equity*
At 1 January 2025	**332,815**	**23,651**	**(3,465)**	**30,201**	**184,982**	**568,184**
Profit for the reporting period	–	–	–	–	**100,007**	**100,007**
Net change in fair value of investment securities measured at fair value through other comprehensive income, net of taxes	–	–	–	**(79,177)**	–	**(79,177)**
Income tax relating to components of other comprehensive income	–	–	–	**(142)**	–	**(142)**
Realized income from sale of investment securities measured at FVOCI, reclassified to profit or loss	–	–	–	**(7)**	–	**(7)**
Change in allowance for expected credit losses on investment securities, measured at FVOCI	–	–	–	**(484)**	–	**(484)**
Transfer of accumulated revaluation reserve on disposal of equity instruments measured at fair value through other comprehensive income	–	–	–	**(16)**	–	**(16)**
Total comprehensive income for the period	–	–	–	**(79,826)**	**100,007**	**20,181**
Dividends declared *(Note 18)*	–	–	–	–	**(101,996)**	**(101,996)**
Sale of previously repurchased shares *(Note 18)*	–	**7,683**	**3,150**	–	–	**10,833**
At 30 June 2025	**332,815**	**31,334**	**(315)**	**(49,625)**	**182,993**	**497,202**

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

	Share capital	*Additional paid-in capital*	*Treasury shares*	*Fair value reserve*	*Accumulated losses*	*Total equity*
At 1 January 2024	332,815	23,651	(3,465)	(6,044)	82,851	429,808
Profit for the reporting period (unaudited)	–	–	–	–	74,765	74,765
Other comprehensive income, that will not to be reclassified subsequently to profit or loss (unaudited)	–	–	–	(1)	–	(1)
Other comprehensive income, that will be reclassified subsequently to profit or loss (unaudited)	–	–	–	418	–	418
Total comprehensive income for the period (unaudited)	–	–	–	417	74,765	75,182
Dividends declared *(Note 18)* (unaudited)	–	–	–	–	(58,215)	(58,215)
At 30 June 2024 (unaudited)	332,815	23,651	(3,465)	(5,627)	99,401	446,775

(millions of tenge)

1. General

Principal activities

These interim condensed 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, Dostyk Str. 8/1. 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 30 June 2025 some debt securities issued by the Bank are listed on the Luxembourg Stock Exchange, Vienna Stock Exchange, Kazakhstan Stock Exchange (hereinafter, the "KASE") and Astana International Exchange (hereinafter, the "AIX") (31 December 2024: 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 30 June 2025 and 31 December 2024, 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 30 June 2025 and 31 December 2024, the Group includes the following subsidiaries:

			Ownership, %	
Name	***Country of incorporation***	***Principal activity***	***30 June 2025***	***31 December 2024***
ForteLeasing JSC	Republic of Kazakhstan	Leasing operations	**100.0**	100.0
OUSA Alliance LLP	Republic of Kazakhstan	Management of doubtful and bad assets	**100.0**	100.0
OUSA-F LLP	Republic of Kazakhstan	Management of doubtful and bad assets	**100.0**	100.0
ONE Technologies LLP	Republic of Kazakhstan	Software development	**100.0**	100.0
ForteFinance JSC	Republic of Kazakhstan	Brokerage and dealer activities, investment portfolio management activities	**100.0**	100.0

In June 2025, the Bank reached a preliminary agreement with the shareholders of Home Credit Bank JSC (Kazakhstan) on the acquisition of 100% of the shares of Home Credit Bank JSC and HomeITTech LLP. Completion of the transaction is expected after obtaining regulatory approvals, including approval from the Agency for Protection and Development of Competition of the Republic of Kazakhstan (APDC) and the Agency of the Republic of Kazakhstan for Regulation and Development of the Financial Market (ARDFM).

Shareholders

As at 30 June 2025, Mr. B. Zh. Utemuratov is a beneficial owner of 91.10% of the outstanding ordinary shares of the Bank (including 0.01% in the form of outstanding global depositary receipts) (31 December 2024: 90.91% including 0.2% in the form of outstanding global depositary receipts) and is an ultimate controlling shareholder of the Group.

2. Basis of preparation

Statement of compliance with IAS 34 *Interim Financial Reporting*

The interim condensed consolidated financial statements for the six-month period ended 30 June 2025 have been prepared in accordance with International Accounting Standard (IAS) 34 *Interim Financial Reporting*.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2024.

(millions of tenge)

2. Basis of preparation (continued)

The interim condensed consolidated financial statements are presented in millions of the Kazakhstan Tenge ("Tenge" or "KZT"), unless otherwise is stated.

Basis of measurement

These interim condensed consolidated financial statements are prepared on the historical cost basis except for the investment securities measured at fair value through other comprehensive income and securities and other derivative financial instruments measured at fair value through profit or loss that are stated at fair value.

Functional and presentation currency of consolidated financial statements

The functional currency of the Bank and its subsidiaries is the Kazakhstan 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. As at 30 June 2025, the official exchange rate used for translation of foreign currency balances was 519.64 tenge for 1 US dollar (31 December 2024: 525.11 tenge per 1 US dollar).

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

Financial information of the interim condensed consolidated financial statements is rounded to the nearest million.

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 the 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 for many goods, including food, remain high. According to the Bureau of National Statistics of the Agency for Strategic Planning and Reforms of the Republic of Kazakhstan, as at 30 June 2025, annual inflation was 11.8% (in 2024 – 8.6%).

As at 31 December 2024, the Monetary Policy Committee of the National Bank of the Republic of Kazakhstan (hereinafter, the "NBRK") made decision to reduce the base rate to 15.25% per annum with an interest band of +/-1 percentage points. On March 11 2025, the NBRK made decision to increase the base rate to 16.50% per annum with an interest band of +/-1 percentage points. On 14 July 2025, the NBRK made decision to maintain the base rate at 16.50% per annum with an interest band of +/-1 percentage points.

Inflation and the current economic environment (continued)

The Group continues to estimate the effect of these events and changing of economic conditions on its activities.

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

Changes in accounting policies

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

(millions of tenge)

2. Basis of preparation (continued)

Changes in accounting policies (continued)

A number of new standards and amendments to 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 interim condensed consolidated financial statements:

- *IFRS 18 Presentation and Disclosure in Financial Statements;*
- *Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7).*

Other amendments and interpretations are applied for the first time in 2025 but do not have any impact on the Group's interim condensed consolidated financial statements.

3. Significant accounting judgements and estimates

Estimation uncertainty

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

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

In the process of applying the Group's accounting policies, management has used its judgements and made estimates in determining the amounts recognised in the interim condensed consolidated financial statements. The judgements made in applying the accounting policies and the key sources of estimation uncertainty were similar to those described in the last annual consolidated financial statements, except for the changes disclosed below.

Forward-looking information and multiple economic scenarios

As at 30 June 2025, the Group uses the following forward-looking information in its ECL calculation models as economic inputs:

- GDP growth;
- Changes in USD/KZT rate;
- Inflation rate;
- Oil price (Brent);
- Gross value added (hereinafter, "GVA") by construction;
- GVA by industry;
- GVA by wholesale and retail trade, repair of motor vehicles and motorcycles.

(millions of tenge)

3. Significant accounting judgements and estimates (continued)

Estimation uncertainty (continued)

Forward-looking information and multiple economic scenarios (continued)

The Group obtains the forward-looking information from third party sources (external rating agencies, governmental bodies e.g. NBRK and international credit institutions). Experts of the Group'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 30 June 2025 are presented below:

Key drivers	*ECL scenario*	*Assigned probabilities, %*	*Forecast*
GDP growth, %			
	Positive	32.5%	5.8%
	Base case	35.0%	4.0%
	Negative	32.5%	2.2%
Changes in USD/KZT rate			
	Positive	32.5%	462.23
	Base case	35.0%	501.46
	Negative	32.5%	540.06
Inflation rate, %			
	Positive	32.5%	10.6%
	Base case	35.0%	11.0%
	Negative	32.5%	11.3%
Oil price (Brent)			
	Positive	32.5%	89.71
	Base case	35.0%	75.72
	Negative	32.5%	61.98
GVA by industry			
	Positive	32.5%	6.1%
	Base case	35.0%	4.8%
	Negative	32.5%	3.5%
GVA by construction			
	Positive	32.5%	17.0%
	Base case	35.0%	16.1%
	Negative	32.5%	15.1%
GVA by wholesale and retail trade, repair of motor vehicles and motorcycles			
	Positive	32.5%	7.8%
	Base case	35.0%	3.1%
	Negative	32.5%	(1.6%)

As at 30 June 2025 the Group has updated the indicators of key macroeconomic factors used in ECL calculation. As a result of changes made, the allowance for ECL decreased by 1,538 million tenge.

The amount of the allowance for ECL on loans to customers recognised in the interim condensed consolidated statement of financial position as at 30 June 2025 was 103,553 million tenge (31 December 2024: *89,385* million tenge). More details are provided in *Note 12*.

(millions of tenge)

4. Net interest income

Net interest income comprises:

	For the three-month period ended 30 June		*For the six-month period ended 30 June*	
	2025 (unaudited)	***2024 (unaudited)***	***2025***	***2024 (unaudited)***
Interest income calculated using effective interest rate				
Loans to customers	**111,093**	76,242	**199,549**	146,619
Debt investment securities at FVOCI	**28,341**	24,334	**56,052**	43,783
Amounts due from credit institutions and cash equivalents	**16,286**	21,269	**38,855**	42,653
Investment securities measured at amortised cost	**490**	4,262	**976**	8,529
Amounts receivable under reverse repurchase agreements	**542**	311	**1,345**	1,327
Other financial assets	**312**	219	**631**	612
	157,064	126,637	**297,408**	243,523
Other interest income				
Finance lease receivables	**2,197**	1,354	**4,071**	2,517
	159,261	127,991	**301,479**	246,040
Interest expense				
Current accounts and deposits of customers	**(62,020)**	(42,878)	**(114,791)**	(86,463)
Amounts payable under repurchase agreements	**(17,442)**	(12,263)	**(29,369)**	(19,309)
Debt securities issued	**(5,835)**	(8,238)	**(10,042)**	(16,058)
Amounts due to banks and other credit institutions	**(1,956)**	(1,342)	**(3,226)**	(2,416)
Subordinated debt	**(270)**	(284)	**(554)**	(568)
	(87,523)	(65,005)	**(157,982)**	(124,814)
Net interest income	**71,738**	62,986	**143,497**	121,226

Interest income received is as follows:

	For the six-month period ended 30 June	
	2025	***2024 (unaudited)***
Interest income received		
Loans to customers	**242,054**	138,390
Debt investment securities at FVOCI	**76,693**	39,042
Amounts due from credit institutions	**38,253**	45,319
Finance lease receivables	**4,071**	2,517
Amounts receivable under reverse repurchase agreements	**1,345**	1,327
Investment securities measured at amortised cost	**1,173**	877
	363,589	227,472

	For the six-month period ended 30 June	
	2025	***2024 (unaudited)***
Interest expenses paid		
Current accounts and deposits of customers	**(114,490)**	(86,300)
Amounts payable under repurchase agreements	**(28,738)**	(18,864)
Debt securities issued	**(4,048)**	(2,418)
Amounts due to banks and other credit institutions	**(1,330)**	(1,526)
Subordinated debt	**(568)**	(568)
	(149,174)	(109,676)

(millions of tenge)

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

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

	For the three-month period ended 30 June		*For the six-month period ended 30 June*	
	2025 (unaudited)	***2024 (unaudited)***	***2025***	***2024 (unaudited)***
Net (loss)/gain on change in fair value of trading securities	**(12)**	(1)	**9**	21
Net gain/(loss) on derivative financial instruments	**85**	5,364	**(12,463)**	4,355
	73	5,363	**(12,454)**	4,376

During the six-month period ended 30 June 2025, the Group recognised a net loss of 12,463 million tenge (for the six-months period ended 30 June 2024: net gain of 4,355 million tenge) on derivative financial instruments measured at fair value through profit or loss mainly due to volatility of foreign exchange rates.

6. Net gain from foreign currencies

Net foreign exchange gain comprises:

	For the three-month period ended 30 June		*For the six-month period ended 30 June*	
	2025 (unaudited)	***2024 (unaudited)***	***2025***	***2024 (unaudited)***
Dealing transactions, net	**10,382**	8,118	**18,212**	14,627
Foreign exchange revaluation, net	**(8,491)**	(5,079)	**(1,701)**	(4,388)
	1,891	3,039	**16,511**	10,239

7. Credit loss expenses

Credit loss expenses comprise the following:

	For the three-month period ended 30 June		*For the six-month period ended 30 June*	
	2025 (unaudited)	***2024 (unaudited)***	***2025***	***2024 (unaudited)***
Loans to customers *(Note 12)*	**2,882**	(12,818)	**(2,717)**	(16,507)
Investment securities measured at FVOCI	**134**	(468)	**484**	(881)
Amounts due from credit institutions	**47**	(107)	**140**	72
Cash and cash equivalents	**1**	–	**3**	(5)
Other financial assets	**(108)**	(96)	**(279)**	(221)
Financial guarantees, letters of credit and credit related commitments	**(4)**	56	**1**	(4)
Investment securities measured at amortised cost	**11**	22	**24**	14
	2,963	(13,411)	**(2,344)**	(17,532)

(millions of tenge)

8. General and administrative expenses

General and administrative expenses comprise:

	For the three-month period ended 30 June		*For the six-month period ended 30 June*	
	2025 (unaudited)	***2024 (unaudited)***	***2025***	***2024 (unaudited)***
Salary and related taxes	**(12,344)**	(12,341)	**(25,932)**	(24,313)
Depreciation and amortisation	**(2,026)**	(2,362)	**(4,699)**	(4,718)
Telecommunication and information services	**(2,145)**	(1,194)	**(3,955)**	(3,106)
Advertising and marketing	**(2,467)**	(1,064)	**(3,396)**	(1,818)
Taxes other than corporate income tax	**(763)**	(698)	**(1,599)**	(1,471)
Charity and sponsorship	**(141)**	(10)	**(1,064)**	(2,318)
Maintenance of buildings	**(446)**	(459)	**(949)**	(916)
Security	**(297)**	(271)	**(593)**	(547)
Other professional services	**(251)**	(186)	**(491)**	(330)
Encashment	**(218)**	(198)	**(445)**	(411)
Repair and maintenance	**(242)**	(222)	**(416)**	(336)
Transportation services	**(183)**	(158)	**(405)**	(331)
Lease	**(101)**	(94)	**(226)**	(193)
Business trips	**(130)**	(117)	**(215)**	(236)
Insurance	**(68)**	(85)	**(131)**	(160)
Other	**(331)**	(4)	**(452)**	(129)
	(22,153)	(19,463)	**(44,968)**	(41,333)

9. Corporate income tax expense

Corporate income tax expense is as follows:

	For the three-month period ended 30 June		*For the six-month period ended 30 June*	
	2025 (unaudited)	***2024 (unaudited)***	***2025***	***2024 (unaudited)***
Current corporate income tax expenses	**(16,352)**	(2,309)	**(21,660)**	(5,948)
Deferred corporate income tax benefit/(expenses) – origination and reversal of temporary differences	**12,514**	(552)	**12,845**	(1,238)
	(3,838)	(2,861)	**(8,815)**	(7,186)

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

(millions of tenge)

10. Cash and cash equivalents

Cash comprises:

	30 June 2025	*31 December 2024*
Cash on hand	**74,667**	63,305
Cash on current accounts with the NBRK	**44,000**	25,596
Cash on current accounts with other banks:		
- rated from AA- to AA+	**47,214**	29,342
- rated from A- to A+	**17,893**	11,995
- rated from BBB- to BBB+	**4,869**	2,735
- rated from BB- to BB+	**178**	996
- rated below B+	**2**	2
- not rated	**10,109**	18,393
Time deposits with the NBRK with contractual maturity up to 90 days	**130,238**	761,100
Accounts receivable under reverse repurchase agreements with contractual maturity of 90 days and less	**19,086**	6,554
Time deposits with other banks with a contractual maturity up to 90 days:		
- rated from AA- to AA+	**205**	–
- rated at A-	**41,056**	21,547
- rated from BBB- to BBB+	**51,970**	–
Time deposits with credit institutions not rated with contractual maturity 90 days or less	**2,382**	4,483
Cash and cash equivalents before allowance for ECL	**443,869**	946,048
Allowance for ECL	**(6)**	(48)
Cash and cash equivalents	**443,863**	946,000

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

As at 30 June 2025, cash balances of 63 million tenge with no external credit rating assigned are allocated to Stage 2. As at 31 December 2024, cash balances of 84 million tenge with no external credit 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 30 June 2025, current account balances with other non-rated banks comprise mainly balances of 9,996 million tenge on current accounts with Russian banks and credit institutions that are not subject to sanctions (31 December 2024: 18,247 million tenge). As at 30 June 2025, current account balances are not overdue.

As at 30 June 2025, 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, International Finance Corporation, International Bank for Reconstruction and Development, Eurasian Development Bank and Kazakhstan Sustainability Fund JSC (hereinafter – KSF) the fair value of which as at 30 June 2025 is 19,336 million tenge (31 December 2024: bonds of the Ministry of Finance of the Republic of Kazakhstan and Eurasian Development Bank with fair value of 6,646 million tenge).

Minimum reserve requirements

In accordance with regulations issued by the NBRK, minimum reserve requirements are calculated as a percent of specified liabilities of second-tier banks. 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 30 June 2025, minimum reserve requirements of the Group amount to 66,150 million tenge (31 December 2024: 56,217 million tenge).

Concentration of cash and cash equivalents

As at 30 June 2025, the Group has accounts with two banks, each of which accounts for more than 10% of all cash and cash equivalents (31 December 2024: one bank). The total balance on the accounts with the above counterparty as at 30 June 2025 amounts to 226,202 million tenge (31 December 2024: 786,696 million tenge).

(millions of tenge)

11. Amounts due from credit institutions

Amounts due from credit institutions comprise:

	30 June 2025	*31 December 2024*
Current accounts with the NBRK restricted in use	**11,934**	14,165
Deposits with the NBRK with up to 90 days or more	**26,500**	52,640
Deposits with other banks:	**–**	–
- rated from AA- to AA+	**51,964**	–
- not rated	**699**	702
Loans to other banks:		
- rated from BB- to BB+	**1,565**	1,405
- rated from B- to B+	**5,423**	7,123
Contingent deposits and deposits pledged as a collateral:		
- rated from AA- to AA+	**14,261**	14,157
- rated from A- to A+	**5,092**	4,764
- rated from BBB- to BBB+	**5**	399
- not rated	**34,108**	6,075
Amounts due from credit institutions before allowance for ECL	**151,551**	101,430
Allowance for ECL	**(847)**	(952)
Amounts due from credit institutions	**150,704**	100,478

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 Group as part of participation in the state program of lending businesses. As at 30 June 2025 and 31 December 2024, 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.

As at 30 June 2025 and 31 December 2024, all balances of amounts due from credit institutions are allocated to Stage 1 for ECL measurement purposes.

As at 30 June 2025, deposits with other banks with no external credit rating assigned primarily include KASE margin collateral in the amount of 34,053 million tenge (31 December 2024: 6,019 million tenge).

As at 30 June 2025 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 18,219 million tenge (as at 31 December 2024: 18,116 million tenge).

As at 30 June 2025, the Group has amounts due from four credit institutions which individual balances exceed 10% of total due from credit institutions (31 December 2024: two credit institutions). As at 30 June 2025, the total amount of such balances is 138,438 million tenge (31 December 2024: 80,631 million tenge).

12. Loans to customers

Loans to customers comprise:

	30 June 2025				
	Stage 1	*Stage 2*	*Stage 3*	*POCI*	*Total*
Individually significant loans	**1,043,623**	**27,757**	**615**	**757**	**1,072,752**
Total individually significant loans	**1,043,623**	**27,757**	**615**	**757**	**1,072,752**
Individually insignificant loans					
Corporate loans	**440,887**	**14,778**	**21,763**	**741**	**478,169**
Consumer loans	**455,535**	**18,549**	**84,856**	**21**	**558,961**
Car loans	**549,497**	**1,558**	**1,629**	**16**	**552,700**
Credit cards	**2,093**	**151**	**455**	**–**	**2,699**
Mortgage loans	**51,802**	**427**	**1,816**	**4,220**	**58,265**
Other loans secured by collateral	**50,043**	**685**	**8,596**	**7,843**	**67,167**
Total individually insignificant loans	**1,549,857**	**36,148**	**119,115**	**12,841**	**1,717,961**
Loans to customers before allowance for ECL	**2,593,480**	**63,905**	**119,730**	**13,598**	**2,790,713**
Allowance for ECL	**(20,632)**	**(9,652)**	**(69,828)**	**(3,441)**	**(103,553)**
Loans to customers	**2,572,848**	**54,253**	**49,902**	**10,157**	**2,687,160**

(millions of tenge)

12. Loans to customers (continued)

	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

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 30 June 2025:

	30 June 2025				
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**
Loans to large corporate business (CB)					
Not overdue	**851,045**	**644**	**473**	**–**	**852,162**
Overdue for less than 30 days	**–**	**2,084**	**–**	**–**	**2,084**
Overdue for more than 360 days	**–**	**–**	**142**	**–**	**142**
Allowance for ECL	**(2,730)**	**(502)**	**(22)**	**–**	**(3,254)**
Total loans to corporate customers	**848,315**	**2,226**	**593**	**–**	**851,134**

	30 June 2025				
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**
Loans to small and medium businesses (SMB)					
Not overdue	**627,516**	**25,263**	**7,746**	**941**	**661,466**
Overdue for less than 30 days	**5,949**	**9,239**	**1,571**	**162**	**16,921**
Overdue for 30 to 89 days	**–**	**5,305**	**841**	**–**	**6,146**
Overdue for 90 to 179 days	**–**	**–**	**2,249**	**104**	**2,353**
Overdue for 180 to 360 days	**–**	**–**	**2,661**	**131**	**2,792**
Overdue for more than 360 days	**–**	**–**	**6,695**	**160**	**6,855**
Allowance for ECL	**(2,943)**	**(1,203)**	**(5,893)**	**(866)**	**(10,905)**
Total	**630,522**	**38,604**	**15,870**	**632**	**685,628**

Analysis of credit quality of loans to individuals:

The following table provides information on the credit quality of loans to individuals as at 30 June 2025:

	30 June 2025				
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**
Loans to retail customers					
Not overdue	**1,100,772**	**787**	**12,445**	**7,002**	**1,121,006**
Overdue for less than 30 days	**8,198**	**10,563**	**2,013**	**657**	**21,431**
Overdue for 30 to 89 days	**–**	**10,020**	**1,994**	**258**	**12,272**
Overdue for 90 to 179 days	**–**	**–**	**11,039**	**96**	**11,135**
Overdue for 180 to 360 days	**–**	**–**	**22,672**	**155**	**22,827**
Overdue for more than 360 days	**–**	**–**	**47,189**	**3,932**	**51,121**
Allowance for ECL	**(14,959)**	**(7,947)**	**(63,913)**	**(2,575)**	**(89,394)**
Total	**1,094,011**	**13,423**	**33,439**	**9,525**	**1,150,398**

(millions of tenge)

12. Loans to customers (continued)

Analysis of credit quality of loans to legal entities:

The following table provides information on the credit quality of loans to legal entities 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
Allowance for ECL	(2,886)	–	(486)	–	(3,372)
Total loans to CB	598,827	–	339	–	599,166

	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
Allowance for ECL	(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 at 31 December 2024:

	31 December 2024				
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**
Loans to retail customers					
Consumer loans					
Not overdue	635,298	1,609	8,759	7,129	652,795
Overdue less than 30 days	1,635	11,442	1,498	385	14,960
Overdue 30-89 days	–	9,953	1,281	216	11,450
Overdue 90-179 days	–	136	14,298	207	14,641
Overdue 180-360 days	–	–	23,348	84	23,432
Overdue more than 360 days	–	–	21,430	709	22,139
Allowance for ECL	(14,290)	(9,628)	(49,574)	(2,224)	(75,716)
Total consumer loans	622,643	13,512	21,040	6,506	663,701

Analysis of credit quality for corporate customers

The table below provides the credit quality analysis for corporate customers according to internal ratings as at 30 June 2025:

	30 June 2025				
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**
rated A	**30,456**	**–**	**–**	**–**	**30,456**
rated A-	**151,772**	**–**	**–**	**–**	**151,772**
rated BBB+	**130,740**	**–**	**–**	**–**	**130,740**
rated BBB-	**33,922**	**–**	**–**	**–**	**33,922**
rated BBB	**25,314**	**–**	**–**	**–**	**25,314**
rated BB+	**83,865**	**–**	**–**	**–**	**83,865**
rated BB	**239,925**	**–**	**–**	**–**	**239,925**
rated BB-	**148,422**	**644**	**–**	**–**	**149,066**
rated B+	**1,675**	**–**	**–**	**–**	**1,675**
rated B	**4,954**	**–**	**–**	**–**	**4,954**
rated B-	**–**	**–**	**473**	**–**	**473**
rated CCC-	**–**	**2,084**	**–**	**–**	**2,084**
Default	**–**	**–**	**142**	**–**	**142**
Expected credit losses	**(2,730)**	**(502)**	**(22)**	**–**	**(3,254)**
Total loans to corporate customers	**848,315**	**2,226**	**593**	**–**	**851,134**

(millions of tenge)

12. Loans to customers (continued)

Analysis of credit quality for corporate customers (continued)

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

	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

Analysis of movements in allowance for ECL

An analysis of movements in the allowance for ECL for loans to legal entities of corporate business for the six-month period ended 30 June 2025 is as follows:

	For the six-month period ended 30 June 2025				
Loans to CB	***Stage 1***	***Stage 2***	***Stage 3***	***POCI***	***Total***
ECL as at 1 January	**(2,886)**	**–**	**(486)**	**–**	**(3,372)**
New assets originated or purchased	**(1,761)**	**–**	**–**	**–**	**(1,761)**
Assets derecognised or repaid (excluding write-offs)	**1,382**	**–**	**664**	**–**	**2,046**
Transfers to Stage 1	**–**	**–**	**–**	**–**	**–**
Transfers to Stage 2	**21**	**(21)**	**–**	**–**	**–**
Transfers to Stage 3	**13**	**–**	**(13)**	**–**	**–**
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	**500**	**(481)**	**134**	**–**	**153**
Unwinding of discount	**–**	**–**	**(38)**	**–**	**(38)**
Reversal of previously written-off amounts	**–**	**–**	**(283)**	**–**	**(283)**
Effect from changes in exchange rates	**1**	**–**	**–**	**–**	**1**
At 30 June	**(2,730)**	**(502)**	**(22)**	**–**	**(3,254)**

An analysis of movements in the allowance for ECL on loans to legal entities of small and medium businesses for the six-month period ended 30 June 2024 is as follows:

	For the six-month period ended 30 June 2024 (unaudited)				
Loans to CB	***Stage 1***	***Stage 2***	***Stage 3***	***POCI***	***Total***
ECL as at 1 January	(2,737)	(17)	–	–	(2,754)
New assets originated or purchased	(1,651)	–	–	–	(1,651)
Assets derecognised or repaid (excluding write-offs)	1,790	11	645	–	2,446
Transfers to Stage 1	(6)	6	–	–	–
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	584	–	–	–	584
Unwinding of discount	–	–	(15)	–	(15)
Reversal of previously written-off amounts	–	–	(630)	–	(630)
Effect from changes in exchange rates	(60)	–	–	–	(60)
At 30 June	(2,080)	–	–	–	(2,080)

(millions of tenge)

12. Loans to customers (continued)

Analysis of credit quality for corporate customers (continued)

Analysis of movements in allowance for ECL (continued)

An analysis of movements in the allowance for ECL on loans to legal entities of small and medium businesses for the six-month period ended 30 June 2025 is as follows:

	For the six-month period ended 30 June 2025				
Loans to SMB	***Stage 1***	***Stage 2***	***Stage 3***	***POCI***	***Total***
ECL as at 1 January	**(2,779)**	**(1,134)**	**(4,983)**	**(1,401)**	**(10,297)**
New assets originated or purchased	**(2,088)**	**–**	**–**	**–**	**(2,088)**
Assets derecognised or repaid (excluding write-offs)	**796**	**326**	**2,358**	**674**	**4,154**
Transfers to Stage 1	**(374)**	**271**	**103**	**–**	**–**
Transfers to Stage 2	**282**	**(362)**	**80**	**–**	**–**
Transfers to Stage 3	**316**	**493**	**(809)**	**–**	**–**
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	**904**	**(797)**	**182**	**78**	**367**
Unwinding of discount	**–**	**–**	**(555)**	**–**	**(555)**
Reversal of previously written-off amounts	**–**	**–**	**(2,269)**	**(217)**	**(2,486)**
At 30 June	**(2,943)**	**(1,203)**	**(5,893)**	**(866)**	**(10,905)**

An analysis of movements in the allowance for ECL on loans to legal entities of small and medium businesses for the six-month period ended 30 June 2024 is as follows:

	For the six-month period ended 30 June 2024 (unaudited)				
Loans to SMB	***Stage 1***	***Stage 2***	***Stage 3***	***POCI***	***Total***
ECL as at 1 January	(3,895)	(443)	(9,002)	(1,281)	(14,621)
New assets originated or purchased	(2,359)	–	–	–	(2,359)
Assets derecognised or repaid (excluding write-offs)	865	126	2,087	150	3,228
Transfers to Stage 1	(332)	49	283	–	–
Transfers to Stage 2	931	(1,154)	223	–	–
Transfers to Stage 3	329	209	(538)	–	–
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	937	(725)	(1,061)	(1,123)	(1,972)
Unwinding of discount	–	–	(610)	–	(610)
Write-off	–	–	2,855	1,344	4,199
At 30 June	(3,524)	(1,938)	(5,763)	(910)	(12,135)

Analysis of credit quality for corporate customers (continued)

Analysis of movements in allowance for ECL (continued)

An analysis of movements in the allowance for ECL on loans to individuals for the six-month period ended 30 June 2025 is as follows:

	For the six-month period ended 30 June 2025				
Loans to retail customers	***Stage 1***	***Stage 2***	***Stage 3***	***POCI***	***Total***
ECL as at 1 January	**(14,290)**	**(9,628)**	**(49,574)**	**(2,224)**	**(75,716)**
New assets originated or purchased	**(9,238)**	**–**	**–**	**–**	**(9,238)**
Assets derecognised or repaid (excluding write-offs)	**3,526**	**775**	**3,872**	**1,453**	**9,626**
Transfers to Stage 1	**(2,024)**	**1,219**	**805**	**–**	**–**
Transfers to Stage 2	**650**	**(1,407)**	**757**	**–**	**–**
Transfers to Stage 3	**1,286**	**6,437**	**(7,723)**	**–**	**–**
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	**5,131**	**(5,343)**	**(6,985)**	**1,221**	**(5,976)**
Unwinding of discount	**–**	**–**	**(8,900)**	**–**	**(8,900)**
Write-off/(reversal of previously written-off amounts)	**–**	**–**	**3,835**	**(3,025)**	**810**
At 30 June	**(14,959)**	**(7,947)**	**(63,913)**	**(2,575)**	**(89,394)**

(millions of tenge)

12. Loans to customers (continued)

An analysis of movements in the allowance for ECL on loans to legal entities for the six-month period ended 30 June 2024 is as follows:

	For the six-month period ended 30 June 2024 (unaudited)				
Loans to retail customers	***Stage 1***	***Stage 2***	***Stage 3***	***POCI***	***Total***
ECL as at 1 January	(13,567)	(8,492)	(42,432)	(8,397)	(72,888)
New assets originated or purchased	(5,957)	–	–	–	(5,957)
Assets derecognised or repaid (excluding write-offs)	3,178	561	2,545	342	6,626
Transfers to Stage 1	(1,473)	829	644	–	–
Transfers to Stage 2	1,354	(1,997)	643	–	–
Transfers to Stage 3	884	5,765	(6,649)	–	–
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	1,036	(3,933)	(13,778)	(777)	(17,452)
Unwinding of discount	–	–	(5,388)	–	(5,388)
Write-off	–	–	16,380	7,230	23,610
Effect from changes in exchange rates	–	–	(2)	–	(2)
At 30 June	(14,545)	(7,267)	(48,037)	(1,602)	(71,451)

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 within the range from 0 to 0.95 to the revalued amount of pledged property depending on the type of collateral (31 December 2024: from 0 to 0.95). The Group applies a liquidity ratio of 1 for collateral such as cash or guarantees issued by second-tier banks or legal entities with a credit rating not lower than the sovereign rating of the Republic of Kazakhstan of the Standard & Poor's rating agency or a rating of a similar level of one of the other rating agencies/entity of the quasi-public sector.
- The average period of collateral sale is between 3 (three) and 6 (six) years depending on the type of collateral according to the Group's historical data (31 December 2024: between 3 (three) and 6 (six) years).
- 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, the Group made the following assumptions:

- PD on loans allocated to Stage 1 ranged from 0.01% to 9.85% depending on the borrower's internal rating according to the rating model (31 December 2024: from 0.04% to 10.44%).
- LGD on loans allocated to Stage 1 ranged from 2% to 21% (31 December 2024: from 9% to 31%).

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, 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 20.79% (31 December 2024: from 0.01% to 24.35%), the weighted-average lifetime PD allocated to Stage 2 ranged from 0.01% to 96.86% depending on the product group of the homogeneous portfolio and overdue backets (31 December 2024: from 0.01% to 91.01%).
- LGD on loans allocated to Stage 1 varied from 4% to 37% (31 December 2024: from 5% to 36%).

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 27.12% (31 December 2024: from 0.01% to 28.75%), the weighted-average lifetime PD allocated to Stage 2 ranged from 0.01% to 98.07% depending on the product group of the homogeneous retail portfolio and overdue backets (31 December 2024: from 0.01% to 98.74%).
- LGD on loans allocated to Stages 1 and 2 varied from 18% to 78% (31 December 2024: from 20% to 80%).

(millions of tenge)

12. Loans to customers (continued)

Concentration of loans to customers

As at 30 June 2025, the Group had a concentration of loans represented by 654,193 million tenge due from the ten largest groups of interrelated borrowers or 23.44% of gross loan portfolio (31 December 2024: 488,225 million tenge or 25.57% of gross loan portfolio). Allowance for ECL on these loans is 2,197 million tenge (31 December 2024: 2,238 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:

	30 June 2025	*31 December 2024*
Loans to retail customers	**1,239,792**	739,417
Metallurgy	**267,364**	253,114
Financial services	**197,374**	75,621
Services provided by small and medium businesses	**182,086**	135,905
Wholesale trading	**176,057**	130,315
Transport	**135,494**	99,076
Retail services	**120,573**	88,717
Construction	**94,874**	75,804
Chemical industry	**70,928**	69,545
Real estate activities	**65,191**	54,521
Food industry	**54,555**	42,572
Post and communication services	**26,617**	17,179
Agriculture	**25,146**	21,926
Light industry	**13,174**	11,543
Manufacturing	**12,668**	11,741
Metal products manufacturing	**7,335**	6,254
Consumer goods trading	**2,975**	2,667
Production of crude oil and natural gas	**2,456**	2,514
Consumer goods manufacturing	**1,148**	799
Power engineering	**985**	638
Health, science and education	**310**	222
Other	**93,611**	69,429
	2,790,713	1,909,519
Allowance for ECL	**(103,553)**	(89,385)
	2,687,160	1,820,134

The following table shows the contractual maturities of loans to customers as at 30 June 2025 and 31 December 2024:

Loans to customers	*Less than 1 year*	*More than 1 year*	*Overdue*	*Total*
30 June 2025	**1,037,174**	**1,610,946**	**39,040**	**2,687,160**
31 December 2024	875,232	934,640	10,262	1,820,134

13. Investment securities

Investment securities comprise securities measured at amortised cost and securities measured at FVOCI:

	30 June 2025	*31 December 2024*
Investment securities		
Debt investment securities measured at amortised cost	**57,652**	58,429
Investment securities measured at FVOCI	**1,064,413**	1,055,883
	1,122,065	1,114,312

(millions of tenge)

13. Investment securities (continued)

Investment securities measured at FVOCI including those pledged under repurchase agreements comprise:

	30 June 2025	*31 December 2024*
Debt securities at FVOCI		
Government bonds		
Treasury bills of the United States of America rated AA+	**118,912**	14,952
Treasury bonds of the Ministry of Finance of the Republic of Kazakhstan rated BBB-	**740,741**	949,620
Total government bonds	**859,653**	964,572
Corporate bonds		
Rated from BBB- to BBB+	**90,975**	39,399
Rated from BB- to BB+	**26,986**	26,791
Not rated	**1,336**	882
Total corporate bonds	**119,297**	67,072
Bonds of banks		
Rated from AA- to AA+	**70,895**	–
Rated from BBB- to BBB+	**11,040**	11,849
Rated from BB- to BB+	**3,155**	7,928
Not rated	**210**	4,093
Total bonds of banks	**85,300**	23,870
Investments in equity instruments		
Corporate shares	**163**	369
Total investments in equity instruments	**163**	369
Investment securities measured at FVOCI	**1,064,413**	1,055,883

The following table provides information on the credit quality of debt instruments measured at fair value through other comprehensive income as at 30 June 2025 and 31 December 2024.

	30 June 2025			
Investment securities measured at FVOCI	***Stage 1***	***Stage 2***	***Stage 3***	***Total***
Rated from AA- to AA+	**189,807**	**–**	**–**	**189,807**
Rated from BBB- to BBB+	**842,756**	**–**	**–**	**842,756**
Rated from BB- to BB+	**9,989**	**20,152**	**–**	**30,141**
Not rated	**1,546**	**–**	**–**	**1,546**
Investment securities at measured at FVOCI	**1,044,098**	**20,152**	**–**	**1,064,250**

	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

The following table shows the contractual maturities of investment securities measured at FVOCI as at 30 June 2025 and 31 December 2024:

Investment securities measured at FVOCI	***Less than 1 year***	***More than 1 year***	***Overdue***	***Total***
30 June 2025	**351,993**	**712,420**	**–**	**1,064,413**
31 December 2024	260,385	795,498	–	1,055,883

13. Investment securities (continued)

External 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 30 June 2025, investment securities measured at FVOCI, represented by treasury bonds of the Ministry of Finance of the Republic of Kazakhstan with a total fair value of 412,853 million tenge, were pledged under the repurchase agreements entered into at the KASE.

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

14. Current accounts and deposits of customers

Current accounts and deposits of customers comprise:

	30 June 2025	*31 December 2024*
Current accounts and demand deposits		
- Retail customers	**158,904**	164,005
- Corporate customers	**631,984**	589,198
Term deposits		
- Retail customers	**850,901**	823,759
- Corporate customers	**1,283,754**	1,166,658
Guarantee deposits		
- Retail customers	**47,875**	36,095
- Corporate customers	**117,887**	88,240
	3,091,305	2,867,955
Held as security against letters of credit and guarantees *(Note 21)*	**–**	(257)

Concentrations of current accounts and deposits of customers

As at 30 June 2025, total amount of account balances of top 10 clients amounted to 496,365 million tenge or 16.06% of total current accounts and deposits of customers (31 December 2024: 442,635 million tenge or 15.43%).

As at 30 June 2025, the Group's outstanding balance of accounts and deposits of individuals and individual entrepreneurs amounted to 430,245 million tenge (31 December 2024: 414,837 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 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.

15. Amounts due to banks and other credit institutions

Amounts due to banks and other credit institutions comprise:

	30 June 2025	*31 December 2024*
Loans from other financial institutions	**103,394**	–
Loans from governmental organisations	**68,519**	68,946
Liabilities due to Kazakhstan Sustainability Fund JSC	**9,081**	8,715
	180,994	77,661

In May 2025, the Group attracted a syndicated loan of 200 million USD from a group of international finance institutions at a floating interest rate, maturing in 2026. As at 30 June 2025, the amortised cost of the borrowed loan amounted to 103,394 million tenge.

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

As at 30 June 2025, loans from government entities included loans received from Damu Entrepreneurship Development Fund JSC, Development Bank of Kazakhstan JSC, Industrial Development Fund JSC and Agrarian Credit Corporation JSC in the amounts of 46,276 million tenge, 11,620 million tenge and 8,739 million tenge and 1,872 million tenge, respectively (31 December 2024: Damu Entrepreneurship Development Fund JSC, Development Bank of Kazakhstan JSC and Industrial Development Fund JSC in the amounts of 47,964 million tenge, 11,156 million tenge and 9,809 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, and subsequent financing of entities in the agro-industrial complex and agricultural production cooperatives.

The loan received from Industrial Development Fund JSC 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 Bank and Industrial Development Fund JSC revised the terms of the said loan, and the loan maturity was set at the middle of the year 2030. The revision of the loan terms resulted in a significant 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 significant modification of the loan terms, the Group recognised a loss of 3,593 million tenge, inclusive of deferred income in the form of a government grant, in the interim condensed consolidated statement of comprehensive income.

During 2024, the Group and Development Bank of Kazakhstan JSC have concluded agreements for raising additional loans in the amount of 9,000 million tenge, bearing an 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 for the amount of 6,462 million tenge and deferred income on the government grant for the same amount, in other liabilities.

In December 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.

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, as at 30 June 2025 and 31 December 2024.

16. Amounts payable under repurchase agreements

As at 30 June 2025, the Group has payables under repurchase agreements in the amount of 410,007 million tenge, which are collateralized by investment securities with a total fair value of 412,853 million tenge (treasury bonds of the Ministry of Finance of the Republic of Kazakhstan) *(Note 13)*.

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 13)*.

17. Debt securities issued

As at 30 June 2025 and 31 December 2024 the carrying amount of debt securities issued was as follows:

	Maturity date	Coupon rate	*30 June 2025*	*31 December 2024*
Bonds in US dollars				
Bonds issued in 2025	2030	7.75%	**210,490**	–
Bonds issued in 2023	2025	4.00%	**19,533**	19,197
Bonds issued in 2022	2025	2.60%	**1,117**	1,114
			231,140	20,311
Bonds in tenge				
Bonds issued in 2015	2025	10.13%	**52,042**	51,533
			52,042	51,533
			283,182	71,844

In January 2025, the Group issued Eurobonds for a total amount of 400 million US dollars, with maturity in 2030 and a coupon rate of 7.75% per annum on Vienna Stock Exchange (Vienna MTF) and AIX. As at 30 June 2025, the total nominal amount of outstanding bonds issued equaled to 400 million US dollars (equivalent to tenge - 207,856 million tenge).

The Group had no defaults and other breaches of repayment schedules and the terms for issue of bonds, related to principal and interest payments, during the six months ended 30 June 2025 and the year ended 31 December 2024.

(millions of tenge)

18. Share capital

The number of authorised, placed and outstanding ordinary shares and share capital as at 30 June 2025 and 31 December 2024 are as follows:

	30 June 2025	*31 December 2024*
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	**(175,792,756)**	(1,934,434,197)
Number of outstanding shares	**92,211,311,333**	90,452,669,892
Total share capital, millions of tenge	**332,500**	329,350

In April 2025, shares previously purchased by the Bank were sold for a total amount of 10,833 million tenge.

In accordance with the resolution of the shareholders dated 29 April 2025, the Bank declared dividends on ordinary shares for the year ended 31 December 2024 in the amount of 101,996 million tenge at the rate of 1,104 tenge per ordinary share. As at 30 June 2025, the Bank paid dividends in the amount of 101,700 million tenge.

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.

19. Earnings per share

The following reflects the income and share data used in the basic and diluted earnings per share computations.

	For the three-month period ended 30 June		*For the six-month period ended 30 June*	
	2025 (unaudited)	*2024 (unaudited)*	*2025*	*2024 (unaudited)*
Net profit attributable to shareholders of the Bank	**54,122**	40,194	**100,007**	74,765
A weighted average number of ordinary shares	**89,184,087,424**	90,452,669,892	**89,814,874,287**	90,452,669,892
Basic and diluted earnings per ordinary share, in tenge	**0.61**	0.44	**1.11**	0.83

As at 30 June 2025 and 30 June 2024, the Bank has no financial instruments diluting earnings per share.

20. 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 30 June 2025 and 31 December 2024, 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 2025, 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%;
- 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%.

(millions of tenge)

20. Capital management (continued)

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 30 June 2025 and 31 December 2024:

	30 June 2025	*31 December 2024*
Tier 1 capital	**467,479**	542,203
Tier 2 capital	**4,615**	5,937
Total regulatory capital	**472,094**	548,140
Total risk-weighted statutory assets, contingent liabilities and operational and market risk	**3,326,225**	2,270,521
k1 ratio	**14.1%**	23.9%
k1-2 ratio	**14.1%**	23.9%
k2 ratio	**14.2%**	24.1%

21. 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 Group 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 contingencies and letters of credit, the Group applies the same risk management policies and procedures used when issuing loans to customers.

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

	30 June 2025	*31 December 2024*
Undrawn loan commitments	**699,240**	436,126
Guarantees issued	**216,736**	129,406
Letters of credit	**1,360**	299
	917,336	565,831
Less: amounts due to customers held as security against letters of credit and guarantees *(Note 14)*	**–**	(257)
Less: allowance for expected credit losses	**(1,652)**	(1,645)
	915,684	563,929

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.

(millions of tenge)

21. Commitments and contingencies (continued)

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 Group's operations and financial position.

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 in these interim condensed consolidated financial statements based on its interpretations of applicable Kazakhstan tax legislation, official pronouncements and court decisions. However, the interpretations of the relevant authorities could differ and the effect on these interim condensed consolidated financial statements, if the authorities were successful in enforcing their interpretations, could be significant.

22. Related party transactions

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

Total remuneration to 13 members of the Board of Directors and the Management Board (for the six months ended June 30, 2024: 11 members of the Board of Directors and the Management Board) included in "General and administrative expenses" for the six-month periods ended June 30, 2025 and 2024 is as follows:

	For the three-month period ended 30 June		*For the six-month period ended 30 June*	
	2025 (unaudited)	***2024 (unaudited)***	***2025***	***2024 (unaudited)***
Members of the Board of Directors and Management Board	**293**	945	**1,551**	1,882
	293	945	**1,551**	1,882

These amounts include cash remuneration of the members of Board of Directors and the Management Board and related taxes.

As at 30 June 2025, the total amount of the Bank's liabilities to pay remuneration to members of the Board of Directors and the Management Board amounted to 715 million tenge (31 December 2024: 3,415 million tenge).

(millions of tenge)

22. Related party transactions (continued)

Other 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 30 June 2025 and related profit or loss amounts of transactions for the six-month period ended 30 June 2025 with related parties are as follows:

	30 June 2025						
	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	–	–	545	9%	23,168	20.3%	23,713
Other assets	–	–	287	–	158	–	445
Liabilities							
Current accounts and deposits of customers	6,352	1%	30,224	11%	34,342	10%	70,918
Other liabilities	–	–	9	–	133	–	142
Credit related commitments	–	–	1,029	–	10,507	–	11,536
Guarantees issued	–	–	–	–	187	–	187

	For the three-month period ended 30 June 2025 (unaudited)			
	Shareholders	*Entities under common control*	*Other related parties*	*Total*
Income/(expenses)				
Interest income	–	7	1,121	1,128
Interest expense	(25)	(547)	(277)	(849)
General and administrative expenses	–	(1)	(186)	(187)
Fee and commission income	1	11	17	29
Fee and commission expense	–	–	–	–
Other income	–	–	286	286
Other expenses	–	–	(213)	(213)

	For the six-month period ended 30 June 2025			
	Shareholders	*Entities under common control*	*Other related parties*	*Total*
Income/(expenses)				
Interest income	–	7	1,975	1,982
Interest expense	(40)	(1,345)	(375)	(1,760)
General and administrative expenses	–	(919)	(317)	(1,236)
Fee and commission income	2	23	37	62
Fee and commission expense	–	(1)	–	(1)
Other income	–	–	518	518
Other expenses	–	–	(393)	(393)

(millions of tenge)

22. Related party transactions (continued)

Other related party transactions (continued)

The outstanding balances and the related average effective interest rates as at 31 December 2024 and related profit or loss amounts of transactions for the six-month period ended 30 June 2024 with related parties are as follows:

	31 December 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

	For the three-month period ended 30 June 2024 (unaudited)			
	Shareholders	*Entities under common control*	*Other related parties*	*Total*
Income/(expenses)				
Interest income	–	–	636	636
Interest expense	(37)	(599)	(633)	(1,269)
General and administrative expenses	–	(768)	(115)	(883)
Fee and commission income	2	20	21	43
Fee and commission expense	–	4	–	4
Other income	–	–	217	217
Other expenses	–	–	(152)	(152)

	For the six-month period ended 30 June 2024 (unaudited)			
	Shareholders	*Entities under common control*	*Other related parties*	*Total*
Income/(expenses)				
Interest income	–	–	1,290	1,290
Interest expense	(51)	(1,208)	(943)	(2,202)
General and administrative expenses	–	(2,952)	(240)	(3,192)
Fee and commission income	3	36	42	81
Fee and commission expense	–	(4)	–	(4)
Other income	–	–	364	364
Other expenses	–	–	(246)	(246)

(millions of tenge)

23. 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.
- 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.

	30 June 2025					
	CB	***SMB***	***RB***	***Investing activities***	***Other***	***Total***
Assets						
Cash and cash equivalents	**886**	**27,579**	**42,668**	**242,446**	**130,284**	**443,863**
Amounts due from credit institutions	**7,349**	**2,264**	**958**	**138,770**	**1,363**	**150,704**
Securities at fair value through profit or loss	**–**	**–**	**–**	**2,731**	**–**	**2,731**
Loans to customers	**875,457**	**649,470**	**1,140,321**	**–**	**21,912**	**2,687,160**
Investment securities	**–**	**–**	**–**	**1,122,065**	**–**	**1,122,065**
Property and equipment	**–**	**–**	**–**	**–**	**60,428**	**60,428**
Intangible assets	**–**	**–**	**–**	**–**	**15,183**	**15,183**
Deferred tax assets	**–**	**–**	**–**	**–**	**2,716**	**2,716**
Other assets	**133**	**258**	**11,660**	**1,256**	**41,379**	**54,686**
Total assets	**883,825**	**679,571**	**1,195,607**	**1,507,268**	**273,265**	**4,539,536**
Liabilities						
Current accounts and deposits of customers	**1,084,519**	**945,668**	**1,061,063**	**–**	**55**	**3,091,305**
Amounts due to banks and other credit institutions	**17,098**	**38,677**	**15,581**	**103,612**	**6,026**	**180,994**
Amounts payable under repurchase agreements	**–**	**–**	**–**	**410,007**	**–**	**410,007**
Debt securities issued	**–**	**–**	**20,649**	**262,533**	**–**	**283,182**
Subordinated debt	**–**	**–**	**–**	**12,191**	**–**	**12,191**
Other liabilities	**627**	**568**	**3,827**	**308**	**59,325**	**64,655**
Total liabilities	**1,102,244**	**984,913**	**1,101,120**	**788,651**	**65,406**	**4,042,334**
Equity						
Share capital	**–**	**–**	**–**	**–**	**332,815**	**332,815**
Additional paid-in capital	**–**	**–**	**–**	**–**	**31,334**	**31,334**
Treasury shares	**–**	**–**	**–**	**–**	**(315)**	**(315)**
Fair value reserve	**–**	**–**	**–**	**–**	**(49,625)**	**(49,625)**
Retained earnings	**–**	**–**	**–**	**–**	**182,993**	**182,993**
Total equity attributable to shareholders of the Bank	**–**	**–**	**–**	**–**	**497,202**	**497,202**

(millions of tenge)

23. Segment analysis (continued)

	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)

23. Segment analysis (continued)

Information on the main reporting segments for the three-month period and for the six-month period ended 30 June 2025 and 2024 is presented as follows:

	For the three-month period ended 30 June 2025 (unaudited)						
	CB	***SMB***	***RB***	***Investing activities***	***Other***	***Elimination***	***Total***
Interest income	**25,068**	**29,312**	**56,204**	**45,441**	**3,236**	**–**	**159,261**
Transfer income	**26,924**	**27,247**	**30,081**	**21,434**	**2,387**	**(108,073)**	**–**
Interest expense	**(24,313)**	**(17,204)**	**(21,445)**	**(24,295)**	**(266)**	**–**	**(87,523)**
Transfer expense	**(17,373)**	**(18,289)**	**(30,749)**	**(42,423)**	**(46)**	**108,880**	**–**
Net interest income	**10,306**	**21,066**	**34,091**	**157**	**5,311**	**807**	**71,738**
Fee and commission income	**1,038**	**5,846**	**2,199**	**34**	**43**	**–**	**9,160**
Fee and commission expense	**(155)**	**(1,458)**	**(2,773)**	**(157)**	**(4)**	**–**	**(4,547)**
Net gains on financial instruments at fair value through profit or loss	**–**	**–**	**–**	**73**	**–**	**–**	**73**
Net losses on derecognition of investment securities at fair value through other comprehensive income	**–**	**–**	**–**	**(34)**	**–**	**–**	**(34)**
Net gains/(losses) from foreign currencies	**3,893**	**4,198**	**2,146**	**(8,374)**	**28**	**–**	**1,891**
Dividends received	**–**	**–**	**–**	**36**	**–**	**–**	**36**
Other (expenses)/income	**(229)**	**503**	**309**	**265**	**1,780**	**–**	**2,628**
Non-interest income	**4,547**	**9,089**	**1,881**	**(8,157)**	**1,847**	**–**	**9,207**
Reversal of allowance for expected credit losses/(credit loss expenses)	**63**	**1,267**	**(4,063)**	**148**	**5,548**	**–**	**2,963**
Net loss on derecognition of financial assets measured at amortised cost	**–**	**(72)**	**(105)**	**–**	**1,143**	**–**	**966**
General and administrative expenses	**(1,234)**	**(6,569)**	**(10,602)**	**(263)**	**(3,485)**	**–**	**(22,153)**
Other expenses	**(50)**	**(1,136)**	**(2,355)**	**(59)**	**(1,161)**	**–**	**(4,761)**
Non-interest expenses	**(1,221)**	**(6,510)**	**(17,125)**	**(174)**	**2,045**	**–**	**(22,985)**
Other transfer income and expenses	**70**	**(1,037)**	**(812)**	**6,619**	**(4,033)**	**(807)**	**–**
Profit/(loss) before corporate income tax expense	**13,702**	**22,608**	**18,035**	**(1,555)**	**5,170**	**–**	**57,960**
Corporate income tax (expenses)/benefit	**(1,044)**	**(1,668)**	**(1,398)**	**272**	**–**	**–**	**(3,838)**
Profit/(loss) for the period	**12,658**	**20,940**	**16,637**	**(1,283)**	**5,170**	**–**	**54,122**

(millions of tenge)

23. Segment analysis (continued)

	For the six-month period ended 30 June 2025						
	CB	***SMB***	***RB***	***Investing activities***	***Other***	***Elimination***	***Total***
Interest income	**44,179**	**54,056**	**99,973**	**96,771**	**6,500**	**–**	**301,479**
Transfer income	**47,844**	**53,577**	**55,560**	**36,483**	**4,598**	**(198,062)**	**–**
Interest expense	**(42,490)**	**(32,998)**	**(41,222)**	**(40,717)**	**(555)**	**–**	**(157,982)**
Transfer expense	**(30,346)**	**(33,240)**	**(51,924)**	**(91,904)**	**(98)**	**207,512**	**–**
Net interest income	**19,187**	**41,395**	**62,387**	**633**	**10,445**	**9,450**	**143,497**
Fee and commission income	**1,620**	**10,976**	**4,661**	**58**	**90**	**–**	**17,405**
Fee and commission expense	**(304)**	**(2,665)**	**(5,226)**	**(233)**	**114**	**–**	**(8,314)**
Net losses on financial instruments at fair value through profit or loss	**–**	**–**	**–**	**(12,454)**	**–**	**–**	**(12,454)**
Net gains on derecognition of investment securities at fair value through other comprehensive income	**–**	**–**	**–**	**7**	**–**	**–**	**7**
Net gains/(losses) from foreign currencies	**6,162**	**8,140**	**3,136**	**(1,289)**	**362**	**–**	**16,511**
Dividends received	**–**	**–**	**–**	**85**	**–**	**–**	**85**
Other (expenses)/income	**(251)**	**490**	**583**	**313**	**3,632**	**–**	**4,767**
Non- interest income	**7,227**	**16,941**	**3,154**	**(13,513)**	**4,198**	**–**	**18,007**
Reversal of allowance for expected (credit loss expenses)/credit losses	**(285)**	**969**	**(9,349)**	**610**	**5,711**	**–**	**(2,344)**
Net (losses)/gains on derecognition of financial assets measured at amortised cost	**–**	**(72)**	**(105)**	**–**	**1,467**	**–**	**1,290**
General and administrative expenses	**(2,873)**	**(13,963)**	**(20,915)**	**(760)**	**(6,457)**	**–**	**(44,968)**
Other expenses	**(124)**	**(1,552)**	**(5,086)**	**(107)**	**209**	**–**	**(6,660)**
Non-interest expense	**(3,282)**	**(14,618)**	**(35,455)**	**(257)**	**930**	**–**	**(52,682)**
Other transfer income and expenses	**118**	**(1,978)**	**(1,011)**	**20,132**	**(7,811)**	**(9,450)**	**–**
Profit before corporate income tax expense	**23,250**	**41,740**	**29,075**	**6,995**	**7,762**	**–**	**108,822**
Corporate income tax expense	**(2,028)**	**(3,641)**	**(2,536)**	**(610)**	**–**	**–**	**(8,815)**
Profit for the period	**21,222**	**38,099**	**26,539**	**6,385**	**7,762**	**–**	**100,007**

(millions of tenge)

23. Segment analysis (continued)

	For the three-month period ended 30 June 2024 (unaudited)						
	CB	***SMB***	***RB***	***Investing activities***	***Other***	***Elimination***	***Total***
Interest income	16,463	21,093	37,987	49,974	2,474	–	127,991
Transfer income	20,698	18,453	23,625	20,103	3,149	(86,028)	
Interest expense	(16,205)	(9,928)	(17,756)	(19,702)	(1,414)	–	(65,005)
Transfer expense	(10,726)	(12,872)	(16,109)	(50,012)	3,786	85,933	
Net interest income	10,230	16,746	27,747	363	7,995	(95)	62,986
Fee and commission income	624	5,313	2,770	29	25	–	8,761
Fee and commission expense	(167)	(1,316)	(1,634)	(93)	(4)	–	(3,214)
Net gains on financial instruments at fair value through profit or loss	–	–	–	5,363	–	–	5,363
Net gains on derecognition of investment securities at fair value through other comprehensive income	–	–	–	83	–	–	83
Net gains/(losses) from foreign currencies	2,145	4,006	2,225	(5,347)	10	–	3,039
Dividends received	–	–	–	494	–	–	494
Other income/(expenses)	444	582	(428)	14	(91)	–	521
Non-interest income	3,046	8,585	2,933	543	(60)	–	15,047
Reversal of allowance for expected credit losses/(credit loss expenses)	270	(3,654)	(11,245)	(570)	1,788	–	(13,411)
Net loss on derecognition of financial assets measured at amortised cost	–	–	(109)	–	(211)	–	(320)
General and administrative expenses	(1,237)	(5,896)	(9,642)	(433)	(2,255)	–	(19,463)
Other expenses	(51)	(392)	(631)	(46)	(664)	–	(1,784)
Non-interest expenses	(1,018)	(9,942)	(21,627)	(1,049)	(1,342)	–	(34,978)
Other transfer income and expenses	165	(710)	(180)	8,491	(7,861)	95	–
Profit/(loss) before corporate income tax expense	12,423	14,679	8,873	8,348	(1,268)	–	43,055
Corporate income tax expenses	(861)	(884)	(571)	(545)	–	–	(2,861)
Profit/(loss) for the period	11,562	13,795	8,302	7,803	(1,268)	–	40,194

(millions of tenge)

23. Segment analysis (continued)

	For the six-month period ended 30 June 2024 (unaudited)						
	CB	***SMB***	***RB***	***Investing activities***	***Other***	***Elimination***	***Total***
Interest income	30,999	40,487	74,360	95,860	4,334	–	246,040
Transfer income	40,705	37,726	47,032	33,590	7,346	(166,399)	–
Interest expense	(33,033)	(19,665)	(35,466)	(32,951)	(3,699)	–	(124,814)
Transfer expense	(20,879)	(25,041)	(31,324)	(95,675)	(256)	173,175	–
Net interest income	17,792	33,507	54,602	824	7,725	6,776	121,226
Fee and commission income	1,160	9,980	5,585	41	63	–	16,829
Fee and commission expense	(329)	(2,684)	(3,337)	(162)	(9)	–	(6,521)
Net gains on financial instruments at fair value through profit or loss	–	–	–	4,376	–	–	4,376
Net gains on derecognition of investment securities at fair value through other comprehensive income	–	–	–	98	–	–	98
Net gains/(losses) from foreign currencies	3,404	7,366	3,343	(3,884)	10	–	10,239
Dividends received	–	–	–	494	–	–	494
Other income/(expenses)	301	947	(80)	17	258	–	1,443
Non- interest income	4,536	15,609	5,511	980	322	–	26,958
Reversal of allowance for expected credit losses/(credit loss expenses)	1,156	(2,440)	(17,687)	(836)	2,275	–	(17,532)
Net loss on derecognition of financial assets measured at amortised cost	–	–	(124)	–	(422)	–	(546)
Net losses on modification of liabilities resulting in derecognition	–	–	(3,593)	–	–	–	(3,593)
General and administrative expenses	(2,454)	(11,957)	(19,264)	(868)	(6,790)	–	(41,333)
Other expenses	(52)	(471)	(1,448)	(74)	(1,184)	–	(3,229)
Non-interest expense	(1,350)	(14,868)	(42,116)	(1,778)	(6,121)	–	(66,233)
Other transfer income and expenses	298	(1,455)	(292)	16,231	(8,006)	(6,776)	–
Profit/(loss) before corporate income tax expense	21,276	32,793	17,705	16,257	(6,080)	–	81,951
Corporate income tax expense	(1,737)	(2,677)	(1,445)	(1,327)	–	–	(7,186)
Profit/(loss) for the period	19,539	30,116	16,260	14,930	(6,080)	–	74,765

(millions of tenge)

24. Fair value of financial instruments

Accounting classification and fair value

The table below sets out the carrying amounts and fair values of financial assets and financial liabilities as at 30 June 2025:

	30 June 2025				
	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	**–**	**443,863**	**443,863**	**443,863**	**–**
Amounts due from credit institutions	**–**	**150,704**	**150,704**	**150,704**	**–**
Securities at fair value through profit or loss	**2,731**	**–**	**2,731**	**2,731**	**–**
Loans to customers	**–**	**2,687,160**	**2,687,160**	**2,735,317**	**48,157**
Investment securities measured at FVOCI	**1,064,413**	**–**	**1,064,413**	**1,064,413**	**–**
Investment securities measured at amortised cost	**–**	**57,652**	**57,652**	**55,585**	**(2,067)**
Other financial assets	**–**	**25,290**	**25,290**	**25,290**	**–**
	1,067,144	**3,364,669**	**4,431,813**	**4,477,903**	**46,090**
Current accounts and deposits of customers	**–**	**3,091,305**	**3,091,305**	**3,091,775**	**(470)**
Amounts due to banks and other credit institutions	**–**	**180,994**	**180,994**	**172,013**	**8,981**
Amounts payable under repurchase agreements	**–**	**410,007**	**410,007**	**410,007**	**–**
Debt securities issued	**–**	**283,182**	**283,182**	**286,211**	**(3,029)**
Subordinated debt	**–**	**12,191**	**12,191**	**9,662**	**2,529**
Other financial liabilities	**–**	**22,029**	**22,029**	**22,029**	**–**
	–	**3,999,708**	**3,999,708**	**3,991,697**	**8,011**
					54,101

(millions of tenge)

24. Fair value of financial instruments (continued)

Accounting classification and fair value (continued)

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 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 2,731 million tenge (31 December 2024: 2,888 million tenge) and investment securities measured at FVOCI with carrying amount of 1,064,413 million tenge (31 December 2024: 1,055,.883 million tenge).

Valuation techniques include net present value valuation models and discounting of cash flows, comparison with similar instruments with known market quotations, as well as 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.

(millions of tenge)

24. Fair value of financial instruments (continued)

Accounting classification and fair value (continued)

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 to 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 approximate 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 8.71% to 20.88% per annum was used to discount the future cash flows from USD- and tenge-denominated loans to corporate customers (31 December 2024: 8.39% to 20.21% per annum).
- The discount rate in the range from 15.96% to 27.79% per annum was used to calculate the future cash flows from tenge-denominated loans to individuals (31 December 2024: from 21.28% to 30.72% per annum).
- The fair value of securities issued denominated in tenge was calculated based on quoted market prices and denominated in USD using discount rates ranging from 4.38% to 5.13% per annum (31 December 2024: denominated in tenge based on quoted market prices and denominated in US dollars using discount rates ranging from 4.24% to 5.02% per annum).
- The fair value of subordinated debt is estimated based on market quotations (31 December 2024: market quotations).
- Market quotations were used to calculate the future cash flows from securities measured at amortised cost, denominated in USD and tenge (31 December 2024: market quotations).
- The fair value of current accounts and deposits from customers approximates their carrying value, taking into account the depositors' rights to withdraw their cash funds prior to maturity in accordance with the laws of the Republic of Kazakhstan.
- The discount rate in the range from 3.25% to 21.74% 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 2024: 3.25% to 20.08% per annum).

Fair value hierarchy

The Group measures fair values using the following fair value hierarchy that 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.

(millions of tenge)

24. Fair value of financial instruments (continued)

Fair value hierarchy (continued)

The following table analyses financial instruments carried at fair value as at 30 June 2025, by fair value hierarchy, into which the fair value measurement is categorised.

		30 June 2025			
	Note	***Level 1***	***Level 2***	***Level 3***	***Total***
Assets					
Securities at fair value through profit or loss		**440**	**20**	**2,271**	**2,731**
Investment securities measured at FVOCI	13	**298,262**	**766,151**	**–**	**1,064,413**
		298,702	**766,171**	**2,271**	**1,067,144**

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.

		31 December 2024			
	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	13	121,616	934,267	–	1,055,883
		122,121	934,378	2,272	1,058,771

As at 30 June 2025 , KSF debt securities as well as bonds of the Ministry of Finance of the Republic of Kazakhstan measured at FVOCI in the amount of 82,948 million tenge and 661,652 million tenge, respectively, are classified into Level 2 of the fair value hierarchy (as at 31 December 2024: KSF debt securities as well as bonds of the Ministry of Finance of the Republic of Kazakhstan in the amount of 31,420 million tenge and 873,681 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 30 June 2025 and 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 analyses the fair value of financial instruments not measured at fair value as at 30 June 2025, by the level in the fair value hierarchy into which each fair value measurement is categorised:

	30 June 2025				
	Level 1	***Level 2***	***Level 3***	***Total fair value***	***Total carrying amount***
Assets					
Cash and cash equivalents	**–**	**443,863**	**–**	**443,863**	**443,863**
Amounts due from credit institutions	**–**	**150,704**	**–**	**150,704**	**150,704**
Loans to customers	**–**	**2,611,207**	**124,110**	**2,735,317**	**2,687,160**
Investment securities measured at amortised cost	**55,585**	**–**	**–**	**55,585**	**57,652**
Other financial assets	**–**	**25,290**	**–**	**25,290**	**25,290**
Liabilities					
Current accounts and deposits of customers	**–**	**3,091,775**	**–**	**3,091,775**	**3,091,305**
Amounts due to banks and other credit institutions	**–**	**172,013**	**–**	**172,013**	**180,994**
Amounts payable under repurchase agreements	**–**	**410,007**	**–**	**410,007**	**410,007**
Debt securities issued	**–**	**286,211**	**–**	**286,211**	**283,182**
Subordinated debt	**–**	**9,662**	**–**	**9,662**	**12,191**
Other financial liabilities	**–**	**22,029**	**–**	**22,029**	**22,029**

(millions of tenge)

24. Fair value of financial instruments (continued)

Fair value hierarchy (continued)

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 categorised:

	31 December 2024				
	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

25. Subsequent events

On 18 July 2025, the President of the Republic of Kazakhstan signed a new Tax Code along with the accompanying Law "On Amendments and Additions to Certain Legislative Acts Regarding Taxation Issues". The Tax Code provides for a comprehensive simplification of tax administration. Substantial changes have affected all key areas - from corporate and individual income taxes to investment incentives and the redistribution of the tax burden. In accordance with the new Tax Code, from 1 January 2026, the corporate income tax rate for the banking sector will increase to 25%, while maintaining the rate of 20% for income received from lending to business entities, the benefit for value added tax (hereinafter, "VAT") on banking financial transactions will be cancelled, as well as some part of benefits for reducing taxable income by the amounts of interest income and income from increase in value of government securities, also the rate of VAT will be increased from 12% to 16%.

This change will impact the Group's tax burden, as the amount of corporate income tax payable will increase. The Group is still in the process of assessing the potential effect of this change.

In August 2025, the Group reached an agreement to attract a syndicated loan of 750 million Chinese yuan from a group of international financial institutions for a period of three years.

ForteBank Joint Stock Company

Consolidated Financial Statements

For the year ended 31 December 2024
with Independent Auditors' Report

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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.

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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:

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

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:

Fee income earned from services that are provided over a certain period of time

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*	*Elimination*	*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*	*Eliminati on*	*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.

ForteBank Joint Stock Company

Consolidated Financial Statements

For the year ended 31 December 2023
with Independent Auditors' Report

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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 2023, 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 2023, 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.

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Expected credit losses (ECL) for loans to customers	
Please refer to the Notes 3, 4, 14 and 25 in the consolidated financial statements.	
Key audit matter	***How the matter was addressed in our audit***
Loans to customers represent 42.3% 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); - assessment of expected cash flows forecast for loans to customers classified as credit-impaired. 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. - For a sample of purchased or originated credit-impaired loans (POCI) to customers for which ECL is assessed individually, we critically assessed assumptions used by the Group to forecast future cash flows based on our understanding of historical experience and publicly available market information. - We assessed general predictive capability of the models used by the Group to assess ECL by comparing the estimates made as at 1 January 2023 with actual results for 2023. 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 2023 but does not include the consolidated financial statements and our auditors' report thereon. The Annual Report of the Group for the year 2023 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.

Other Matter

The consolidated financial statements of the Group as at and for the year ended 31 December 2022 were audited by other auditors who expressed an unmodified opinion on those statements on 13 March 2023.

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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance 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:



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 the Charter

14 March 2024

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2023

(millions of tenge)

	Note	*2023*	*2022*
Interest income calculated using the effective interest rate	5	**370,682**	258,780
Other interest income	5	**3,424**	1,961
Interest expense	5	**(180,758)**	(132,108)
Net interest income		**193,348**	128,633
Fee and commission income	6	**36,306**	36,210
Fee and commission expense	6	**(13,134)**	(12,242)
Net (loss)/gain on financial instruments at fair value through profit or loss		**(958)**	2,011
Net (loss)/gain on derecognition of investment securities measured at fair value through other comprehensive income		**(32)**	311
Net loss on derecognition of financial assets measured at amortised cost	14	**(4,787)**	(4,477)
Net gains from foreign currencies	7	**31,909**	49,862
Other income	10	**8,749**	3,744
Non-interest income		**58,053**	75,419
Credit loss expense	8	**(49,725)**	(37,650)
General and administrative expenses	9	**(79,106)**	(62,205)
Other expenses	10	**(6,109)**	(5,484)
Non-interest expense		**(134,940)**	(105,339)
Profit before corporate income tax		**116,461**	98,713
Corporate income tax expense	11	**(24)**	(627)
Profit for the year		**116,437**	98,086

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)

	Note	2023	2022
Other comprehensive income			
Other comprehensive income/ (loss) to be reclassified to profit or loss in subsequent periods			
Net change in fair value of debt instruments at fair value through other comprehensive income		**18,791**	(33,202)
Changes in allowance for expected credit losses of debt instruments at fair value through other comprehensive income	8	**120**	337
Reclassification of cumulative gain/(loss) on disposal of debt instruments at fair value through other comprehensive income to profit or loss		**32**	(311)
Income tax relating to components of other comprehensive income	11	**(298)**	665
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		**18,645**	(32,511)
Other comprehensive income, that will not to be reclassified subsequently to profit or loss			
Gain on equity investments measured at fair value through other comprehensive income		**(803)**	488
Total other comprehensive income that will not be reclassified to profit or loss in subsequent periods		**(803)**	488
Other comprehensive income/(loss) for the year net of income tax		**17,842**	(32,023)
Total comprehensive income for the year		**134,279**	66,063
Basic and diluted earnings per ordinary share (tenge)	24	**1.29**	1.08

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

Ravshan Irmatov
Deputy Chairman of the Management Board (CFO)

13 March 2024

Zaure Albossinova
Chief Accountant -
Managing Director

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2023

(millions of tenge)

	Note	31 December 2023	31 December 2022
Assets			
Cash and cash equivalents	12	**704,042**	457,962
Amounts due from credit institutions	13	**101,430**	31,046
Securities measured at fair value through profit or loss		**3,016**	2,763
Loans to customers	14	**1,377,500**	1,173,542
Investment securities:			
Held by the Group	15	***789,486***	*922,446*
Pledged under sale and repurchase agreement	15	***164,168***	*68,128*
Property and equipment	16	**56,665**	59,020
Intangible assets	17	**13,867**	14,550
Other assets	18	**43,001**	59,929
Total assets		**3,253,175**	2,789,386
Liabilities			
Current accounts and deposits from customers	19	**2,261,023**	2,011,734
Amounts due to banks and other credit institutions	20	**68,384**	66,751
Amounts payable under repurchase agreements	27	**163,523**	67,980
Debt securities issued	21	**267,250**	249,473
Subordinated debt	22	**14,389**	16,795
Deferred tax liabilities	11	**12,732**	13,904
Other liabilities	18	**36,066**	18,989
Total liabilities		**2,823,367**	2,445,626
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	**(6,044)**	(23,886)
Retained earnings		**82,851**	14,645
Total equity		**429,808**	343,760
Total equity and liabilities		**3,253,175**	2,789,386

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2023

(millions of tenge)

	Note	*2023*	*2022*
Cash flows from operating activities			
Interest received	5	**351,709**	250,762
Interest paid	5	**(160,569)**	(114,817)
Fee and commission received		**36,666**	35,945
Fee and commission paid		**(13,119)**	(12,256)
Net realised (loss)/gain on financial instruments at fair value through profit or loss		**(1,068)**	1,190
Net realised gain from foreign currency transactions		**31,891**	48,077
General administrative expenses paid		**(67,825)**	(51,542)
Other operating income received/(expense paid), net		**6,922**	(2,376)
Decrease/(increase) in operating assets			
Amounts due from credit institutions		**(68,030)**	19,359
Securities at fair value through profit or loss		**(203)**	1,015
Loans to customers		**(257,223)**	(410,160)
Other assets		**16,371**	10,030
Increase/(decrease) in operating liabilities			
Current accounts and deposits of customers		**262,824**	256,464
Amounts due to banks and other credit institutions		**9,566**	(7,834)
Amounts payable under repurchase agreements		**95,453**	42,789
Other liabilities		**12,670**	65
Net cash from operating activities before income tax paid		**256,035**	66,711
Corporate income tax paid		**(2,983)**	(44)
Net cash flows from operating activities		**253,052**	66,667
Cash flows from investing activities			
Purchase of investment securities at fair value through other comprehensive income		**(600,589)**	(233,141)
Proceeds from sale of investment securities at fair value through other comprehensive income		**102,804**	37,668
Redemption of investment securities at fair value through other comprehensive income		**548,820**	180,304
Purchase of investment securities measured at amortised cost		**–**	(6,830)
Repayment of investment securities at amortised cost		**4,807**	7,548
Purchases of property and equipment and intangible assets		**(6,625)**	(7,363)
Proceeds from sale of property, equipment and intangible assets		**4**	71
Net cash from/(used in) investing activities		**49,221**	(21,743)

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

	Note	*2023*	*2022*
Cash flows from financing activities			
Repayment of subordinated debt	28	**(2,313)**	(3,675)
Dividends paid to the shareholders of the Bank	23	**(49,034)**	–
Issue of debt securities	28	**12,862**	13,295
Redemption of debt securities issued	28	**(11,382)**	–
Repayment of debt securities issued	28	**–**	(34,306)
Repayment of finance lease liabilities		**(760)**	(969)
Net cash used in financing activities		**(50,627)**	(25,655)
Effect of changes in exchange rates on cash and cash equivalents		**(5,573)**	5,754
Effect of expected credit loss on cash and cash equivalents		**7**	(9)
Net change in cash and cash equivalents		**246,080**	25,014
Cash and cash equivalents at the beginning of the year		**457,962**	432,948
Cash and cash equivalents at the end of the year	12	**704,042**	457,962
Non-monetary transactions			
Repossession of collateral on loans to customers	14	**3,022**	1,701

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2023

(millions of tenge)

	Share capital	*Additional paid-in capital*	*Treasury shares*	*Fair value reserve*	*Accumulated losses*	*Total equity*
At 1 January 2022	332,815	23,651	(3,465)	8,137	(83,441)	277,697
Profit for the year	–	–	–	–	98,086	98,086
Other comprehensive loss for the year	–	–	–	(32,023)	–	(32,023)
Total comprehensive income for the year	–	–	–	(32,023)	98,086	66,063
Transactions with owners recorded directly in equity						
Dividends declared *(Note 23)*	–	–	–	–	–	–
As at 31 December 2022	332,815	23,651	(3,465)	(23,886)	14,645	343,760
Profit for the year	**–**	**–**	**–**	**–**	**116,437**	**116,437**
Transfer of accumulated revaluation reserve resulting from disposal of equity instruments at fair value through other comprehensive income	**–**	**–**	**–**	**(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**	**117,240**	**135,082**
Transactions with owners recorded directly in equity						
Dividends declared (*Note 23*)	**–**	**–**	**–**	**–**	**(49,034)**	**(49,034)**
As at 31 December 2023	**332,815**	**23,651**	**(3,465)**	**(6,044)**	**82,851**	**429,808**

(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 2023, certain of the 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 2022: 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 2023 and 2022, 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 2023 and 31 December 2022, the Group includes the following subsidiaries:

			Ownership interest, %	
Name	***Country of incorporation***	***Principal activity***	***31 December 2023***	***31 December 2022***
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 2023, Mr B. Zh. Utemuratov was the beneficial owner of 81.82% of the outstanding common shares of the Bank (including 0.2% in the form of outstanding global depositary receipts) (31 December 2022: 84.32% including 7.83% 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.

(millions of tenge)

2. Basis of preparation (continued)

Functional and presentation currency (continued)

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.

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. In 2023, inflation rate in Kazakhstan was 9.8% (2022: 20.3%).

Due to the increased of geopolitical tension in 2022, there has been a significant increase in volatility in the stock and currency markets.

On 6 December 2022, the Monetary Policy Committee of the National Bank of Kazakhstan (hereinafter, the "NBRK") made decision to raise the base rate to 16.75% per annum with an interest band of +/-1 percentage points. As at 31 December 2023 the NBRK made decision to reduce the base rate to 15.75% per annum with an interest band of +/-1 percentage points. During January-February 2024 the NBRK made decision to reduce the base rate to 14.75% 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 not early adopted any new standard, interpretation or amendment that has been issued but is not yet effective.

New standards, interpretations and amendments to the existing standards and interpretations

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2023 (unless otherwise specified). The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

- *IFRS 17 Insurance Contracts;*
- *Amendment to IAS 8 - Definition of Accounting Estimates;*
- *Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies;*
- *Amendment to IAS 12 Income Taxes - Deferred tax related to assets and liabilities arising from a single transaction.*

A number of standards, amendments to standards and interpretations issued by the IASB will become effective in future reporting periods and have not been early adopted by the Group:

- *Classification of Liabilities as Current or Non-current (Amendments to IAS 1 and IAS 8 will become effective on 1 January 2024;*
- *Non-current Liabilities with Covenants (Amendments to IAS 1) will become effective on 1 January 2024;*
- *Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) will become effective on 1 January 2024.*

The new standards and interpretations are not expected to have a significant effect on the consolidated financial statements of the Group.

(millions of tenge)

3. Material accounting policies (continued)

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 significant 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.

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.

(millions of tenge)

3. Material accounting policies (continued)

Financial instruments

Initial recognition

Date of recognition

All regular way purchases and sales of financial assets and liabilities are recognised on the trade date i.e. the date that the Group commits to purchase the asset or liability. 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.

Measurement categories of financial assets and liabilities

The Company 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 Company 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.

(millions of tenge)

3. Material accounting policies (continued)

Financial instruments (continued)

Initial recognition (continued)

"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.

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 OCI. 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 OCI are reclassified from OCI 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 recognized in OCI as the cumulative amount of the impairment with the recognition of corresponding amounts in profit or loss. The cumulative amount of losses recognised in OCI 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 consolidated 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.

(millions of tenge)

3. Material accounting policies (continued)

Financial instruments (continued)

Initial recognition (continued)

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 2023.

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.

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 profit or loss. 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 consolidated 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.

(millions of tenge)

3. Material accounting policies (continued)

Restructuring of loans (continued)

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;
- 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 Group 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.

(millions of tenge)

3. Material accounting policies (continued)

Property and equipment and intangible assets

Property and equipment 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 amortisation of 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	10-100
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 general and administrative expenses, unless they qualify for capitalisation.

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.

(millions of tenge)

3. Material accounting policies (continued)

Recognition of income and expenses (continued)

Interest and similar income and expenses (continued)

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:

Fee income earned from services that are provided over a certain period of time

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.

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 point-based programs, 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 KASE exchange rate on the date of the transaction are included in gains less losses from foreign currencies dealing.

As at 31 December 2023 the official exchange rate used for translation of monetary balances on foreign currency accounts was 454.56 tenge for 1 US Dollar (31 December 2022: 462.65 tenge for 1 US Dollar).

(millions of tenge)

4. Significant accounting judgments and estimates (continued)

Estimation uncertainty

In the process of applying the Group's accounting policies, management has used its judgements and made estimates in determining the amounts recognized in the consolidated financial statements. The most significant use of judgments 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 judgment is required in establishing fair values.

Estimation uncertainty

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. 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 Company'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 Bank'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 14)*.

Collateral assessment

The Bank management performs monitoring of collateral on a regular basis. The Bank'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 Bank's tax position as at 31 December 2023 and 31 December 2022 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:

	2023	*2022*
Interest income calculated using effective interest rate		
Loans to customers	**245,240**	163,800
Debt securities at FVOCI	**72,617**	60,937
Amounts due from credit institutions and cash equivalents	**24,880**	8,634
Investment securities measured at amortized cost	**17,198**	17,882
Amounts receivable under reverse repurchase agreements	**9,442**	6,825
Other financial assets	**1,305**	702
	370,682	258,780
Other interest income		
Finance lease receivables	**3,424**	1,961
	374,106	260,741
Interest expense		
Current accounts and deposits from customers	**(129,152)**	(81,700)
Debt securities issued	**(31,157)**	(30,382)
Amounts payable under repurchase agreements	**(14,114)**	(13,350)
Amounts due to banks and other credit institutions	**(5,199)**	(5,219)
Subordinated debt	**(1,136)**	(1,457)
	(180,758)	(132,108)
Net interest income	**193,348**	128,633

Interest income calculated using the effective interest rate for 2023 includes income in the amount of 12,399 million tenge representing the unwinding of discount on loans to customers (for 2022: 8,675 million tenge).

Interest received is as follows:

	2023	*2022*
Interest received		
Loans to customers	**230,755**	158,501
Debt securities at FVOCI	**66,610**	54,959
Amounts due from credit institutions and cash equivalents	**22,214**	8,634
Investment securities measured at amortized cost	**19,264**	19,882
Amounts receivable under reverse repurchase agreements	**9,442**	6,825
Finance lease receivables	**3,424**	1,961
	351,709	250,762

Interest paid comprises:

	2023	*2022*
Interest paid		
Current accounts and deposits from customers	**(128,500)**	(80,874)
Debt securities issued	**(14,199)**	(15,467)
Amounts payable under repurchase agreements	**(13,857)**	(13,224)
Amounts due to banks and other credit institutions	**(2,784)**	(3,762)
Subordinated debt	**(1,229)**	(1,490)
	(160,569)	(114,817)

6. Net fee and commission income

Fee and commission income is as follows:

	2023	*2022*
Card operations	**16,035**	16,574
Settlement operations	**9,324**	9,482
Cash operations	**5,485**	5,963
Commissions on guarantees and letters of credits	**3,450**	2,436
Foreign currency transactions and transactions with securities	**499**	299
Other	**1,513**	1,456
	36,306	36,210

(millions of tenge)

6. Net fee and commission income (continued)

Fee and commission expense is as follows:

	2023	*2022*
Maintenance of card accounts	**(9,934)**	(9,605)
Maintenance of nostro accounts	**(940)**	(769)
Settlement operations	**(660)**	(488)
Customer accounts services by financial agents	**(218)**	(137)
Foreign currency transactions and transactions with securities	**(129)**	(104)
Other	**(1,253)**	(1,139)
	(13,134)	(12,242)

As at 31 December 2023 and 31 December 2022, the Group recognized contract assets related to contracts with customers in the amount of 1,348 million tenge and 1,708 million tenge in the consolidated statement of financial position within other assets, respectively (Note 18).

7. Net gain from foreign currencies

Net gains from foreign currencies is presented as follows:

	2023	*2022*
Dealing, net	**31,891**	48,077
Translation differences, net	**18**	1,785
	31,909	49,862

8. Credit loss expense

Credit loss expenses for 2023 and 2022 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 14*)	**(8,396)**	**(3,378)**	**(24,668)**	**(12,250)**	**(48,692)**
Investment securities measured at amortized 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**
	(8,722)	**(3,163)**	**(25,590)**	**(12,250)**	**(49,725)**

	2022				
	Stage 1	***Stage 2***	***Stage 3***	***POCI***	***Total***
Cash and cash equivalents	(9)	–	–	–	(9)
Amounts due from credit institutions	(109)	1	2	–	(106)
Loans to customers (*Note 14*)	(7,355)	(2,229)	(23,846)	(3,267)	(36,697)
Investment securities measured at amortized cost	(1)	104	–	–	103
Investment securities measured at FVOCI	(11)	(326)	–	–	(337)
Other financial assets	–	–	(510)	–	(510)
Financial guarantees, letters of credit and undrawn related commitments	9	314	(417)	–	(94)
	(7,476)	(2,136)	(24,771)	(3,267)	(37,650)

(millions of tenge)

9. General and administrative expenses

General and administrative expenses comprise:

	2023	*2022*
Salary and related taxes	**(43,389)**	(38,807)
Depreciation and amortization	**(8,971)**	(8,254)
Charity and sponsorship	**(6,750)**	(937)
Repair and maintenance	**(6,274)**	(3,686)
Taxes other than corporate income tax	**(3,180)**	(2,979)
Advertising and marketing	**(3,010)**	(1,812)
Maintenance of buildings	**(1,928)**	(1,658)
Security	**(974)**	(841)
Telecommunication and information services	**(786)**	(677)
Encashment	**(565)**	(485)
Transportation services	**(532)**	(474)
Business trips	**(503)**	(231)
Other professional services	**(461)**	(418)
Lease	**(317)**	(306)
Insurance	**(385)**	(332)
Other	**(1,081)**	(308)
	(79,106)	(62,205)

During 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. Completion of the construction is scheduled for September 2024.

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

10. Other income and expenses

Other income and expense comprise:

	2023	*2022*
Other income		
Net income from government support programmes of the economy	**2,401**	369
Net income from sale of repossessed collateral	**1,842**	430
Income from operating lease	**900**	1,202
Other	**3,606**	1,743
	8,749	3,744
Other expenses		
Expenses on services provided by credit bureaus and public authorities	**(1,397)**	(848)
SMS notification expenses	**(993)**	(938)
Other expenses from non-banking activities	**(771)**	(851)
Provisions for non-financial guarantees	**(706)**	143
Other	**(2,242)**	(2,990)
	(6,109)	(5,484)

11. Corporate income tax expense

Corporate income tax expenses comprise the following:

	2023	*2022*
Current corporate income tax expense	**(1,494)**	(45)
Deferred corporate income tax expense − origination and reversal of temporary differences	**1,470**	(582)
Corporate income tax expense	**(24)**	(627)

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 2023 and 2022 was 20%.

(millions of tenge)

11. Corporate income tax expense (continued)

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

	2023	*2022*
Profit before corporate income tax expense	**116,461**	98,713
Statutory corporate income tax rate	20%	20%
Theoretical corporate income tax expense at the statutory rate	**(23,292)**	(19,743)
Non-taxable income on state securities and securities officially listed at KASE	**18,125**	15,795
Adjustment of corporate income tax expense for prior years	**273**	(176)
Non-deductible credit loss expense	**(319)**	64
Change in tax losses carried forward and unrecognized deferred tax assets	**5,462**	2,626
Other	**(273)**	807
Corporate income tax expense	**(24)**	(627)

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

	2021	*Origination and reversal of temporary differences within profit or loss*	*Origination and reversal of temporary differences within other comprehen-sive income*	*2022*	*Origination and reversal of temporary differences within profit or loss*	*Origination and reversal of temporary differences within other comprehen-sive income*	*2023*
Tax losses carried forward	12,634	(9,467)	–	3,167	**(3,167)**	**–**	**–**
Loans to customers	3,345	2,634	–	5,979	**(1,480)**	**–**	**4,499**
Investment securities measured at FVOCI	(154)	–	665	511	**–**	**(298)**	**213**
Investment securities measured at amortized cost	(2,649)	(897)	–	(3,546)	**868**	**–**	**(2,678)**
Debt securities issued	(10,204)	2,995	–	(7,209)	**3,385**	**–**	**(3,824)**
Amounts due to banks and other credit institutions	(16,729)	358	–	(16,371)	**(374)**	**–**	**(16,745)**
Property and equipment and intangible assets	6,043	1,905	–	7,948	**(3,197)**	**–**	**4,751**
Other	1,815	(736)	–	1,079	**(27)**	**–**	**1,052**
Deferred tax (liabilities)/ assets	(5,899)	(3,208)	665	(8,442)	**(3,992)**	**(298)**	**(12,732)**
Unrecognised deferred tax assets	(8,088)	2,626	–	(5,462)	**5,462**	**–**	**–**
Deferred tax liabilities, net	(13,987)	(582)	665	(13,904)	**1,470**	**(298)**	**(12,732)**

(millions of tenge)

12. Cash and cash equivalents

Cash and cash equivalents comprise:

	31 December 2023	*31 December 2022*
Cash on hand	**68,036**	45,793
Cash on current accounts with the NBRK rated at BBB-	**39,459**	95,199
Cash on current accounts with other banks:		
- rated from A- to A+	**43,716**	69,860
- rated from BBB- to BBB+	**2,384**	27,026
- rated from BB to BB+	**238**	–
- rated below B+	**5**	175
- not rated	**6,894**	10,257
Time deposits with the NBRK with contractual maturity 90 days or less	**355,798**	161,600
Amount receivable under reverse repurchase agreements with contractual maturity 90 days or less *(Note 27)*	**169,171**	48,062
Time deposits with other banks rated at A- with contractual maturity 90 days or less	**15,067**	–
Time deposits with credit institutions not rated with contractual maturity 90 days or less	**3,276**	–
Cash and cash equivalents before allowance for ECL	**704,044**	457,972
Allowance for ECL	**(2)**	(10)
Cash and cash equivalents	**704,042**	457,962

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.

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. As at 31 December 2022, cash balances of 9,844 million tenge with no external rating assigned are allocated to Stage 2. The remaining cash is allocated to Stage 1.

As at 31 December 2022, current account balances with other non-rated banks comprise mainly balances of 6,868 million tenge on current accounts with Russian banks. Ratings of these banks have been withdrawn by the respective agencies. Prior to the withdrawal, the banks were rated from BB+ to BBB- according to the scale of international rating agencies.

As at 31 December 2023, 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, Kazakhstan Sustainability Fund JSC (hereinafter, "KSF"), Eurasian Development Bank and Asian Development Bank, the total fair value of which as at 31 December 2023 is 168,970 million tenge (31 December 2022: bonds of the Ministry of Finance of the Republic of Kazakhstan, KSF, Eurasian Development Bank, shares of Halyk Savings Bank of Kazakhstan JSC and notes of the NBRK with a total fair value of 48,027 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 2023, combined minimum reserve requirements of the Bank amount to 46,859 million tenge (31 December 2022: 41,731 million tenge).

Concentration of cash and cash equivalents

As at 31 December 2023, the Group has an account with one bank whose balances exceed 10% of total cash and cash equivalents (31 December 2022: one bank). The total balance on the account with the above counterparty as at 31 December 2023 amounts to 395,257 million tenge (31 December 2022: 256,799 million tenge).

(millions of tenge)

13. Amounts due from credit institutions

Amounts due from credit institutions comprise:

	31 December 2023	*31 December 2022*
Current accounts with the NBRK rated at BBB- restricted in use	**9,696**	7,292
Deposits with the NBRK with up to 90 days or more	**70,846**	–
Deposits with other banks:		
- not rated	**636**	647
Contingent deposits and deposits pledged as a collateral:		
- rated from AA- to AA+	**11,387**	11,027
- rated from A- to A+	**114**	–
- rated from BBB- to BBB+	–	116
- not rated	**9,646**	12,816
Amounts due from credit institutions before allowance for ECL	**102,325**	31,898
Allowance for ECL	**(895)**	(852)
Amounts due from credit institutions	**101,430**	31,046

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 2023 and 31 December 2022, 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.

As at 31 December 2023 and 31 December 2022, all balances of amounts due from credit institutions are allocated to Stage 1 for ECL measurement purposes.

As at 31 December 2023, deposits with other banks with no external credit rating assigned primarily include contingent deposit on transactions with the provider of payment system services in the amount of 3,616 million tenge (31 December 2022: 3,509 million tenge) and KASE margin collateral in the amount of 5,815 million tenge (31 December 2022: 9,253 million tenge).

As at 31 December 2023 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 14,976 million tenge (as at 31 December 2022: 14,513 million tenge).

Concentration of amounts due from credit institutions

As at 31 December 2023, the Group has amounts due from two credit institutions which individual balances exceed 10% of total due from credit institutions (31 December 2022: from four credit institutions). As at 31 December 2023, the total amount of such balances is 91,902 million tenge (31 December 2022: 31,059 million tenge).

14. Loans to customers

Loans to customers comprise:

	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**

(millions of tenge)

14. Loans to customers (continued)

	31 December 2022				
	Stage 1	***Stage 2***	***Stage 3***	***POCI***	***Total***
Individually significant loans	489,947	5,071	17,821	328	513,167
Total individually significant loans	489,947	5,071	17,821	328	513,167
Individually insignificant loans					
Corporate loans	212,010	5,842	16,355	968	235,175
Consumer loans	334,016	16,078	28,755	–	378,849
Car loans	12,958	22	405	–	13,385
Credit cards	3,188	272	822	–	4,282
Mortgage loans	14,022	255	3,118	7,603	24,998
Other loans secured by collateral	35,636	1,375	17,205	14,536	68,752
Total individually insignificant loans	611,830	23,844	66,660	23,107	725,441
Loans to customers before allowance for ECL	1,101,777	28,915	84,481	23,435	1,238,608
Allowance for ECL	(22,041)	(6,801)	(34,377)	(1,847)	(65,066)
Loans to customers	1,079,736	22,114	50,104	21,588	1,173,542

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 large corporate business (CB)					
Not overdue	**424,905**	**437**	**5,304**	**82**	**430,728**
Expected credit losses	**(2,737)**	**(17)**	**–**	**–**	**(2,754)**
Total loans to corporate customers	**422,168**	**420**	**5,304**	**82**	**427,974**

	31 December 2023				
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**
Loans to small and medium businesses (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	**421,882**	**5,139**	**5,311**	**2,086**	**434,418**

(millions of tenge)

14. 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 retail loans	**482,027**	**9,763**	**13,564**	**9,754**	**515,108**

(millions of tenge)

14. Loans to customers (continued)

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 2022:

	31 December 2022				
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**
Loans to CB					
Not overdue	378,581	–	16,549	49	395,179
Overdue 30-89 days		70	–	–	70
Overdue more than 360 days	–	–	955	–	955
Expected credit losses	(3,929)	(2)	(581)	(49)	(4,561)
Total	374,652	68	16,923	–	391,643

	31 December 2022				
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**
Loans to SMB					
Not overdue	323,372	8,068	3,610	1,150	336,200
Overdue less than 30 days	4	1,823	459	–	2,286
Overdue 30-89 days	–	952	174	–	1,126
Overdue 90-179 days	–	–	2,278	–	2,278
Overdue 180-360 days	–	–	1,231	–	1,231
Overdue more than 360 days	–	–	8,920	97	9,017
Expected credit losses	(9,454)	(530)	(4,399)	(44)	(14,427)
Total	313,922	10,313	12,273	1,203	337,711

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 2022:

	31 December 2022				
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**
Loans to retail customers					
Consumer loans					
Not overdue	333,997	422	980	–	335,399
Overdue less than 30 days	19	8,939	73	–	9,031
Overdue 30-89 days	–	6,717	219	–	6,936
Overdue 90-179 days	–	–	6,555	–	6,555
Overdue 180-360 days	–	–	7,936	–	7,936
Overdue more than 360 days	–	–	12,992	–	12,992
Expected credit losses	(8,050)	(6,015)	(23,496)	–	(37,561)
Total	325,966	10,063	5,259	–	341,288
Car loans					
Not overdue	12,911	6	4	–	12,921
Overdue less than 30 days	47	–	–	–	47
Overdue 30-89 days	–	16	–	–	16
Overdue 90-179 days	–	–	2	–	2
Overdue 180-360 days	–	–	1	–	1
Overdue more than 360 days	–	–	398	–	398
Expected credit losses	(1)	–	(143)	–	(144)
Total	12,957	22	262	–	13,241

(millions of tenge)

14. Loans to customers (continued)

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

The following table provides information on the credit quality of loans to individuals as at 31 December 2022 (continued):

	31 December 2022				
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**
Credit cards					
Not overdue	3,188	31	12	–	3,231
Overdue less than 30 days	–	123	–	–	123
Overdue 30-89 days	–	118	–	–	118
Overdue 90-179 days	–	–	120	–	120
Overdue 180-360 days	–	–	201	–	201
Overdue more than 360 days	–	–	489	–	489
Expected credit losses	(344)	(157)	(675)	–	(1,176)
Total	2,844	115	147	–	3,106
Mortgage loans					
Not overdue	13,826	95	309	3,459	17,689
Overdue less than 30 days	196	96	31	282	605
Overdue 30-89 days	–	64	14	89	167
Overdue 90-179 days	–	–	88	103	191
Overdue 180-360 days	–	–	84	82	166
Overdue more than 360 days	–	–	2,592	3,588	6,180
Expected credit losses	(22)	(2)	(535)	(523)	(1,082)
Total	14,000	253	2,583	7,080	23,916
Other loans secured by collateral					
Not overdue	34,437	187	582	5,870	41,076
Overdue less than 30 days	1,173	477	118	366	2,134
Overdue 30-89 days	26	711	73	606	1,416
Overdue 90-179 days	–	–	615	174	789
Overdue 180-360 days	–	–	1,004	399	1,403
Overdue more than 360 days	–	–	14,813	7,121	21,934
Expected credit losses	(241)	(95)	(4,548)	(1,231)	(6,115)
Total other loans secured by collateral	35,395	1,280	12,657	13,305	62,637
Total retail loans	391,162	11,733	20,908	20,385	444,188

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 2023:

	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**

(millions of tenge)

14. Loans to customers (continued)

Analysis of credit quality for corporate customers (continued)

The comparative information on credit quality for corporate customers according to internal credit ratings as at 31 December 2022 is not disclosed in the Group's consolidated financial statements as recreation of this information is not practicable.

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 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**

	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	**(3,045)**	**–**	**–**	**–**	**(3,045)**
Assets derecognised or repaid (excluding write-offs)	**1,122**	**61**	**2,072**	**–**	**3,255**
Transfers to Stage 2	**16**	**(16)**	**–**	**–**	**–**
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	**3,037**	**(60)**	**(139)**	**49**	**2,887**
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**

(millions of tenge)

14. 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 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	**(3,064)**	**–**	**–**	**–**	**(3,064)**
Assets derecognised or repaid (excluding write-offs)	**2,308**	**209**	**2,411**	**118**	**5,046**
Transfers to Stage 1	**(373)**	**298**	**75**	**–**	**–**
Transfers to Stage 2	**259**	**(259)**	**–**	**–**	**–**
Transfers to Stage 3	**1,042**	**49**	**(1,091)**	**–**	**–**
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	**5,358**	**(210)**	**(5,841)**	**(1,458)**	**(2,151)**
Unwinding of discount	**–**	**–**	**(849)**	**–**	**(849)**
Reversal of previously written-off amounts	**–**	**–**	**(1,563)**	**(48)**	**(1,611)**
Write-off	**–**	**–**	**2,243**	**150**	**2,393**
Foreign exchange adjustments	**29**	**–**	**12**	**1**	**42**
At 31 December	**(3,895)**	**(443)**	**(9,002)**	**(1,281)**	**(14,621)**

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	**(7,698)**	**–**	**–**	**–**	**(7,698)**
Assets derecognised or repaid (excluding write-offs)	**11,261**	**84**	**6,963**	**1,340**	**19,648**
Transfers to Stage 1	**(1,609)**	**970**	**639**	**–**	**–**
Transfers to Stage 2	**4,228**	**(4,419)**	**191**	**–**	**–**
Transfers to Stage 3	**6,582**	**4,604**	**(11,186)**	**–**	**–**
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	**(17,675)**	**(3,462)**	**(30,134)**	**(12,299)**	**(63,570)**
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**	**–**	**2**	**(2)**	**2**
At 31 December	**(13,567)**	**(8,492)**	**(42,432)**	**(8,397)**	**(72,888)**

(millions of tenge)

14. 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 legal entities for 2022 is as follows:

	2022				
Loans to CB	***Stage 1***	***Stage 2***	***Stage 3***	***POCI***	***Total***
Gross carrying amount at 1 January	167,472	15,989	8,855	–	192,316
New assets originated or purchased	452,756	–	–	924	453,680
Assets derecognised or repaid (excluding write-offs)	(243,090)	(876)	(8,283)	(875)	(253,124)
Transfers to Stage 1	3,087	(3,087)	–	–	–
Transfers to Stage 2	(70)	70	–	–	–
Transfers to Stage 3	(2,698)	(12,027)	14,725	–	–
Unwinding of discount	–	–	200	–	200
Reversal of previously written-off amounts	–	–	2,285	–	2,285
Write-off	–	–	(278)	–	(278)
Foreign exchange adjustments	1,124	1	–	–	1,125
At 31 December	378,581	70	17,504	49	396,204

	2022				
Loans to CB	***Stage 1***	***Stage 2***	***Stage 3***	***POCI***	***Total***
ECL at 1 January	(2,334)	(9)	(1,487)	–	(3,830)
New assets originated or purchased	(5,964)	–	–	–	(5,964)
Assets derecognised or repaid (excluding write-offs)	1,826	37	2,900	–	4,763
Transfers to Stage 1	(9)	9	–	–	–
Transfers to Stage 2	2	(2)	–	–	–
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	2,561	(36)	214	(49)	2,690
Unwinding of discount	–	–	(200)	–	(200)
Reversal of previously written-off amounts	–	–	(2,285)	–	(2,285)
Write-off	–	–	278	–	278
Foreign exchange adjustments	(11)	(1)	(1)	–	(13)
At 31 December	(3,929)	(2)	(581)	(49)	(4,561)

Analysis of movements in gross carrying amount and related ECL for loans to legal entities for 2022 is as follows:

	2022				
Loans to SMB	***Stage 1***	***Stage 2***	***Stage 3***	***POCI***	***Total***
Gross carrying amount at 1 January	255,163	3,247	35,021	847	294,278
New assets originated or purchased	494,412	–	–	–	494,412
Assets derecognised or repaid (excluding write-offs)	(419,699)	(4,648)	(6,914)	715	(430,546)
Transfers to Stage 1	5,237	(320)	(4,917)	–	–
Transfers to Stage 2	(7,172)	12,828	(5,656)	–	–
Transfers to Stage 3	(5,517)	(297)	5,814	–	–
Unwinding of discount	–	–	532	–	532
Reversal of previously written-off amounts	–	–	901	40	941
Write-off	–	–	(8,110)	(354)	(8,464)
Foreign exchange adjustments	952	33	1	(1)	985
At 31 December	323,376	10,843	16,672	1,247	352,138

(millions of tenge)

14. Loans to customers (continued)

Analysis of credit quality for corporate customers (continued)

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

	2022				
Loans to SMB	***Stage 1***	***Stage 2***	***Stage 3***	***POCI***	***Total***
ECL at 1 January	(1,840)	(344)	(5,374)	(70)	(7,628)
New assets originated or purchased	(11,420)	–	–	–	(11,420)
Assets derecognised or repaid (excluding write-offs)	8,735	68	461	3	9,267
Transfers to Stage 1	(32)	–	32	–	–
Transfers to Stage 2	36	(400)	364	–	–
Transfers to Stage 3	446	–	(446)	–	–
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	(5,098)	151	(6,083)	(291)	(11,321)
Unwinding of discount	–	–	(532)	–	(532)
Reversal of previously written-off amounts	–	–	(901)	(40)	(941)
Write-off	–	–	8,110	354	8,464
Foreign exchange adjustments	(281)	(5)	(30)	–	(316)
At 31 December	(9,454)	(530)	(4,399)	(44)	(14,427)

Analysis of movements in gross carrying amount and related ECL for loans to individuals for 2022 is as follows:

	2022				
Loans to retail customers	***Stage 1***	***Stage 2***	***Stage 3***	***POCI***	***Total***
Gross carrying amount at 1 January	288,602	5,072	40,545	26,327	360,546
New assets originated or purchased	365,032	–	–	927	365,959
Assets derecognised or repaid (excluding write-offs)	(219,641)	(2,332)	(6,092)	(3,113)	(231,178)
Transfers to Stage 1	2,725	(1,043)	(1,682)	–	–
Transfers to Stage 2	(18,736)	19,259	(523)	–	–
Transfers to Stage 3	(18,397)	(2,958)	21,355	–	–
Unwinding of discount	–	–	4,198	–	4,198
Reversal of previously written-off amounts	–	–	5,630	438	6,068
Write-off	–	–	(13,200)	(2,440)	(15,640)
Foreign exchange adjustments	235	4	74	–	313
At 31 December	399,820	18,002	50,305	22,139	490,266

	2022				
Loans to retail customers	***Stage 1***	***Stage 2***	***Stage 3***	***POCI***	***Total***
ECL at 1 January	(7,714)	(2,358)	(15,392)	(1,268)	(26,732)
New assets originated or purchased	(12,330)	–	–	–	(12,330)
Assets derecognised or repaid (excluding write-offs)	7,920	646	6,679	439	15,684
Transfers to Stage 1	(839)	291	548	–	–
Transfers to Stage 2	4,008	(4,265)	257	–	–
Transfers to Stage 3	5,124	1,763	(6,887)	–	–
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	(4,818)	(2,344)	(17,977)	(2,927)	(28,066)
Unwinding of discount	–	–	(4,198)	–	(4,198)
Reversal of previously written-off amounts	–	–	(5,630)	(439)	(6,069)
Write-off	–	–	13,200	2,440	15,640
Foreign exchange adjustments	(9)	(2)	3	1	(7)
At 31 December	(8,658)	(6,269)	(29,397)	(1,754)	(46,078)

(millions of tenge)

14. 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 2023 and 2022:

	CB	*SMB*	*Consumer loans and credit cards*	*Car loans*	*Mortgage loans*	*Other loans secured by collateral*	*Total loans to customers and banks*
At 1 January 2022	(3,830)	(7,628)	(20,136)	(47)	(2,086)	(4,463)	(38,190)
New assets originated or purchased	(5,964)	(11,420)	(12,275)	(3)	(10)	(42)	(29,714)
Assets derecognised or repaid (excluding write-offs)	4,763	9,267	9,611	334	1,643	4,096	29,714
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	2,690	(11,321)	(15,931)	(181)	(2,191)	(9,763)	(36,697)
Unwinding of discount	(200)	(532)	(3,668)	(14)	(86)	(430)	(4,930)
Reversal of previously written-off amounts	(2,285)	(941)	(119)	(334)	(1,632)	(3,984)	(9,295)
Write-off	278	8,464	3,781	103	3,286	8,470	24,382
Foreign exchange adjustments	(13)	(316)	–	(2)	(6)	1	(336)
At 31 December 2022	(4,561)	(14,427)	(38,737)	(144)	(1,082)	(6,115)	(65,066)
New assets originated or purchased	**(3,045)**	**(3,064)**	**(6,861)**	**–**	**(336)**	**(501)**	**(13,807)**
Assets derecognised or repaid (excluding write-offs)	**3,255**	**5,046**	**15,976**	**204**	**2,572**	**896**	**27,949**
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	**2,887**	**(2,151)**	**(42,636)**	**(688)**	**(6,655)**	**(13,591)**	**(62,834)**
Unwinding of discount	**(76)**	**(849)**	**(6,288)**	**(15)**	**(99)**	**(591)**	**(7,918)**
Reversal of previously written-off amounts	**(2,124)**	**(1,611)**	**(1,027)**	**(90)**	**(2,351)**	**(2,059)**	**(9,262)**
Write-off	**842**	**2,393**	**24,929**	**279**	**4,185**	**7,935**	**40,563**
Foreign exchange adjustments	**68**	**42**	**1**	**(1)**	**1**	**1**	**112**
At 31 December 2023	**(2,754)**	**(14,621)**	**(54,643)**	**(455)**	**(3,765)**	**(14,025)**	**(90,263)**

14. Loans to customers (continued)

Key assumptions and judgments 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, the Group made the following assumptions:

- PD on loans allocated to Stage 1 ranged from 0.05% to 14.62% depending on the borrower's internal rating according to the renewed rating model.
- LGD on loans allocated to Stage 1 ranged 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, 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 19.83%, the weighted-average lifetime PD allocated to Stage 2 ranged from 0.01% to 97.38% depending on the product group of the homogeneous portfolio.
- LGD on loans allocated to Stage 1 varied from 3% to 56%, LGD on loans allocated to Stage 2 was from 11% to 54%.

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 28.22%, the weighted-average lifetime PD allocated to Stage 2 ranged from 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 32% to 91%.

Changes to models used for ECL measurement

In 2023, the Group made the following changes to the model for ECL calculations:

- Application of the renewed rating model to credit risk assessment for the corporate business segment. As a result of applying the rating model, the amount of ECL was increased by 657 million tenge. In 2022, as part of the rating modelling, the Bank started back-testing, validation and renewal of the rating model. The rating model includes three qualitative factors and five quantitative factors (calculated using the Borrower's financial statements).
- Application of the recovery period of at least six (6) months to loans assessed on a collective basis. As a result of applying the updated approach, the amount of ECL was increased by 630 million tenge. Recovery means absence of indication of default/impairment within 6 months from the date of default/impairment.
- Application of an updated approach to assessing the level of loss given default (LGD) to all portfolios except SMB (applied in 2022) is based on a scenario analysis that takes into account the likely outcomes after default for each segment (subsegment), taking into account the period when the asset was in default. As a result of the updated approach, the allowance for ECL was increased by 13,520 million tenge for the year ended 31 December 2023.
- Determining the period of sale of pledged property for the purposes of assessing losses in case of default as the period from the date of default to the date of accepting the property on the balance sheet or selling the collateral. As a result of the updated approach, the amount of ECL was increased by 3,184 million tenge.

(millions of tenge)

14. Loans to customers (continued)

Changes to models used for ECL measurement (continued)

- The Group has revised key macroeconomic factors used in ECL calculations. As a result of these changes, the allowance for ECL was increased by the Group in the amount of 977 million tenge.
- The ECL effects are recognized 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'.

Modified and renegotiated loans

The Group derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be POCI.

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Group records a modification gain or loss to the extent that an impairment loss has not already been recorded.

In 2022 and 2023 the Group modified contractual terms and performed loan forgiveness for socially vulnerable groups of population within the state programme of refinancing of mortgage and housing loans to customers. As a result of the modification leading to derecognition and forgiveness of loans issued to customers, the Group recognized a loss on derecognition of loans to customers in the amount of 7,100 million tenge (for 2022: 6,234 million tenge).

As part of this government programme, the Group attracted deposits from Kazakhstan Sustainability Fund JSC with nominal interest rates of 0.10% to 2.99% per annum and payable at maturity in 2038-2050 *(Note 20)*. Income on initial recognition of borrowings amounted to 2,313 million tenge (2022: 1,757 million tenge) and was recognized net of a loss as a result of derecognition of loans to customers in "Net (losses)/gains on derecognition of financial assets measured at amortized cost".

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.

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 2023, Stage 3 and POCI loans to customers net of allowance for ECL amount to 36,101 million tenge (as at 31 December 2022: 71,692 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 51,901 million tenge (31 December 2022: 71,128 million tenge).

Repossessed collateral

In 2023, the Group received property classified within other assets with a carrying amount of 3,022 million tenge (2022: 1,701 million tenge) by obtaining control over collateral for loans issued to customers *(Note 18)*. The Group's policy assumes sale of these assets as soon as it is practicable.

Concentration of loans to customers

As at 31 December 2023, the Group had a concentration of loans represented by 321,700 million tenge due from the ten largest groups of interrelated borrowers or 21.92% of gross loan portfolio (31 December 2022: 315,382 million tenge or 25.45% of gross loan portfolio). Allowance for ECL on these loans is 1,373 million tenge (31 December 2022: 2,690 million tenge).

(millions of tenge)

14. Loans to customers (continued)

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 2023	*31 December 2022*
Loans to retail customers	**587,996**	490,266
Metallurgy	**161,602**	191,137
Wholesale trading	**133,381**	94,764
Services provided by small and medium businesses	**96,162**	67,489
Financial services	**78,902**	67,794
Retail services	**61,733**	56,416
Chemical industry	**60,031**	678
Real estate activities	**47,078**	48,528
Food industry	**45,177**	35,681
Transport	**43,872**	78,601
Construction	**39,749**	27,319
Agriculture	**13,498**	9,587
Post and communication services	**12,315**	8,254
Manufacturing	**10,432**	6,593
Textile production	**7,117**	7,609
Metal products manufacturing	**5,194**	3,801
Production of crude oil and natural gas	**1,456**	–
Machine-building	**–**	155
Other	**62,068**	43,936
	1,467,763	1,238,608
Allowance for ECL	**(90,263)**	(65,066)
	1,377,500	1,173,542

Finance lease receivables

As at 31 December 2023 and 31 December 2022 loans to customers include finance lease receivables of 16,698 million tenge and 12,240 million tenge, respectively.

	31 December 2023	*31 December 2022*
Minimum lease payments receivable	**21,193**	15,425
Unearned finance income	**(4,107)**	(2,833)
Net minimum lease payments receivable	**17,086**	12,592
Less: allowance for ECL	**(388)**	(352)
Net investment in finance leases	**16,698**	12,240
Current portion of minimum lease payments	**13,217**	8,769
Current portion of unearned finance income	**(3,029)**	(1,100)
Current portion of net minimum lease payments receivable	**10,188**	7,669
Non-current portion of minimum lease payments	**7,976**	6,656
Non-current portion of unearned finance income	**(1,078)**	(1,733)
Non-current portion of net minimum lease payments receivable	**6,898**	4,923
Net minimum lease payments receivable	**17,086**	12,592

The analysis of finance lease receivables at 31 December 2023 and 31 December 2022, is as follows:

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**

14. Loans to customers (continued)

Finance lease receivables (continued)

As at 31 December 2022	*Up to 1 year*	*1 to 2 years*	*2 to 3 years*	*3 to 4 years*	*4 to 5 years*	*Total*
Minimum lease payments receivable	8,769	5,099	1,375	155	27	15,425
Unearned finance income	(1,100)	(1,201)	(455)	(64)	(13)	(2,833)
Net minimum lease payments receivable	7,669	3,898	920	91	14	12,592

The table below provides information on the quality of finance lease receivables as at 31 December 2023 and 31 December 2022:

	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**

	31 December 2022				
	Stage 1	*Stage 2*	*Stage 3*	*POCI*	*Total*
Finance lease receivables					
Not overdue	11,764	453	1	–	12,218
Overdue less than 30 days	70	304	–	–	374
Net minimum lease payments receivable	11,834	757	1	–	12,592
Expected credit losses	(315)	(36)	(1)	–	(352)
Net investment in finance leases	11,519	721	–	–	12,240

15. Investment securities

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

	31 December 2023	*31 December 2022*
Debt securities at amortized cost		
Government bonds		
Treasury bills of the Ministry of Finance of the Republic of Kazakhstan rated BBB-	**29,166**	30,044
Bonds of foreign countries rated at BB- to BB+	**913**	932
Total government bonds	**30,079**	30,976
Corporate bonds		
Rated from BBB- to BBB+	**174,550**	177,938
Rated from BB- to BB+	**84,228**	84,414
Total corporate bonds	**258,778**	262,352
Bonds of banks		
Rated from B- to B+	–	4,711
Total bonds of banks	–	4,711
Investment securities measured at amortised cost before allowance for ECL	**288,857**	298,039
Allowance for ECL	**(162)**	(187)
Investment securities measured at amortized cost	**288,695**	297,852

(millions of tenge)

15. Investment securities (continued)

	31 December 2023	*31 December 2022*
Debt securities at FVOCI		
Government bonds		
Treasury bills of the United States of America rated AA+	**13,610**	293
Bonds of the NBRK rated BBB-	**–**	497
Treasury bills of the Ministry of Finance of the Republic of Kazakhstan rated BBB-	**543,583**	532,466
Total government bonds	**557,193**	533,256
Corporate bonds		
Rated from BBB- to BBB+	**67,206**	109,984
Rated from BB- to BB+	**22,658**	27,597
Rated below B+	**2,027**	1,963
Total corporate bonds	**91,891**	139,544
Bonds of banks		
Rated from BBB- to BBB+	**12,131**	12,081
Rated from BB- to BB+	**3,120**	–
Rated below B+	**–**	2,363
Not rated	**285**	186
Total bonds of banks	**15,536**	14,630
Investments in equity instruments		
Corporate shares	**339**	5,292
Total investments in equity instruments	**339**	5,292
Investment securities measured at FVOCI	**664,959**	692,722

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 2023 and 31 December 2022.

	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 2022			
Debt securities at amortised cost	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Rated from BBB- to BBB+	207,982	–	–	207,982
Rated from BB- to BB+	84,414	932	–	85,346
Rated from B- to B+	–	4,711	–	4,711
	292,396	5,643	–	298,039
Allowance for ECL	(122)	(65)	–	(187)
Investment securities at amortised cost	292,274	5,578	–	297,852

	31 December 2023			
Investment securities 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 at FVOCI	**645,491**	**19,129**	**–**	**664,620**

(millions of tenge)

15. Investment securities (continued)

	31 December 2022			
Investment securities at FVOCI	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Rated from AA- to AA+	293	–	–	293
Rated from BBB- to BBB+	655,028	–	–	655,028
Rated from BB- to BB+	11,985	15,612	–	27,597
Rated below B+	–	4,326	–	4,326
Not rated	–	186	–	186
Investment securities at FVOCI	667,306	20,124	–	687,430

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 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)*.

As at 31 December 2022, investment securities measured at FVOCI, represented by treasury bonds of the Ministry of Finance of the Republic of Kazakhstan, with a fair value of 68,128 million tenge, were pledged under the repurchase agreements entered into at the KASE *(Note 27)*.

In 2018 and 2019, the Group acquired bonds of NAC Kazatomprom JSC, Sovereign Wealth Fund Samruk-Kazyna JSC and Kazakhstan Temir Zholy JSC, classified as investment securities at amortized cost. As at 31 December 2023, the total carrying amount of these bonds was 237,841 million tenge (31 December 2022: 241,073 million tenge).

The Group's debt securities issued held by SWF Samruk-Kazyna JSC *(Note 21)*, with a total nominal value of 220,000 million tenge, serve as collateral for liabilities to the Group on the above mentioned bonds.

(millions of tenge)

16. Property and equipment

The movements in property and equipment were as follows:

	Land	*Buildings*	*Computers*	*Motor vehicles*	*Construction in progress and assets to be installed*	*Other*	*Right-of-use assets*	*Total*
Cost								
Balance at 1 January 2022	2,642	44,292	5,727	492	1,220	31,236	2,842	88,451
Additions	–	–	421	2	172	1,696	1,438	3,729
Transfers	–	300	100	–	(716)	316	–	–
Disposals	–	(125)	(118)	–	(295)	(1,411)	(1,393)	(3,342)
Balance at 31 December 2022	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**
Accumulated depreciation								
Balance at 1 January 2022	–	(5,199)	(3,237)	(389)	–	(15,913)	(1,076)	(25,814)
Depreciation charge for the year	–	(1,081)	(648)	(30)	–	(3,250)	(626)	(5,635)
Disposals	–	58	111	–	–	910	552	1,631
Balance at 31 December 2022	–	(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)**
Carrying amounts								
At 1 January 2022	2,642	39,093	2,490	103	1,220	15,323	1,766	62,637
At 31 December 2022	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**

As at 31 December 2023, the cost and related accumulated depreciation of fully depreciated property and equipment amounted to 9,837 million tenge (31 December 2022: 8,394 million tenge).

(millions of tenge)

17. Intangible assets

The movements in intangible assets were as follows:

	Software	*Licences*	*Research and development*	*Total*
Balance at 1 January 2022	12,043	9,897	1,096	23,036
Additions	2,883	481	270	3,634
Transfers	1,139	186	(1,341)	(16)
Impairment loss	(123)	–	–	(123)
Disposal	(580)	–	–	(580)
Balance at 31 December 2022	15,362	10,564	25	25,951
Additions	**1,316**	**467**	**523**	**2,306**
Transfers	**–**	**17**	**(17)**	**–**
Disposals	**(4)**	**–**	**–**	**(4)**
Balance at 31 December 2023	**16,674**	**11,048**	**531**	**28,253**
Accumulated amortisation and impairment loss				
Balance at 1 January 2022	(4,637)	(4,328)	–	(8,965)
Amortisation for the year	(1,207)	(1,412)	–	(2,619)
Disposals	183	–	–	183
Balance at 31 December 2022	(5,661)	(5,740)	–	(11,401)
Amortisation for the year	**(2,118)**	**(930)**	**–**	**(3,048)**
Disposals	**63**	**–**	**–**	**63**
Balance at 31 December 2023	**(7,716)**	**(6,670)**	**–**	**(14,386)**
Carrying amounts				
At 1 January 2022	7,406	5,569	1,096	14,071
At 31 December 2022	9,701	4,824	25	14,550
At 31 December 2023	**8,958**	**4,378**	**531**	**13,867**

(millions of tenge)

18. Other assets and other liabilities

Other assets comprise:

	31 December 2023	*31 December 2022*
Accounts receivable for sale of pledged property	**7,788**	12,653
Receivables under government programmes for support of specific population segments	**1,470**	2,875
Accounts receivable on commission income	**1,348**	1,708
Other accounts receivable from banking activities	**2,368**	2,862
	12,974	20,098
Allowance for ECL	**(3,084)**	(2,869)
Other financial assets	**9,890**	17,229
Repossessed collateral	**19,864**	30,593
Prepayments and other accounts receivable	**6,014**	5,659
Taxes prepaid other than corporate income tax	**2,690**	2,078
Investment property	**1,572**	1,609
Inventories held for sale	**745**	1,236
Other inventories	**195**	776
Other	**2,048**	827
	33,128	42,778
Impairment allowance	**(17)**	(78)
Other non-financial assets	**33,111**	42,700
Total other assets	**43,001**	59,929

The Group took possession of collateral with an estimated value of 3,022 million tenge during 2023 (2022: 1,701 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 2023	*31 December 2022*
Payables on payment system services	**10,572**	–
Deferred income from government economic support programmes	**7,402**	3,811
Accrued expenses for employee benefits	**6,561**	5,457
Payables on non-banking activities	**1,931**	2,065
Lease liabilities	**1,615**	1,770
Obligations to pay mandatory contributions to the KDIF	**276**	866
Allowance for ECL for credit related commitments *(Note 30)*	**1,092**	546
Other	**3,644**	1,259
Other financial liabilities	**33,093**	15,774
Taxes payable other than corporate income tax	**2,201**	2,628
Other	**772**	587
Other non-financial liabilities	**2,973**	3,215
Total other liabilities	**36,066**	18,989

19. Current accounts and deposits from customers

Current accounts and deposits from customers comprise:

	31 December 2023	*31 December 2022*
Current accounts and demand deposits		
- Retail customers	**145,682**	138,821
- Corporate customers	**560,584**	555,155
Term deposits		
- Retail customers	**701,834**	570,528
- Corporate customers	**747,627**	663,616
Guarantee deposits		
- Retail customers	**34,721**	34,441
- Corporate customers	**70,575**	49,173
	2,261,023	2,011,734
Held as security against letters of credit and guarantees *(Note 30)*	**(452)**	(521)

Concentration of current accounts and deposits from customers

As at 31 December 2023, total amount of account balances of top 10 clients amounted to 277,877 million tenge or 12.29% of total current accounts and deposits from customers (31 December 2022: 356,755 million tenge or 17.73%).

As at 31 December 2023, the Group's outstanding balance of accounts and deposits from individuals and individual entrepreneurs amounted to 363,224 million tenge (31 December 2022: 287,838 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 2023	*31 December 2022*
Loans and deposits from governmental organisations	**54,549**	53,035
Liabilities due to Kazakhstan Sustainability Fund JSC	**13,835**	13,716
	68,384	66,751

As at 31 December 2023, loans from government entities included loans received from Damu Entrepreneurship Development Fund JSC, Development Bank of Kazakhstan JSC and Industrial Development Fund JSC in the amount of 41,064 million tenge, 7,705 million tenge and 5,748 million tenge, respectively (31 December 2022: Damu Entrepreneurship Development Fund JSC, Development Bank of Kazakhstan JSC and Industrial Development Fund JSC in the amount of 34,485 million tenge, 13,321million tenge and 5,179 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. Loans are denominated in tenge, have nominal interest rates from 1.00% to 14.00% per annum and mature in 2024-2052. The loan received from Industrial Development Fund JSC in May 2022 in the amount of 15,000 million tenge was recognised at a market rate of 14.12% per annum.

During 2023, the fair value of car loans issued at a nominal rate of 4.00% per annum was recognised at fair value using market rates of 23.98%–25.00% per annum (2022: 22.67%-24.20% per annum). In 2023, the Group recognised a loss of 901 million tenge on loans provided at a below-market interest rate, and income from recognition of loans from Development Bank of Kazakhstan JSC and Industrial Development Fund JSC that offset the above loss in the amount of 1,752 million tenge in the consolidated statement of comprehensive income.

During 2023, the fair value of loans provided under the programme to support small and medium-sized businesses by the banking sector, with a nominal interest rate of 6.00% per annum, was recognised using the market rates of 20.50%–22.50% per annum. In 2023, the Group recognised a loss of 615 million tenge on loans provided at a below-market interest rate, and income from recognition of loans from Development Bank of Kazakhstan JSC that offset the above loss in the amount of 2,165 million tenge in the consolidated statement of comprehensive income.

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

As at 31 December 2023, liabilities to Kazakhstan Sustainability Fund JSC include deposits in the amount of 11,265 million tenge (31 December 2022: 11,225 million tenge) placed as part of the governmental programme for refinancing of mortgage and housing loans to customers. In 2020, this programme was changed in terms of providing additional aid to mortgage borrowers belonging to the category of socially vulnerable segments of the population, as well as unilateral conversion of foreign currency mortgage loans into tenge. Deposits are denominated in tenge, have nominal interest rates from 0.10% to 2.99% per annum and mature in 2038-2050. At initial recognition, the fair value of deposits placed in 2023 was determined by the Group using a market rate of 13.53% per annum (in 2022: 13.53 % per annum). The fair value of mortgage loans recognised as a result of a significant modification was determined by the Group using market rates from 20.00% to 22.50% per annum (2022: from 19.72% to 20.52% per annum). In 2023, the Group recognised a loss on derecognition of loans to customers of 7,100 million tenge and income from initial recognition and derecognition of KSF deposits that offset the above loss in the amount of 2,313 million tenge (2022: loss on derecognition of loans to customers of 6,234 million tenge and income from initial recognition and derecognition of KSF deposits in the amount of 1,757 million tenge).

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 2023 and 31 December 2022.

21. Debt securities issued

Debt securities issued comprise:

	Maturity date	*Coupon rate*	*31 December 2023*	*31 December 2022*
Bonds in US dollars				
Bonds issued in 2022	2025	2.60%	**2,480**	13,040
Bonds issued in 2023	2025	4.00%	**11,416**	–
			13,896	13,040
Bonds in tenge				
Bonds issued in 2018	2024	4.00%	**202,762**	186,659
Bonds issued in 2015	2025	10.13%	**50,592**	49,774
			253,354	236,433
			267,250	249,473

On 8 August 2022, the Bank carried out the first 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 8 August 2025 and have a rate of 2.60% per annum. The total amount of bonds issued and authorised for issue is 100,000 thousand US dollars. The nominal value of the bond is 100 thousand US dollars. On 8 August 2023, the Bank repurchased bonds for an aggregate nominal value of 25,500 thousand US dollars (equivalent to 11,382 million tenge). As at 31 December 2023, the total nominal value of outstanding bonds issued under this bond programme amounted to 5,400 thousand US dollars (equivalent to 2,455 million tenge). As at 31 December 2022, the total nominal value of outstanding bonds issued under this bond programme amounted to 27,900 thousand US dollars (equivalent to 12,908 million tenge).

In September 2023, the Bank launched a second bond issue on the AIFC Exchange (AIX) under the bond programme; bonds are due on 6 September 2025 and have a rate of 4.00 % 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).

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.

In July 2015, the Bank issued debt securities with a total nominal value of 49,959 million tenge, with a coupon rate of 10.13% per annum and maturity in 2025.

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 2023 and 31 December 2022.

(millions of tenge)

22. Subordinated debt

As at 31 December 2023 and 31 December 2022, 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 (2022: 3,675 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 2023 and 31 December 2022.

23. Share capital

The number of authorised, placed and outstanding ordinary shares and share capital as at 31 December 2023 and 31 December 2022 are as follows:

	31 December 2023	*31 December 2022*
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 2023	**90,452,669,892**	**329,350**
Repurchase of shares	–	–
As at 31 December 2023	**90,452,669,892**	**329,350**
As at 1 January 2022	90,452,727,392	329,350
Repurchase of shares	(57,500)	–
As at 31 December 2022	90,452,669,892	329,350

In accordance with the resolution of the 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. There were no dividends declared and paid in 2022.

Fair value reserve

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

The movement in the fair value reserve is as follows:

	2023	*2022*
At 1 January	**(23,886)**	8,137
Net change in fair value of debt instruments at fair value through other comprehensive income	**18,791**	(33,202)
Change in loss allowance for expected credit losses on debt instruments at fair value through other comprehensive income	**120**	337
Amount reclassified to profit or loss as a result of derecognition of debt financial instruments at fair value through other comprehensive income	**32**	(311)
Income tax relating to components of other comprehensive income	**(298)**	665
(Losses)/gains on equity instruments at fair value through other comprehensive income	**(803)**	488
At 31 December	**(6,044)**	(23,886)

(millions of tenge)

24. Earnings per share

The following reflects the income and share data used in the basic and diluted earnings per share computations.

	2023	*2022*
Net profit attributable to shareholders of the Bank	**116,437**	98,086
A weighted average number of ordinary shares for the year ended 31 December	**90,452,669,892**	90,452,724,871
Basic and diluted earnings per share, in tenge	**1.29**	1.08

As at 31 December 2023 and 31 December 2022, 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 Group's 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.

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 defence 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.

(millions of tenge)

25. Risk management (continued)

Risk management structure (continued)

Risk measurement and reporting systems (continued)

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 risk 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.

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 14 and 15.

(millions of tenge)

25. Risk management (continued)

Credit risk (continued)

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 (EAD) the exposure 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.

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;

(millions of tenge)

25. Risk management (continued)

Credit risk (continued)

Definition of default and cure (continued)

- 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;
- 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;
- Any other objectively supportable information on the quality and abilities of the client's management relevant for the company'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.

(millions of tenge)

25. Risk management (continued)

Credit risk (continued)

Corporate and small business lending (continued)

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
BBB+ BBB BBB- BB+ BB	Low credit risk
BB- B+ B	Medium credit risk
B- CCC+ CCC CCC-	High credit risk
CC D (Default)	Default

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.

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.

(millions of tenge)

25. Risk management (continued)

Credit risk (continued)

Loss given default (continued)

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 granting a grace period of more than 1 month when the client applies. 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:

- Individually significant financial assets in the corporate business and 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 corporate business and small and medium-sized businesses portfolio of Stage 1;
- Individually insignificant loans in the portfolio of corporate business and small and medium-sized businesses of Stage 2 and 3;
- Mortgage loans;
- Consumer unsecured loans;
- Contingency loans;
- Car loans;
- Other loans to individuals;
- Purchased credit impaired financial assets managed on a collective basis.

(millions of tenge)

25. Risk management (continued)

Credit risk (continued)

Grouping financial assets measured on a collective basis (continued)

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

Forward-looking information and multiple economic scenarios

As at 31 December 2023, the Group uses the following forward-looking information in its ECL calculation models as economic inputs:

- Price per a barrel of oil;
- Rate of inflation;
- GDP growth;
- Refinancing rate;
- USD/KZT rate;
- Real salary index;
- The NBRK's base 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 2023 are presented below:

Key drivers	*ECL scenario*	*Assigned probabilities, %*	*Forecast*
Price per a barrel of oil			
	Positive	44.1%	111.9
	Base case	26.5%	102.3
	Negative	29.4%	69.73
Rate of inflation,%			
	Positive	44.1%	7.5%
	Base case	26.5%	10.6%
	Negative	29.4%	14.2%
GDP growth,%			
	Positive	44.1%	6.6%
	Base case	26.5%	4.8%
	Negative	29.4%	2.9%
Refinancing rate			
	Positive	44.1%	12.0%
	Base case	26.5%	13.3%
	Negative	29.4%	17.4%
USD/KZT rate			
	Positive	44.1%	429.4
	Base case	26.5%	444.1
	Negative	29.4%	474.5
The NBRK's base rate			
	Positive	44.1%	10.4%
	Base case	26.5%	11.7%
	Negative	29.4%	16.0%

The amount of the allowance for ECL for loans to customers recognised in the consolidated statement of financial position as at 31 December 2023 was 90,263 million tenge (31 December 2022: 65,066 million tenge). More details are provided in *Note 14*.

(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 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-	**0.00-0.012%**
A3 to A2	A- to A	
Baa1	BBB+	
Baa2	BBB	
Baa3	BBB-	
Ba1	BB+	**0.12-0.62%**
Ba3 to Ba2	BB- to BB	
B3 to B1	B- to B+	
Caa2 to Caa1	CCC to CCC+	**0.88-9.10%**
Ca to Caa3	C to CCC-	**21.71-41.40%**
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 including banks	**62.30%**
Banks	**80.00%**

Geographic information

As at 31 December 2023 and 31 December 2022, 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 ALCO based on recommendations of the Strategic Risk Function and subsequently agreed by the Board of Directors.

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.

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.

(millions of tenge)

25. Risk management (continued)

Market risk (continued)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to 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 bp rise in all yield curves and positions of interest-bearing assets and liabilities existing as at 31 December 2023 and 31 December 2022 is as follows:

	2023	*2022*
	Effect on profit	***Effect on profit***
100 basis points parallel fall	**630**	**–**
300 basis points parallel rise	**(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 2023 and 31 December 2022 and a simplified scenario of a 100 bp symmetrical fall or 300 bp rise in all yield curves is as follows:

	2023		*2022*	
	Effect on profit	***Impact on other comprehensive income***	***Effect on profit***	***Impact on other comprehensive income***
100 basis points parallel fall	**–**	**12,635**	–	13,058
300 basis points parallel rise	**–**	**(33,958)**	–	(39,157)

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.

(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	**9,726**	**147**	**13**	**4**	**9,890**
Total financial assets	**2,456,623**	**630,082**	**52,915**	**9,912**	**3,149,532**
Liabilities					
Current accounts and deposits of 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	**29,839**	**1,223**	**1,871**	**160**	**33,093**
Total financial liabilities	**2,095,866**	**646,211**	**49,488**	**16,097**	**2,807,662**
Net position	**360,757**	**(16,129)**	**3,427**	**(6,185)**	**341,870**
The effect of derivatives held for risk management	**(39,538)**	**37,650**	**(3,265)**	**5,075**	**(78)**
Net position adjusted for impact of derivative instruments held for the purpose of risk management	**321,219**	**21,521**	**162**	**(1,110)**	**341,792**

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

31 December 2022	*Tenge*	*US Dollars*	*Euro*	*Other currencies*	*Total*
Assets					
Cash and cash equivalents	109,085	280,698	38,539	29,640	457,962
Amounts due from credit institutions	7,331	23,715	–	–	31,046
Securities at fair value through profit or loss	2,528	235	–	–	2,763
Loans to customers	985,158	187,150	915	319	1,173,542
Investment securities	707,568	259,111	23,895	–	990,574
Other financial assets	17,076	132	17	4	17,229
Total financial assets	1,828,746	751,041	63,366	29,963	2,673,116
Liabilities					
Current accounts and deposits of customers	1,245,470	682,480	62,556	21,228	2,011,734
Amounts due to banks and other credit institutions	66,751	–	–	–	66,751
Amounts payable under repurchase agreements	67,980	–	–	–	67,980
Debt securities issued	236,433	13,040	–	–	249,473
Subordinated debt	16,795	–	–	–	16,795
Other financial liabilities	15,011	333	427	3	15,774
Total financial liabilities	1,648,440	695,853	62,983	21,231	2,428,507
Net position	180,306	55,188	383	8,732	244,609
The effect of derivatives held for risk management	52,442	(54,741)	–	2,299	–
Net position adjusted for impact of derivative instruments held for the purpose of risk management	232,748	447	383	11,031	244,609

(millions of tenge)

25. Risk management (continued)

Market risk (continued)

Currency risk (continued)

The tables below indicate 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 loss or equity, while a positive amount reflects a net potential increase.

	2023		*2022*	
Currency	***Increase in currency rate, %***	***Effect on profit before tax***	***Increase in currency rate, %***	***Effect on profit before tax***
US Dollar	**10.00**	**2,152**	21.00	94
Euro	**10.00**	**16**	17.99	69

	2023		*2022*	
Currency	***Decrease in currency rate, %***	***Effect on profit before tax***	***Decrease in currency rate, %***	***Effect on profit before tax***
US Dollar	**(10.00)**	**(2,152)**	(21.00)	(94)
Euro	**(10.00)**	**(16)**	(17.99)	(69)

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 through a control framework and by monitoring and responding to potential risks, the Group is able to manage the risks. Controls include effective segregation of duties, access rights, authorization and reconciliation procedures, staff education 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. 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.

(millions of tenge)

25. Risk management (continued)

Liquidity risk (continued)

The Bank Treasury 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 Department then provides for an adequate portfolio of short-term liquid assets to be maintained, largely made up of short-term liquid trading securities, loans to 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, liability or credit related commitment. 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 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 year*	*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	**90,879**	**120,289**	**655,277**	**1,676,878**	**229,813**	**2,773,136**	**1,377,500**
Investment securities	**124,185**	**20,668**	**362,601**	**473,467**	**149,075**	**1,129,996**	**953,654**
Other financial assets	**3,888**	**123**	**1,485**	**4,376**	**18**	**9,890**	**9,890**
Total non-derivative financial assets	**928,319**	**190,746**	**1,044,140**	**2,169,600**	**394,608**	**4,727,413**	**3,149,532**
Non-derivative financial liabilities							
Current accounts and deposits of 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)**	**(66,184)**	**(90,595)**	**(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	**(23,235)**	**(85)**	**(8,150)**	**(6)**	**(1,617)**	**(33,094)**	**(33,093)**
Total non-derivative financial liabilities	**(1,474,455)**	**(159,545)**	**(859,243)**	**(345,320)**	**(100,849)**	**(2,939,412)**	**(2,807,662)**
Net liquidity gap on financial assets and financial liabilities	**(546,136)**	**31,201**	**184,897**	**1,824,280**	**293,759**	**1,788,001**	**341,870**
Contingent liabilities	**(610,372)**	**–**	**–**	**–**	**–**	**(610,372)**	

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 2022 is as follows:

31 December 2022	*On demand and less than 1 month*	*1 to 3 months*	*3 to 12 months*	*1 to 5 years*	*Over 5 year*	*Total*	*Carrying amount*
Non-derivative financial assets							
Cash and cash equivalents	342,465	116,437	–	–	–	458,902	457,962
Amounts due from credit institutions	–	–	–	14,460	16,586	31,046	31,046
Securities at fair value through profit or loss	2,528	–	235	–	–	2,763	2,763
Loans to customers	93,009	125,208	491,819	1,368,373	125,056	2,203,465	1,173,542
Investment securities	29,399	33,680	217,275	807,876	73,576	1,161,806	990,574
Other financial assets	4,522	136	595	11,921	55	17,229	17,229
Total non-derivative financial assets	471,923	275,461	709,924	2,202,630	215,273	3,875,211	2,673,116
Non-derivative financial liabilities							
Current accounts and deposits of customers	(1,259,520)	(118,159)	(520,829)	(133,343)	(11,496)	(2,043,347)	(2,011,734)
Amounts due to banks and other credit institutions	(397)	(494)	(3,002)	(17,504)	(71,383)	(92,780)	(66,751)
Amounts payable under repurchase agreements	(65,297)	(3,434)	–	–	–	(68,731)	(67,980)
Debt securities issued	(2,530)	–	(20,466)	(266,416)	–	(289,412)	(249,473)
Subordinated debt	(2,431)	–	(1,958)	(15,166)	(4,176)	(23,731)	(16,795)
Other financial liabilities	(9,246)	(58)	(4,696)	(3)	(1,771)	(15,774)	(15,774)
Total non-derivative financial liabilities	(1,339,421)	(122,145)	(550,951)	(432,432)	(88,826)	(2,533,775)	(2,428,507)
Net liquidity gap on financial assets and financial liabilities	(867,498)	153,316	158,973	1,770,198	126,447	1,341,436	244,609
Contingent liabilities	(288,498)	–	–	–	–	(288,498)	

(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 2023 and 31 December 2022:

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 of 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)

26. Maturity analysis of assets and liabilities (continued)

31 December 2022	*Less than 1 month*	*1 to 3 months*	*3 to 12 months*	*1 to 5 years*	*Over 5 years*	*No maturity*	*Overdue*	*Total*
Assets								
Cash and cash equivalents	342,169	115,793	–	–	–	–	–	457,962
Amounts due from financial institutions	–	–	–	14,460	16,586	–	–	31,046
Securities at fair value through profit or loss	256	–	235	–	–	2,272	–	2,763
Loans to customers	68,528	97,625	366,857	581,950	40,386	–	18,196	1,173,542
Investment securities	673,593	10,523	16,023	276,246	14,189	–	–	990,574
Property and equipment	–	–	–	–	–	59,020	–	59,020
Intangible assets	–	–	–	–	–	14,550	–	14,550
Other assets	7,751	136	38,940	11,921	55	–	1,126	59,929
Total assets	1,092,297	224,077	422,055	884,577	71,216	75,842	19,322	2,789,386
Liabilities								
Current accounts and deposits of customers	(1,258,918)	(116,573)	(504,926)	(122,713)	(8,604)	–	–	(2,011,734)
Amounts due to banks and other credit institutions	(142)	(196)	(1,526)	(9,434)	(55,453)	–	–	(66,751)
Amounts payable under repurchase agreements	(64,678)	(3,302)	–	–	–	–	–	(67,980)
Debt securities issued	(2,151)	–	(499)	(246,823)	–	–	–	(249,473)
Subordinated debt	(2,431)	–	(159)	(11,042)	(3,163)	–	–	(16,795)
Deferred tax liabilities	–	–	–	(13,904)	–	–	–	(13,904)
Other liabilities	(9,258)	(58)	(7,873)	(29)	(1,771)	–	–	(18,989)
Total liabilities	(1,337,578)	(120,129)	(514,983)	(403,945)	(68,991)	–	–	(2,445,626)
Net position	(245,281)	103,948	(92,928)	480,632	2,225	75,842	19,322	343,760
Net accumulated position	(245,281)	(141,333)	(234,261)	246,371	248,596	324,438	343,760	

(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 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 before 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 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 15*).

As at 31 December 2022, the Group has payables under repurchase agreements in the amount of 67,980 million tenge, which are collateralised by investment securities with a total fair value of 68,128 million tenge (treasury bonds of the Ministry of Finance of the Republic of Kazakhstan) (*Note 15*).

The table below shows financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and 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***
Derivative financial instruments	**157,164**	**(157,090)**	**74**	**–**	**74**
Receivables under reverse repurchase agreements (*Note 12*)	**169,171**	**–**	**169,171**	**(168,970)**	**201**
Payables under repurchase agreements (*Note 15*)	**(163,523)**	**–**	**(163,523)**	**164,168**	**645**
	162,812	**(157,090)**	**5,722**	**(4,802)**	**920**

(millions of tenge)

27. Offsetting of financial instruments (continued)

The table below shows financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar arrangements as at 31 December 2022.

31 December 2022	*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*
Derivative financial instruments	65,209	(64,994)	215	–	215
Receivables under reverse repurchase agreements (*Note 12*)	48,062	–	48,062	(48,027)	35
Payables under repurchase agreements (*Note 15*)	(67,980)	–	(67,980)	68,128	148
	45,291	(64,994)	(19,703)	20,101	398

28. Changes in liabilities arising from financing activities

	Debt securities issued	*Subordinated deb*	*Total liabilities arising from financing activities*
Carrying amount as at 31 December 2021	253,120	20,503	273,623
Proceeds from issue	13,295	–	13,295
Redemption	(34,306)	(3,675)	(37,981)
Accrual of interest	15,407	1,457	16,864
Repayment of interest	(15,467)	(1,490)	(16,957)
Foreign exchange differences	2,449	–	2,449
Unwinding of discount	14,975	–	14,975
Carrying amount as at 31 December 2022	249,473	16,795	266,268
Proceeds from issue	**12,862**	**–**	**12,862**
Repurchase	**(11,382)**	**–**	**(11,382)**
Redemption	**–**	**(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 as at 31 December 2023	**267,250**	**14,389**	**281,639**

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 2023 and 31 December 2022 the Bank had complied in full with all its externally imposed capital requirements.

(millions of tenge)

29. Capital management (continued)

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 July 2021, 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 7.5%;
- 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 8.5%;
- 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%.

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 2023 and 31 December 2022:

	31 December 2023	***31 December 2022***
Tier 1 capital	**406,750**	315,091
Tier 2 capital	**8,145**	10,354
Total regulatory capital	**414,895**	325,445
Total risk-weighted statutory assets, contingent liabilities, operational and market risk	**1,953,598**	1,609,161
k1	**20.8%**	19.6%
k1-2 ratio	**20.8%**	19.6%
k2	**21.2%**	20.2%

30. Commitments and contingencies

Political and economic environment

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 the Kazakhstan economy is largely dependent upon these reforms and developments and the effectiveness of economic, financial and monetary measures undertaken by the government.

The 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 contingencies and letters of credit, the Group applies the same risk management policies and procedures used when issuing loans to customers.

(millions of tenge)

30. Commitments and contingencies (continued)

Credit related commitments (continued)

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

	31 December 2023	*31 December 2022*
Undrawn loan commitments	**503,298**	217,758
Guarantees issued	**105,329**	69,375
Letters of credit	**1,745**	1,365
	610,372	288,498
Less: amounts due to customers held as security against letters of credit and guarantees (*Note* 19)	**(452)**	(521)
Less: allowance for expected credit losses	**(1,092)**	(546)
	608,828	287,431

As at 31 December 2022 and 31 December 2023 financial guarantees are categorised as Stage 1, not past due.

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 actual, 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 a number of authorities, which have the authority to impose severe fines, penalties 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 Kazakhstan 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.

31. Related party transactions

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

Total remuneration to 11 members of the Management Board and Board of Directors (2022: 11 members) included in general and administrative expenses for 2023 and 2022 is as follows:

	2023	*2022*
Members of the Board of Directors and the Management Board of the Group	**4,215**	5,870
	4,215	5,870

These amounts include cash benefits in respect of the members of the Board of Directors and the Management Board and related taxes as well as non-current portion of 1,130 million tenge and, respectively, current portion of 3,085 million tenge (2022: non-current portion of 825 million tenge, current portion of 5,045 million tenge).

As at 31 December 2023, the total amount of the Bank's liabilities to pay remuneration to members of the Board of Directors and the Management Board amounted to 3,752 million tenge (31 December 2022: 3,221 million tenge).

(millions of tenge)

31. Related party transactions (continued)

Remuneration of members of the Board of Directors and the Management Board (continued)

These amounts include long-term remunerations to the members of the Board of Directors and the Management Board and related taxes of 288 million tenge (31 December 2022: 450 million tenge) recognised in accordance with the NBRK Resolution No.74 dated 24 February 2012 and payable over a period of at least three years, subject to the established conditions.

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 2023 and related profit or loss amounts of transactions for 2023 with related parties 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**	**13.92**	**14,870**
Other assets	–	–	**83**	–	**93**	–	**176**
Liabilities							
Current accounts and deposits of customers	**5,792**	**1**	**48,588**	**8**	**17,173**	**6**	**71,553**
Other liabilities	–	–	**69**	–	**86**	–	**155**
Credit related commitments	–	–	–	–	**27,950**	–	**27,950**
Guarantees issued	–	–	–	–	**7,688**	–	**7,688**

	2023			
	Shareholders	*Entities under common control*	*Other related parties*	*Total*
Income/(expenses)				
Interest income	–	–	**1,343**	**1,343**
Interest expense	**(97)**	**(1,660)**	**(1,550)**	**(3,307)**
Fee and commission income	**7**	**54**	**100**	**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)**

(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 2022 and related profit or loss on transactions with related parties for 2022 are as follows:

	2022						
	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	–	–	–	–	26,969	6.56	26,969
Other assets	–	–	181	–	47	–	228
Liabilities							
Current accounts and deposits of customers	19,498	1.00	39,401	3.9	27,134	3.49	86,033
Other liabilities	–	–	75	–	55	–	130
Credit related commitments	–	–	–	–	6,868	–	6,868
Guarantees issued	–	–	–	–	177	–	177
Guarantees accepted	–	–	–	–	5,000	–	5,000

	2022			
	Shareholders	Entities under common control	Other related parties	Total
Income/(expenses)				
Interest income	–	–	1,941	1,941
Interest expense	(68)	(950)	(459)	(1,477)
Fee and commission income	1	29	40	70
Fee and commission expense	–	(168)	–	(168)
General and administrative expenses, less remuneration to KMP	–	(874)	(453)	(1,327)
Other income	–	367	442	809
Other expenses	–	(258)	(458)	(716)

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;
- 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).

(millions of tenge)

32. Segment analysis (continued)

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 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	**433,257**	**416,983**	**510,484**	**–**	**16,776**	**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	**437,213**	**440,027**	**557,765**	**1,588,526**	**229,644**	**3,253,175**
Liabilities						
Current accounts and deposits of 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**	**202,762**	**50,008**	**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**	**366,349**	**113,856**	**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)**
Accumulated losses	**–**	**–**	**–**	**–**	**82,851**	**82,851**
Total equity attributable to shareholders of the Bank	**–**	**–**	**–**	**–**	**429,808**	**429,808**

(millions of tenge)

32. Segment analysis (continued)

Information on the main reporting segments for 2023 is presented as follows:

	2023						
	CB	*SMB*	*RB*	*Investing activities*	*Other*	*Elimination*	*Total*
Interest income	**45,882**	**63,898**	**132,023**	**123,284**	**9,019**	**–**	**374,106**
Transfer income	**69,046**	**63,970**	**75,759**	**42,877**	**16,522**	**(268,174)**	**–**
Interest expense	**(53,643)**	**(27,215)**	**(52,170)**	**(39,017)**	**(8,713)**	**–**	**(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**	**3,345**	**15,360**	**(15,366)**	**193,348**
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 from financial instruments at fair value through profit or loss	**–**	**–**	**–**	**(958)**	**–**	**–**	**(958)**
Net gains on derecognition of investment securities at fair value through other comprehensive income	**–**	**–**	**–**	**(32)**	**–**	**–**	**(32)**
Net loss on derecognition of financial assets measured at amortised cost	**–**	**–**	**(2,582)**	**–**	**(2,205)**	**–**	**(4,787)**
Net gains from foreign currencies	**8,051**	**16,102**	**4,570**	**2,441**	**745**	**–**	**31,909**
Other income	**1,360**	**2,326**	**1,646**	**86**	**3,331**	**–**	**8,749**
Non-interest income	**10,881**	**33,101**	**10,699**	**1,354**	**2,018**	**–**	**58,053**
Credit loss expenses	**(381)**	**1,128**	**(43,458)**	**(188)**	**(6,826)**	**–**	**(49,725)**
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 expenses	**(5,453)**	**(19,853)**	**(81,125)**	**(4,253)**	**(24,256)**	**–**	**(134,940)**
Other transfer income and expenditure	**428**	**(2,616)**	**(797)**	**5,504**	**(17,885)**	**15,366**	**–**
Profit/(loss) before corporate income tax expense	**33,868**	**70,444**	**30,962**	**5,950**	**(24,763)**	**–**	**116,461**
Corporate income tax expenses	**(6)**	**(12)**	**(5)**	**(1)**	**–**	**–**	**(24)**
Profit/(loss) for the year	**33,862**	**70,432**	**30,957**	**5,949**	**(24,763)**	**–**	**116,437**

(millions of tenge)

32. Segment analysis (continued)

31 December 2022	*CB*	*SMB*	*RB*	*Investing activities*	*Other*	*Total*
Assets						
Cash and cash equivalents	13,382	11,732	15,317	209,662	207,869	457,962
Amounts due from credit institutions	3,134	3,865	293	23,754	–	31,046
Securities at fair value through profit or loss	–	–	–	2,763	–	2,763
Loans to customers	382,300	344,295	428,375	–	18,572	1,173,542
Investment securities	–	–	–	990,574	–	990,574
Property and equipment	–	–	–	–	59,020	59,020
Intangible assets	–	–	–	–	14,550	14,550
Other assets	85	177	102	–	59,565	59,929
Total assets	398,901	360,069	444,087	1,226,753	359,576	2,789,386
Liabilities						
Current accounts and deposits of customers	680,679	582,487	748,472	–	96	2,011,734
Amounts due to banks and other credit institutions	10,518	34,310	10,692	37	11,194	66,751
Amounts payable under repurchase agreements	–	–	–	67,980	–	67,980
Debt securities issued	–	–	13,040	186,660	49,773	249,473
Subordinated debt	–	–	–	–	16,795	16,795
Deferred tax liabilities	–	–	–	–	13,904	13,904
Other liabilities	24	90	1,531	8	17,336	18,989
Total liabilities	691,221	616,887	773,735	254,685	109,098	2,445,626
Equity						
Share capital	–	–	–	–	332,815	332,815
Additional paid-in capital	–	–	–	–	23,651	23,651
Treasury shares	–	–	–	–	(3,465)	(3,465)
Fair value reserve	–	–	–	–	(23,886)	(23,886)
Accumulated losses	–	–	–	–	14,645	14,645
Total equity attributable to shareholders of the Bank	–	–	–	–	343,760	343,760

(millions of tenge)

32. Segment analysis (continued)

Information on the main reporting segments for 2022 may be presented as follows

	2022						
	CB	*SMB*	*RB*	*Investing activities*	*Other*	*Elimination*	*Total*
Interest income	25,608	43,350	92,556	93,720	5,507	–	260,741
Transfer income	55,604	43,475	44,413	40,240	17,383	(201,115)	–
Interest expense	(39,311)	(16,916)	(29,488)	(36,404)	(9,989)	–	(132,108)
Transfer expense	(18,813)	(29,470)	(39,622)	(103,739)	(2,262)	193,906	–
Net interest income	23,088	40,439	67,859	(6,183)	10,639	(7,209)	128,633
Fee and commission income	2,660	20,101	13,266	56	127	–	36,210
Fee and commission expense	(1,310)	(5,707)	(4,964)	(261)	–	–	(12,242)
Net loss on financial instruments at fair value through profit or loss	–	–	–	2,011	–	–	2,011
Net gains on derecognition of investment securities at fair value through other comprehensive income	–	–	–	311	–	–	311
Net loss on derecognition of financial assets measured at amortised cost	–	–	(4,334)	–	(143)	–	(4,477)
Net gains from foreign currencies	12,318	21,364	6,170	9,597	413	–	49,862
Other income	142	480	641	89	2,392	–	3,744
Non-interest income	13,810	36,238	10,779	11,803	2,789	–	75,419
Credit loss expenses	(1,380)	(11,033)	(21,799)	(302)	(3,136)	–	(37,650)
General and administrative expenses	(3,864)	(17,098)	(30,835)	(1,346)	(9,062)	–	(62,205)
Other expenses	(300)	(239)	(3,692)	(99)	(1,154)	–	(5,484)
Non-interest expenses	(5,544)	(28,370)	(56,326)	(1,747)	(13,352)	–	(105,339)
Other transfer income and expenditure	(3,279)	(2,928)	(3,554)	15,239	(12,687)	7,209	–
Profit/(loss) before corporate income tax expense	28,075	45,379	18,758	19,112	(12,611)	–	98,713
Corporate income tax expense	(162)	(254)	(104)	(107)	–	–	(627)
Profit/(loss) for the year	27,913	45,125	18,654	19,005	(12,611)	–	98,086

(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 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	**–**	**9,890**	**9,890**	**9,890**	**–**
	667,975	**2,481,557**	**3,149,532**	**3,136,927**	**(12,606)**
Current accounts and deposits of 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	**–**	**33,093**	**33,093**	**33,093**	**–**
	–	**2,807,662**	**2,807,662**	**2,781,671**	**25,991**
					13,385

(millions of tenge)

33. Fair value of financial instruments (continued)

Accounting classification and fair value (continued)

The table below sets out the carrying amounts and fair values of financial assets and financial liabilities as at 31 December 2022:

	31 December 2022				
	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	–	457,962	457,962	457,962	–
Amounts due from credit institutions	–	31,046	31,046	31,046	–
Securities at fair value through profit or loss	2,763	–	2,763	2,763	–
Loans to customers	–	1,173,542	1,173,542	1,157,819	(15,723)
Investment securities measured at FVOCI	692,722	–	692,722	692,722	–
Investment securities measured at amortised cost	–	297,852	297,852	280,291	(17,561)
Other financial assets	–	17,229	17,229	17,229	–
	695,485	1,977,631	2,673,116	2,639,832	(33,284)
Current accounts and deposits of customers	–	2,011,734	2,011,734	2,008,655	3,079
Amounts due to banks and other credit institutions	–	66,751	66,751	56,752	9,999
Amounts payable under repurchase agreements	–	67,980	67,980	67,980	–
Debt securities issued	–	249,473	249,473	227,519	21,954
Subordinated debt	–	16,795	16,795	13,124	3,671
Other financial liabilities	–	15,774	15,774	15,774	–
	–	2,428,507	2,428,507	2,389,804	38,703
					5,419

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 3,016 million tenge (31 December 2022: 2,763 million tenge) and investment securities measured at FVOCI with carrying amount of 664,959 million tenge (31 December 2022: 692,722 million tenge).

Valuation techniques include net present value valuation models and discounting of cash flows, comparison with similar instruments with known market quotations, as well as 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.

(millions of tenge)

33. Fair value of financial instruments (continued)

Accounting classification and fair value (continued)

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 to 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 approximate 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 7.32% to 20.76% per annum was used to discount the future cash flows from USD- and tenge-denominated loans to corporate customers (31 December 2022: 4.97% to 19.53% per annum);
- The discount rate in the range from 3.95% to 30.88% per annum was used to calculate the future cash flows from USD- and tenge-denominated loans to individuals (31 December 2022: 32.87% per annum);
- The discount rate in the range from 4.95% to 15.28% was used to calculate the future cash flows from securities measured at amortised cost, denominated in USD and tenge (31 December 2022: 4.18% to 15.48%);
- the fair value of current accounts and deposits of customers approximates their fair value given the depositors' rights to withdraw their funds prior to maturity in accordance with the laws of the Republic of Kazakhstan (Note 19);
- The discount rate in the range from 2.67% to 20.61% was used to calculate the future cash flows from amounts due from credit institutions, deposits of banks and other credit institutions (31 December 2022: 2.50% to 17.18%).

Fair value hierarchy

The Group measures fair values using the following fair value hierarchy that 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 2023, 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		**671**	**73**	**2,272**	**3,016**
Investment securities measured at FVOCI	15	**472,351**	**192,608**	**–**	**664,959**
		473,022	**192,681**	**2,272**	**667,975**

(millions of tenge)

33. Fair value of financial instruments (continued)

Fair value hierarchy (continued)

The following table analyses financial instruments carried at fair value as at 31 December 2022, 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		235	256	2,272	2,763
Investment securities measured at FVOCI	15	554,864	137,858	–	692,722
		555,099	138,114	2,272	695,485

As at 31 December 2023, KSF debt securities as well as bonds of the Ministry of Finance of the Republic of Kazakhstan measured at FVOCI in the amount of 59,662 million tenge and 104,137 million tenge, respectively, are classified in Level 2 of the fair value hierarchy (as at 31 December 2022: KSF debt securities of 109,985 million tenge). These investment securities are considered for regulatory purposes as high-quality liquid assets, but are classified in Level 2 due to insufficient amount of transactions with these securities in an active market.

As at 31 December 2023, fair value of trading securities measured at fair value through profit or loss classified in 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 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 shows the reconciliation for 2022 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 2022	1,452
Net gain on financial instruments at fair value through profit or loss	820
At 31 December 2022	2,272

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 categorised:

	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	**–**	**9,890**	**–**	**9,890**	**9,890**
Liabilities					
Current accounts and deposits of 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	**–**	**33,093**	**–**	**33,093**	**33,093**

(millions of tenge)

33. Fair value of financial instruments (continued)

Fair value hierarchy (continued)

The following table analyses financial instruments not measured at fair value as at 31 December 2022, by fair value hierarchy, into which the fair value measurement is categorised:

	Level 1	*Level 2*	*Level 3*	*Total fair value*	*Total carrying amount*
Assets					
Cash and cash equivalents	–	457,962	–	457,962	457,962
Amounts due from credit institutions	–	31,046	–	31,046	31,046
Loans to customers	–	1,066,707	91,112	1,157,819	1,173,542
Investment securities measured at amortised cost	34,501	19,051	226,739	280,291	297,852
Other financial assets	–	17,229	–	17,229	17,229
Liabilities					
Current accounts and deposits of customers	–	2,008,655	–	2,008,655	2,011,734
Amounts due to banks and other financial institutions	–	56,752	–	56,752	66,751
Amounts payable under repurchase agreements	–	67,980	–	67,980	67,980
Debt securities issued	–	227,519	–	227,519	249,473
Subordinated debt	–	13,124	–	13,124	16,795
Other financial liabilities	–	15,774	–	15,774	15,774

**Some of the amounts presented in this table do not match the amounts in the consolidated financial statement for 2022 due to changes in the Management approach to calculation of fair values in 2023.

ForteBank Joint Stock Company

Consolidated financial statements

For the year ended 31 December 2022
with independent auditor's report

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Independent auditor's report

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

Opinion

We have audited the consolidated financial statements of ForteBank Joint Stock Company and its subsidiaries (hereinafter, the "Group"), which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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 2022 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

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 *Auditor's 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' (IESBA) 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.

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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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How the matter was addressed in the audit
Allowance for expected credit losses of loans to customers	
Estimation of allowance for expected credit losses on loans to customers in accordance with IFRS 9 is a key area of the Group's management judgment. Identification of factors of significant increase in credit risk since initial recognition, including identification of changes in default risk during the remaining term of a financial instrument, as well as determination of probability of default and loss given default rates, requires significant use of professional judgment, assumptions and analysis of various historical, current and forward-looking information. The use of different models and assumptions may significantly affect the amount of allowance for expected credit losses on loans to customers. Due to the materiality of loans to customers of the Group as at 31 December 2022, as well as the significant use of professional judgment, the estimation of the allowance for expected credit losses was a key audit matter. Information on expected credit losses on loans to customers is presented in Note 4 *Significant accounting judgments and estimates*, Note 8 *Credit loss expense*, Note 15 *Loans to customers* and Note 25 *Risk management* to the consolidated financial statements.	Our audit procedures included analyzing the methodology for estimating the allowance for expected credit losses on the loan portfolio. We also performed analysis and testing controls over the process of identification of factors of significant increase in credit risk on loans to customers since initial recognition and events of default, including the term of overdue debt and changes in internal credit ratings. We performed, on a sample basis, testing of input data and analysis of the assumptions used by the Group in estimation of allowance for expected credit losses, including historical information on debt servicing, borrower's financial and non-financial information, expected recoveries in the events of default from sale of collateral held. We also performed analysis of the forward-looking information, including macroeconomic forecasts and scenario weights, used by the Group in its expected credit loss model. We made recalculations on the allowance for expected credit losses. We have analyzed information on the allowance for expected credit losses on loans to customers disclosed in the Notes to the consolidated financial statements.

Assessment of loans received from financial institutions	
We consider this issue to be a key audit matter due to the substantial amounts recognized and use of judgment to determine the fair values of liabilities at initial recognition by the Group's management. **Information on loans received from financial institutions is presented in Note 15 Loans to customers and Note 20 Amounts due to banks and other financial institutions to the consolidated financial statements.**	Our audit procedures included the analysis of the valuation methodology, the model and testing of inputs used by the Group to determine the fair values of loans received at initial recognition. We engaged valuation specialists for assessment of key inputs used in the estimation, such as risk-free interest rate and credit spread, and compared them with the observable market data. We have reviewed information on loans received from financial institutions disclosed in the Notes to the consolidated financial statements.

Other information included in The Group's 2022 Annual Report

Other information consists of the information included in The Group's 2022 Annual Report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information.

The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do 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.

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Responsibilities of management the Board of Directors for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, 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.

The Board of Directors are responsible for overseeing the Group's financial reporting process.

Auditor's 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 auditor's 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 skepticism 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 auditor's 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 auditor's 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Board of Directors 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 the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to 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.

Building a better working world

From the matters communicated with the Board of Directors, 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 auditor's 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 partner in charge of the audit resulting in this independent auditor's report is Olga Khegay.

Ernst & Young LLP

Olga Khegay
Auditor

Auditor qualification certificate
No. МФ-0000286 dated 25 September 2015

Rustamzhan Sattarov
General Director
Ernst and Young LLP

State audit license for audit activities on the territory of the Republic of Kazakhstan: series МФЮ-2 ,No. 0000003 issued by the Ministry of finance of the Republic of Kazakhstan on July 15, 2005

050060, Republic of Kazakhstan, Almaty
Al-Farabi ave., 77/7, Esentai Tower

13 March 2023

A member firm of Ernst & Young Global Limited

30 years in Kazakhstan

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

(millions of tenge)

	Notes	*2022*	*2021*
Interest income calculated using effective interest rate	5	**258,780**	191,897
Other interest income	5	**1,961**	1,147
Interest expense	5	**(132,108)**	(97,109)
Net interest income		**128,633**	95,935
Fee and commission income	6	**36,210**	37,293
Fee and commission expense	6	**(12,242)**	(14,809)
Net gains/(losses) from financial instruments at fair value through profit or loss		**2,011**	(1,154)
Net gains/(losses) on derecognition of financial assets measured at fair value through other comprehensive income		**311**	(195)
Net (losses)/gains on derecognition of financial assets measured at amortized cost	20	**(4,477)**	4,079
Net gains from foreign currencies	7	**49,862**	11,025
Other income	10	**3,744**	4,123
Non-interest income		**75,419**	40,362
Credit loss expense	8	**(37,650)**	(9,883)
General and administrative expenses	9	**(62,205)**	(51,282)
Other expenses	10	**(5,484)**	(8,029)
Non-interest expense		**(105,339)**	(69,194)
Profit before corporate income tax expense		**98,713**	67,103
Corporate income tax expense	11	**(627)**	(3,043)
Profit for the year		**98,086**	64,060
Attributable to:			
- shareholders of the Bank		**98,086**	64,060
- non-controlling interests		**–**	–
		98,086	64,060

The accompanying notes on pages 7 to 92 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)

	Note	2022	2021
Other comprehensive income			
Other comprehensive loss to be reclassified to profit or loss in subsequent periods			
Net change in the fair value of debt instruments at fair value through other comprehensive income		**(32,714)**	(320)
Changes in allowance for expected credit losses of debt instruments at fair value through other comprehensive income	8	**337**	(1,081)
Reclassification of cumulative (loss)/ gain on disposal of debt instruments at fair value through other comprehensive income to profit or loss		**(311)**	195
Income tax relating to components of other comprehensive income	11	**665**	136
Other comprehensive loss for the year, net of tax		**(32,023)**	(1,070)
Total comprehensive income for the year		**66,063**	62,990
Attributable to:			
- shareholders of the Bank		**66,063**	62,990
- non-controlling interests		**–**	–
		66,063	62,990
Basic and diluted earnings per common share (in tenge)	24	**1.08**	0.72

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

Bekzhan Pirmatov
Chairman of the Management Board

13 March 2023

Zaure Albussinova
Chief Accountant - Managing Director

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

(millions of tenge)

	Note	31 December 2022	31 December 2021
Assets			
Cash and cash equivalents	12	**457,962**	432,948
Amounts due from credit institutions	13	**31,046**	46,990
Securities at fair value through profit or loss	14	**2,763**	2,970
Loans to customers	15	**1,173,542**	808,948
Investment securities	16	**990,574**	985,109
Property and equipment	17	**59,020**	62,637
Intangible assets		**14,550**	14,071
Other assets	18	**59,929**	72,116
Total assets		**2,789,386**	2,425,789
Liabilities			
Current accounts and deposits of customers	19	**2,011,734**	1,733,759
Amounts due to banks and other credit institutions	20	**66,751**	85,189
Amounts payable under repurchase agreements	27	**67,980**	25,064
Debt securities issued	21	**249,473**	253,120
Subordinated debt	22	**16,795**	20,503
Deferred tax liabilities	11	**13,904**	13,987
Other liabilities	18	**18,989**	16,470
Total liabilities		**2,445,626**	2,148,092
Equity			
Share capital	23	**332,815**	332,815
Additional paid-in capital	23	**23,651**	23,651
Treasury shares	23	**(3,465)**	(3,465)
Fair value reserve	23	**(23,886)**	8,137
Retained earnings/(accumulated losses)		**14,645**	(83,441)
Total equity		**343,760**	277,697
Total equity and liabilities		**2,789,386**	2,425,789

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

(millions of tenge)

	Note	*2022*	*2021*
Cash flows from operating activities			
Interest received	5	**250,762**	171,680
Interest paid	5	**(114,817)**	(82,472)
Fee and commission received		**35,945**	38,402
Fee and commission paid		**(12,256)**	(14,809)
Realized gains less losses from financial instruments at fair value through profit or loss		**1,190**	(1,177)
Realized gains less losses from foreign currencies		**48,077**	12,921
General and administrative expenses paid		**(51,542)**	(45,320)
Other operating expenses paid		**(2,376)**	(1,413)
Net decrease/(increase) in operating assets			
Amounts due from credit institutions		**19,359**	27,667
Securities at fair value through profit or loss		**1,015**	4,181
Loans to customers		**(410,160)**	(74,289)
Other assets		**10,030**	17,459
Net increase /(decrease) in operating liabilities			
Current accounts and deposits of customers		**256,464**	330,796
Amounts due to banks and other credit institutions		**(7,834)**	(30,849)
Amounts payable under repurchase agreements		**42,789**	3,362
Other liabilities		**65**	2,081
Net cash from operating activities before income tax		**66,711**	358,220
Corporate income tax paid		**(44)**	(24)
Net cash flow from operating activities		**66,667**	358,196
Cash flows from investing activities			
Purchase of investment securities at fair value through other comprehensive income		**(233,141)**	(708,814)
Proceeds from sale of investment securities at fair value through other comprehensive income		**37,668**	11,990
Redemption of investment securities at fair value through other comprehensive income		**180,304**	522,972
Purchase of investment securities at amortised cost		**(6,830)**	(66,781)
Redemption of investment securities at amortized cost		**7,548**	52,271
Purchase of property and equipment and intangible assets		**(7,363)**	(5,603)
Proceeds from sale of property and equipment and intangible assets		**71**	3
Net cash used in investing activities		**(21,743)**	(193,962)

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

	Note	*2022*	*2021*
Cash flows from financing activities			
Sale of previously repurchased shares	23	**–**	4,337
Repayment of subordinated debt	28	**(3,675)**	–
Dividends paid to shareholders of the Bank	23	**–**	(52,961)
Issue of debt securities	28	**13,295**	4
Repurchase of debt securities issued	28	**–**	(1,088)
Redemption of debt securities issued	28	**(34,306)**	–
Payment of lease liabilities		**(969)**	(995)
Net cash used in financing activities		**(25,655)**	(50,703)
Effect of exchange rates changes on cash and cash equivalents		**5,754**	7,785
Effect of expected credit losses on cash and cash equivalents		**(9)**	–
Net change in cash and cash equivalents		**25,014**	121,316
Cash and cash equivalents, beginning		**432,948**	311,632
Cash and cash equivalents, ending	12	**457,962**	432,948
Non-monetary transactions			
Repossession of collateral on loans to customers	15	**1,701**	4,385

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

For the year ended 31 December 2022

(millions of tenge)

	Share capital	*Additional paid-in capital*	*Treasury shares*	*Fair value reserve*	*Accumulated losses*	*Total equity*
At 1 January 2021	332,815	21,109	(5,260)	9,207	(94,540)	263,331
Profit for the year	–	–	–	–	64,060	64,060
Other comprehensive loss for the year	–	–	–	(1,070)	–	(1,070)
Total comprehensive income for the year	–	–	–	(1,070)	64,060	62,990
Transactions with owners recorded directly in equity						
Sale of previously repurchased shares (*Note 23*)	–	2,542	1,795	–	–	4,337
Dividends declared (*Note 23*)	–	–	–	–	(52,961)	(52,961)
As at 31 December 2021	332,815	23,651	(3,465)	8,137	(83,441)	277,697
Profit for the year	**–**	**–**	**–**	**–**	**98,086**	**98,086**
Other comprehensive loss for the year	**–**	**–**	**–**	**(32,023)**	**–**	**(32,023)**
Total comprehensive income for the year	**–**	**–**	**–**	**(32,023)**	**98,086**	**66,063**
As at 31 December 2022	**332,815**	**23,651**	**(3,465)**	**(23,886)**	**14,645**	**343,760**

(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, Dostyk Str. 8/1. 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 2022, certain of the 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 2021: London Stock Exchange, 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 2022 and 2021, 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 (31 December 2021 - up to 15 million tenge).

As at 31 December 2022 and 2021, the Group includes the following subsidiaries:

			Ownership, %	
Name	***Country of incorporation***	***Principal activities***	***31 December 2022***	***31 December 2021***
ForteLeasing JSC	Republic of Kazakhstan	Leasing opearions	**100.00**	100.00
OUSA Alliance LLP	Republic of Kazakhstan	Management of doubtful and bad assets	**100.00**	100.00
OUSA-F LLP	Republic of Kazakhstan	Management of doubtful and bad assets	**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 activities	**100.00**	100.00

2. Basis of preparation

Shareholders

As at 31 December 2021, Mr. B. Zh. Utemuratov was the beneficial owner of 84,32% of the outstanding common shares of the Bank (31 December 2021: 89.32%) and was the ultimate controlling shareholder of the Group.

General

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (hereinafter, the "IFRS").

(millions of tenge)

2. Basis of preparation (continued)

Basis of 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 and measured at fair value through other comprehensive income carried at fair value.

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

Functional and presentation currency of consolidated financial statements

The functional currency of the financial statements of Bank and its subsidiaries is 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.

Effect of COVID-19

On 11 March 2020, the World Health Organisation declared the COVID-19 outbreak to be a pandemic. In recent months, the COVID-19 pandemic has shown considerable signs of easing as, on the whole, travel bans have been lifted, lockdowns ended and quarantine measures eased. Many governments have also ended or announced curtailment of measures to provide financial and non-financial assistance to affected entities. Nevertheless, COVID-19 may continue to affect companies and economies, and entities may still be dealing with lost revenue, disrupted supply chains and loss of jobs.

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 Bank 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. In 2022, inflation in Kazakhstan was 20.3%.

Due to the increased of geopolitical tension in 2022, there has been a significant increase in volatility in the stock and currency markets, as well as a significant depreciation of Tenge against the US dollar and Euro.

On 6 December 2022, the Monetary Policy Committee of the National Bank of Kazakhstan (hereinafter, the "NBRK") made an extraordinary decision to raise the base rate to 16.75% per annum with an interest band of +/-1%.

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

Current inflationary pressures, macroeconomic and geopolitical uncertainty, including the impacts of the conflict in Ukraine, and the residual impacts of the COVID-19 pandemic affect the assumptions and estimation uncertainty associated with the measurement of assets and liabilities.

(millions of tenge)

3. Summary of accounting policies

Changes in accounting policies

The Group has not early adopted any new standard, interpretation or amendment that has been issued but is not yet effective.

New standards, interpretations and amendments to existing standards and intrpretations

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2022 (unless otherwise specified). The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Company cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments had no impact on the financial statements of the Group as there were no onerous contracts within the scope of these amendment that arose during the period.

Reference to the Conceptual Framework – Amendments to IFRS 3

The amendments replace a reference to a previous version of the IASB's Conceptual Framework with a reference to the current version issued in March 2018 without significantly changing its requirements.

The amendments add an exception to the recognition principle of IFRS 3 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or IFRIC 21 *Levies*, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

In accordance with the transitional provisions, the Group applies the amendments prospectively, i.e., to business combinations occurring after the beginning of the annual reporting period in which it first applies the amendments (the date of initial application).

These amendments had no impact on the financial statements of the Group as there were no contingent assets, liabilities and contingent liabilities within the scope of these amendments that arose during the period.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16 Leases

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

In accordance with the transitional provisions, the Group applies the amendments retrospectively only to items of PP&E made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment (the date of initial application).

These amendments had no impact on the consolidated financial statements of the Group as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

(millions of tenge)

3. Summary of accounting policies (continued)

New standards, interpretations and amendments thereof (continued)

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

These amendments had no impact on the financial statements of the Group as it is not a first-time adopter.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39 *Financial Instruments: Recognition and Measurement*.

In accordance with the transitional provisions, the Group applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment (the date of initial application). These amendments had no impact on the consolidated financial statements of the Group as there were no modifications of the Group's financial instruments during the period.

IAS 41 Agriculture – Taxation in fair value measurements

The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

These amendments had no impact on the financial statements of the Group as it did not have assets in scope of IAS 41 as at the reporting date.

Basis of consolidation

Subsidiaries, which are those entities which are 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 significant 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.

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.

(millions of tenge)

3. Summary of accounting policies (continued)

Basis of consolidation (continued)

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 (FVPL) 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;
- 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 to 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 economic best 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.

In the event of assets and liabilities recognized in the financial statements on a regular basis, the Group determines the fact of transfer between levels of hierarchy sources by analysing the classification once again (based on initial data of the lowest level that are significant for fair value evaluation in 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 trade date i.e. the date that the Group commits to purchase the asset or liability. Regular way purchases or sales are 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 instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value and, except in the case of financial assets and financial liabilities recorded at FVPL, transaction costs are added to, or subtracted from, this amount.

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;
- FVPL.

(millions of tenge)

3. Summary of accounting policies (continued)

Financial instruments (continued)

Initial recognition (continued)

Measurement categories of financial assets and liabilities (continued)

The Group classifies and measures its derivative and trading portfolio at FVPL. The Group may designate financial instruments at FVPL, 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 FVPL when they are held for trading, are derivative instruments or the fair value designation is applied.

Due from credit institutions, loans to customers, investment securities at amortised cost

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

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

The details of these conditions are outlined 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 on an instrument-by-instrument basis, 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 are evaluated and reported to the entity's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected);
- The expected frequency, value and timing of sales are also important aspects of the Group's 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.

The SPPI test

As a second step of its classification process the Group assesses the contractual terms of 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 judgement 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 FVPL.

(millions of tenge)

3. Summary of accounting policies (continued)

Financial instruments (continued)

Initial recognition (continued)

Debt instruments 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, the objective of which is achieved by both collecting contractual cash flows and selling financial assets;
- The contractual terms of the financial asset meet 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 OCI are reclassified from OCI to profit or loss.

The expected credit losses (ECL) for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the statement of financial position, which remain at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is recycled to the profit and loss upon derecognition of the asset.

Equity instruments at FVOCI

Sometimes, upon initial recognition, the Group occasionally elects to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of definition of Equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. Such 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, such gains are recorded 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 undrawn loan commitments

The Group issues financial guarantees, letters of credit and loan 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 comprehensive income, and an allowance for ECL.

Undrawn loan 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 liabilities are in the scope of the ECL requirements.

The Group occasionally issues loan commitments at below market interest rates drawdown. Such commitments are subsequently measured at the higher of the amount of the allowance for ECL and the amount initially recognised less, when appropriate, the cumulative amount of income.

Performance guarantees

Performance guarantees are contracts that provide compensation if another party fails to perform a contractual obligation. Performance guarantees do not transfer credit risk. The risk under performance guarantee contracts is the possibility that the failure to perform the contractual obligation by another party occurs. Therefore, performance guarantees are not considered financial instruments and thus do not fall in scope of IFRS 9.

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 Group 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 2022.

(millions of tenge)

3. Summary of accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, amount due from the National Bank of the Republic of Kazakhstan and amounts due from credit institutions that mature within ninety days of the date of origination and are free from contractual encumbrances.

Receivables under repurchase and reverse repurchase agreements and securities lending

Sale and repurchase agreements ("repos") 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 within amounts due to credit institutions or customers. Securities purchased under agreements to resell ("reverse repo") are recorded as amounts due from credit institutions or loans to customers as appropriate. 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 not recorded in the consolidated statement of financial position, unless these are sold to third parties. In this case the purchase and sale transaction is recorded within gains less losses from trading securities at fair value through profit or loss in the consolidated statement of income. The obligation to return them is recorded at fair value as a trading liability.

Derivative financial instruments

In the normal course of business, the Group enters into various derivative financial instruments, including forwards, swaps and options on currency markets and capital markets. Such financial instruments are held for trading and are recorded at fair value. The fair values are estimated based on quoted market prices or pricing models that take into account the current market and contractual prices of the underlying instruments and other factors. Derivatives are carried as assets when their fair value is positive and as liabilities when it is negative. Gains and losses resulting from these instruments are recorded in the consolidated statement of comprehensive income as net gain/(loss) from transactions with financial instruments at fair value through profit or loss or net gain/(loss) from foreign currencies (dealing), depending on the nature of the financial instrument.

Derivatives embedded in liabilities and non-financial host contacts are treated as separate derivatives and recorded at fair value if they met the definition of a derivative (as defined above), their economic characteristics and risks were not closely related to those of the host contract, and the host contract was not itself held for trading or designated at FVPL. The embedded derivatives separated from the host are carried at fair on the trading portfolio with changes in fair value recognised in the consolidated statement of comprehensive income.

Financial assets are classified based on the business model and SPPI assessments.

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 credit institutions, current accounts and deposits of 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 profit or loss when the borrowings are derecognised as well as through the amortisation process.

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

Lease

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

i. Group as lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(millions of tenge)

3. Summary of accounting policies (continued)

Lease (continued)

i. Group as lessee (continued)

Right-of-use assets

The Group recognizes the right-of-use assets at the commencement date of the lease (that is, the date on which the underlying asset becomes available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life or the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments, which will be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to short-term leases of vehicles and equipment (i.e. contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option). The Group also applies the low value assets lease recognition exemption to contracts of lease of office equipment whose value is considered to be low. Lease payments on short-term leases and lease of assets of low value are recognised as lease expense on a straight-line basis over the lease term.

ii. Operating - Group as lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the consolidated statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

iii. Finance – Group as lessor

The Group recognises lease receivables at value equal to the net investment in the lease, starting from the date of commencement of the lease term. Finance income is based on a pattern reflecting a constant periodic rate of return on the net investment outstanding. Initial direct costs are included in the initial measurement of the lease receivables.

Offsetting of financial instruments

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.

3. Summary of accounting policies (continued)

Offsetting of financial instruments (continued)

This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the consolidated 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, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. 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.

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Group records a modification gain or loss that is presented within other income in the consolidated statement of comprehensive income, to the extent that an impairment loss has not already been recorded.

For modifications not resulting in derecognition, the Group also reassesses whether here has been a significant increase in credit risk or whether the assets should be classified as credit-impaired. Once an asset has been classified as credit-impaired as the result of modification, it will remain in Stage 3 for a minimum 12-month probation period. In order for the restructured loan to be reclassified out of Stage 3, regular payments of more than an insignificant amount of principal or interest have been made during at least half of the probation period in accordance with the modified payment schedule.

Derecognition of financial assets and 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 where:

- The rights to receive cash flows from the asset have expired;
- The Group has transferred its rights to receive cash flows from the asset, or retained the right to receive cash flows from the asset, but has assumed an obligation to pay them 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 Group 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. In this case the extent of the Bank's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

(millions of tenge)

3. Summary of accounting policies (continued)

Derecognition of financial assets and liabilities (continued)

Financial assets (continued)

Write-off

Financial assets are written off either partially or in their entirety only when the Group has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated allowance for ECL, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent reversals are charged to credit loss expenses. A write-off results in a 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 the related expense when recognized in the consolidated financial statements.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

A benefit from a loan provided by the government at a below market rate of interest are treated as a government grant. The loan is recognized and measured in accordance with IFRS 9 *Financial Instruments*. The benefit from using a below market rate of interest is measured as the difference between the original carrying amount of the loan determined in accordance with IFRS 9, and the proceeds received.

Property and equipment

Property and equipment are carried at historical cost less day-to-day maintenance costs and accumulated depreciation and any accumulated impairment in value. Such cost includes the cost of replacing part of equipment when that cost is incurred if the recognition criteria are met.

The carrying value of property and equipment is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of the individual assets. Depreciation begins when an asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the management of the Group. Land, construction-in-progress and assets to be installed are not depreciated. The estimated useful lives are as follows:

	Years
Buildings	10-100
Computer hardware	5-7
Vehicles	5-7
Other	2-25

The asset's residual values, useful lives and methods are reviewed, and adjusted as appropriate, at each financial year-end.

Costs related to repairs and renewals are charged when incurred and included in general and administrative expenses, unless they qualify for capitalization.

(millions of tenge)

3. Summary of accounting policies (continued)

Intangible assets

Acquired intangible assets are stated at cost less accumulated amortisation and impairment losses.

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Amortisation is charged to profit or loss on a straight-line basis over the estimated useful lives of intangible assets. The estimated useful lives of intangible assets are 1 to 8 years.

Inventories

Inventories are valued at the lower of cost or net realisable value. Net realisable value is the estimated asset's selling price in the ordinary course of business of the Group, less the estimated costs to sell. Collateral received for repayment of loans to customers, which is reflected in the Group's balance sheet at the reporting date, is carried at the lower of cost and net realizable value.

Retirement and other employee benefit obligations

The Group does not have any pension arrangements separate from the State pension system of Kazakhstan, which requires withholdings by the employer calculated as a percentage from current gross salary payments. Such expense is charged in the period the related salaries are earned, and are accounted in "General and administrative expenses" in the consolidated statement of comprehensive income. The Group contributes social tax to the budget of the Republic of Kazakhstan for its employees. The Group has no post-retirement benefits.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made.

Contingent assets and liabilities

Contingent liabilities are not recognised in the consolidated statement of financial position but are disclosed unless the possibility of any outflow in settlement is remote. A contingent asset is not recognised in the consolidated statement of financial position but disclosed when an inflow of economic benefits is probable.

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 recognised 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 recognised as a liability and deducted from equity at the reporting date only if they are approved 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.

(millions of tenge)

3. Summary of accounting policies (continued)

Taxes

Corporate income tax comprises current and deferred tax. Corporate income tax is recognised in profit or loss except to the extent that it relates to items of other comprehensive income or transactions with shareholders recognised directly in equity, in which case it is recognised within other comprehensive income or directly within equity.

Current income tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and deferred tax liabilities are recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets and deferred tax liabilities are not recognized in respect of the following temporary differences: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit and temporary differences related to investments in subsidiaries where the parent is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences, unused tax losses and credits can be utilised. Deferred tax assets are reduced to the extent that taxable profit will be available against which the deductible temporary differences can be utilised.

Income and expense recognition

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 revenue and expense

The Group calculates interest income on debt financial assets measured at amortized cost or at FVOCI by applying the EIR to the gross carrying amount of financial assets other than credit-impaired financial assets. EIR 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 options) 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 FVPL is recognised using the contractual interest rate in "Other interest income" in the consolidated statement of comprehensive income.

Fee and commission income

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

Fee income earned from services that are provided over a certain period of time

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. Summary of accounting policies (continued)

Income and expense recognition (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 programs

The Group offers a number customer loyalty programs. Accounting for such programs varies depending on who is identified as the customer, and whether the Group acts as an agent or as a principal under the contract. For point-based programs, 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

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

Segment reporting

An operating segment is a component of a Group that is engaged in business activities from which it may earn revenues and incur expenses (including revenues and expenses related 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 KASE exchange rate on the date of the transaction are included in gains less losses from foreign currencies dealing.

As at 31 December 2022 the official exchange rate used for translation of monetary balances on foreign currency accounts was KZT 462.65 for 1 US Dollar (31 December 2021: KZT 431.84 for USD 1).

Standards issued but not yet effective

New standards, amendments and interpretations issued but not yet effective up to the date of issuance of the Group's financial statements are listed below. The Group intends to adopt these standards, amendments and interpretations if applicable, when they become effective.

(millions of tenge)

3. Summary of accounting policies (continued)

Standards issued but not yet effective (continued)

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 *Insurance Contracts* (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 *Insurance Contracts* (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. IFRS 17 introduces new accounting requirements for banking products with insurance features that may affect the determination of which instruments or which components thereof will be in the scope of IFRS 9 or IFRS 17.

Credit cards and similar products that provide insurance coverage: most issuers of these products will be able to continue with their existing accounting treatment as a financial instrument under IFRS 9. IFRS 17 excludes from its scope credit card contracts (and other similar contracts that provide credit or payment arrangements) that meet the definition of an insurance contract if, and only if, the entity does not reflect an assessment of the insurance risk associated with an individual customer in setting the price of the contract with that customer.

When the insurance coverage is provided as part of the contractual terms of the credit card, the issuer is required to:

- Separate the insurance coverage component and apply IFRS 17 to it;
- Apply other applicable standards (such as IFRS 9, IFRS 15 *Revenue from Contracts with Customers* or IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*) to the other components.

Loan contracts that meet the definition of insurance but limit the compensation for insured events to the amount otherwise required to settle the policyholder's obligation created by the contract: issuers of such loans − e.g. a loan with waiver on death − have an option to apply IFRS 9 or IFRS 17. The election would be made at a portfolio level and would be irrevocable.

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17.

The Group has completed the assessment of the impacts of adopting IFRS 17 and, also taking into consideration the scope exclusions for certain banking products, such as credit cards, in IFRS 17.7(h), it has concluded that it does not expect any material impact on its financial statements from the adoption of the new standard in 2023.

Amendments to IAS 1 Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement;
- That a right to defer must exist at the end of the reporting period;
- That classification is unaffected by the likelihood that an entity will exercise its deferral right;
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification;
- Disclosures.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Definition of Accounting Estimates - Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on the Group.

(millions of tenge)

3. Summary of accounting policies (continued)

Standards issued but not yet effective (continued)

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 *Making Materiality Judgements*, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Group is currently revisiting its accounting policy information disclosures to ensure consistency with the amended requirements going forward.

Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

In September 2022, the Board issued *Lease Liability in a Sale and Leaseback* (Amendments to IFRS 16). The amendment to IFRS 16 specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

After the commencement date in a sale and leaseback transaction, the seller-lessee applies paragraphs 29 to 35 of IFRS 16 to the right-of-use asset arising from the leaseback and paragraphs 36 to 46 of IFRS 16 to the lease liability arising from the leaseback. In applying paragraphs 36 to 46, the seller- lessee determines 'lease payments' or 'revised lease payments' in such a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee. Applying these requirements does not prevent the seller-lessee from recognising, in profit or loss, any gain or loss relating to the partial or full termination of a lease, as required by paragraph 46(a) of IFRS 16.

The amendment does not prescribe specific measurement requirements for lease liabilities arising from a leaseback. The initial measurement of the lease liability arising from a leaseback may result in a seller-lessee determining 'lease payments' that are different from the general definition of lease payments in Appendix A of IFRS 16. The seller-lessee will need to develop and apply an accounting policy that results in information that is relevant and reliable in accordance with IAS 8.

The amendment applies to annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted and that fact must be disclosed. A seller-lessee applies the amendment retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application (i.e., the amendment does not apply to sale and leaseback transactions entered into prior to the date of initial application). The date of initial application is the beginning of the annual reporting period in which an entity first applied IFRS 16.

The amendment is not expected to have a material impact on the Group's financial statements.

4. Significant accounting judgments 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 recognized 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 inputs 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.

Collateral assessment

The Bank management performs monitoring of collateral on a regular basis. The Bank'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.

(millions of tenge)

4. Significant accounting judgements and estimates (continued)

Estimation uncertainty (continued)

Expected credit losses from 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. 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 (hereinafter, the "LTECL") 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, 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.

Determining the lease term of contracts with renewal options

The Group defines the lease term as a lease period not prematurely terminated, together with the periods for which the renewal option is provided, if it is reasonably certain that it will be exercised, or the periods for which the termination option is provided, if it is reasonably certain that it will not be exercised.

The Group has the option, under some of its leases to lease the assets for additional term of three to five years. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, the Group considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency).

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 nonexistent 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 Bank's tax position as at 31 December 2022 and 2021 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:

	2022	*2021*
Interest income calculated using effective interest rate		
Loans to customers	**163,800**	117,444
Debt securities at FVOCI	**60,937**	46,596
Investment securities measured at amortized cost	**17,882**	19,054
Amounts due from credit institutions and cash equivalents	**8,634**	6,145
Amounts receivable under reverse repurchase agreements	**6,825**	2,658
Other financial assets	**702**	–
	258,780	191,897
Other interest income		
Securities at fair value through profit or loss	**–**	3
Finance lease receivables	**1,961**	1,144
	260,741	193,044
Interest expense		
Current accounts and deposits of customers	**(81,700)**	(56,347)
Debt securities issued	**(30,382)**	(29,699)
Amounts due to banks and other credit institutions	**(5,219)**	(6,974)
Subordinated debt	**(1,456)**	(1,616)
Amounts payable under repurchase agreements	**(13,351)**	(2,473)
	(132,108)	(97,109)
Net interest income	**128,633**	95,935

Interest income calculated using the effective interest rate for 2022 includes income in the amount of 8,675 million tenge representing the unwinding of discount on loans to customers (for 2021: 8,798 million tenge).

Expenses for mandatory contributions to KDIF are included in interest expense on current accounts and deposits from customers.

Interest received is as follows:

	2022	*2021*
Interest received		
Loans to customers	**158,501**	108,659
Debt securities at FVOCI	**54,959**	34,113
Investment securities measured at amortized cost	**19,882**	18,810
Amounts due from credit institutions and cash equivalents	**8,634**	6,145
Amounts receivable under reverse repurchase agreements	**6,825**	2,658
Finance leases	**1,961**	1,140
Securities at fair value through profit or loss	**–**	155
	250,762	171,680

Interest paid comprise:

	2022	*2021*
Interest paid		
Current accounts and deposits of customers	**(80,874)**	(56,639)
Debt securities issued	**(15,467)**	(16,502)
Amounts payable under repurchase agreements	**(13,224)**	(2,441)
Amounts due to banks and other credit institutions	**(3,762)**	(5,274)
Subordinated debt	**(1,490)**	(1,616)
	(114,817)	(82,472)

(millions of tenge)

6. Net fee and commission income

Fee and commission income is as follows:

	2022	*2021*
Card operations	**16,574**	21,312
Settlement operations	**9,482**	7,704
Cash operations	**5,963**	4,469
Commissions on guarantees and letters of credits	**2,436**	2,247
Foreign currency transactions and transactions with securities	**299**	307
Other	**1,456**	1,254
	36,210	37,293

Fee and commission expense is as follows:

	2022	*2021*
Maintenance of card accounts	**(9,605)**	(12,888)
Maintenance of nostro accounts	**(769)**	(473)
Settlement operations	**(488)**	(333)
Customer accounts services by financial agents	**(137)**	(172)
Foreign currency operations and transactions with securities	**(104)**	(135)
Other	**(1,139)**	(808)
	(12,242)	(14,809)

Revenue from contracts with customers recognized in the consolidated statement of comprehensive income for the years ended 31 December 2022 and 2021 primarily represents fee and commission income of 36,210 million tenge and 37,293 million tenge, respectively.

As at 31 December 2022 and 2021, the Group recognized contract assets related to contracts with customers in the amount of 1,708 million tenge and 1,443 million tenge in the consolidated statement of financial position within other assets, respectively.

The Group usually collects fees and commissions in advance of completion of the underlying transaction or shortly thereafter (for contracts where performance obligation is satisfied point in time, such as settlement transactions).

The Group applies the practical expedient in paragraph 121 of IFRS 15 and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

7. Net gain from foreign currencies

Net gains from foreign currencies is presented as follows:

	2022	*2021*
Dealing, net	**48,077**	12,921
Translation differences, net	**1,785**	(1,896)
	49,862	11,025

(millions of tenge)

8. Credit loss expense

Credit loss expenses comprised the following for 2022 and 2021:

	2022				
	Stage 1	***Stage 2***	***Stage 3***	***POCI***	***Total***
Cash and cash equivalents	**(9)**	**–**	**–**	**–**	**(9)**
Amounts due from credit institutions	**(109)**	**1**	**2**	**–**	**(106)**
Loans to customers	**(8,306)**	**(17,987)**	**(7,579)**	**(2,825)**	**(36,697)**
Investment securities measured at amortized cost	**(1)**	**104**	**–**	**–**	**103**
Investment securities measured at FVOCI	**(11)**	**(326)**	**–**	**–**	**(337)**
Other financial assets	**–**	**–**	**(510)**	**–**	**(510)**
Financial guarantees, letters of credit and undrawn loan commitments	**49**	**–**	**(143)**	**–**	**(94)**
	(8,387)	**(18,208)**	**(8,230)**	**(2,825)**	**(37,650)**

	2021				
	Stage 1	***Stage 2***	***Stage 3***	***POCI***	***Total***
Amounts due from credit institutions	92	–	–	–	**92**
Loans to customers	2,151	(6,749)	(3,683)	(3,733)	**(12,014)**
Investment securities measured at amortized cost	73	596	–	–	**669**
Investment securities measured at FVOCI	228	853	–	–	**1,081**
Other financial assets	–	–	(195)	–	**(195)**
Financial guarantees, letters of credit and undrawn loan commitments	9	96	379	–	**484**
	2,553	**(5,204)**	**(3,499)**	**(3,733)**	**(9,883)**

9. General and administrative expenses

General and administrative expenses comprise:

	2022	***2021***
Salary and related taxes	**(38,807)**	(29,399)
Depreciation and amortization	**(8,254)**	(8,070)
Repair and maintenance	**(3,686)**	(3,761)
Taxes other than corporate income tax	**(2,979)**	(2,770)
Advertising and marketing	**(1,812)**	(1,786)
Maintenance of buildings	**(1,658)**	(1,578)
Charity and sponsorship	**(937)**	(613)
Security	**(841)**	(836)
Telecommunication and information services	**(677)**	(681)
Encashment	**(485)**	(422)
Transportation services	**(474)**	(421)
Other professional services	**(418)**	(352)
Lease	**(306)**	(364)
Business trips	**(231)**	(156)
Other	**(640)**	(73)
	(62,205)	(51,282)

General administrative expenses comprise:

	2022	***2021***
Sales and marketing	**(30,258)**	(24,279)
Technologies and development of new products	**(11,916)**	(9,172)
Other	**(20,031)**	(17,831)
	(62,205)	(51,282)

(millions of tenge)

10. Other income and expenses

Other income and expense comprise:

	2022	*2021*
Other income		
Income from operating lease	**1,202**	1,257
Net income from sale of repossessed collateral	**430**	1,187
Net income from government support programs of the economy	**369**	–
Other	**1,743**	1,679
	3,744	4,123
Other expenses		
SMS notification expenses	**(938)**	(988)
Other expenses from non-banking activities	**(851)**	(954)
Loss from change in net realizable value of repossessed collateral	**–**	(1,439)
Net loss from modification of loans to customers not resulting in derecognition	**–**	(207)
Other	**(3,695)**	(4,441)
	(5,484)	(8,029)

11. Taxation

Corporate income tax expenses comprise the following:

	2022	*2021*
Current corporate income tax charge	**(45)**	(91)
Deferred corporate income tax charge − origination and reversal of temporary differences	**(582)**	(2,952)
Corporate income tax expense	**(627)**	(3,043)

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 2022 and 2021 was 20%.

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

	2022	*2021*
Profit before corporate income tax expense	**98,713**	67,103
Statutory corporate income tax rate	**20%**	20%
Theoretical corporate income tax expense at the statutory rate	**(19,743)**	(13,421)
Non-taxable income on state securities and securities officially listed at KASE	**15,795**	13,067
Adjustment of corporate income tax expense for prior years	**(176)**	183
Non-deductible credit loss expense	**64**	2,566
Change in tax losses carried forward and unrecognized deferred tax assets	**2,626**	(3,900)
Other	**807**	(1,538)
Corporate income tax expense	**(627)**	(3,043)

(millions of tenge)

11. Taxation (continued)

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

	2020	*Origination and reversal of temporary differences within profit or loss*	*Origination and reversal of temporary differences within other comprehen-sive income*	*2021*	*Origination and reversal of temporary differences within profit or loss*	*Origination and reversal of temporary differences within other comprehen-sive income*	*2022*
Tax losses carried forward	12,867	(233)	–	12,634	**(9,467)**	**–**	**3,167**
Loans to customers	4,101	(756)	–	3,345	**2,634**	**–**	**5,979**
Investment securities measured at FVOCI	(290)	–	136	(154)	**–**	**665**	**511**
Investment securities measured at amortized cost	(2,652)	3	–	(2,649)	**(897)**	**–**	**(3,546)**
Debt securities issued	(12,845)	2,641	–	(10,204)	**2,995**	**–**	**(7,209)**
Amounts due to banks and other credit institutions	(14,216)	(2,513)	–	(16,729)	**358**	**–**	**(16,371)**
Property and equipment and intangible assets	4,558	1,485	–	6,043	**1,905**	**–**	**7,948**
Other	1,494	321	–	1,815	**(736)**	**–**	**1,079**
Deferred tax assets/(liabilities)	(6,983)	948	136	(5,899)	**(3,208)**	**665**	**(8,442)**
Unrecognised deferred tax assets	(4,188)	(3,900)	–	(8,088)	**2,626**	**–**	**(5,462)**
Deferred tax liabilities, net	(11,171)	(2,952)	136	(13,987)	**(582)**	**665**	**(13,904)**

12. Cash and cash equivalents

Cash and cash equivalents comprise:

	31 December 2022	*31 December 2021*
Cash on hand	**45,793**	68,721
Cash on current accounts with the NBRK rated at BBB-	**95,199**	44,867
Cash on current accounts with other banks:		
- rated from A- to A+	**69,860**	65,991
- rated from BBB- to BBB+	**27,026**	7,128
- rated from BB- to BB+	**–**	1,728
- rated below B+	**175**	521
- not rated	**10,257**	15
Time deposits with the NBRK rated at BBB- with up to 90 days	**161,600**	99,332
Reverse repurchase agreements up to 90 days (*Note 27*)	**48,062**	144,646
Cash and cash equivalents before allowance for ECL	**457,972**	432,949
Allowance for ECL	**(10)**	(1)
Cash and cash equivalents	**457,962**	432,948

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

As at 31 December 2021, all balances of cash equivalents are allocated to Stage 1 for the purposes of measuring the ECL. During 2022, funds in the accounts of three entities registered in the Russian Federation were transferred from Stage 1 to Stage 2. As at 31 December 2022, the total amount of these funds in Stage 2 was 9,844 million tenge.

As at 31 December 2022, 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, Kazakhstan Sustainability Fund JSC (hereinafter, "KSF"), Eurasian Development Bank (EABR) and notes of the NBRK, the total fair value of which as at 31 December 2022 is 48,027 million tenge (31 December 2021: bonds of the Ministry of Finance of the Republic of Kazakhstan, KSF, Eurasian Development Bank (EABR), shares of Halyk Savings Bank of Kazakhstan JSC and notes of the NBRK with a total fair value of 145,653 million tenge).

(millions of tenge)

12. Cash and cash equivalents (continued)

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 2022, combined minimum reserve requirements of the Bank amount to 41,731 million tenge (31 December 2021: 34,544 million tenge).

Concentration of cash and cash equivalents

As at 31 December 2022, the Group has an account with one bank whose balances exceed 10% of total cash and cash equivalents (31 December 2021: two banks). The total balance on the account with the above counterparty as at 31 December 2022 amounts to 256,799 million tenge (31 December 2021: 188,359 million tenge).

13. Amounts due from credit institutions

Amounts due from credit institutions comprise:

	31 December 2022	*31 December 2021*
Current accounts with the NBRK rated at BBB- restricted in use	**7,292**	4,796
Deposits with other banks:		
- not rated	**647**	614
Contingent deposits and deposits pledged as a collateral:		
- rated at AAA	**–**	25,794
- rated from AA- to AA+	**11,027**	5,489
- rated from A- to A+	**–**	328
- rated from BBB- to BBB+	**116**	108
- not rated	**12,816**	10,571
Amounts due from credit institutions before allowance for ECL	**31,898**	47,700
Allowance for ECL	**(852)**	(710)
Amounts due from credit institutions	**31,046**	46,990

The 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 program of lending businesses. As of 31 December 2022, these funds include amounts allocated by Damu Entrepreneurship Development Fund JSC, Development Bank of Kazakhstan JSC, and Industrial Development Fund JSC in favor of the Bank to support entrepreneurship and provide preferential loans to individuals for the purchase of domestically produced passenger vehicles.

As at 31 December 2022 and 31 December 2021, all balances of amounts due from credit institutions are allocated to Stage 1 for ECL measurement purposes.

As at 31 December 2022 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 14,513 million tenge (as at 31 December 2021: 7,361 million tenge).

In accordance with the loan agreements between the Bank and European Bank of Reconstruction and Development (hereinafter, the "EBRD"), during 2020 the Bank placed deposits with EBRD totalling 66 million US dollars for a period until 2023 as security against the Bank's liabilities to EBRD. As at 31 December 2021, the carrying amount of deposits with the EBRD was 25,794 million tenge (*Note 20*). The liabilities to the EBRD were repaid early on 26 August 2022.

Concentration of amounts due from credit institutions

As at 31 December 2022 and 2021, the Group has amounts due from four credit institutions which individual balances exceed 10% of total due from credit institutions. As at 31 December 2022, the total amount of such balances is 31,059 million tenge (31 December 2021: 44,693 million tenge).

(millions of tenge)

14. Securities at fair value through profit or loss

Securities at fair value through profit or loss comprise:

	31 December 2022	*31 December 2021*
Government bonds		
Bonds of foreign countries rated at AA+	**235**	–
Total government bonds	**235**	–
Equity instruments	**2,528**	2,970
Securities at fair value through profit or loss	**2,763**	2,970

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

15. Loans to customers

Loans to customers comprise:

	31 December 2022				
	Stage 1	***Stage 2***	***Stage 3***	***POCI***	***Total***
Individually significant loans	**489,947**	**5,071**	**17,821**	**328**	**513,167**
Total individually significant loans	**489,947**	**5,071**	**17,821**	**328**	**513,167**
Individually insignificant loans					
Corporate loans	**212,010**	**5,842**	**16,355**	**968**	**235,175**
Mortgage loans	**14,022**	**255**	**3,118**	**7,603**	**24,998**
Consumer loans	**334,016**	**16,078**	**28,755**	**–**	**378,849**
Car loans	**12,958**	**22**	**405**	**–**	**13,385**
Credit cards	**3,188**	**272**	**822**	**–**	**4,282**
Other loans secured by collateral	**35,636**	**1,375**	**17,205**	**14,536**	**68,752**
Total individually insignificant loans	**611,830**	**23,844**	**66,660**	**23,107**	**725,441**
Loans to customers before allowance for ECL	**1,101,777**	**28,915**	**84,481**	**23,435**	**1,238,608**
Allowance for ECL	**(22,041)**	**(6,801)**	**(34,377)**	**(1,847)**	**(65,066)**
Loans to customers	**1,079,736**	**22,114**	**50,104**	**21,588**	**1,173,542**

	31 December 2021				
	Stage 1	***Stage 2***	***Stage 3***	***POCI***	***Total***
Individually significant loans	270,021	17,934	16,130	301	304,386
Total individually significant loans	270,021	17,934	16,130	301	304,386
Individually insignificant loans					
Corporate loans	152,614	1,301	27,746	546	182,207
Mortgage loans	16,592	206	4,827	9,464	31,089
Consumer loans	212,655	3,038	11,856	–	227,549
Car loans	4,367	3	392	–	4,762
Credit cards	3,805	99	557	–	4,461
Other loans secured by collateral	51,183	1,726	22,913	16,863	92,685
Total individually insignificant loans	441,216	6,373	68,291	26,873	542,753
Loans to customers before allowance for ECL	711,237	24,307	84,421	27,174	847,139
Allowance for ECL	(12,651)	(2,404)	(21,751)	(1,385)	(38,191)
Loans to customers	698,586	21,903	62,670	25,789	808,948

(millions of tenge)

15. Loans to customers (continued)

Quality of individually significant loans

Information on the quality of individually significant loans at 31 December 2022 is presented in the table below:

	Loans before allowance for ECL	*Allowance for ECL*	*Loans before allowance for ECL*	*Allowance for ECL to gross loans before allowance for ECL, (%)*
Individually significant loans				
Stage 1				
- not overdue	**489,947**	**(4,125)**	**485,822**	**0.84**
	489,947	**(4,125)**	**485,822**	**0.84**
Stage 2 and Stage 3				
- not overdue	**21,951**	**(465)**	**21,486**	**2.12**
- overdue for less than 90 days	**–**	**–**	**–**	**0.00**
- overdue for 90 days to 360 days	**–**	**–**	**–**	**0.00**
- overdue for more than 360 days	**941**	**(568)**	**373**	**60.36**
Stage 2 and Stage 3	**22,892**	**(1,033)**	**21,859**	**4.51**
POCI	**328**	**(85)**	**243**	**25.91**
Total individually significant loans	**513,167**	**(5,243)**	**507,924**	**1.02**

Information on the quality of individually significant loans at 31 December 2021 is presented in the table below:

	Loans before allowance for ECL	*Allowance for ECL*	*Loans before allowance for ECL*	*Allowance for ECL to gross loans before allowance for ECL, (%)*
Individually significant loans				
Stage 1	270,021	(2,335)	267,686	0.86
Stage 2 and Stage 3				
- not overdue	31,715	(516)	31,199	1.63
- overdue for less than 90 days	643	(420)	223	65.32
- overdue for 90 days to 360 days	–	–	–	0.00
- overdue for more than 360 days	1,706	(559)	1,147	32.77
Stage 2 and Stage 3	34,064	(1,495)	32,569	4.39
POCI	301	–	301	0.00
Total individually significant loans	304,386	(3,830)	300,556	1.26

(millions of tenge)

15. Loans to customers (continued)

Quality of individually significant loans (continued)

Analysis of movements in gross carrying amount and allowance for ECL

Analysis of movements in gross carrying amount and related ECL for individually significant loans for 2022 is as follows:

	2022				
	Stage 1	*Stage 2*	*Stage 3*	*POCI*	*Total*
Gross carrying amount at 1 January	**270,021**	**17,934**	**16,130**	**301**	**304,386**
New assets originated or purchased	**613,212**	**–**	**1,231**	**–**	**614,443**
Assets derecognised or repaid (excluding write-offs)	**(320,713)**	**(4,465)**	**(6,748)**	**(427)**	**(332,353)**
Transfers to Stage 1	**5,098**	**(5,098)**	**–**	**–**	**–**
Transfers to Stage 2	**(7,990)**	**12,845**	**(4,855)**	**–**	**–**
Transfers to Stage 3	**(663)**	**(14,462)**	**15,125**	**–**	**–**
Transfer between loan categories based on significance	**(70,514)**	**(1,393)**	**(2,490)**	**–**	**(74,397)**
Net change in accrued interest	**944**	**(311)**	**(557)**	**454**	**530**
Unwinding of discount	**–**	**–**	**45**	**–**	**45**
Recoveries	**–**	**–**	**–**	**–**	**–**
Write-off	**–**	**–**	**(77)**	**–**	**(77)**
Foreign exchange adjustments	**552**	**21**	**17**	**–**	**590**
At 31 December	**489,947**	**5,071**	**17,821**	**328**	**513,167**

	2022				
	Stage 1	*Stage 2*	*Stage 3*	*POCI*	*Total*
ECL at 1 January	**(2,335)**	**(36)**	**(1,459)**	**–**	**(3,830)**
New assets originated or purchased	**(6,871)**	**–**	**(33)**	**–**	**(6,904)**
Assets derecognised or repaid (excluding write-offs)	**481**	**24**	**136**	**–**	**641**
Transfers to Stage 1	**(24)**	**24**	**–**	**–**	**–**
Transfers to Stage 2	**1**	**(51)**	**50**	**–**	**–**
Transfers to Stage 3	**–**	**15**	**(15)**	**–**	**–**
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	**4,766**	**(338)**	**331**	**(85)**	**4,674**
Transfer between loan categories based on significance	**6**	**–**	**348**	**–**	**354**
Unwinding of discount	**–**	**–**	**(45)**	**–**	**(45)**
Recoveries	**–**	**–**	**–**	**–**	**–**
Write-off	**–**	**–**	**77**	**–**	**77**
Foreign exchange adjustments	**(149)**	**(9)**	**(52)**	**–**	**(210)**
As at 31 December	**(4,125)**	**(371)**	**(662)**	**(85)**	**(5,243)**

(millions of tenge)

15. Loans to customers (continued)

Quality of individually significant loans (continued)

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

Analysis of movements in gross carrying amount and related ECL for individually significant loans for 2021 is as follows:

	2021				
	Stage 1	***Stage 2***	***Stage 3***	***POCI***	***Total***
Gross carrying amount at 1 January	183,974	7,117	58,536	–	249,627
New assets originated or purchased	330,880	–	14,851	301	346,032
Assets derecognised or repaid (excluding write-offs)	(246,552)	(5,937)	(28,613)	(12)	(281,114)
Transfers to Stage 1	4,252	–	(4,252)	–	–
Transfers to Stage 2	(2,151)	24,474	(22,323)	–	–
Transfers to Stage 3	(5,235)	(8,107)	13,342	–	–
Transfer between loan categories based on significance	2,911	(83)	(985)	–	1,843
Net change in accrued interest	253	359	(2,133)	–	(1,521)
Unwinding of discount	–	–	688	–	688
Recoveries	–	–	381	–	381
Write-off	–	–	(13,451)	–	(13,451)
Foreign exchange adjustments	1,689	111	89	12	1,901
As at 31 December	270,021	17,934	16,130	301	304,386

	2021				
	Stage 1	***Stage 2***	***Stage 3***	***POCI***	***Total***
ECL at 1 January	(3,336)	(12)	(14,466)	–	(17,814)
New assets originated or purchased	(5,484)	–	(635)	–	(6,119)
Assets derecognised or repaid (excluding write-offs)	3,302	11	4,830	–	8,143
Transfers to Stage 1	(5)	–	5	–	–
Transfers to Stage 2	–	(26)	26	–	–
Transfers to Stage 3	25	8	(33)	–	–
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	3,166	(17)	(3,254)	–	(105)
Transfer between loan categories based on significance	(3)	–	(68)	–	(71)
Unwinding of discount	–	–	(688)	–	(688)
Recoveries	–	–	(381)	–	(381)
Write-off	–	–	13,451	–	13,451
Foreign exchange adjustments	–	–	(246)	–	(246)
As at 31 December	(2,335)	(36)	(1,459)	–	(3,830)

(millions of tenge)

15. Loans to customers (continued)

Quality of individually insignificant loans

The following table provides information on the credit quality of individually insignificant loans collectively assessed for impairment as at 31 December 2022:

	31 December 2022			
	Loans before allowance for ECL	***Allowance for ECL***	***Loans before allowance for ECL***	***Allowance for ECL to gross loans before allowance for ECL, (%)***
Individually insignificant corporate loans				
Undue	**218,420**	**(9,951)**	**208,469**	**4.56**
Overdue for less than 30 days	**2,285**	**(91)**	**2,194**	**3.98**
Overdue for 30 to 89 days	**1,196**	**(97)**	**1,099**	**8.11**
Overdue for 90 to 179 days	**2,278**	**(524)**	**1,754**	**23.00**
Overdue for 180 to 360 days	**1,231**	**(217)**	**1,014**	**17.63**
Overdue more than 360 days	**8,797**	**(2,859)**	**5,938**	**32.50**
POCI	**968**	**(5)**	**963**	**0.52**
Total individually insignificant corporate loans	**235,175**	**(13,744)**	**221,431**	**5,84**
Mortgage loans				
Undue	**14,230**	**(38)**	**14,192**	**0.27**
Overdue for less than 30 days	**323**	**(8)**	**315**	**2.48**
Overdue for 30 to 89 days	**78**	**(2)**	**76**	**2.56**
Overdue for 90 to 179 days	**88**	**(3)**	**85**	**3.41**
Overdue for 180 to 360 days	**84**	**(5)**	**79**	**5.95**
Overdue more than 360 days	**2,592**	**(502)**	**2,090**	**19.37**
POCI	**7,603**	**(524)**	**7,079**	**6.89**
Total mortgage loans	**24,998**	**(1,082)**	**23,916**	**4.33**
Consumer loans				
Undue	**335,399**	**(8,818)**	**326,581**	**2.63**
Overdue for less than 30 days	**9,031**	**(2,237)**	**6,794**	**24.77**
Overdue for 30 to 89 days	**6,936**	**(3,982)**	**2,954**	**57.41**
Overdue for 90 to 179 days	**6,555**	**(5,116)**	**1,439**	**78.05**
Overdue for 180 to 360 days	**7,936**	**(6,377)**	**1,559**	**80.36**
Overdue more than 360 days	**12,992**	**(11,031)**	**1,961**	**84.91**
Total consumer loans	**378,849**	**(37,561)**	**341,288**	**9.91**

(millions of tenge)

15. Loans to customers (continued)

Quality of individually insignificant loans (continued)

	31 December 2022			
	Loans before allowance for ECL	***Allowance for ECL***	***Loans before allowance for ECL***	***Allowance for ECL to gross loans before allowance for ECL, (%)***
Car loans				
Undue	**12,921**	**(1)**	**12,920**	**0.01**
Overdue for less than 30 days	**47**	**–**	**47**	**0.00**
Overdue for 30 to 89 days	**16**	**–**	**16**	**0.00**
Overdue for 90 to 179 days	**2**	**–**	**2**	**0.00**
Overdue for 180 to 360 days	**1**	**–**	**1**	**0.00**
Overdue more than 360 days	**398**	**(143)**	**255**	**35.93**
Total car loans	**13,385**	**(144)**	**13,241**	**1.08**
Credit cards				
Undue	**3,231**	**(368)**	**2,863**	**11.39**
Overdue for less than 30 days	**123**	**(44)**	**79**	**35.77**
Overdue for 30 to 89 days	**118**	**(99)**	**19**	**83.90**
Overdue for 90 to 179 days	**120**	**(99)**	**21**	**82.50**
Overdue for 180 to 360 days	**201**	**(165)**	**36**	**82.09**
Overdue more than 360 days	**489**	**(401)**	**88**	**82.00**
Total credit cards	**4,282**	**(1,176)**	**3,106**	**27.46**
Other loans secured by collateral				
Undue	**35,206**	**(319)**	**34,887**	**0.91**
Overdue for less than 30 days	**1,768**	**(58)**	**1,710**	**3.28**
Overdue for 30 to 89 days	**811**	**(47)**	**764**	**5.80**
Overdue for 90 to 179 days	**615**	**(128)**	**487**	**20.81**
Overdue for 180 to 360 days	**1,004**	**(216)**	**788**	**21.51**
Overdue more than 360 days	**14,812**	**(4,115)**	**10,697**	**27.78**
POCI	**14,536**	**(1,233)**	**13,303**	**8.48**
Total other loans secured by collateral	**68,752**	**(6,116)**	**62,636**	**8.90**
Total individually insignificant loans	**725,441**	**(59,823)**	**665,618**	**8.25**

(millions of tenge)

15. Loans to customers (continued)

Quality of individually insignificant loans (continued)

The following table provides information on the credit quality of individually insignificant loans collectively assessed for impairment as at 31 December 2021:

	31 December 2021			
	Loans before allowance for ECL	***Allowance for ECL***	***Loans before allowance for ECL***	***Allowance for ECL to gross loans before allowance for ECL, (%)***
Individually insignificant corporate loans				
Undue	160,060	(2,836)	157,224	1.77
Overdue for less than 30 days	1,842	(4)	1,838	0.22
Overdue for 30 to 89 days	557	(4)	553	0.72
Overdue for 90 to 179 days	988	(15)	973	1.52
Overdue for 180 to 360 days	2,849	(109)	2,740	3.83
Overdue more than 360 days	15,365	(4,544)	10,821	29.57
POCI	546	(117)	429	21.43
Total individually insignificant corporate loans	182,207	(7,629)	174,578	4.19
Mortgage loans				
Undue	16,296	(77)	16,219	0.47
Overdue for less than 30 days	557	(1)	556	0.18
Overdue for 30 to 89 days	257	(9)	248	3.50
Overdue for 90 to 179 days	210	(9)	201	4.29
Overdue for 180 to 360 days	143	(7)	136	4.90
Overdue more than 360 days	4,162	(1,408)	2,754	33.83
POCI	9,464	(575)	8,889	6.08
Total mortgage loans	31,089	(2,086)	29,003	6.71
Consumer loans				
Undue	208,510	(6,596)	201,914	3.16
Overdue for less than 30 days	4,689	(1,056)	3,633	22.52
Overdue for 30 to 89 days	3,113	(2,252)	861	72.34
Overdue for 90 to 179 days	3,042	(2,428)	614	79.82
Overdue for 180 to 360 days	5,644	(4,583)	1,061	81.20
Overdue more than 360 days	2,551	(1,979)	572	77.58
Total consumer loans	227,549	(18,894)	208,655	8.30

(millions of tenge)

15. Loans to customers (continued)

Quality of individually insignificant loans (continued)

	31 December 2021			
	Loans before allowance for ECL	***Allowance for ECL***	***Loans before allowance for ECL***	***Allowance for ECL to gross loans before allowance for ECL, (%)***
Car loans				
Undue	4,347	–	4,347	0.00
Overdue for less than 30 days	11	–	11	0.00
Overdue for 30 to 89 days	13	–	13	0.00
Overdue for 90 to 179 days	2	–	2	0.00
Overdue for 180 to 360 days	1	(1)	–	100.00
Overdue more than 360 days	388	(46)	342	11.86
Total car loans	4,762	(47)	4,715	0.99
Credit cards				
Undue	3,580	(606)	2,974	16.93
Overdue for less than 30 days	240	(83)	157	34.58
Overdue for 30 to 89 days	93	(81)	12	87.10
Overdue for 90 to 179 days	101	(101)	–	100.00
Overdue for 180 to 360 days	191	(159)	32	83.25
Overdue more than 360 days	256	(212)	44	82.81
Total credit cards	4,461	(1,242)	3,219	27.84
Other loans secured by collateral				
Undue	49,254	(68)	49,186	0.14
Overdue for less than 30 days	3,234	(4)	3,230	0.12
Overdue for 30 to 89 days	2,215	(19)	2,196	0.86
Overdue for 90 to 179 days	891	(20)	871	2.24
Overdue for 180 to 360 days	2,850	(132)	2,718	4.63
Overdue more than 360 days	17,378	(3,527)	13,851	20.30
POCI	16,863	(693)	16,170	4.11
Total other loans secured by collateral	92,685	(4,463)	88,222	4.82
Total individually insignificant loans	542,753	(34,361)	508,392	6.33

(millions of tenge)

15. Loans to customers (continued)

Quality of individually insignificant loans (continued)

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

Analysis of movements in gross carrying amount and related ECL for individually insignificant corporate loans for 2022 is as follows:

Individually insignificant corporate loans	***2022***				
	Stage 1	***Stage 2***	***Stage 3***	***POCI***	***Total***
Gross carrying amount at 1 January	**152,614**	**1,301**	**27,746**	**546**	**182,207**
New assets originated or purchased	**330,610**	**–**	**1,950**	**1,089**	**333,649**
Assets derecognised or repaid (excluding write-offs)	**(337,032)**	**(3,879)**	**(10,582)**	**(45)**	**(351,538)**
Transfers to Stage 1	**7,296**	**(2,506)**	**(4,790)**	**–**	**–**
Transfers to Stage 2	**(9,612)**	**11,761**	**(2,149)**	**–**	**–**
Transfers to Stage 3	**(4,023)**	**(2,329)**	**6,352**	**–**	**–**
Transfer between loan categories based on significance	**70,514**	**1,393**	**2,490**	**–**	**74,397**
Net change in accrued interest	**317**	**77**	**(441)**	**(260)**	**(307)**
Unwinding of discount	**–**	**–**	**686**	**–**	**686**
Recoveries	**–**	**–**	**3,223**	**3**	**3,226**
Write-off	**–**	**–**	**(8,300)**	**(365)**	**(8,665)**
Forex exchange adjustments	**1,326**	**24**	**170**	**–**	**1,520**
As at 31 December	**212,010**	**5,842**	**16,355**	**968**	**235,175**

Individually insignificant corporate loans	***2022***				
	Stage 1	***Stage 2***	***Stage 3***	***POCI***	***Total***
ECL at 1 January	**(2,602)**	**(10)**	**(4,900)**	**(117)**	**(7,629)**
New assets originated or purchased	**(10,037)**	**–**	**(430)**	**–**	**(10,467)**
Assets derecognised or repaid (excluding write-offs)	**10,232**	**68**	**3,225**	**3**	**13,528**
Transfers to Stage 1	**(171)**	**74**	**97**	**–**	**–**
Transfers to Stage 2	**51**	**(315)**	**264**	**–**	**–**
Transfers to Stage 3	**72**	**160**	**(232)**	**–**	**–**
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	**(6,753)**	**(138)**	**(6,356)**	**(253)**	**(13,500)**
Transfer between loan categories based on significance	**(6)**	**–**	**(348)**	**–**	**(354)**
Unwinding of discount	**–**	**–**	**(686)**	**–**	**(686)**
Recoveries	**–**	**–**	**(3,223)**	**(3)**	**(3,226)**
Write-off	**–**	**–**	**8,300**	**365**	**8,665**
Forex exchange adjustments	**(44)**	**–**	**(31)**	**–**	**(75)**
As at 31 December	**(9,258)**	**(161)**	**(4,320)**	**(5)**	**(13,744)**

(millions of tenge)

15. Loans to customers (continued)

Quality of individually insignificant loans (continued)

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

Analysis of movements in gross carrying amount and related ECL for individually insignificant corporate loans for 2021 is as follows:

Individually insignificant corporate loans	***2021***				
	Stage 1	***Stage 2***	***Stage 3***	***POCI***	***Total***
Gross carrying amount at 1 January	122,538	1,620	38,055	1,366	163,579
New assets originated or purchased	226,738	–	852	24	227,614
Assets derecognised or repaid (excluding write-offs)	(192,698)	(756)	(9,168)	(193)	(202,815)
Transfers to Stage 1	5,946	(894)	(5,052)	–	–
Transfers to Stage 2	(2,754)	3,055	(301)	–	–
Transfers to Stage 3	(4,076)	(1,797)	5,873	–	–
Transfer between loan categories based on significance	(2,911)	83	985	–	(1,843)
Net change in accrued interest	(494)	(13)	(816)	5	(1,318)
Unwinding of discount	–	–	1,083	–	1,083
Adjustment of the gross value of POCI assets	–	–	–	50	50
Recoveries	–	–	3,583	–	3,583
Write-off	–	–	(7,398)	(717)	(8,115)
Forex exchange adjustments	325	3	50	11	389
As at 31 December	152,614	1,301	27,746	546	182,207

Individually insignificant corporate loans	***2021***				
	Stage 1	***Stage 2***	***Stage 3***	***POCI***	***Total***
ECL at 1 January	(602)	(140)	(8,662)	(543)	(9,947)
New assets originated or purchased	(976)	–	(59)	–	(1,035)
Assets derecognised or repaid (excluding write-offs)	2,117	35	1,852	–	4,004
Transfers to Stage 1	(95)	2	93	–	–
Transfers to Stage 2	19	(19)	–	–	–
Transfers to Stage 3	17	195	(212)	–	–
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	(3,085)	(83)	(577)	(241)	(3,986)
Transfer between loan categories based on significance	3	–	68	–	71
Unwinding of discount	–	–	(1,083)	–	(1,083)
Adjustment of the gross value of POCI assets	–	–	–	(50)	(50)
Recoveries	–	–	(3,583)	–	(3,583)
Write-off	–	–	7,398	717	8,115
Forex exchange adjustments	–	–	(135)	–	(135)
As at 31 December	(2,602)	(10)	(4,900)	(117)	(7,629)

(millions of tenge)

15. Loans to customers (continued)

Quality of individually insignificant loans (continued)

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

Analysis of movements in gross carrying amount and related ECL for mortgage loans for 2022 is as follows:

			2022		
Mortgage loans	***Stage 1***	***Stage 2***	***Stage 3***	***POCI***	***Total***
Gross carrying amount at 1 January	**16,592**	**206**	**4,827**	**9,464**	**31,089**
New assets originated or purchased	**2,620**	**–**	**19**	**259**	**2,898**
Assets derecognised or repaid (excluding write-offs)	**(4,811)**	**(96)**	**(1,512)**	**(1,266)**	**(7,685)**
Transfers to Stage 1	**2,624**	**(2,534)**	**(90)**	**–**	**–**
Transfers to Stage 2	**(2,666)**	**3,124**	**(458)**	**–**	**–**
Transfers to Stage 3	**(321)**	**(445)**	**766**	**–**	**–**
Net change in accrued interest	**(94)**	**(2)**	**119**	**144**	**167**
Unwinding of discount	**–**	**–**	**86**	**–**	**86**
Recoveries	**–**	**–**	**1,512**	**120**	**1,632**
Write-off	**–**	**–**	**(2,168)**	**(1,118)**	**(3,286)**
Forex exchange adjustments	**78**	**2**	**17**	**–**	**97**
As at 31 December	**14,022**	**255**	**3,118**	**7,603**	**24,998**

			2022		
Mortgage loans	***Stage 1***	***Stage 2***	***Stage 3***	***POCI***	***Total***
ECL at 1 January	**(36)**	**(6)**	**(1,469)**	**(575)**	**(2,086)**
New assets originated or purchased	**(5)**	**–**	**(5)**	**–**	**(10)**
Assets derecognised or repaid (excluding write-offs)	**9**	**2**	**1,512**	**120**	**1,643**
Transfers to Stage 1	**(21)**	**21**	**–**	**–**	**–**
Transfers to Stage 2	**18**	**(39)**	**21**	**–**	**–**
Transfers to Stage 3	**–**	**8**	**(8)**	**–**	**–**
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	**14**	**12**	**(1,150)**	**(1,067)**	**(2,191)**
Unwinding of discount	**–**	**–**	**(86)**	**–**	**(86)**
Recoveries	**–**	**–**	**(1,512)**	**(120)**	**(1,632)**
Write-off	**–**	**–**	**2,168**	**1,118**	**3,286**
Forex exchange adjustments	**–**	**–**	**(6)**	**–**	**(6)**
As at 31 December	**(21)**	**(2)**	**(535)**	**(524)**	**(1,082)**

(millions of tenge)

15. Loans to customers (continued)

Quality of individually insignificant loans (continued)

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

Analysis of movements in gross carrying amount and related ECL for mortgage loans for 2021 is as follows:

	2021				
Mortgage loans	***Stage 1***	***Stage 2***	***Stage 3***	***POCI***	***Total***
Gross carrying amount at 1 January	27,662	416	16,555	10,730	55,363
New assets originated or purchased	2,666	–	17	1,512	4,195
Assets derecognised or repaid (excluding write-offs)	(12,832)	(142)	(2,310)	(2,601)	(17,885)
Transfers to Stage 1	1,212	(513)	(699)	–	–
Transfers to Stage 2	(681)	752	(71)	–	–
Transfers to Stage 3	(1,155)	(285)	1,440	–	–
Net change in accrued interest	(306)	(22)	(229)	314	(243)
Unwinding of discount	–	–	1,317	–	1,317
Adjustment of the gross value of POCI assets	–	–	–	2,541	2,541
Recoveries	–	–	1,360	–	1,360
Write-off	–	–	(12,560)	(3,047)	(15,607)
Forex exchange adjustments	26	–	7	15	48
As at 31 December	16,592	206	4,827	9,464	31,089

	2021				
Mortgage loans	***Stage 1***	***Stage 2***	***Stage 3***	***POCI***	***Total***
ECL at 1 January	(27)	(2)	(10,744)	523	(10,250)
New assets originated or purchased	(19)	–	(11)	–	(30)
Assets derecognised or repaid (excluding write-offs)	20	2	1,100	–	1,122
Transfers to Stage 1	(50)	4	46	–	–
Transfers to Stage 2	1	(7)	6	–	–
Transfers to Stage 3	1	4	(5)	–	–
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	38	(7)	(1,694)	(1,604)	(3,267)
Unwinding of discount	–	–	(1,317)	–	(1,317)
Adjustment of the gross value of POCI assets	–	–	–	(2,541)	(2,541)
Recoveries	–	–	(1,360)	–	(1,360)
Write-off	–	–	12,560	3,047	15,607
Forex exchange adjustments	–	–	(50)	–	(50)
As at 31 December	(36)	(6)	(1,469)	(575)	(2,086)

(millions of tenge)

15. Loans to customers (continued)

Quality of individually insignificant loans (continued)

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

Analysis of movements in gross carrying amount and related ECL for consumer loans for 2022 is as follows:

	2022				
Consumer loans	***Stage 1***	***Stage 2***	***Stage 3***	***POCI***	***Total***
Gross carrying amount at 1 January	**212,655**	**3,038**	**11,856**	**–**	**227,549**
New assets originated or purchased	**314,509**	**–**	**–**	**–**	**314,509**
Assets derecognised or repaid (excluding write-offs)	**(162,823)**	**(856)**	**(1,175)**	**–**	**(164,854)**
Transfers to Stage 1	**27,379**	**(26,752)**	**(627)**	**–**	**–**
Transfers to Stage 2	**(57,305)**	**59,768**	**(2,463)**	**–**	**–**
Transfers to Stage 3	**(1,741)**	**(19,261)**	**21,002**	**–**	**–**
Net change in accrued interest	**1,341**	**141**	**100**	**–**	**1,582**
Unwinding of discount	**–**	**–**	**3,646**	**–**	**3,646**
Recoveries	**–**	**–**	**114**	**–**	**114**
Write-off	**–**	**–**	**(3,698)**	**–**	**(3,698)**
Forex exchange adjustments	**1**	**–**	**–**	**–**	**1**
As at 31 December	**334,016**	**16,078**	**28,755**	**–**	**378,849**

	2022				
Consumer loans	***Stage 1***	***Stage 2***	***Stage 3***	***POCI***	***Total***
ECL at 1 January	**(6,993)**	**(2,251)**	**(9,650)**	**–**	**(18,894)**
New assets originated or purchased	**(8,961)**	**–**	**–**	**–**	**(8,961)**
Assets derecognised or repaid (excluding write-offs)	**4,640**	**478**	**959**	**–**	**6,077**
Transfers to Stage 1	**(8,538)**	**8,147**	**391**	**–**	**–**
Transfers to Stage 2	**7,598**	**(9,714)**	**2,116**	**–**	**–**
Transfers to Stage 3	**168**	**14,895**	**(15,063)**	**–**	**–**
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	**4,036**	**(17,569)**	**(2,188)**	**–**	**(15,721)**
Unwinding of discount	**–**	**–**	**(3,646)**	**–**	**(3,646)**
Recoveries	**–**	**–**	**(114)**	**–**	**(114)**
Write-off	**–**	**–**	**3,698**	**–**	**3,698**
Forex exchange adjustments	**–**	**–**	**–**	**–**	**–**
As at 31 December	**(8,050)**	**(6,014)**	**(23,497)**	**–**	**(37,561)**

(millions of tenge)

15. Loans to customers (continued)

Quality of individually insignificant loans (continued)

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

Analysis of movements in gross carrying amount and related ECL for consumer loans for 2021 is as follows:

	2021				
Consumer loans	***Stage 1***	***Stage 2***	***Stage 3***	***POCI***	***Total***
Gross carrying amount at 1 January	176,203	4,051	21,352	1	201,607
New assets originated or purchased	162,487	–	151	–	162,638
Assets derecognised or repaid (excluding write-offs)	(115,706)	(687)	(7,682)	(1)	(124,076)
Transfers to Stage 1	5,588	(3,255)	(2,333)	–	–
Transfers to Stage 2	(11,096)	11,372	(276)	–	–
Transfers to Stage 3	(4,666)	(8,370)	13,036	–	–
Net change in accrued interest	(155)	(73)	(303)	–	(531)
Unwinding of discount	–	–	3,228	–	3,228
Recoveries	–	–	2,413	–	2,413
Write-off	–	–	(17,730)	–	(17,730)
Forex exchange adjustments	–	–	–	–	–
As at 31 December	212,655	3,038	11,856	–	227,549

	2021				
Consumer loans	***Stage 1***	***Stage 2***	***Stage 3***	***POCI***	***Total***
ECL at 1 January	(7,329)	(2,867)	(17,648)	–	(27,844)
New assets originated or purchased	(4,918)	–	(30)	–	(4,948)
Assets derecognised or repaid (excluding write-offs)	4,309	497	6,300	–	11,106
Transfers to Stage 1	(4,694)	2,425	2,269	–	–
Transfers to Stage 2	1,123	(1,381)	258	–	–
Transfers to Stage 3	1,048	5,960	(7,008)	–	–
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	3,468	(6,885)	(5,880)	–	(9,297)
Unwinding of discount	–	–	(3,228)	–	(3,228)
Recoveries	–	–	(2,413)	–	(2,413)
Write-off	–	–	17,730	–	17,730
Forex exchange adjustments	–	–	–	–	–
As at 31 December	(6,993)	(2,251)	(9,650)	–	(18,894)

(millions of tenge)

15. Loans to customers (continued)

Quality of individually insignificant loans (continued)

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

Analysis of movements in gross carrying amount and related ECL for car loans for 2022 is as follows:

	2022				
Car loans	***Stage 1***	***Stage 2***	***Stage 3***	***POCI***	***Total***
Gross carrying amount at 1 January	**4,367**	**3**	**392**	**–**	**4,762**
New assets originated or purchased	**17,350**	**–**	**10**	**–**	**17,360**
Assets derecognised or repaid (excluding write-offs)	**(8,795)**	**(10)**	**(334)**	**–**	**(9,139)**
Transfers to Stage 1	**223**	**(211)**	**(12)**	**–**	**–**
Transfers to Stage 2	**(228)**	**253**	**(25)**	**–**	**–**
Transfers to Stage 3	**(33)**	**(13)**	**46**	**–**	**–**
Net change in accrued interest	**27**	**–**	**79**	**–**	**106**
Unwinding of discount	**–**	**–**	**14**	**–**	**14**
Recoveries	**–**	**–**	**334**	**–**	**334**
Write-off	**–**	**–**	**(103)**	**–**	**(103)**
Forex exchange adjustments	**47**	**–**	**4**	**–**	**51**
As at 31 December	**12,958**	**22**	**405**	**–**	**13,385**

	2022				
Car loans	***Stage 1***	***Stage 2***	***Stage 3***	***POCI***	***Total***
ECL at 1 January	**–**	**–**	**(47)**	**–**	**(47)**
New assets originated or purchased	**(1)**	**–**	**(2)**	**–**	**(3)**
Assets derecognised or repaid (excluding write-offs)	**–**	**–**	**334**	**–**	**334**
Transfers to Stage 1	**–**	**–**	**–**	**–**	**–**
Transfers to Stage 2	**–**	**–**	**–**	**–**	**–**
Transfers to Stage 3	**–**	**–**	**–**	**–**	**–**
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	**–**	**–**	**(181)**	**–**	**(181)**
Unwinding of discount	**–**	**–**	**(14)**	**–**	**(14)**
Recoveries	**–**	**–**	**(334)**	**–**	**(334)**
Write-off	**–**	**–**	**103**	**–**	**103**
Forex exchange adjustments	**–**	**–**	**(2)**	**–**	**(2)**
As at 31 December	**(1)**	**–**	**(143)**	**–**	**(144)**

(millions of tenge)

15. Loans to customers (continued)

Quality of individually insignificant loans (continued)

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

Analysis of movements in gross carrying amount and related ECL for car loans for 2021 is as follows:

	2021				
Car loans	***Stage 1***	***Stage 2***	***Stage 3***	***POCI***	***Total***
Gross carrying amount at 1 January	4,657	5	485	–	5,147
New assets originated or purchased	1,291	–	–	–	1,291
Assets derecognised or repaid (excluding write-offs)	(1,585)	–	(117)	–	(1,702)
Transfers to Stage 1	1	–	(1)	–	–
Transfers to Stage 2	(3)	3	–	–	–
Transfers to Stage 3	–	(5)	5	–	–
Net change in accrued interest	(1)	–	(4)	–	(5)
Unwinding of discount	–	–	11	–	11
Recoveries	–	–	180	–	180
Write-off	–	–	(168)	–	(168)
Forex exchange adjustments	7	–	1	–	8
As at 31 December	4,367	3	392	–	4,762

	2021				
Car loans	***Stage 1***	***Stage 2***	***Stage 3***	***POCI***	***Total***
ECL at 1 January	(1)	–	(131)	–	(132)
New assets originated or purchased	(1)	–	–	–	(1)
Assets derecognised or repaid (excluding write-offs)	–	–	23	–	23
Transfers to Stage 1	–	–	–	–	–
Transfers to Stage 2	–	–	–	–	–
Transfers to Stage 3	–	–	–	–	–
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	2	–	84	–	86
Unwinding of discount	–	–	(11)	–	(11)
Recoveries	–	–	(180)	–	(180)
Write-off	–	–	168	–	168
Forex exchange adjustments	–	–	–	–	–
As at 31 December	–	–	(47)	–	(47)

(millions of tenge)

15. Loans to customers (continued)

Quality of individually insignificant loans (continued)

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

Analysis of movements in gross carrying amount and related ECL for credit cards for 2022 is as follows:

	2022				
Credit cards	***Stage 1***	***Stage 2***	***Stage 3***	***POCI***	***Total***
Gross carrying amount at 1 January	**3,805**	**99**	**557**	**–**	**4,461**
New assets originated or purchased	**23,187**	**–**	**102**	**–**	**23,289**
Assets derecognised or repaid (excluding write-offs)	**(22,959)**	**(174)**	**(243)**	**–**	**(23,376)**
Transfers to Stage 1	**725**	**(635)**	**(90)**	**–**	**–**
Transfers to Stage 2	**(1,415)**	**1,500**	**(85)**	**–**	**–**
Transfers to Stage 3	**(121)**	**(519)**	**640**	**–**	**–**
Net change in accrued interest	**(18)**	**2**	**–**	**–**	**(16)**
Unwinding of discount	**–**	**–**	**22**	**–**	**22**
Recoveries	**–**	**–**	**5**	**–**	**5**
Write-off	**–**	**–**	**(83)**	**–**	**(83)**
Forex exchange adjustments	**(16)**	**(1)**	**(3)**	**–**	**(20)**
As at 31 December	**3,188**	**272**	**822**	**–**	**4,282**

	2022				
Credit cards	***Stage 1***	***Stage 2***	***Stage 3***	***POCI***	***Total***
ECL at 1 January	**(647)**	**(90)**	**(505)**	**–**	**(1,242)**
New assets originated or purchased	**(3,226)**	**–**	**(88)**	**–**	**(3,314)**
Assets derecognised or repaid (excluding write-offs)	**3,195**	**130**	**209**	**–**	**3,534**
Transfers to Stage 1	**(367)**	**298**	**69**	**–**	**–**
Transfers to Stage 2	**351**	**(463)**	**112**	**–**	**–**
Transfers to Stage 3	**19**	**459**	**(478)**	**–**	**–**
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	**339**	**(489)**	**(39)**	**–**	**(189)**
Unwinding of discount	**–**	**–**	**(22)**	**–**	**(22)**
Recoveries	**–**	**–**	**(5)**	**–**	**(5)**
Write-off	**–**	**–**	**83**	**–**	**83**
Forex exchange adjustments	**(9)**	**(2)**	**(10)**	**–**	**(21)**
As at 31 December	**(345)**	**(157)**	**(674)**	**–**	**(1,176)**

(millions of tenge)

15. Loans to customers (continued)

Quality of individually insignificant loans (continued)

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

Analysis of movements in gross carrying amount and related ECL for credit cards for 2021 is as follows:

	2021				
Credit cards	***Stage 1***	***Stage 2***	***Stage 3***	***POCI***	***Total***
Gross carrying amount at 1 January	4,224	124	1,131	–	5,479
New assets originated or purchased	26,537	–	164	–	26,701
Assets derecognised or repaid (excluding write-offs)	(26,381)	(221)	(315)	–	(26,917)
Transfers to Stage 1	223	(139)	(84)	–	–
Transfers to Stage 2	(595)	604	(9)	–	–
Transfers to Stage 3	(193)	(268)	461	–	–
Net change in accrued interest	(11)	(1)	–	–	(12)
Unwinding of discount	–	–	75	–	75
Recoveries	–	–	44	–	44
Write-off	–	–	(910)	–	(910)
Forex exchange adjustments	1	–	–	–	1
As at 31 December	3,805	99	557	–	4,461

	2021				
Credit cards	***Stage 1***	***Stage 2***	***Stage 3***	***POCI***	***Total***
ECL at 1 January	(523)	(114)	(737)	–	(1,374)
New assets originated or purchased	(3,899)	–	–	–	(3,899)
Assets derecognised or repaid (excluding write-offs)	3,876	202	245	–	4,323
Transfers to Stage 1	(193)	127	66	–	–
Transfers to Stage 2	87	(94)	7	–	–
Transfers to Stage 3	28	245	(273)	–	–
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	(23)	(490)	(628)	–	(1,141)
Unwinding of discount	–	–	(75)	–	(75)
Recoveries	–	–	(44)	–	(44)
Write-off	–	–	910	–	910
Forex exchange adjustments	–	34	24	–	58
As at 31 December	(647)	(90)	(505)	–	(1,242)

(millions of tenge)

15. Loans to customers (continued)

Quality of individually insignificant loans (continued)

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

Analysis of movements in gross carrying amount and related ECL for collateralised loans for 2022 is as follows:

	2022				
Other loans secured by collateral	***Stage 1***	***Stage 2***	***Stage 3***	***POCI***	***Total***
Gross carrying amount at 1 January	**51,183**	**1,726**	**22,913**	**16,863**	**92,685**
New assets originated or purchased	**7,166**	**–**	**69**	**668**	**7,903**
Assets derecognised or repaid (excluding write-offs)	**(20,550)**	**(939)**	**(3,665)**	**(2,340)**	**(27,494)**
Transfers to Stage 1	**8,381**	**(7,292)**	**(1,089)**	**–**	**–**
Transfers to Stage 2	**(8,729)**	**12,579**	**(3,850)**	**–**	**–**
Transfers to Stage 3	**(1,405)**	**(4,657)**	**6,062**	**–**	**–**
Net change in accrued interest	**(535)**	**(45)**	**(238)**	**348**	**(470)**
Unwinding of discount	**–**	**–**	**430**	**–**	**430**
Recoveries	**–**	**–**	**3,665**	**319**	**3,984**
Write-off	**–**	**–**	**(7,148)**	**(1,322)**	**(8,470)**
Forex exchange adjustments	**125**	**3**	**56**	**–**	**184**
As at 31 December	**35,636**	**1,375**	**17,205**	**14,536**	**68,752**

	2022				
Other loans secured by collateral	***Stage 1***	***Stage 2***	***Stage 3***	***POCI***	***Total***
ECL at 1 January	**(38)**	**(11)**	**(3,721)**	**(693)**	**(4,463)**
New assets originated or purchased	**(27)**	**–**	**(15)**	**–**	**(42)**
Assets derecognised or repaid (excluding write-offs)	**76**	**36**	**3,665**	**319**	**4,096**
Transfers to Stage 1	**(185)**	**177**	**8**	**–**	**–**
Transfers to Stage 2	**143**	**(241)**	**98**	**–**	**–**
Transfers to Stage 3	**3**	**146**	**(149)**	**–**	**–**
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	**(213)**	**(203)**	**(7,463)**	**(1,862)**	**(9,741)**
Unwinding of discount	**–**	**–**	**(430)**	**–**	**(430)**
Recoveries	**–**	**–**	**(3,665)**	**(319)**	**(3,984)**
Write-off	**–**	**–**	**7,148**	**1,322**	**8,470**
Forex exchange adjustments	**–**	**–**	**(22)**	**–**	**(22)**
As at 31 December	**(241)**	**(96)**	**(4,546)**	**(1,233)**	**(6,116)**

(millions of tenge)

15. Loans to customers (continued)

Quality of individually insignificant loans (continued)

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

Analysis of movements in gross carrying amount and related ECL for collateralised loans for 2021 is as follows:

	2021				
Other loans secured by collateral	***Stage 1***	***Stage 2***	***Stage 3***	***POCI***	***Total***
Gross carrying amount at 1 January	83,713	1,954	48,121	18,437	152,225
New assets originated or purchased	9,698	–	–	2,569	12,267
Assets derecognised or repaid (excluding write-offs)	(40,877)	(1,096)	(5,588)	(4,203)	(51,764)
Transfers to Stage 1	7,417	(3,058)	(4,359)	–	–
Transfers to Stage 2	(5,459)	6,786	(1,327)	–	–
Transfers to Stage 3	(2,456)	(2,842)	5,298	–	–
Net change in accrued interest	(896)	(18)	(1,202)	488	(1,628)
Unwinding of discount	–	–	2,405	–	2,405
Adjustment of the gross value of POCI assets	–	–	–	3,100	3,100
Recoveries	–	–	814	–	814
Write-off	–	–	(21,265)	(3,546)	(24,811)
Forex exchange adjustments	43	–	16	18	77
As at 31 December	51,183	1,726	22,913	16,863	92,685

	2021				
Other loans secured by collateral	***Stage 1***	***Stage 2***	***Stage 3***	***POCI***	***Total***
ECL at 1 January	(123)	(17)	(16,533)	749	(15,924)
New assets originated or purchased	(34)	–	–	–	(34)
Assets derecognised or repaid (excluding write-offs)	45	9	1,414	–	1,468
Transfers to Stage 1	(203)	93	110	–	–
Transfers to Stage 2	26	(128)	102	–	–
Transfers to Stage 3	4	55	(59)	–	–
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL during the period	247	(23)	(6,763)	(1,888)	(8,427)
Unwinding of discount	–	–	(2,405)	–	(2,405)
Adjustment of the gross value of POCI assets	–	–	–	(3,100)	(3,100)
Recoveries	–	–	(814)	–	(814)
Write-off	–	–	21,265	3,546	24,811
Forex exchange adjustments	–	–	(38)	–	(38)
As at 31 December	(38)	(11)	(3,721)	(693)	(4,463)

(millions of tenge)

15. Loans to customers (continued)

Quality of individually insignificant loans (continued)

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

In 2022, the Bank has revised key macroeconomic factors used in ECL calculations. As a result of the amendments, the allowance for ECL was reduced by the Group in the amount of 1,125 million tenge.

In 2021 and 2022 the Group modified contractual terms and performed loan forgiveness for socially vulnerable groups of population within the state program of refinancing of mortgage and housing loans to customers. As a result of the modification leading to derecognition and forgiveness of loans issued to customers, the Group recognized a loss on derecognition of loans to customers in the amount of 6,234 million tenge (for 2021: 10,004 million tenge).

As part of this government program, the Group attracted deposits from Kazakhstan Sustainability Fund JSC with nominal interest rates of 0.10% to 2.99% per annum and payable at maturity in 2038-2050 (*Note 20*). Income on initial recognition of borrowings amounted to 1,757 million tenge (2021: 14,083 million tenge) and was recognized net of a loss as a result of derecognition of loans to customers in "Net (losses)/gains on derecognition of financial assets measured at amortized cost".

Modified and renegotiated loans

The Group derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be POCI.

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Group records a modification gain or loss to the extent that an impairment loss has not already been recorded.

Below is information on loans issued to customers who were granted with a delay in repayment of principal and interest during 2020-2021 due to the consequences of the COVID-19 pandemic as at 31 December 2022 and 31 December 2021.

	31 December 2022				
	Stage 1	***Stage 2***	***Stage 3***	***POCI***	***Total***
Individually significant loans	**2,622**	**2,691**	**14,169**	**–**	**19,482**
Individually insignificant corporate loans	**12,341**	**885**	**3,210**	**207**	**16,643**
Mortgage loans	**2,348**	**48**	**349**	**1,238**	**3,983**
Consumer loans	**5,547**	**591**	**3,740**	**–**	**9,878**
Car loans	**20**	**–**	**–**	**–**	**20**
Credit cards	**1**	**1**	**18**	**–**	**20**
Other loans secured by collateral	**10,450**	**406**	**2,870**	**1,974**	**15,700**
Loans to customers before allowance for ECL	**33,329**	**4,622**	**24,356**	**3,419**	**65,726**

(millions of tenge)

15. Loans to customers (continued)

Modified and renegotiated loans (continued)

	31 December 2021				
	Stage 1	***Stage 2***	***Stage 3***	***POCI***	***Total***
Individually significant loans	10,419	14,910	9,852	–	35,181
Individually insignificant corporate loans	17,705	672	8,378	–	26,755
Mortgage loans	3,415	118	357	1,673	5,563
Consumer loans	12,884	535	3,266	–	16,685
Car loans	47	–	–	–	47
Credit cards	45	3	17	–	65
Other loans secured by collateral	17,291	851	3,746	2,568	24,456
Loans to customers before allowance for ECL	61,806	17,089	25,616	4,241	108,752

As at 31 December 2022, the share of non-past due Phase 3 loans and POCI issued to customers who were granted with a delay in payment due to the COVID-19 pandemic is 62.58% (31 December 2021: 62.35%).

Changes to models used for ECL measurement

In 2022, the Group made the following changes to the model for ECL calculations:

- Revision of segmentation (sub-segmentation) of loans to customers by product used in measuring the allowance for ECL. As a result of the amendment, the allowance for ECL was increased by 280 million tenge;
- Application of an updated approach to assessing the level of loss given default (LGD) on loans issued to customers in the corporate business segment, SME and certain retail business sub-segments. As a result of the updated approach, the allowance for ECL was increased by 10,902 million tenge. The approach to estimating the loss given default (LGD) is based on a scenario analysis that takes into account the likely outcomes after default for each segment (subsegment), taking into account the period when the asset was in default;
- Application of an additional criterion of a significant increase in credit risk - the probability of default (PD) during the life of the financial asset exceeds its value at initial recognition by at least 200%, as well as the threshold value of the absolute twelve-month probability of default, determined on the basis of its own confirmed statistics, exceeds 20%;
- Application of the recovery period to credit-impaired assets and assets with an indication of a significant increase in credit risk.

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.

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.

(millions of tenge)

15. Loans to customers (continued)

Collateral and other credit enhancements (continued)

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 2022, loans net of allowance for ECL overdue over 90 days amount to 39,472 million tenge (as at 31 December 2021: 51,889 million tenge). As at 31 December 2022, the total fair value of collateral securing such loans, limited to the gross value of the respective loans, amounted to 42,860 million tenge (31 December 2021: 52,587 million tenge).

Collateral withdrawn

In 2022, the Group received property classified within other assets with a carrying amount of 1,701 million tenge (2021: 4,385 million tenge) by obtaining control over collateral for loans issued to customers (*Note 18*). The Group's policy assumes sale of these assets as soon as it is practicable.

Concentration of loans to customers

As at 31 December 2022, the Group had a concentration of loans represented by 315,382 million tenge due from the ten largest independent borrowers or 25.45% of gross loan portfolio (31 December 2021: 164,689 million tenge or 19.44% of gross loan portfolio). Allowance for ECL on these loans is 2,690 million tenge (31 December 2021: 1,282 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 2022	***31 December 2021***
Loans to retail customers	**490,266**	360,546
Metallurgy	**191,137**	77,119
Wholesale trading	**94,764**	67,003
Transport	**78,601**	19,533
Financial services	**67,794**	34,182
Services provided by small and medium businesses	**67,489**	59,947
Retail services	**56,416**	45,792
Real estate activities	**48,528**	47,998
Food industry	**35,681**	28,457
Construction	**27,319**	23,497
Agriculture	**9,587**	9,565
Post and communication services	**8,254**	16,662
Textile production	**7,609**	8,368
Manufacturing	**6,593**	5,545
Metal products manufacturing	**3,801**	2,587
Chemical industry	**678**	2,454
Machine-building	**155**	264
Production of crude oil and natural gas	**–**	2,884
Other	**43,936**	34,736
	1,238,608	847,139
Allowance for ECL	**(65,066)**	(38,191)
	1,173,542	808,948

(millions of tenge)

15. Loans to customers (continued)

Finance lease receivables

As at 31 December 2022 and 31 December 2021 loans to customers include finance lease receivables of 12,240 million tenge and 7,997 million tenge, respectively.

	31 December 2022	*31 December 2021*
Minimum lease payments receivable	**15,425**	10,723
Unearned finance income	**(2,833)**	(2,312)
Net minimum lease payments receivable	**12,592**	8,411
Less: allowance for ECL	**(352)**	(414)
Net investment in finance leases	**12,240**	7,997
Current portion of minimum lease payments	**8,769**	2,794
Current portion of unearned finance income	**(1,100)**	(307)
Current portion of net minimum lease payments receivable	**7,669**	2,487
Non-current portion of minimum lease payments	**6,656**	7,929
Non-current portion of unearned finance income	**(1,733)**	(2,005)
Non-current portion of net minimum lease payments receivable	**4,923**	5,924
Net minimum lease payments receivable	**12,592**	8,411

The analysis of finance lease receivables at 31 December 2022 and 31 December 2021, is as follows:

As at 31 December 2022	*Up to 1 year*	*1 to 2 years*	*2 to 3 years*	*3 to 4 years*	*4 to 5 years*	*Total*
Minimum lease payments receivable	**8,769**	**5,099**	**1,375**	**155**	**27**	**15,425**
Unearned finance income	**(1,100)**	**(1,201)**	**(455)**	**(64)**	**(13)**	**(2,833)**
Net minimum lease payments receivable	**7,669**	**3,898**	**920**	**91**	**14**	**12,592**

As at 31 December 2021	*Up to 1 year*	*1 to 2 years*	*2 to 3 years*	*3 to 4 years*	*4 to 5 years*	*Total*
Minimum lease payments receivable	2,794	4,179	3,420	278	52	10,723
Unearned finance income	(307)	(869)	(1,009)	(104)	(23)	(2,312)
Net minimum lease payments receivable	2,487	3,310	2,411	174	29	8,411

(millions of tenge)

16. Investment securities

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

	31 December 2022	*31 December 2021*
Debt securities at amortized cost		
Government bonds		
Treasury bills of the Ministry of Finance of the Republic of Kazakhstan rated BBB-	**30,044**	21,523
Bonds of foreign countries rated at BB- to BB+	**932**	870
Total government bonds	**30,976**	22,393
Corporate bonds		
Rated from BBB- to BBB+	**177,938**	177,244
Rated from BB- to BB+	**84,414**	83,965
Total corporate bonds	**262,352**	261,209
Bonds of banks		
Rated from BBB- to BBB+	**–**	1,643
Rated from BB- to BB+	**–**	–
Rated from B- to B+	**4,711**	5,310
Total bonds of banks	**4,711**	6,953
Investment securities measured at amortised cost before allowance for ECL	**298,039**	290,555
Allowance for ECL	**(187)**	(274)
Investment securities measured at amortized cost	**297,852**	290,281
Debt securities at FVOCI		
Government bonds		
Treasury bills of the United States of America rated AAA	**293**	–
Bonds of the NBRK rated BBB-	**497**	49,202
Treasury bills of the Ministry of Finance of the Republic of Kazakhstan rated BBB-	**532,466**	507,422
Total government bonds	**533,256**	556,624
Corporate bonds		
Rated from BBB- to BBB+	**125,596**	111,770
Rated from BB- to BB+	**17,180**	5,765
Rated from B- to B+	**1,963**	–
Total corporate bonds	**144,739**	117,535
Bonds of banks		
Rated from BBB- to BBB+	**12,081**	17,271
Rated from BB- to BB+	**–**	303
Rated below B+	**2,363**	3,095
Not rated	**186**	–
Total bonds of banks	**14,630**	20,669
Investments in equity instruments		
Corporate shares	**97**	–
Total investments in equity instruments	**97**	–
Investment securities measured at FVOCI	**692,722**	694,828

(millions of tenge)

16. Investment securities (continued)

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

As at 31 December 2022, 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 68,128 million tenge, were pledged under the repurchase agreements entered into at the KASE (*Note 27*).

As at 31 December 2021, investment securities measured at FVOCI, represented by treasury bonds of the Ministry of Finance of the Republic of Kazakhstan, with a fair value of 25,062 million tenge, were pledged under the repurchase agreements entered into at the KASE (*Note 27*).

In 2018 and 2019, the Group acquired bonds of NAC Kazatomprom JSC, Sovereign Wealth Fund Samruk-Kazyna JSC and Kazakhstan Temir Zholy JSC classified as investment securities at amortized cost. As at 31 December 2022, the total carrying amount of these bonds was 241,073 million tenge (31 December 2021: 236,849 million tenge).

The Group's debt securities issued held by SWF Samruk-Kazyna JSC (*Note 21*), with a total nominal value of 220,000 million tenge, serve as collateral for liabilities to the Group on the above mentioned bonds.

(millions of tenge)

17. Property and equipment

The movements in property and equipment were as follows:

	Land	*Buildings*	*Computers*	*Motor vehicles*	*Construction-in-progress and assets to be installed*	*Other*	*Right-of-use assets*	*Total*
Cost								
At 1 January 2021	2,642	44,229	5,245	453	1,227	30,702	2,888	87,386
Additions	–	112	495	39	712	1,655	683	3,696
Transfers	–	–	60	–	(719)	659	–	–
Disposals	–	(49)	(73)	–	–	(1,780)	(729)	(2,631)
As at 31 December 2021	2,642	44,292	5,727	492	1,220	31,236	2,842	88,451
Additions	**–**	**–**	**421**	**2**	**172**	**1,696**	**1,438**	**3,729**
Transfers	**–**	**300**	**100**	**–**	**(716)**	**316**	**–**	**–**
Disposals	**–**	**(125)**	**(118)**	**–**	**(295)**	**(1,411)**	**(1,393)**	**(3,342)**
As at 31 December 2022	**2,642**	**44,467**	**6,130**	**494**	**381**	**31,837**	**2,887**	**88,838**
Accumulated depreciation								
At 1 January 2021	–	(4,150)	(2,516)	(338)	–	(13,641)	(927)	(21,572)
Depreciation charge for the year	–	(1,071)	(759)	(51)	–	(4,021)	(568)	(6,470)
Disposals	**–**	22	38	**–**	**–**	1,749	419	2,228
As at 31 December 2021	–	(5,199)	(3,237)	(389)	–	(15,913)	(1,076)	(25,814)
Depreciation charge for the year	**–**	**(1,081)**	**(648)**	**(30)**	**–**	**(3,250)**	**(626)**	**(5,635)**
Disposals	**–**	**58**	**111**	**–**	**–**	**910**	**552**	**1,631**
As at 31 December 2022	**–**	**(6,222)**	**(3,774)**	**(419)**	**–**	**(18,253)**	**(1,150)**	**(29,818)**
Carrying amount								
At 1 January 2021	2,642	40,079	2,729	115	1,227	17,061	1,961	65,814
As at 31 December 2021	2,642	39,093	2,490	103	1,220	15,323	1,766	62,637
As at 31 December 2022	**2,642**	**38,245**	**2,356**	**75**	**381**	**13,584**	**1,737**	**59,020**

As at 31 December 2022, the cost and related accumulated depreciation of fully depreciated property and equipment amounted to 8,394 million tenge (31 December 2021: 7,792 million tenge).

(millions of tenge)

18. Other assets and other liabilities

Other assets comprise:

	31 December 2022	*31 December 2021*
Accounts receivable for sale of pledged property	**12,653**	16,322
Receivables under government programs for support of specific population segments	**2,875**	2,516
Accounts receivable on commission income	**1,708**	1,443
Other accounts receivable from bank activities	**2,862**	5,732
	20,098	26,013
Allowance for ECL	**(2,869)**	(3,087)
Other financial assets	**17,229**	22,926
Repossessed collateral	**30,593**	36,246
Trade and other receivables	**5,659**	4,911
Prepaid taxes other than corporate income tax	**2,078**	2,181
Investment property	**1,609**	2,469
Inventories held for sale	**1,236**	1,761
Inventories	**776**	786
Other	**827**	922
	42,778	49,276
Impairment allowance	**(78)**	(86)
Other non-financial assets	**42,700**	49,190
Total other assets	**59,929**	72,116

The Group took possession of collateral with an estimated value of 1,701 million tenge during 2022 (2021: 4,385 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 2022	*31 December 2021*
Accrued expenses for employee benefits	**5,457**	5,902
Deferred income from government economic support programs	**3,811**	1,351
Payables on non-banking activities	**2,065**	2,188
Lease liabilities	**1,770**	1,941
Obligations to pay mandatory contributions to the KDIF	**866**	366
Allowance for ECL for credit related commitments (*Note 30*)	**546**	658
Other	**1,259**	1,191
Other financial liabilities	**15,774**	13,597
Taxes payable other than corporate income tax	**2,628**	2,078
Other	**587**	795
Other non-financial liabilities	**3,215**	2,873
Total other liabilities	**18,989**	16,470

(millions of tenge)

19. Current accounts and deposits of customers

Current accounts and deposits of customers comprise:

	31 December 2022	*31 December 2021*
Current accounts and demand deposits		
- Retail customers	**138,821**	91,195
- Corporate customers	**555,155**	439,278
Term deposits		
- Retail customers	**570,528**	478,679
- Corporate customers	**663,616**	661,904
Guarantee deposits		
- Retail customers	**34,441**	17,462
- Corporate customers	**49,173**	45,241
	2,011,734	1,733,759
Held as security against letters of credit and guarantees (*Note 30*)	**(521)**	(2,416)

Concentration of current accounts and deposits of customers

As at 31 December 2022, total amount of account balances of top 10 clients amounted to 356,755 million tenge or 17.73% of total current accounts and deposits of customers (31 December 2021: 386,317 million tenge or 22.28%).

As at 31 December 2022, the Group's outstanding balance of accounts and deposits of individuals and individual entrepreneurs amounted to 287,838 million tenge (31 December 2021: 243,073 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 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.

20. Amounts due to banks and other credit institutions

Amounts due to banks and other credit institutions comprise:

	31 December 2022	*31 December 2021*
Loans and deposits from governmental organizations	**53,035**	48,110
Liabilities due to Kazakhstan Sustainability Fund JSC	**13,716**	14,280
Loans from other credit institutions	**–**	22,706
Current accounts and deposits of banks	**–**	93
	66,751	85,189

As at 31 December 2022, loans from government entities included loans received from Damu Entrepreneurship Development Fund JSC, Development Bank of Kazakhstan JSC and Industrial Development Fund JSC in the amount of 34,485 million tenge, 13,321 million tenge and 5,179 million tenge, respectively (31 December 2021: Damu Entrepreneurship Development Fund JSC, Development Bank of Kazakhstan JSC in the amount of 34,960 million tenge and 13,079 million tenge, respectively), within the framework of the state program to support small and medium-sized businesses by the banking sector, as well as the state program of concessional lending to individuals to purchase passenger vehicles of a domestic manufacturer. Loans are denominated in tenge, have nominal interest rates from 1.00% to 9.00% per annum and mature in 2023-2052. The loan received from Industrial Development Fund JSC in May 2022 in the amount of 15,000 million tenge was recognized at a market rate of 14.12% per annum. During 2022, the fair value of car loans issued at a nominal rate of 4.00% per annum was recognized at fair value using market rates of 22.67%-24.20% per annum. In 2022, the Group recognized net income from the car lending program in the amount of 275 million tenge in the consolidated statement of comprehensive income.

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

As at 31 December 2022, liabilities to Kazakhstan Sustainability Fund JSC include deposits in the amount of 11,225 million tenge (31 December 2021: 11,734 million tenge) as part of the governmental program for refinancing of mortgage and housing loans to customers. In 2020, this program was changed in terms of providing additional aid to mortgage borrowers belonging to the category of socially vulnerable segments of the population, as well as unilateral conversion of foreign currency mortgage loans into tenge. Deposits are denominated in tenge, have nominal interest rates from 0.10% to 2.99% per annum and mature in 2038-2050. The fair value of deposits attracted in 2022 at initial recognition was determined by the Group using a market rate of 13.53% per annum (in 2021: 14.07% to 14.40% per annum). The fair value of mortgage loans recognized as a result of a significant modification was determined by the Group using market rates from 19.72% to 20.52% per annum (2021: from 18.07% to 18.40% per annum). In 2022, the Group recognized a net loss on derecognition of loans to customers net of income from initial recognition and derecognition of KSF deposits in the amount of 4,477 million tenge (for 2021: income from initial recognition of KSF deposit net of loss on derecognition of loans to customers in the amount of 4,079 million tenge) in the consolidated statement of comprehensive income.

As at 31 December 2021, loans from other credit institutions included loans in the amount of 22,706 million tenge received from European Bank for Reconstruction and Development (EBRD) as part of the program for supporting of investments in micro, small and medium businesses in the Republic of Kazakhstan and Women in Business program. The loans were denominated in Tenge, had interest rates of 14.65% per annum and mature in 2023. On 26 August 2022, the Group repaid loans prior to maturity. As at 31 December 2021, a deposit in the amount of 25,794 million tenge placed by the Group with the EBRD acts as collateral for these liabilities.

21. Debt securities issued

Debt securities issued comprise:

	Maturity date	*Coupon rate*	*31 December 2022*	*31 December 2021*
Bonds in US dollars				
Bonds issued in 2022	2025	2.60%	**13,040**	–
Bonds issued in 2019	2022	3.00%	**–**	16,171
Eurobonds issued in 2010	2022	14.00%	**–**	15,497
			13,040	31,668
Bonds in tenge				
Bonds issued in 2018	2024	4.00%	**186,659**	172,406
Bonds issued in 2015	2025	10.13%	**49,774**	49,046
			236,433	221,452
			249,473	253,120

On 8 August 2022, the Bank carried out the first bond issue on the AIFC Exchange (AIX) under the bond program with a limit of up to 200,000 thousand US dollars due on 8 August 2025 and a rate of 2.60% per annum. The total amount of bonds issued is 100,000 thousand US dollars. The nominal value of the bond is 100 thousand US dollars. As at 31 December 2022, the total nominal value of outstanding bonds issued under this bond program amounted to 27,900 thousand US dollars (equivalent in tenge - 12,908 million tenge).

In June 2022, the Bank redeemed Eurobonds issued in 2010 with a total nominal value of 35,880 thousand US dollars (Tenge equivalent at the maturity date of 16,687 million tenge) with a coupon rate of 14% per annum.

In August 2022, the Bank redeemed bonds issued in 2019 with a total nominal value of 37,000 thousand US dollars (Tenge equivalent at the maturity date of 17,619 million tenge) with a coupon rate of 3% per annum.

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 220,000 million tenge deposit placed with the Bank on similar terms (*Note 16*).

(millions of tenge)

22. Subordinated debt

As at 31 December 2022 and 2021, subordinated debt includes tenge denominated subordinated debt securities issued maturing in 2025-2031 and a fixed coupon rate of 8% per annum. The coupon is paid every six months. During 2022, the Bank redeemed subordinated debt securities issued in the amount of 3,675 million tenge in accordance with the contractual terms.

23. Share capital

The number of authorised, placed and outstanding ordinary shares and share capital as at 31 December 2022 and 2021 are as follows:

	31 December 2022	*31 December 2021*
Common 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)**	(1,934,376,697)
Number of outstanding shares	**90,452,669,892**	90,452,727,392
Total share capital, millions of tenge	**329,350**	329,350

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

	Quantity of common shares	*Nominal value of common shares, in million tenge*
As at 1 January 2022	**90,452,727,392**	**329,350**
Repurchase of shares	**(57,500)**	**–**
As at 31 December 2022	**90,452,669,892**	**329,350**
At 1 January 2021	88,995,268,392	327,555
Sale of previously repurchased shares	1,457,459,000	1,795
As at 31 December 2021	90,452,727,392	329,350

In December 2021, the Bank sold previously redeemed GDRs, the underlying asset of which were 1,457,459,000 common shares of the Bank representing in total 1.58% of the total issued common shares of the Bank. The total value of the transaction is 4,337 million tenge.

Subject to the decision of shareholders dated 29 March 2021, the Bank declared and paid dividends on common shares for the year ended 31 December 2020, in the amount of 52,961 million tenge. There were no dividends declared in 2022.

Fair value reserve

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

The movement in the fair value reserve is as follows:

	2022	*2021*
At 1 January	**8,137**	9,207
Net change in fair value of debt instruments at fair value through other comprehensive income	**(32,714)**	(320)
Changes in allowance for expected credit losses of debt instruments at fair value through other comprehensive income	**337**	(1,081)
Reclassification of cumulative (loss)/gain on disposal of debt instruments at fair value through other comprehensive income to profit or loss	**(311)**	195
Income tax relating to components of other comprehensive income	**665**	136
At 31 December	**(23,886)**	8,137

(millions of tenge)

24. Earnings per share

The following reflects the income and share data used in the basic and diluted earnings per share computations.

	2022	***2021***
Net profit attributable to shareholders of the Bank	**98,086**	64,060
The average weighted number of common shares for the year ended 31 December	**90,452,724,871**	89,111,066,504
Basic and diluted earnings per share, tenge	**1.08**	0.72

As at 31 December 2022 and 2021, the Bank did not have any 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 Group's risk management policies aim to identify, analyse and manage the risks faced by the Group, to set appropriate risk limits and controls, and to monitor continuously risk levels and adherence to limits. Risk management policies and procedures are reviewed regularly to reflect changes in market conditions, bank products and services offered 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 its risk management policies and procedures as well as approving significantly large exposures.

Management Board

The Management Board is responsible for monitoring and implementation of risk mitigation measures and making sure that the Group operates within the 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.

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.

(millions of tenge)

25. Risk management (continued)

Risk management structure (continued)

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. In addition the Group monitors and measures the overall risk bearing capacity in relation to the aggregate risk exposure across all risks types and activities.

Information compiled from all the businesses is examined and processed in order to analyse, control and identify early 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.

(millions of tenge)

25. Risk management (continued)

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.

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 instrument, references shall be made to the specific notes. The effect of collateral and other risk mitigation techniques is shown in *Note 15*.

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 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.
The Loss Given Default (LGD)	The Loss Given Default is an estimate of the loss arising in the case where a 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 represent 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.

(millions of tenge)

25. Risk management (continued)

Credit risk (continued)

Impairment assessment (continued)

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 default occurring over the remaining life of the financial instrument. Based on the above process, the Group groups its loans as described below:

Stage 1:	When loans are first recognised, the Group recognises an allowance based on 12m ECL.
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 recognizes 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 original recognition and interest income is subsequently recognised based on a credit-adjusted EIR. ECL are only recognised or released to the extent that there is a subsequent change in the lifetime expected credit losses.

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 license of the counterparty bank;
- Deease 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 canceling 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.

(millions of tenge)

25. Risk management (continued)

Credit risk (continued)

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;
- 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;
- Any other objectively supportable information on the quality and abilities of the client's management relevant for the company's performance.

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 LGD rate takes into account the expected EAD in comparison to the amount expected to be recovered or realised from any collateral held.

The Group segments its retail lending products into smaller 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 granting a grace period of more than 1 month when the client applies. 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.

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:

- Individually significant financial assets in the corporate business and 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);
- Purchased credit impaired financial assets.

(millions of tenge)

25. Risk management (continued)

Credit risk (continued)

Grouping financial assets measured on a collective basis (continued)

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

- Individually insignificant loans and individually significant instruments in the portfolio of corporate business and small and medium-sized businesses of Stage 2 and 3;
- Individually significant and individually insignificant financial assets in the corporate business and small and medium-sized businesses portfolio of Stage 1;
- Mortgage loans;
- Consumer unsecured loans;
- Contingency loans;
- 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 internal grade, overdue bucket, product type, loan-to-value ratios, or borrower's industry.

Forward-looking information and multiple economic scenarios

As at 31 December 2022, the Group uses the following forward-looking information in its ECL calculation models as economic inputs:

- Price per a barrel of oil;
- Rate of inflation;
- GDP growth;
- Refinancing rate;
- USD/KZT rate;
- Real salary index;
- Number of new COVID-19 infections per a month.

(millions of tenge)

25. Risk management (continued)

Credit risk (continued)

Forward-looking information and multiple economic scenarios (continued)

The Group obtains the forward-looking information from third party sources (external rating agencies, governmental bodies e.g. 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 2022 are presented below:

Key drivers	*ECL scenario*	*Assigned probabilities, %*	*Forecast*
Price per a barrel of oil			
	Positive	**16%**	**98.11**
	Base case	**68%**	**86.90**
	Negative	**16%**	**77.25**
Rate of inflation, %			
	Positive	**16%**	**9.00%**
	Base case	**68%**	**12.00%**
	Negative	**16%**	**15.00%**
GDP growth, %			
	Positive	**16%**	**3.56%**
	Base case	**68%**	**3.50%**
	Negative	**16%**	**3.44%**
Refinancing rate			
	Positive	**16%**	**15.00%**
	Base case	**68%**	**16.90%**
	Negative	**16%**	**18.90%**
USD/KZT rate			
	Positive	**16%**	**481.02**
	Base case	**68%**	**520.13**
	Negative	**16%**	**562.10**
Real salary index			
	Positive	**16%**	**100.63**
	Base case	**68%**	**98.53**
	Negative	**16%**	**96.46**
Number of new COVID-19 infections per a month			
	Positive	**16%**	**3**
	Base case	**68%**	**4**
	Negative	**16%**	**5**

The amount of the allowance for ECL for loans to customers recognized in the consolidated statement of financial position as at 31 December 2022 was 65,066 million tenge (31 December 2021: 38,191 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 analyzing the number of days overdue for the retail and SME 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	***International external rating agency (Fitch) rating***	***Annual PD***
Aa1 to Aaa	AA+ to AAA	
Aa2	AA	
A1 to Aa3	A+ to AA-	**0.00-0.07%**
A3 to A2	A- to A	
Baa1	BBB+	
Baa2	BBB	
Baa3	BBB-	
Ba1	BB+	**0.05-0.50%**
Ba3 to Ba2	BB- to BB	
B3 to B1	B- to B+	
Caa2 to Caa1	CCC to CCC+	**0.81-10.40%**
Ca to Caa3	C to CCC-	**23.69-44.00%**
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	**47.00%**
Securities of corporate sector including banks	**61.98%**

Geographic information

As at 31 December 2022, the Group's assets and liabilities were primarily concentrated in the Republic of Kazakhstan.

Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market prices. Market risks comprise 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 marker exchange rates.

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

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

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

(millions of tenge)

25. Risk management (continued)

Market risk (continued)

In addition, the Group uses a wide range of stress tests to model the financial impact of a variety of exceptional market scenarios on individual trading portfolios and the 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.

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 financial instruments will fluctuate due to 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 bp rise in all yield curves and positions of interest-bearing assets and liabilities existing as at 31 December 2022 and 2021 is as follows:

	2022	***2021***
	Effect on profit	***Effect on profit***
100 basis points parallel decrease	–	225.9
300 basis points parallel increase	–	(677.7)

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 2022 and 2021 and a simplified scenario of a 100 bp symmetrical fall or 300 bp rise in all yield curves is as follows:

	2022		***2021***	
	Effect on profit	***Impact on other comprehen-sive income***	***Effect on profit***	***Impact on other comprehen-sive income***
100 basis points parallel decrease	–	**13,058**	–	13,294
300 basis points parallel increase	–	**(39,157)**	–	(37,426)

(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 2022	*Tenge*	*US Dollars*	*Euro*	*Other currencies*	*Total*
Assets					
Cash and cash equivalents	**109,085**	**280,698**	**38,539**	**29,640**	**457,962**
Amounts due from credit institutions	**7,331**	**23,715**	**–**	**–**	**31,046**
Securities at fair value through profit or loss	**2,528**	**235**	**–**	**–**	**2,763**
Loans to customers	**985,158**	**187,150**	**915**	**319**	**1,173,542**
Investment securities	**707,568**	**259,111**	**23,895**	**–**	**990,574**
Other financial assets	**17,076**	**132**	**17**	**4**	**17,229**
Total financial assets	**1,828,746**	**751,041**	**63,366**	**29,963**	**2,673,116**
Liabilities					
Current accounts and deposits of customers	**1,245,470**	**682,480**	**62,556**	**21,228**	**2,011,734**
Amounts due to banks and other credit institutions	**66,751**	**–**	**–**	**–**	**66,751**
Amounts payable under repurchase agreements	**67,980**	**–**	**–**	**–**	**67,980**
Debt securities issued	**236,433**	**13,040**	**–**	**–**	**249,473**
Subordinated debt	**16,795**	**–**	**–**	**–**	**16,795**
Other financial liabilities	**15,011**	**333**	**427**	**3**	**15,774**
Total financial liabilities	**1,648,440**	**695,853**	**62,983**	**21,231**	**2,428,507**
Net position	**180,306**	**55,188**	**383**	**8,732**	**244,609**
Unsettled foreign exchange transactions	**52,442**	**(54,741)**	**–**	**2,299**	**–**
Net position adjusted for impact of derivative instruments held for the purpose of risk management	**232,748**	**447**	**383**	**11,031**	**244,609**

(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 2021	*Tenge*	*US Dollars*	*Euro*	*Other currencies*	*Total*
Assets					
Cash and cash equivalents	196,019	218,141	11,802	6,986	432,948
Amounts due from credit institutions	4,829	42,161	–	–	46,990
Securities at fair value through profit or loss	1,452	1,485	33	–	2,970
Loans to customers	719,098	89,678	7	165	808,948
Investment securities	734,754	227,356	22,999	–	985,109
Other financial assets	22,516	400	7	3	22,926
Total financial assets	1,678,668	579,221	34,848	7,154	2,299,891
Liabilities					
Current accounts and deposits of customers	1,141,440	547,304	32,499	12,516	1,733,759
Amounts due to banks and other credit institutions	85,100	89	–	–	85,189
Amounts payable under repurchase agreements	25,064	–	–	–	25,064
Debt securities issued	221,452	31,668	–	–	253,120
Subordinated debt	20,503	–	–	–	20,503
Other financial liabilities	12,924	286	380	7	13,597
Total financial liabilities	1,506,483	579,347	32,879	12,523	2,131,232
Net position	172,185	(126)	1,969	(5,369)	168,659
Unsettled foreign exchange transactions	1,127	(5,152)	(1,565)	5,590	–
Net position adjusted for impact of derivative instruments held for the purpose of risk management	173,312	(5,278)	404	221	168,659

The tables below indicate 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 net of 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. Negative amounts in the table reflect a potential net reduction in income or equity, while a positive amount reflects a net potential increase.

	2022		*2021*	
Currency	*Increase in currency rate, %*	*Effect on profit before tax*	*Increase in currency rate, %*	*Effect on profit before tax*
US dollar	**21.00**	**94**	13.00	(686)
Euro	**17.99**	**69**	13.00	53

	2022		*2021*	
Currency	*Decrease in currency rate, %*	*Effect on profit before tax*	*Decrease in currency rate, %*	*Effect on profit before tax*
US dollar	**(21.00)**	**(94)**	(10.00)	528
Euro	**(17.99)**	**(69)**	(10.00)	(40)

(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 through a control framework and by monitoring and responding to potential risks, the Group is able to manage the risks. Controls include effective segregation of duties, access rights, authorization and reconciliation procedures, staff education 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. 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 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 Department then provides for an adequate portfolio of short-term liquid assets to be maintained, largely made up of short-term liquid trading securities, loans to 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 unfavorable 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, liability or credit related commitment. 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 2022 is as follows:

31 December 2022	*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	**342,465**	**116,437**	**–**	**–**	**–**	**458,902**	**457,962**
Amounts due from credit institutions	**–**	**–**	**–**	**14,460**	**16,586**	**31,046**	**31,046**
Securities at fair value through profit or loss	**313**	**–**	**235**	**–**	**2,215**	**2,763**	**2,763**
Loans to customers	**93,008**	**125,208**	**491,819**	**1,368,373**	**125,056**	**2,203,464**	**1,173,542**
Investment securities	**29,399**	**33,680**	**217,275**	**807,876**	**73,576**	**1,161,806**	**990,574**
Other financial assets	**4,522**	**136**	**595**	**11,921**	**55**	**17,229**	**17,229**
Total non-derivative financial assets	**469,707**	**275,461**	**709,924**	**2,202,630**	**217,488**	**3,875,210**	**2,673,116**
Non-derivative financial liabilities							
Current accounts and deposits of customers	**(1,259,520)**	**(118,159)**	**(520,829)**	**(133,343)**	**(11,496)**	**(2,043,347)**	**(2,011,734)**
Amounts due to banks and other credit institutions	**(397)**	**(494)**	**(3,002)**	**(17,504)**	**(71,383)**	**(92,780)**	**(66,751)**
Amounts payable under repurchase agreements	**(65,297)**	**(3,434)**	**–**	**–**	**–**	**(68,731)**	**(67,980)**
Debt securities issued	**(2,530)**	**–**	**(20,466)**	**(266,416)**	**–**	**(289,412)**	**(249,473)**
Subordinated debt	**(2,431)**	**–**	**(1,958)**	**(15,166)**	**(4,176)**	**(23,731)**	**(16,795)**
Other financial liabilities	**(9,246)**	**(58)**	**(4,696)**	**(3)**	**(1,771)**	**(15,774)**	**(15,774)**
Total non-derivative financial liabilities	**(1,339,421)**	**(122,145)**	**(550,951)**	**(432,432)**	**(88,826)**	**(2,533,775)**	**(2,428,507)**
Net liquidity gap on financial assets and financial liabilities	**(869,714)**	**153,316**	**158,973**	**1,770,198**	**128,662**	**1,341,435**	**244,609**
Contingent liabilities	**(9,930)**	**(10,401)**	**(16,428)**	**(31,874)**	**(2,107)**	**(70,740)**	

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 2021 is as follows:

31 December 2021	*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	433,206	–	–	–	–	433,206	432,948
Amounts due from credit institutions	–	–	–	31,304	15,686	46,990	46,990
Securities at fair value through profit or loss	102	–	–	–	2,868	2,970	2,970
Loans to customers	79,003	70,008	290,787	965,354	177,764	1,582,916	808,948
Investment securities	49,216	40,148	165,137	869,915	68,694	1,193,110	985,109
Other financial assets	1,133	11	5,958	15,453	371	22,926	22,926
Total non-derivative financial assets	562,660	110,167	461,882	1,882,026	265,383	3,282,118	2,299,891
Non-derivative financial liabilities							
Current accounts and deposits of customers	(1,030,317)	(151,819)	(356,355)	(210,102)	(14,379)	(1,762,972)	(1,733,759)
Amounts due to banks and other credit institutions	(179)	(916)	(3,931)	(38,477)	(75,447)	(118,950)	(85,189)
Amounts payable under repurchase agreements	(25,180)	–	–	–	–	(25,180)	(25,064)
Debt securities issued	(2,530)	–	(40,746)	(242,917)	–	(286,193)	(253,120)
Subordinated debt	(119)	–	(7,360)	(9,683)	(10,300)	(27,462)	(20,503)
Other financial liabilities	(8,518)	(38)	(2,945)	(1)	(2,095)	(13,597)	(13,597)
Total non-derivative financial liabilities	(1,066,843)	(152,773)	(411,337)	(501,180)	(102,221)	(2,234,354)	(2,131,232)
Net liquidity gap on financial assets and financial liabilities	(504,183)	(42,606)	50,545	1,380,846	163,162	1,047,764	168,659
Contingent liabilities	(6,259)	(8,587)	(10,400)	(34,524)	(390)	(60,160)	

(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 2022 and 2021:

31 December 2022	*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	**342,169**	**115,793**	**–**	**–**	**–**	**–**	**–**	**457,962**
Amounts due from credit institutions	**–**	**–**	**–**	**14,460**	**16,586**	**–**	**–**	**31,046**
Securities at fair value through profit or loss	**313**	**–**	**235**	**–**	**–**	**2,215**	**–**	**2,763**
Loans to customers	**68,528**	**97,625**	**366,857**	**581,950**	**40,386**	**–**	**18,196**	**1,173,542**
Investment securities	**28,215**	**32,224**	**183,756**	**703,785**	**42,594**	**–**	**–**	**990,574**
Property and equipment	**–**	**–**	**–**	**–**	**–**	**59,020**	**–**	**59,020**
Intangible assets	**–**	**–**	**–**	**–**	**–**	**14,550**	**–**	**14,550**
Other assets	**7,751**	**136**	**38,940**	**11,921**	**55**	**–**	**1,126**	**59,929**
Total assets	**446,976**	**245,778**	**589,788**	**1,312,116**	**99,621**	**75,785**	**19,322**	**2,789,386**
Liabilities								
Current accounts and deposits of customers	**(1,258,918)**	**(116,573)**	**(504,926)**	**(122,713)**	**(8,604)**	**–**	**–**	**(2,011,734)**
Amounts due to banks and other credit institutions	**(142)**	**(196)**	**(1,526)**	**(9,434)**	**(55,453)**	**–**	**–**	**(66,751)**
Amounts payable under repurchase agreements	**(64,678)**	**(3,302)**	**–**	**–**	**–**	**–**	**–**	**(67,980)**
Debt securities issued	**(2,151)**	**–**	**(499)**	**(246,823)**	**–**	**–**	**–**	**(249,473)**
Subordinated debt	**(2,431)**	**–**	**(159)**	**(11,042)**	**(3,163)**	**–**	**–**	**(16,795)**
Deferred tax liabilities	**–**	**–**	**–**	**(13,904)**	**–**	**–**	**–**	**(13,904)**
Other liabilities	**(9,258)**	**(58)**	**(7,873)**	**(29)**	**(1,771)**	**–**	**–**	**(18,989)**
Total liabilities	**(1,337,578)**	**(120,129)**	**(514,983)**	**(403,945)**	**(68,991)**	**–**	**–**	**(2,445,626)**
Net position	**(890,602)**	**125,649**	**74,805**	**908,171**	**30,630**	**75,785**	**19,322**	**343,760**
Net accumulated position	**(890,602)**	**(764,953)**	**(690,148)**	**218,023**	**248,653**	**324,438**	**343,760**	

(millions of tenge)

26. Maturity analysis of assets and liabilities (continued)

31 December 2021	*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	432,948	–	–	–	–	–	–	432,948
Amounts due from credit institutions	–	–	–	31,304	15,686	–	–	46,990
Securities at fair value through profit or loss	102	–	–	–	1,518	1,350	–	2,970
Loans to customers	38,954	53,134	206,315	419,216	55,712	–	35,617	808,948
Investment securities	47,971	38,692	133,660	714,306	50,480	–	–	985,109
Property and equipment	–	–	–	–	–	62,637	–	62,637
Intangible assets	–	–	–	–	–	14,071	–	14,071
Other assets	973	8	62,368	2,975	1,173	3,664	955	72,116
Total assets	520,948	91,834	402,343	1,167,801	124,569	81,722	36,572	2,425,789
Liabilities								
Current accounts and deposits of customers	(1,027,399)	(147,516)	(345,974)	(199,494)	(13,376)	–	–	(1,733,759)
Amounts due to banks and other credit institutions	(149)	(443)	(1,382)	(30,861)	(52,354)	–	–	(85,189)
Amounts payable under repurchase agreements	(25,064)	–	–	–	–	–	–	(25,064)
Debt securities issued	(2,151)	–	(32,035)	(218,934)	–	–	–	(253,120)
Subordinated debt	(119)	–	(6,180)	(5,396)	(8,808)	–	–	(20,503)
Deferred tax liabilities	–	–	–	(13,987)	–	–	–	(13,987)
Other liabilities	(8,548)	(38)	(5,765)	(1)	(2,095)	–	(23)	(16,470)
Total liabilities	(1,063,430)	(147,997)	(391,336)	(468,673)	(76,633)	–	(23)	(2,148,092)
Net position	(542,482)	(56,163)	11,007	699,128	47,936	81,722	36,549	277,697
Net accumulated position	(542,482)	(598,645)	(587,638)	111,490	159,426	241,148	277,697	

(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 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 before 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 2022, the Group has payables under repurchase agreements in the amount of 67,980 million tenge, which are collateralized by investment securities with a total fair value of 68,128 million tenge (treasury bonds of the Ministry of Finance of the Republic of Kazakhstan, Kazakhstan Sustainability Fund JSC) (*Note 16*).

As at 31 December 2021, the Group has payables under repurchase agreements in the amount of 25,064 million tenge, which are collateralized by investment securities with a total fair value of 25,062 million tenge (treasury bonds of the Ministry of Finance of the Republic of Kazakhstan) (*Note 16*).

The table below shows financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar arrangements as at 31 December 2022.

31 December 2022	*Gross amount of recognized 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*
Derivative financial instruments	**65,209**	**(64,994)**	**215**	**–**	**215**
Receivables under reverse repurchase agreements (*Note 12*)	**48,062**	**–**	**48,062**	**(48,027)**	**35**
Payable under repurchase agreements (*Note 16*)	**(67,980)**	**–**	**(67,980)**	**68,128**	**148**
	45,291	**(64,994)**	**(19,703)**	**20,101**	**398**

(millions of tenge)

27. Offsetting of financial instruments (continued)

The table below shows financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar arrangements as at 31 December 2021.

31 December 2021	*Gross amount of recognized 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*	*Net amount*
				Financial instruments	
Derivative financial instruments	25,768	(26,279)	(511)	–	(511)
Receivables under reverse repurchase agreements (*Note 12*)	144,646	–	144,646	(145,653)	(1,007)
Payable under repurchase agreements (*Note 16*)	(25,064)	–	(25,064)	25,062	(2)
	145,350	(26,279)	119,071	(120,591)	(1,520)

28. Changes in liabilities arising from financing activities

	Debt securities issued	*Subordinated debt*	*Total liabilities arising from financing activities*
Carrying amount as at 31 December 2020	240,202	20,503	260,705
Proceeds from issue	4	–	4
Repurchase	(1,088)	–	(1,088)
Accrual of interest	16,494	1,616	18,110
Repayment of interest	(16,502)	(1,616)	(18,118)
Foreign exchange differences	805	–	805
Unwinding of discount	13,205	–	13,205
Carrying amount as at 31 December 2021	253,120	20,503	273,623
Proceeds from issue	**13,295**	**–**	**13,295**
Redemption	**(34,306)**	**(3,675)**	**(37,981)**
Accrual of interest	**15,407**	**1,456**	**16,863**
Repayment of interest	**(15,467)**	**(1,489)**	**(16,956)**
Foreign exchange differences	**2,449**	**–**	**2,449**
Unwinding of discount	**14,975**	**–**	**14,975**
Carrying amount as at 31 December 2022	**249,473**	**16,795**	**266,268**

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 2022 and 2021 the Bank had complied in full with all its externally imposed capital requirements.

(millions of tenge)

29. Capital management (continued)

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 maximize 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 July 2021, 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 7.5%;
- 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 8.5%;
- 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%.

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 2022 and 2021:

	31 December 2022	***31 December 2021***
Tier 1 capital	**315,091**	252,085
Tier 2 capital	**10,354**	12,885
Total regulatory capital	**325,445**	264,970
Risk-weighted statutory assets, contingent liabilities, operational and market risk	**1,609,161**	1,089,944
Ratio k1	**19.6%**	23.1%
Ratio k1-2	**19.6%**	23.1%
Ratio k2	**20.2%**	24.3%

30. Commitments and contingencies

Political and economic environment

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 the Kazakhstan economy is largely dependent upon these reforms and developments and the effectiveness of economic, financial and monetary measures undertaken by the government.

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

(millions of tenge)

30. Commitments and contingencies (continued)

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 contingencies and letters of credit, the Group applies the same risk management policies and procedures used when issuing loans to customers.

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

	31 December 2022	*31 December 2021*
Undrawn loan commitments	**217,758**	132,972
Guarantees issued	**69,375**	57,325
Letters of credit	**1,365**	2,835
	288,498	193,132
Less: amounts due to customers held as security against letters of credit and guarantees (*Note 19*)	**(521)**	(2,416)
Less: allowance for expected credit losses	**(546)**	(658)
	287,431	190,058

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 actual, 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 a number of authorities, which have the authority to impose severe fines, penalties 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 Kazakhstan 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 members of the Board of Directors and the Management Board

Total remuneration to 11 members of the Management Board and Board of Directors (2021: 13 members) included in general and administrative expenses for 2022 and 2021 is as follows:

	2022	*2021*
Members of the Board of Directors and the Management Board of the Group	**5,870**	4,502
	5,870	4,502

These amounts include cash benefits in respect of the members of the Board of Directors and the Management Board and related taxes.

As at 31 December 2022, the total amount of the Group's liabilities to pay remuneration to members of the Board of Directors and the Management Board amounted to 3,221 million tenge (31 December 2021: 1,800 million tenge) and, in accordance with the NBRK Resolution No. 74 dated 24 February 2012, is payable over a period of at least three years, subject to the established conditions.

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 2022 and related profit or loss amounts of transactions for 2022 with related parties are as follows:

	2022						
	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	**–**	**–**	**–**	**–**	**4,690**	**5.22**	**4,690**
Other assets	**–**	**–**	**181**	**–**	**1**	**–**	**182**
Liabilities							
Current accounts and deposits of customers	**19,498**	**1.00**	**39,401**	**3.90**	**9,483**	**3.29**	**68,382**
Other liabilities	**–**	**–**	**75**	**–**	**–**	**–**	**75**
Contingent liabilities	**–**	**–**	**–**	**–**	**111**	**–**	**111**
Guarantees issued	**–**	**–**	**–**	**–**	**79**	**–**	**79**

(millions of tenge)

31. Related party transactions (continued)

Related party transactions (continued)

	2022			
	Shareholders	Entities under common control	Other related parties	Total
Income/(expenses)				
Interest income	**–**	**–**	**252**	**252**
Interest expense	**(68)**	**(950)**	**(165)**	**(1,183)**
Fee and commission income	**1**	**29**	**10**	**40**
Fee and commission expense	**–**	**(168)**	**–**	**(168)**
General and administrative expenses	**–**	**(874)**	**(56)**	**(930)**
Other income	**–**	**367**	**–**	**367**
Other expenses	**–**	**(258)**	**–**	**(258)**

The outstanding balances and the related average effective rates as at 31 December 2021 and related profit or loss on transactions with related parties for 2021 are as follows:

	2021						
	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	–	–	–	–	4,395	5.53	4,395
Other assets	–	–	126	–	3	–	129
Liabilities							
Current accounts and deposits of customers	23,316	1.00	44,905	2.51	8,389	1.42	76,610
Other liabilities	–	–	186	–	–	–	186
Contingent liabilities	–	–	–	–	71	–	71
Guarantees issued	–	–	–	–	73	–	73

	2021			
	Shareholders	Entities under common control	Other related parties	Total
Income/(expenses)				
Interest income	–	–	239	239
Interest expense	(330)	(692)	(105)	(1,127)
Fee and commission income	–	23	6	29
General and administrative expenses	–	(731)	(35)	(766)
Other expenses	–	(725)	–	(725)

(millions of tenge)

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;
- 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 authorized body of the Bank.

31 December 2022	*CB*	*SMB*	*RB*	*Investing activities*	*Other*	*Total*
Assets						
Cash and cash equivalents	**80,130**	**70,252**	**91,717**	**209,665**	**6,198**	**457,962**
Amounts due from credit institutions	**3,134**	**3,865**	**293**	**23,754**	**–**	**31,046**
Securities at fair value through profit or loss	**–**	**–**	**–**	**2,763**	**–**	**2,763**
Loans to customers	**382,300**	**344,295**	**428,375**	**–**	**18,572**	**1,173,542**
Investment securities	**–**	**–**	**–**	**990,574**	**–**	**990,574**
Property and equipment	**–**	**–**	**–**	**–**	**59,020**	**59,020**
Intangible assets	**–**	**–**	**–**	**–**	**14,550**	**14,550**
Other assets	**85**	**177**	**102**	**–**	**59,565**	**59,929**
Total assets	**465,649**	**418,589**	**520,487**	**1,226,756**	**157,905**	**2,789,386**
Liabilities						
Current accounts and deposits of customers	**680,679**	**582,487**	**748,472**	**–**	**96**	**2,011,734**
Amounts due to banks and other credit institutions	**10,518**	**34,310**	**7,915**	**37**	**13,971**	**66,751**
Amounts payable under repurchase agreements	**–**	**–**	**–**	**67,980**	**–**	**67,980**
Debt securities issued	**–**	**–**	**13,040**	**186,660**	**49,773**	**249,473**
Subordinated debt	**–**	**–**	**–**	**–**	**16,795**	**16,795**
Deferred tax liabilities	**–**	**–**	**–**	**–**	**13,904**	**13,904**
Other liabilities	**24**	**90**	**1,531**	**8**	**17,336**	**18,989**
Total liabilities	**691,221**	**616,887**	**770,958**	**254,685**	**111,875**	**2,445,626**
Equity						
Share capital	**–**	**–**	**–**	**–**	**332,815**	**332,815**
Additional paid-in capital	**–**	**–**	**–**	**–**	**23,651**	**23,651**
Treasury shares	**–**	**–**	**–**	**–**	**(3,465)**	**(3,465)**
Fair value reserve	**–**	**–**	**–**	**–**	**(23,886)**	**(23,886)**
Retained earnings	**–**	**–**	**–**	**–**	**14,645**	**14,645**
Total equity attributable to shareholders of the Bank	**–**	**–**	**–**	**–**	**343,760**	**343,760**

(millions of tenge)

32. Segment analysis (continued)

Information on the main reporting segments for 2022 is presented as follows:

	2022						
	CB	***SMB***	***RB***	***Investing activities***	***Other***	***Elimi-nation***	***Total***
Interest income	**25,608**	**43,350**	**92,556**	**93,720**	**5,507**	**–**	**260,741**
Transfer income	**55,604**	**43,475**	**44,413**	**40,240**	**17,383**	**(201,115)**	**–**
Interest expense	**(39,311)**	**(16,916)**	**(29,488)**	**(36,404)**	**(9,989)**	**–**	**(132,108)**
Transfer expenses	**(18,813)**	**(29,470)**	**(39,622)**	**(103,739)**	**(2,262)**	**193,906**	**–**
Net interest income	**23,088**	**40,439**	**67,859**	**(6,183)**	**10,639**	**(7,209)**	**128,633**
Fee and commission income	**2,660**	**20,101**	**13,266**	**56**	**127**	**–**	**36,210**
Fee and commission expense	**(1,310)**	**(5,707)**	**(4,964)**	**(261)**	**–**	**–**	**(12,242)**
Net gains from financial instruments at fair value through profit or loss	**–**	**–**	**–**	**2,011**	**–**	**–**	**2,011**
Net gains on derecognition of financial assets measured at fair value through other comprehensive income	**–**	**–**	**–**	**311**	**–**	**–**	**311**
Net losses on derecognition of financial assets measured at amortized cost	**–**	**–**	**(4,334)**	**–**	**(143)**	**–**	**(4,477)**
Net gains from foreign currencies	**12,318**	**21,364**	**6,170**	**9,597**	**413**	**–**	**49,862**
Other income	**142**	**480**	**641**	**89**	**2,392**	**–**	**3,744**
Non-interest income	**13,810**	**36,238**	**10,779**	**11,803**	**2,789**	**–**	**75,419**
Credit loss expense	**(1,380)**	**(11,033)**	**(21,799)**	**(302)**	**(3,136)**	**–**	**(37,650)**
General and administrative expenses	**(3,864)**	**(17,098)**	**(30,835)**	**(1,346)**	**(9,062)**	**–**	**(62,205)**
Other expenses	**(300)**	**(239)**	**(3,692)**	**(99)**	**(1,154)**	**–**	**(5,484)**
Non-interest expense	**(5,544)**	**(28,370)**	**(56,326)**	**(1,747)**	**(13,352)**	**–**	**(105,339)**
Other transfer income and expenditures	**(3,279)**	**(2,928)**	**(3,554)**	**15,239**	**(12,687)**	**7,209**	**–**
Profit /(loss) before corporate income tax expense	**28,075**	**45,379**	**18,758**	**19,112**	**(12,611)**	**–**	**98,713**
Corporate income tax expenses	**(162)**	**(254)**	**(104)**	**(107)**	**–**	**–**	**(627)**
Profit/(loss) for the year	**27,913**	**45,125**	**18,654**	**19,005**	**(12,611)**	**–**	**98,086**

(millions of tenge)

32. Segment analysis (continued)

31 December 2021	*CB*	*SMB*	*RB*	*Investing activities*	*Other*	*Total*
Assets						
Cash and cash equivalents	66,481	49,460	67,451	243,234	6,322	432,948
Amounts due from credit institutions	794	3,609	394	42,193	–	46,990
Securities at fair value through profit or loss	–	–	–	2,970	–	2,970
Loans to customers	188,752	270,656	310,168	–	39,372	808,948
Investment securities	–	–	–	985,109	–	985,109
Property and equipment	–	–	–	–	62,637	62,637
Intangible assets	–	–	–	–	14,071	14,071
Other assets	47	261	2,183	–	69,625	72,116
Total assets	256,074	323,986	380,196	1,273,506	192,027	2,425,789
Liabilities						
Current accounts and deposits of customers	699,189	440,566	594,003	–	1	1,733,759
Amounts due to banks and other credit institutions	10,569	57,441	8,608	99	8,472	85,189
Amounts payable under repurchase agreements	–	–	–	25,064	–	25,064
Debt securities issued	–	–	16,170	172,406	64,544	253,120
Subordinated debt	–	–	–	–	20,503	20,503
Deferred tax liabilities	–	–	–	–	13,987	13,987
Other liabilities	25	62	2,331	37	14,015	16,470
Total liabilities	709,783	498,069	621,112	197,606	121,522	2,148,092
Equity						
Share capital	–	–	–	–	332,815	332,815
Additional paid-in capital	–	–	–	–	23,651	23,651
Treasury shares	–	–	–	–	(3,465)	(3,465)
Fair value reserve	–	–	–	–	8,137	8,137
Accumulated losses	–	–	–	–	(83,441)	(83,441)
Total equity attributable to shareholders of the Bank	–	–	–	–	277,697	277,697

(millions of tenge)

32. Segment analysis (continued)

Information on the main reporting segments for 2021 may be presented as follows:

	2021						
	CB	***SMB***	***RB***	***Investing activities***	***Other***	***Elimi-nation***	***Total***
Interest income	14,856	31,746	66,556	74,015	5,871	–	193,044
Transfer income	35,433	26,178	30,039	23,508	8,443	(123,601)	–
Interest expense	(26,783)	(13,066)	(22,699)	(24,592)	(9,969)	–	(97,109)
Transfer expenses	(10,548)	(19,822)	(30,770)	(76,210)	(3,891)	141,241	–
Net interest income	12,958	25,036	43,126	(3,279)	454	17,640	95,935
Fee and commission income	2,492	19,783	14,980	17	21	–	37,293
Fee and commission expense	(1,296)	(9,007)	(4,241)	(222)	(43)	–	(14,809)
Net losses from financial instruments at fair value through profit or loss	–	–	–	(1,154)	–	–	(1,154)
Net losses on derecognition of financial assets measured at fair value through other comprehensive income	–	–	–	(195)	–	–	(195)
Net (losses)/gains on derecognition of financial assets measured at amortized cost	–	–	(2,910)	–	6,989	–	4,079
Net gain/(losses) from foreign currencies	3,663	5,547	2,710	(2,083)	1,188	–	11,025
Other income	(158)	644	221	3	3,413	–	4,123
Non-interest income	4,701	16,967	10,760	(3,634)	11,568	–	40,362
Credit loss expense	2,026	(1,917)	(10,610)	1,836	(1,218)	–	(9,883)
General and administrative expenses	(2,897)	(12,260)	(28,047)	(1,344)	(6,734)	–	(51,282)
Other expenses	(221)	(272)	(3,544)	(56)	(3,936)	–	(8,029)
Non-interest expense	(1,092)	(14,449)	(42,201)	436	(11,888)	–	(69,194)
Other transfer income and expenditures	(2,783)	521	(2,476)	36,361	(13,983)	(17,640)	–
Profit /(loss) before corporate income tax expense	13,784	28,075	9,209	29,884	(13,849)	–	67,103
Corporate income tax expenses	(231)	(470)	(154)	(501)	(1,687)	–	(3,043)
Profit/(loss) for the year	13,553	27,605	9,055	29,383	(15,536)	–	64,060

(millions of tenge)

33. Fair value of financial instruments

Accounting classification and fair values

The table below sets out the carrying amounts and fair values of financial assets and financial liabilities as at 31 December 2022:

	31 December 2022				
	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	**–**	**457,962**	**457,962**	**457,962**	**–**
Amounts due from credit institutions	**–**	**31,046**	**31,046**	**31,046**	**–**
Securities at fair value through profit or loss	**2,763**	**–**	**2,763**	**2,763**	**–**
Loans to customers	**–**	**1,173,542**	**1,173,542**	**1,157,280**	**(16,262)**
Investment securities measured at FVOCI	**692,722**	**–**	**692,722**	**692,722**	**–**
Investment securities measured at amortized cost	**–**	**297,852**	**297,852**	**280,156**	**(17,696)**
Other financial assets	**–**	**17,229**	**17,229**	**17,229**	**–**
	695,485	**1,977,631**	**2,673,116**	**2,639,158**	**(33,958)**
Current accounts and deposits of customers	**–**	**2,011,734**	**2,011,734**	**2,011,175**	**559**
Amounts due to banks and other credit institutions	**–**	**66,751**	**66,751**	**62,862**	**3,889**
Amounts payable under repurchase agreements	**–**	**67,980**	**67,980**	**68,128**	**(148)**
Debt securities issued	**–**	**249,473**	**249,473**	**225,002**	**24,471**
Subordinated debt	**–**	**16,795**	**16,795**	**12,941**	**3,854**
Other financial liabilities	**–**	**15,774**	**15,774**	**15,774**	**–**
	–	**2,428,507**	**2,428,507**	**2,395,882**	**32,625**
					(1,333)

(millions of tenge)

33. Fair value of financial instruments (continued)

Accounting classification and fair value (continued)

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

	31 December 2021				
	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	–	432,948	432,948	432,948	–
Amounts due from credit institutions	–	46,990	46,990	46,990	–
Securities at fair value through profit or loss	2,970	–	2,970	2,970	–
Loans to customers	–	808,948	808,948	798,266	(10,682)
Investment securities measured at FVOCI	694,828	–	694,828	694,828	–
Investment securities measured at amortized cost	–	290,281	290,281	282,825	(7,456)
Other financial assets	–	22,926	22,926	22,926	–
	697,798	1,602,093	2,299,891	2,281,753	(18,138)
Current accounts and deposits of customers	–	1,733,759	1,733,759	1,737,214	(3,455)
Amounts due to banks and other credit institutions	–	85,189	85,189	81,131	4,058
Amounts payable under repurchase agreements	–	25,064	25,064	25,062	2
Debt securities issued	–	253,120	253,120	245,296	7,824
Subordinated debt	–	20,503	20,503	16,852	3,651
Other financial liabilities	–	13,597	13,597	13,597	–
	–	2,131,232	2,131,232	2,119,152	12,080
					(6,058)

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 organized market for the sale of an asset or transfer a liability between market participants at the measurement date.

(millions of tenge)

33. Fair value of financial instruments (continued)

Accounting classification and fair value (continued)

Valuation techniques include net present value valuation models and discounting of cash flows, comparison with similar instruments with known market quotations, as well as 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 to 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 approximate 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 4.97% to 19.54% per annum was used to discount the future cash flows from loans to corporate customers (31 December 2021: 4.84% to 14.51% per annum);
- The discount rate of 32.86% per annum was used to calculate the future cash flows from loans to individuals (31 December 2021: 28.73% per annum).

Fair value hierarchy

The Group measures fair values using the following fair value hierarchy that 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.

(millions of tenge)

33. Fair value of financial instruments (continued)

Fair value hierarchy (continued)

The following table analyses financial instruments carried at fair value as at 31 December 2022, 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	14	**235**	**256**	**2,272**	**2,763**
Investment securities measured at FVOCI	16	**554,864**	**137,858**	**–**	**692,722**
		555,099	**138,114**	**2,272**	**695,485**

The following table analyses financial instruments carried at fair value as at 31 December 2021, 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	14	1,518	–	1,452	2,970
Investment securities measured at FVOCI	16	579,407	115,421	–	694,828
		580,925	115,421	1,452	697,798

As at 31 December 2022, KSF debt securities measured FVOCI in the amount of 109,985 million tenge are classified in Level 2 of the fair value hierarchy (as at 31 December 2021: 95,705 million tenge). These investment securities are considered for regulatory purposes as high-quality liquid assets, but are classified in Level 2 due to insufficient amount of transactions with these securities in an active market.

The following table shows the reconciliation for 2022 with respect to fair value estimates assigned to Level 3 of the fair value hierarchy:

	Securities at fair value through profit or loss
As at 1 January 2022	**1,452**
Net gain on transactions with financial instruments at fair value through profit or loss	**820**
As at 31 December 2022	**2,272**

The following table shows a reconciliation for fair value measurements in Level 3 of the fair value hierarchy for 2021:

	Securities at fair value through profit or loss
At 1 January 2021	1,440
Net gain on transactions with financial instruments at fair value through profit or loss	12
As at 31 December 2021	1,452

(millions of tenge)

33. Fair value of financial instruments (continued)

Fair value hierarchy (continued)

The following table analyses financial instruments not measured at fair value as at 31 December 2022, by fair value hierarchy, into which the fair value measurement is categorised:

	Level 1	*Level 2*	*Level 3*	*Total fair value*	*Total carrying value*
Assets					
Cash and cash equivalents	**–**	**457,962**	**–**	**457,962**	**457,962**
Amounts due from credit institutions	**–**	**31,046**	**–**	**31,046**	**31,046**
Loans to customers	**–**	**–**	**1,157,280**	**1,157,280**	**1,173,542**
Investment securities measured at amortized cost	**34,028**	**18,934**	**227,194**	**280,156**	**297,852**
Other financial assets	**–**	**–**	**17,229**	**17,229**	**17,229**
Liabilities					
Current accounts and deposits of customers	**–**	**2,011,175**	**–**	**2,011,175**	**2,011,734**
Amounts due to banks and other credit institutions	**–**	**62,862**	**–**	**62,862**	**66,751**
Amounts payable under repurchase agreements	**–**	**68,128**	**–**	**68,128**	**67,980**
Debt securities issued	**–**	**225,002**	**–**	**225,002**	**249,473**
Subordinated debt	**–**	**12,941**	**–**	**12,941**	**16,795**
Other financial liabilities	**–**	**15,774**	**–**	**15,774**	**15,774**

The following table analyses financial instruments not measured at fair value as at 31 December 2021, by fair value hierarchy, into which the fair value measurement is categorised:

	Level 1	*Level 2*	*Level 3*	*Total fair value*	*Total carrying value*
Assets					
Cash and cash equivalents	–	432,948	–	432,948	432,948
Amounts due from credit institutions	–	46,990	–	46,990	46,990
Loans to customers	–	–	798,266	798,266	808,948
Investment securities measured at amortized cost	30,720	26,514	225,591	282,825	290,281
Other financial assets	–	–	22,926	22,926	22,926
Liabilities					
Current accounts and deposits of customers	–	1,737,214	–	1,737,214	1,733,759
Amounts due to banks and other credit institutions	–	81,131	–	81,131	85,189
Amounts payable under repurchase agreements	–	25,062	–	25,062	25,064
Debt securities issued	–	245,296	–	245,296	253,120
Subordinated debt	–	16,852	–	16,852	20,503
Other financial liabilities	–	13,597	–	13,597	13,597

As at 31 December 2021, KSF debt securities measured at amortized cost in the amount of 4,528 million tenge are classified in Level 2 of the fair value hierarchy. These investment securities are considered for regulatory purposes as high-quality liquid assets, but are classified in Level 2 due to insufficient amount of transactions with these securities in an active market.



JSC HOME CREDIT BANK

INTERIM CONDENSED FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2025

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Independent Auditors' Report on Review of Interim Condensed Financial Information

To the Shareholders and Board of Directors of Joint-Stock Company "Home Credit Bank"

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Joint-Stock Company "Home Credit Bank" (the "Bank") as at 30 June 2025, the interim condensed statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period ended 30 June 2025 and for the six-month period ended 30 June 2024, and notes to the interim condensed financial information (the "interim condensed financial information"). Management is responsible for the preparation and presentation of this interim condensed financial information in accordance with IAS 34 *Interim Financial Reporting* as modified for the requirements of decree of the Board of the National Bank of the Republic of Kazakhstan #269 dated 22 December 2017 (the "NBRK decree No.269"). Our responsibility is to express a conclusion on this interim condensed financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial information as at 30 June 2025, for the six-month period ended 30 June 2025 and for the six-month period ended 30 June 2024 is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting* as modified for the requirements of the NBRK decree No.269.

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Other Matter

A review of the interim condensed statement of profit or loss and other comprehensive income for the three-month period ended 30 June 2025 and for the three-month period ended 30 June 2024 was not performed.

Sergey Lytov
Audit Director

KPMG Audit LLC

Almaty, Republic of Kazakhstan

9 October 2025

KZT'000	Note	(Unaudited) The three months ended 30 June 2025	(Unaudited) The three months ended 30 June 2024	(Unaudited) The six months ended 30 June 2025	(Unaudited) The six months ended 30 June 2024
Interest income calculated using the effective interest method	4	71,425,302	54,969,919	138,167,728	107,602,582
Interest expense	4	(29,910,019)	(21,592,428)	(57,047,617)	(41,978,580)
Net interest income		**41,515,283**	**33,377,491**	**81,120,111**	**65,624,002**
Fee and commission income	5	3,339,398	2,591,125	6,363,775	4,864,363
Fee and commission expense	5	(4,577,501)	(3,811,215)	(8,417,117)	(7,639,147)
Net fee and commission expense		**(1,238,103)**	**(1,220,090)**	**(2,053,342)**	**(2,774,784)**
Net gain/(loss) on financial instruments at fair value through profit or loss		119,104	272,037	(522,441)	(849,895)
Income from penalties		719,940	596,422	1,401,352	1,099,496
Net foreign exchange (loss)/gain		(368,651)	(746,420)	(175,334)	27,941
Other operating (loss)/income, net		(253,703)	122,236	(574,078)	237,996
Operating income		**40,493,870**	**32,401,676**	**79,196,268**	**63,364,756**
Charge of loss allowance for expected credit losses on debt financial assets	6	(9,213,861)	(5,085,804)	(18,953,725)	(14,103,577)
Charge of loss allowance for expected credit losses on loan commitments		354,041	(396,888)	(224,069)	(591,516)
General administrative expenses	7	(16,844,957)	(13,592,514)	(33,104,224)	(26,902,953)
Profit before income tax		**14,789,093**	**13,326,470**	**26,914,250**	**21,766,710**
Income tax expense	8	(2,995,905)	(2,895,597)	(5,663,605)	(4,738,875)
Profit for the reporting period		**11,793,188**	**10,430,873**	**21,250,645**	**17,027,835**
Other comprehensive income for the period, net of income tax					
Items that will not be reclassified to profit or loss:					
Movement in fair value reserve:					
- Net change in fair value		122	477,800	23,527	477,800
Other comprehensive income for the reporting period, net of income tax		**122**	**477,800**	**23,527**	**477,800**
Total comprehensive income for the period		**11,793,310**	**10,908,673**	**21,274,172**	**17,505,635**
Basic and diluted earnings per share (KZT)	18	338,011	298,965	609,075	488,043

The financial information as set out on pages 5 to 35 that replaced previously unaudited/unreviewed issued financial information (see note 2(f)) was approved by management on 9 October 2025 and was signed on its behalf by:

Kiril Bachvarov
Chairman of the Management Board

Gaukhar Massangaliyeva
Chief Accountant

The interim condensed statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to, and forming part of, the condensed interim condensed financial statements.

KZT'000	Note	(Unaudited) 30 June 2025	31 December 2024
ASSETS			
Cash and cash equivalents	9	236,769,043	250,614,535
Balances and deposits with banks	10	14,058,328	7,600,922
Loans to retail customers	11	836,154,828	726,361,109
Investment securities		360,220	336,693
Financial instruments measured at fair value through profit or loss		1,950,664	526,231
Property and equipment, and intangible assets		39,722,562	35,812,037
Other assets		16,149,684	8,632,479
Total assets		**1,145,165,329**	**1,029,884,006**
LIABILITIES			
Financial instruments measured at fair value through profit or loss		1,966,071	541,670
Balances and deposits from banks		1,409,999	934,658
Current accounts and deposits from customers:	12		
- Current accounts and deposits from retail customers		528,403,882	474,546,847
- Current accounts and deposits from corporate customers		65,477,195	64,878,469
Debt securities issued	13	158,254,588	145,759,215
Other borrowed funds	14	35,159,954	17,492,724
Certificates of deposit	15	107,696,946	107,082,867
Lease liabilities		10,787,122	9,414,599
Other liabilities		22,494,982	16,992,539
Total liabilities		**931,650,739**	**837,643,588**
EQUITY			
Share capital	16	5,199,503	5,199,503
Retained earnings		207,957,067	186,706,422
Fair value reserve		358,020	334,493
Total equity		**213,514,590**	**192,240,418**
Total liabilities and equity		**1,145,165,329**	**1,029,884,006**
Book value per share (KZT)	17	5,466,727	4,914,779

The interim condensed statement of financial position is to be read in conjunction with the notes to, and forming part of, the condensed interim condensed financial statements.

KZT'000	(Unaudited) The six months ended 30 June 2025	(Unaudited) The six months ended 30 June 2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest receipts	129,225,655	101,197,251
Interest payments	(52,683,432)	(41,209,576)
Fee and commission receipts	6,295,846	4,810,232
Fee and commission payments	(7,857,940)	(7,490,874)
Net payments from financial instruments at fair value through profit or loss	(522,473)	(1,423,397)
Net receipts from foreign exchange	2,699,971	192,526
Receipts from penalties	1,401,351	1,099,496
Other income receipts, net	(576,547)	186,328
Operating expenses paid	(28,445,484)	(25,571,684)
Decrease in operating assets		
Loans to retail customers	(112,112,026)	(95,064,423)
Balances and deposits with banks	(5,626,702)	(342,638)
Other assets	(8,929,685)	(644,178)
Increase/(decrease) in operating liabilities		
Current accounts and deposits from customers	50,683,899	69,209,244
Balances and deposits from banks	391,436	473,763
Certificates of deposit	664,060	19,879,052
Other liabilities	(3,223,793)	(551,900)
Net cash (used in) / from operating activities before income tax paid	**(28,615,864)**	**24,749,222**
Income tax paid	(4,635,117)	(2,201,408)
Net cash (used in) / from operating activities	**(33,250,981)**	**22,547,814**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment and intangible assets	(5,546,414)	(8,293,266)
Proceeds from sale of property and equipment and intangible assets	881	24,286
Investment securities	(1)	(2,200)
Dividends received	-	51,668
Net cash used in investing activities	**(5,545,534)**	**(8,219,512)**
CASH FROM FINANCING ACTIVITIES		
Receipts of other borrowed funds	34,894,128	34,276,635
Repayment of other borrowed funds	(17,500,000)	(58,992,000)
Proceeds from issue of debt securities	54,803,195	39,013,695
Redemption of debt securities	(45,819,089)	(23,454,202)
Payment of lease liabilities	(944,340)	(737,238)
Net cash from / (used in) financing activities	**25,433,894**	**(9,893,110)**
Net (decrease) / increase in cash and cash equivalents	**(13,362,621)**	**4,435,192**
Effect of exchange rate fluctuations on cash and cash equivalents	(480,039)	2,208,557
Effect of changes in expected credit losses (ECL) on cash and cash equivalents	(2,832)	53,247
Cash and cash equivalents at the beginning of the reporting period	**250,614,535**	**186,707,889**
Cash and cash equivalents at the end of the reporting period (Note 9)	**236,769,043**	**193,404,885**

The interim condensed statement of cash flows is to be read in conjunction with the notes to, and forming part of, the condensed interim condensed financial statements.

KZT'000	Share capital	Fair value reserve	Retained earnings	Total equity
Balance at 1 January 2025	5,199,503	334,493	186,706,422	192,240,418
Total comprehensive income				
Profit for the reporting period (unaudited)	-	-	21,250,645	21,250,645
Other comprehensive income for the reporting period				
Items that will not be reclassified to profit or loss:				
Movement in fair value reserve:				
- Net change in fair value (unaudited)	-	23,527	-	23,527
Total other comprehensive income for the reporting period (unaudited)	**-**	**23,527**	**-**	**23,527**
Total comprehensive income for the reporting period (unaudited)	**-**	**23,527**	**21,250,645**	**21,274,172**
Balance at 30 June 2025 (unaudited)	**5,199,503**	**358,020**	**207,957,067**	**213,514,590**

The interim condensed statement of changes in equity is to be read in conjunction with the notes to, and forming part of, the condensed interim condensed financial statements.

KZT'000	Share capital	Fair value reserve	Retained earnings	Total equity
Balance at 1 January 2024	5,199,503	-	151,613,598	156,813,101
Total comprehensive income				
Profit for the reporting period (unaudited)	-	-	17,027,835	17,027,835
Other comprehensive income				
Items that will not be reclassified to profit or loss:				
Movement in fair value reserve:				
- Net change in fair value (unaudited)	-	477,800	-	477,800
Total other comprehensive income for the reporting period (unaudited)	**-**	**477,800**	**-**	**477,800**
Total comprehensive income for the reporting period (unaudited)	**-**	**477,800**	**17,027,835**	**17,505,635**
Balance at 30 June 2024 (unaudited)	**5,199,503**	**477,800**	**168,641,433**	**174,318,736**

The interim condensed statement of changes in equity is to be read in conjunction with the notes to, and forming part of, the condensed interim condensed financial statements.

1 Background

(a) Organisation and operations

Joint Stock Company "Home Credit Bank" or JSC Home Credit Bank (the "Bank") was established in 1993 in accordance with the laws of the Republic of Kazakhstan.

As at 30 June 2025, according to the Register of Ordinary Shareholders of the Bank, 34.7% of the Bank's shares were owned by Mr Jiri Smejc (31 December 2024: 34.7%), 9.9% of the Bank's shares were owned by PPF Financial Holdings a.s. (31 December 2024: 9.9%), and 55.4% of the Bank's shares were owned by 6 (six) individuals (including 3 (three) top managers of PPF Group (Czech Republic) and Home Credit Group (Czech Republic)), who acted as shareholders of the Bank, while control over the Bank was retained by PPF Group and the ultimate controlling party, Ms Renata Kellnerova.

In June 2025, ForteBank JSC reached an agreement in principle with the Bank's shareholders to acquire 100% of the shares of JSC Home Credit Bank. According to ForteBank JSC, the deal is expected to be completed once permits from regulatory authorities, including approvals from Agency for the Protection and Development of Competition of the Republic of Kazakhstan (APDC) and Agency for Regulation and Development of the Financial Market of the Republic of Kazakhstan (ARDFM), have been granted.

On 22 August 2025, the Bank's ownership structure changed: 90.1% of the Bank's shares were owned by Mr Jiri Smejc, and 9.9%, by PPF Financial Holdings a.s. On 18 September 2025, ForteBank JSC acquired 26.8% of the Bank's shares, as a result, the following information was recorded in the register of shareholders: 73.2% of the Bank's shares were owned by Mr Jiri Smejc, and 26.8% - by ForteBank JSC. The purchase of the remaining interest by ForteBank JSC is subject to further approval by the regulators.

The Bank's principal activities are retail lending operations, deposit taking and customer accounts maintenance, issuing guarantees, cash and settlement operations and foreign exchange. The activities of the Bank are regulated by the National Bank of the Republic of Kazakhstan (the "NBRK"). The Bank has a licence No. 1.2.36/40 dated 17 August 2022 to conduct banking operations and operations in the securities market.

The Bank's registered head office is: 248 Nursultan Nazarbayev av., Almaty, Republic of Kazakhstan, 050059. As at 30 June 2025, the Bank had 18 branches and 57 bank offices (31 December 2024:18 branches and 57 bank offices).

Debt securities issued by the Bank are listed on Kazakhstan Stock Exchange ("KASE") and Astana International Exchange (AIX).

(c) Kazakhstan business environment

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

Additionally, introduction of tariffs on import of certain categories of goods by the United States in April 2025 has contributed to global economic uncertainty. These measures affect international trade flows and investor sentiment. The introduction of tariffs and other protectionist measures, the volatility in the global price of oil and the ongoing military conflict between the Russian Federation and Ukraine have increased the level of uncertainty in the business environment.

The Bank's financial position remains stable, and the Bank continues fulfilling its obligations and follows its development strategy. On 5 March 2025, Fitch Ratings assigned to the Bank a long-term rating of 'BB-'. As at 30 June 2025, the assigned rating remains unchanged.

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

2 Basis of accounting

(a) Statement of compliance with IAS 34 *Interim Financial Reporting*

This condensed interim financial information has been prepared in accordance with IAS 34 *Interim Financial Reporting* as modified for the requirements of decree of the Board of the National Bank of the Republic of Kazakhstan #269 dated 22 December 2017 (the "NBRK decree No.269"), and should be read in conjunction with the Bank's last annual financial statements as at and for the year ended 31 December 2024.

This condensed interim financial information does not include all the information required for full annual financial statements prepared in accordance with IFRS Accounting Standards ("IFRSs") as modified for the requirements of decree of the NBRK decree No.269. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Bank since the last annual financial statements.

(b) Basis of measurement

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

(c) Functional and presentation currency

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

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

All financial information presented in KZT has been rounded to the nearest thousand, except when otherwise indicated.

(d) Use of estimates and judgements

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods, in which changes in estimates affect data in the condensed interim financial information.

Information about critical judgements, assumptions and estimation uncertainties in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is consistent with those applied in the Bank's last annual financial statements as at and for the year ended 31 December 2024.

(e) Segment reporting

The Bank's operations constitute one operating business segment for the purposes of IFRS 8 *Operating Segments*.

(f) Reissuance of previously issued financial information

Previously, the Bank issued interim condensed financial information for the six months ended 30 June 2025 (unaudited) and for the six months ended 30 June 2024 (unaudited). The current restated interim condensed financial information replaces the previously issued information.

In the course of preparing the interim condensed financial information for the six months ended 30 June 2025 (unaudited) and for the six months ended 30 June 2024 (unaudited), the Bank made reclassifications that affected certain line items of the statement of profit or loss and other comprehensive income for the six months ended 30 June 2024 (unaudited), and the statement of cash flows for the six months ended 30 June 2025 (unaudited) and for the six months ended 30 June 2024 (unaudited). The corrections are immaterial.

These reclassifications did not affect the Bank's profit before tax or profit for the six months ended 30 June 2025 (unaudited) and for the six months ended 30 June 2024 (unaudited).

The Bank believes that this presentation is the most appropriate for the users of the financial statements.

	As previously reported (unaudited/unreviewed)	Adjustments	As restated
KZT'000			
Interim Condensed Statement of Profit or Loss and Other Comprehensive Income for the six months ended 30 June 2024			
Interest income calculated using the effective interest method	107,969,155	(366,573)	107,602,582
Net interest income	65,990,573	(366,573)	65,624,002
Fee and commission income	4,501,990	362,373	4,864,363
Net fee and commission expense	(3,137,157)	362,373	(2,774,784)
Interim Condensed Statement of Cash Flows for the six months ended 30 June 2025			
CASH FLOWS FROM OPERATING ACTIVITIES			
Net receipts from foreign exchange	1,975,853	724,118	2,699,971
Balances and deposits with banks	(4,902,584)	(724,118)	(5,626,702)
Interim Condensed Statement of Cash Flows for the six months ended 30 June 2024			
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest receipts	101,563,824	(366,573)	101,197,251
Interest payments	(42,616,921)	1,407,345	(41,209,576)
Fee and commission receipts	4,447,859	362,373	4,810,232
Net receipts from foreign exchange	(3,069)	195,595	192,526
Other income receipts, net	182,128	4,200	186,328
General administrative expenses	(25,534,948)	(36,736)	(25,571,684)
Loans to retail customers	(95,122,155)	57,732	(95,064,423)
Balances and deposits with banks	(147,043)	(195,595)	(342,638)
Other assets	(586,446)	(57,732)	(644,178)
Investment securities	(2,200)	2,200	-
Net cash (used in) / from operating activities before income tax paid	**23,376,413**	**1,372,809**	**24,749,222**
Net cash (used in) / from operating activities	**21,175,005**	**(1,372,809)**	**22,547,814**
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment securities	-	(2,200)	(2,200)
Net cash used in investing activities	**(8,217,312)**	**(2,200)**	**(8,219,512)**

CASH FROM FINANCING ACTIVITIES			
Receipts of other borrowed funds	34,480,286	(203,651)	34,276,635
Proceeds from issue of debt securities	40,217,389	(1,203,694)	39,013,695
Payment of lease liabilities	(773,975)	36,737	(737,238)
Net cash from / (used in) financing activities	**(8,522,502)**	**(1,370,608)**	**(9,893,110)**

The interim condensed statement of profit or loss and other comprehensive income for the six months ended 30 June 2025 (unaudited) includes information on profit or loss and other comprehensive income for the three months ended 30 June 2025 (unaudited) and for the three months ended 30 June 2024 (unaudited), which had not been previously included.

3 Material accounting policies

There have been no changes to the Bank's accounting policies compared with those applied in the financial statements as at and for the year ended 31 December 2024.

Standards issued but not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2025 and earlier application is permitted; however, the Bank has not early adopted the new or amended standards in preparing these interim condensed financial statements.

4 Net interest income

KZT'000	(Unaudited) The six months ended 30 June 2025	(Unaudited) The six months ended 30 June 2024
Interest income calculated using the effective interest method:		
Loans to retail customers	125,312,255	101,188,313
Cash and cash equivalents	12,851,158	6,414,269
Investment securities	4,315	-
Total interest income calculated using the effective interest method	**138,167,728**	**107,602,582**
Interest expense		
Current accounts and deposits from customers	(33,552,218)	(23,936,845)
Debt securities issued	(11,098,036)	(7,379,797)
Certificates of deposit	(9,931,261)	(7,096,474)
Other borrowed funds	(1,703,736)	(3,334,054)
Lease liabilities	(762,366)	(231,410)
Total interest expense	**(57,047,617)**	**(41,978,580)**
Net interest income	**81,120,111**	**65,624,002**

5 Net fee and commission expense

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

KZT'000	(Unaudited) The six months ended 30 June 2025	(Unaudited) The six months ended 30 June 2024
Fee and commission income:		
Agency fees income from selling insurance products	3,348,409	2,606,266
Card operations	1,252,649	1,365,592
Fees for early loan repayments	1,008,399	799,980
Transfer operations	637,054	47,769
Fee and commission income from cash operation services	26,649	11,279
Other fee and commission income	90,615	33,477
Total fee and commission income	**6,363,775**	**4,864,363**

KZT'000	(Unaudited) The six months ended 30 June 2025	(Unaudited) The six months ended 30 June 2024
Fee and commission expense:		
Cash-back on customer debit cards	(2,606,991)	(2,630,240)
Deposit insurance fund contributions	(2,322,186)	(740,630)
Card processing	(1,283,853)	(1,166,932)
Settlements	(996,382)	(2,004,468)
Commissions paid for verification services	(610,158)	(659,820)
Commissions paid to partners	(222,930)	(170,200)
Other	(374,617)	(266,857)
Total fee and commission expense	**(8,417,117)**	**(7,639,147**
Net fee and commission expense	**(2,053,342)**	**(2,774,784)**

The fees and commission presented in this note that are not integral to the effective interest rate on a financial asset or financial liability are excluded from the effective interest rate calculation.

Other fee and commission expenses relate mainly to transaction and service fees, which are expensed as the services are received.

6 Charge of allowance for credit losses on debt financial assets

KZT'000	(Unaudited) The six months ended 30 June 2025	(Unaudited) The six months ended 30 June 2024
Loans to retail customers (Note 11)	(19,504,185)	(16,728,663)
Recovery on POCI assets	980,053	2,921,594
Cash and cash equivalents (Note 9)	(2,730)	18,102
Other assets	(426,863)	(314,610)
	(18,953,725)	**(14,103,577)**

7 General administrative expenses

KZT'000	(Unaudited) The six months ended 30 June 2025	(Unaudited) The six months ended 30 June 2024
Employee compensation and payroll related taxes	14,646,858	12,215,155
Information technology	5,046,734	3,876,621
Amortization of intangible assets	2,864,948	1,862,981
Depreciation of PPE and ROU assets	2,212,010	1,527,510
Advertising and marketing	1,819,389	1,584,244
Telecommunication and postage	1,669,769	1,473,698
Professional services	1,405,434	1,510,416
Collectors' services	1,114,013	877,975
Taxes other than income tax	863,238	715,104
Leases	274,614	234,703
Travel expenses	297,602	213,897
Other	889,615	810,649
	33,104,224	**26,902,953**

8 Income tax expense

KZT'000	(Unaudited) The six months ended 30 June 2025	(Unaudited) The six months ended 30 June 2024
Income tax expense		
Current income tax expense	5,936,828	4,324,386
Current tax overpaid in prior periods	(30,771)	(4,717)
	5,906,057	**4,319,669**
Deferred tax expense		
Origination and reversal of temporary differences	(242,452)	419,206
Total income tax expense	**5,663,605**	**4,738,875**

In 2025, the applicable tax rate for current and deferred tax is 20% (2024: 20%).

Reconciliation of effective tax rate:

	(Unaudited) The six months ended 30 June 2025		(Unaudited) The six months ended 30 June 2024	
	KZT'000	**%**	**KZT'000**	**%**
Profit before income tax	**26,914,250**	**100.0**	**21,766,710**	**100.0**
Income tax at the applicable tax rate	5,382,850	20.0	4,353,342	20.0
Non-deductible costs	311,526	1.1	390,250	1.8
Income tax overpaid in prior periods	(30,771)	(0.1)	(4,717)	(0.0)
	5,663,605	**21.0**	**4,738,875**	**21.8**

Deferred tax assets and liabilities

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes give rise to net deferred tax assets and liabilities as at 30 June 2025 and 31 December 2024. These deferred tax asset and liabilities are recognised in these interim condensed financial statements. The deductible temporary differences do not expire under current tax legislation of the Republic of Kazakhstan.

9 Cash and cash equivalents

KZT'000	(Unaudited) 30 June 2025	31 December 2024
Cash on hand	10,479,519	12,736,895
Nostro accounts with the NBRK (rated BBB-)	30,828,830	28,351,300
Nostro accounts with other banks		
- rated from A- to A+	44,946,340	71,358,584
- rated from BB- to BB+	1,891,467	482,475
- rated below B+	52,671	76,833
- not rated	1,249,914	675,065
Nostro accounts with other banks	**48,140,392**	**72,592,957**
Loss allowance	(15,142)	(10,450)
Net total nostro accounts with other banks	**48,125,250**	**72,582,507**
Cash equivalents		
Term deposits with the NBRK (rated BBB-)	147,335,444	136,943,833
Total cash equivalents	**147,335,444**	**136,943,833**
Total cash and cash equivalents	**236,769,043**	**250,614,535**

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

All cash and cash equivalents were classified as Stage 1 of the credit risk grading as at 30 June 2025 (unaudited) and 31 December 2024.

As at 30 June 2025 (unaudited) the Bank has two counterparty banks (31 December 2024: two counterparty banks), whose balances exceeded 10% of equity. The gross value of these balances as at 30 June 2025 (unaudited) is KZT 220,077,828 thousand (31 December 2024: KZT 233,561,514 thousand).

Cash and cash equivalents include notes and coins on hand, unrestricted balances (nostro accounts) held with the NBRK and other banks, mandatory reserve deposit with the NBRK, and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value, and are used by the Bank in the management of short-term commitments.

Minimum reserve requirements

In accordance with regulations issued by the NBRK, minimum reserve requirements are calculated as a total of specified proportions of different groups of banks liabilities. Banks are required to comply with these requirements by maintaining average reserve assets (local currency cash and NBRK balances) equal or in excess of the average minimum requirements. As at 30 June 2025 (unaudited), the minimum reserve is KZT 12,186,017 thousand (31 December 2024: KZT 10,984,376 thousand).

10 Balances and deposits with banks

KZT'000	(Unaudited) 30 June 2025	31 December 2024
- rated AA-	8,357,636	7,500,922
- not rated externally	5,700,692	100,000
Total balances and deposits with banks	**14,058,328**	**7,600,922**

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

As at 30 June 2025 (unaudited), the Bank holds a deposit of KZT 8,357,636 thousand with 1-Month SOFR plus 2 basis points, which serves as collateral for VISA card operations (31 December 2024: KZT 7,500,922 thousand) and KASE margin security on operations with securities in the amount of KZT 5,700,692 thousand (31 December 2024: KZT 100,000 thousand).

All accounts and deposits with banks are categorised into Stage 1 of the credit risk grading as at 30 June 2025 (unaudited) and 31 December 2024.

Allowance for expected credit losses on balances and deposits with banks was insignificant as at 30 June 2025 and 31 December 2024 and was not presented in these financial statements.

11 Loans to retail customers

KZT'000	(Unaudited) 30 June 2025	31 December 2024
Loans to retail customers		
Cash loans	722,096,632	628,228,715
POS loans	78,516,586	75,399,347
Credit cards	79,106,141	63,383,749
Total loans to retail customers	**879,719,359**	**767,011,811**
Loss allowance	(43,564,531)	(40,650,702)
Net loans to retail customers	**836,154,828**	**726,361,109**

The amount of new loans issued during the six months ended 30 June 2025 (unaudited) was KZT 319,434,830 thousand (during the six months ended 30 June 2024: KZT 259,660,192 thousand), and the relevant increase in the loss allowance during the six months ended 30 June 2025 (unaudited) was KZT 9,224,555 thousand (30 June 2024 (unaudited): KZT 5,904,811 thousand).

During the six months ended 30 June 2025 (unaudited), the loans of KZT 190,326,789 thousand (30 June 2024 (unaudited): KZT 154,972,013 thousand) were repaid resulting in the relevant decrease in the loss allowance of KZT 2,914,781 thousand during the six months ended 30 June 2025 (unaudited) (during the six months ended 30 June 2024 (unaudited): KZT 2,095,350 thousand).

During the six months ended 30 June 2025 (unaudited), the loans of KZT 16,382,157 thousand (during the six months ended 30 June 2024 (unaudited): KZT 5,144,573 thousand) were written off against the loss allowance charged.

(a) Analysis of movements in the loss allowance for expected credit losses

	(Unaudited) The six months ended 30 June 2025				
KZT'000	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Loans to retail customers at amortised cost					
Balance at 1 January 2025	11,055,910	5,317,430	23,879,666	397,696	40,650,702
Transfer to Stage 1	1,634,411	(266,614)	(1,367,797)	-	-
Transfer to Stage 2	(220,363)	667,093	(446,730)	-	-
Transfer to Stage 3	(1,456,495)	(4,739,604)	6,196,099	-	-
New financial assets originated or purchased*	6,913,138	1,298,765	1,011,700	952	9,224,555
Net remeasurement of loss allowance**	1,026,056	4,345,996	4,825,477	82,101	10,279,630
Write-offs	-	-	(16,099,725)	(282,432)	(16,382,157)
Unwinding of discount on present value of ECLs	-	-	(208,199)	-	(208,199)
Balance at 30 June 2025	**18,952,657**	**6,623,066**	**17,790,491**	**198,317**	**43,564,531**

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

**'Net change in loss allowance' line in POCI loans does not include recovery on POCI assets for the amount of KZT 980,053 thousand.

	(Unaudited) The six months ended 30 June 2024				
KZT'000	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Loans to retail customers at amortised cost					
Balance at 1 January 2024	5,761,352	2,851,192	17,739,514	334,125	26,686,183
Transfer to Stage 1	3,176,242	(164,957)	(3,011,285)	-	-
Transfer to Stage 2	(126,622)	561,876	(435,254)	-	-
Transfer to Stage 3	(770,209)	(2,520,831)	3,291,040	-	-
New financial assets originated or purchased*	3,059,071	1,031,123	1,814,617	-	5,904,811
Net remeasurement of loss allowance**	(3,057,500)	2,896,321	10,078,726	906,305	10,823,852
Write-offs	-	-	(4,414,930)	(729,643)	(5,144,573)
Unwinding of discount on present value of ECLs	-	-	326,776	-	326,776
Balance at 30 June 2024	**8,042,334**	**4,654,724**	**25,389,204**	**510,787**	**38,597,049**

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

**'Net change in loss allowance' line in POCI loans does not include recovery on POCI assets for the amount of KZT 2,921,594 thousand.

(b) Credit quality of loans to retail customers

	(Unaudited) 30 June 2025				
KZT'000	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL for assets not credit-impaired**	**Stage 3 Lifetime ECL for assets not credit-impaired**	**POCI**	**Total**
Cash loans					
Not overdue	608,090,394	1,200,983	28,833,013	4,288,978	642,413,368
Overdue:					
less than 30 days	14,760,379	681,833	3,342,954	205,458	18,990,624
31-90 days	-	11,130,825	4,676,270	145,857	15,952,952
91-180 days	-	-	15,807,609	150,676	15,958,285
181-360 days*	-	-	10,176,432	174,815	10,351,247
more than 360 days*	-	-	17,962,091	468,065	18,430,156
Total gross carrying amount	**622,850,773**	**13,013,641**	**80,798,369**	**5,433,849**	**722,096,632**
Loss allowance	(17,169,722)	(6,070,411)	(16,323,987)	(195,513)	(39,759,633)
Carrying amount	**605,681,051**	**6,943,230**	**64,474,382**	**5,238,336**	**682,336,999**
POS loans					
Not overdue	72,626,710	37,182	1,114,107	65,952	73,843,951
Overdue:					
less than 30 days	1,030,894	45,197	125,295	1,708	1,203,094
31-90 days	-	573,538	197,537	2,142	773,217
91-180 days	-	-	802,494	3,516	806,010
181-360 days*	-	-	591,231	8,007	599,238
more than 360 days*	-	-	1,249,595	41,481	1,291,076
Total gross carrying amount	**73,657,604**	**655,917**	**4,080,259**	**122,806**	**78,516,586**
Loss allowance	(754,869)	(246,983)	(613,851)	(2,804)	(1,618,507)
Carrying amount	**72,902,735**	**408,934**	**3,466,408**	**120,002**	**76,898,079**
Credit cards					
Not overdue	71,178,127	536,004	2,139,218	-	73,853,349
Overdue:					
less than 30 days	1,214,209	83,616	220,195	-	1,518,020
31-90 days	-	679,590	265,156	-	944,746
91-180 days	-	-	996,509	-	996,509
181-360 days*	-	-	727,119	-	727,119
more than 360 days*	-	-	1,066,398	-	1,066,398
Total gross carrying amount	**72,392,336**	**1,299,210**	**5,414,595**	**-**	**79,106,141**
Loss allowance	(1,028,066)	(305,672)	(852,653)	-	(2,186,391)
Carrying amount	**71,364,270**	**993,538**	**4,561,942**	-	**76,919,750**
Total loans to retail customers	**768,900,713**	**14,968,768**	**90,293,223**	**5,556,655**	**879,719,359**
Loss allowance	(18,952,657)	(6,623,066)	(17,790,491)	(198,317)	(43,564,531)
Loans to retail customers net of loss allowance	**749,948,056**	**8,345,702**	**72,502,732**	**5,358,338**	**836,154,828**

	31 December 2024				
KZT'000	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL for assets not credit-impaired**	**Stage 3 Lifetime ECL for assets credit-impaired**	**POCI**	**Total**
Cash loans					
Not overdue	530,183,660	1,485,818	22,839,277	6,118,194	560,626,949
Overdue:					
less than 30 days	10,335,788	683,671	2,497,246	245,354	13,762,059
31-90 days	-	8,585,028	3,084,794	229,752	11,899,574
91-180 days	-	-	17,507,773	322,980	17,830,753
181-360 days*	-	-	10,159,300	220,011	10,379,311
More than 360 days*	-	-	13,289,667	440,402	13,730,069
Total gross carrying amount	**540,519,448**	**10,754,517**	**69,378,057**	**7,576,693**	**628,228,715**
Loss allowance	(9,430,407)	(4,790,313)	(21,741,325)	(386,455)	(36,348,500)
Carrying amount	**531,089,041**	**5,964,204**	**47,636,732**	**7,190,238**	**591,880,215**
POS loans					
Not overdue	69,569,198	93,984	891,148	144,616	70,698,946
Overdue:					
less than 30 days	791,253	42,388	118,580	9,475	961,696
31-90 days	-	482,321	178,840	8,433	669,594
91-180 days	-	-	1,057,182	11,691	1,068,873
181-360 days*	-	-	731,904	11,663	743,567
more than 360 days*	-	-	1,178,587	78,084	1,256,671
Total gross carrying amount	**70,360,451**	**618,693**	**4,156,241**	**263,962**	**75,399,347**
Loss allowance	(777,672)	(227,856)	(900,086)	(11,241)	(1,916,855)
Carrying amount	**69,582,779**	**390,837**	**3,256,155**	**252,721**	**73,482,492**
Credit cards					
Not overdue	56,291,903	593,522	1,654,592	-	58,540,017
Overdue:					
less than 30 days	895,744	69,145	173,372	-	1,138,261
31-90 days	-	624,463	225,304	-	849,767
91-180 days	-	-	1,342,336	-	1,342,336
181-360 days*	-	-	590,595	-	590,595
more than 360 days*	-	-	922,773	-	922,773
Total gross carrying amount	**57,187,647**	**1,287,130**	**4,908,972**	**-**	**63,383,749**
Loss allowance	(847,831)	(299,261)	(1,238,255)	-	(2,385,347)
Carrying amount	**56,339,816**	**987,869**	**3,670,717**	**-**	**60,998,402**
Total loans to retail customers	**668,067,546**	**12,660,340**	**78,443,270**	**7,840,655**	**767,011,811**
Loss allowance	(11,055,910)	(5,317,430)	(23,879,666)	(397,696)	(40,650,702)
Net loans to retail customers	**657,011,636**	**7,342,910**	**54,563,604**	**7,442,959**	**726,361,109**

*As at 30 June 2025 and 31 December 2024, loans overdue more than 180 days are presented in the financial statements at their net carrying amount. As for such loans the debt is partially written off automatically at the expense of and in the amount of the loss allowance charged (without terminating the rights of claim against the borrower. Therefore, no loan loss allowance exists for the loans overdue more than 180 days on the balance sheet since the expected credit loss is covered by the partial write-off.

12 Current accounts and deposits from customers

KZT'000	(Unaudited) 30 June 2025	31 December 2024
Corporate customers		
- Current accounts	43,297,983	45,154,144
- Term deposits	22,179,212	19,724,325
Current accounts and deposits from corporate customers	**65,477,195**	**64,878,469**
Retail customers		
- Current accounts	37,147,601	36,554,292
- Term deposits	491,256,281	437,992,555
Current accounts and deposits from retail customers	**528,403,882**	**474,546,847**
	593,881,077	**539,425,316**

As at 30 June 2025 (unaudited) the Bank has one customer whose balances exceeded 10% of the Bank's equity (31 December 2024: one customer). The gross value of these balances as at 30 June 2025 (unaudited) is KZT 24,687,875 thousand (31 December 2024: KZT 22,549,964 thousand).

13 Debt securities issued

KZT'000	Maturity date	Coupon rate, %	(Unaudited) 30 June 2025	31 December 2024
Unsecured KZT denominated bonds of the 3rd issue as part of the 3rd bond issue program*	February 2025	12.5	-	20,800,629
Unsecured KZT denominated bonds of the 4th issue as part of the 3rd bond issue program*	August 2025	16.5	21,313,470	21,135,587
Unsecured KZT denominated bonds of the 5th issue as part of the 3rd bond issue program*	July 2026	16.5	21,037,260	20,900,962
Unsecured KZT denominated bonds of the 6th issue as part of the 3rd bond issue program*	August 2028	16.5	10,432,648	10,406,281
Unsecured KZT denominated bonds as part of the private placement*	May 2026	17.2	7,423,037	7,408,528
Unsecured KZT denominated bonds of the 1st issue as part of the 4th bond issue program*	June 2027	17.3	21,332,668	10,128,579
Unsecured KZT denominated bonds of the 2nd issue as part of the 4th bond issue program*	July 2029	17.3	21,241,156	14,440,508
Unsecured short-term KZT denominated bonds*	February 2026	17.5	10,604,471	-
Unsecured KZT denominated bonds of the 7th issue as part of the 3rd bond issue program*	February 2028	18.2	6,342,465	-
Unsecured USD denominated bonds**	May 2025	-	-	25,364,506
Unsecured USD denominated bonds**	October 2025	-	13,161,882	8,863,056
Unsecured USD denominated bonds**	October 2025	-	7,523,909	6,310,579
Unsecured USD denominated bonds**	May 2026	-	7,925,742	-
Unsecured USD denominated bonds**	May 2026	-	9,915,880	-
			158,254,588	**145,759,215**

*Quoted at Kazakhstan Stock Exchange.

**Zero-coupon bonds placed and quoted at AIX.

14 Other borrowed funds

KZT'000	Issue date	Maturity date	Currency	Weighted-average effective interest rate, %	Unaudited 30 June 2025	31 December 2024
Other borrowed funds						
Unsecured loans and borrowings	28/02/2024	28/02/2025	KZT	18.15	-	8,997,700
Unsecured loans and borrowings	31/05/2024	30/05/2025	KZT	18.70	-	4,991,989
Unsecured loans and borrowings	24/05/2024	23/05/2025	KZT	18.15	-	3,503,035
Secured loans and borrowings*	31/03/2025	31/03/2026	KZT	19.50	10,000,205	-
Unsecured loans and borrowings	20/05/2025	20/05/2026	KZT	21.40	5,004,679	-
Unsecured loans and borrowings	29/05/2025	29/05/2026	KZT	21.40	5,002,674	-
Unsecured loans and borrowings	12/06/2025	12/06/2026	KZT	21.40	15,152,396	-
					35,159,954	**17,492,724**

*In accordance with the concluded pledge agreements dated 31 March 2025, the obligations are secured by a loan portfolio (claims under loan agreements without overdue debt) with a book value of at least 20 billion tenge (unaudited).

15 Certificates of deposit

KZT'000	Interest rate, %	(Unaudited) 30 June 2025	31 December 2024
Certificates of deposit	16.0	14,860,109	13,521,284
Certificates of deposit	16.5	2,235,814	5,927,523
Certificates of deposit	17.0	12,779,876	7,538,351
Certificates of deposit	17.2	11,365,509	5,553,310
Certificates of deposit	17.4	1,114,787	9,312,092
Certificates of deposit	17.5	12,192,423	8,312,257
Certificates of deposit	17.6	-	153,000
Certificates of deposit	17.7	6,203,643	3,149,384
Certificates of deposit	17.9	2,424,093	6,894,886
Certificates of deposit	18.0	4,271,301	936,574
Certificates of deposit	18.2	7,780,504	5,883,411
Certificates of deposit	18.4	-	2,085,000
Certificates of deposit	18.5	27,263,174	28,206,448
Certificates of deposit	18.7	1,099,553	1,099,553
Certificates of deposit	18.8	25,300	25,300
Certificates of deposit	19.0	4,080,860	8,484,494
		107,696,946	**107,082,867**

16 Equity

(a) Issued share capital

As at 30 June 2025 (unaudited) the authorised share capital of the Bank comprises 160,240 ordinary shares (31 December 2024: 160,240 ordinary shares), while the issued and outstanding share capital of the Bank comprises 34,890 ordinary shares (31 December 2024: 34,890 ordinary shares). All ordinary shares issued by the Bank grant equal rights to their owners. The Bank has not issued shares that grant preferred or other special rights.

(b) Dividends

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

During the six months ended 30 June 2025 (unaudited) no dividends were declared or paid by the Bank (2024: no dividends were declared or paid).

17 Book value per share

The calculation of book value per share as at 30 June 2025 (unaudited) is based on the number of outstanding ordinary shares of 34,890 (31 December 2024: 34,890 ordinary shares) and net assets calculated in accordance with the Listing rules of Kazakhstan Stock Exchange as follows:

KZT'000	(Unaudited) 30 June 2025	31 December 2024
Total assets	1,145,165,329	1,029,884,006
Intangible assets	(22,780,494)	(20,763,762)
Total liabilities	(931,650,739)	(837,643,588)
Net assets	**190,734,096**	**171,476,656**

The following table shows the book value per share calculations as at 30 June 2025 and 31 December 2024:

	(Unaudited) 30 June 2025	31 December 2024
Net assets, KZT'000	190,734,096	171,476,656
Outstanding number of ordinary shares at the end of the year, share	34,890	34,890
Book value per share, in KZT	**5,466,727**	**4,914,779**

18 Earnings per share

The calculation of basic earnings per share as at 30 June 2025 (unaudited) and 30 June 2024 (unaudited) is based on the net profit for the year attributable to ordinary shareholders and weighted average number of ordinary shares outstanding calculated as follows:

	(Unaudited) The three months ended 30 June 2025	(Unaudited) The three months ended 30 June 2024
Net profit attributable to ordinary shareholders, KZT'000	11,793,188	10,430,873
Weighted average number of ordinary shares, share	34,890	34,890
Earnings per share, in KZT (basic and diluted)	**338,011**	**298,965**

	(Unaudited) The six months ended 30 June 2025	(Unaudited) The six months ended 30 June 2024
Net profit attributable to ordinary shareholders, KZT'000	21,250,645	17,027,835
Weighted average number of ordinary shares, share	34,890	34,890
Earnings per share, in KZT (basic and diluted)	**609,076**	**488,043**

There are no potentially dilutive shares for the six months ended 30 June 2025 (unaudited) and 30 June 2024 (unaudited).

19 Capital management

NBRK sets and monitors capital requirements for the Bank. Bank defines as capital those items defined by statutory regulation as capital for credit institutions.

Under the current capital requirements set by the NBRK the Bank has to maintain: a ratio of tier 1 capital to risk weighted assets, contingent liabilities, operational and market risk above the prescribed minimum levels.

As at 30 June 2025 (unaudited), this minimum level of tier 1 capital to risk weighted assets, contingent liabilities, operational and market risk was 0.055 (31 December 2024: 0.055) and the minimum level of total capital to risk weighted assets, contingent liabilities, operational and market risk was 0.080 (31 December 2024: 0.080). The Bank was in compliance with the statutory capital requirements as at 30 June 2025 (unaudited) and 31 December 2024.

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

KZT'000	(Unaudited) 30 June 2025	31 December 2024
Tier 1 capital		
Share capital	5,199,503	5,199,503
Retained earnings of prior years	186,706,423	151,613,598
Profit for the period	21,250,645	35,092,824
Intangible assets	(22,780,494)	(20,763,762)
Fair value reserve	358,020	334,493
Total tier 1 capital	**190,734,097**	**171,476,656**
Total tier 2 capital	**-**	**-**
Total capital	**190,734,097**	**171,476,656**
Total credit risk-weighted assets	**1,164,535,272**	**1,034,754,845**
Total credit risk-weighted assets and liabilities, including market and operational risk	**1,276,979,999**	**1,122,215,017**
Total capital expressed as a percentage of credit risk-weighted assets and liabilities, including market and operational risk (total capital ratio)	**14.94%**	**15.28%**
Total tier 1 capital expressed as a percentage of credit risk-weighted assets and liabilities, including market and operational risk (tier 1 capital ratio)	**14.94%**	**15.28%**

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

20 Commitments

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

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

KZT'000	(Unaudited) 30 June 2025	31 December 2024
Contractual amount		
Loan and credit line commitments		
Stage 1	106,324,295	82,936,590
Stage 2	6,613,210	5,123,993
	112,937,505	**88,060,583**

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

As at 30 June 2025 (unaudited) the Bank had no counterparties whose commitment balances exceeded 10% of the Bank's equity (31 December 2024: none).

21 Contingencies

(a) Insurance

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

(b) Litigation

The Bank management is unaware of any significant actual, pending or threatened claims against the Bank.

(c) Taxation contingencies

The taxation system in 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, in particular recognition of income, expenses and other items of the financial statements under IFRS.

Taxes are subject to review and investigation by various levels of authorities, which have the authority to impose severe fines and interest charges. A tax year generally remains open for review by the tax authorities for five subsequent calendar years; however, under certain circumstances a tax year may remain open longer. These circumstances may create tax risks in 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 Kazakhstan tax legislation, official pronouncements and court decisions. However, the interpretations of the relevant authorities could differ and the effect on these condensed interim financial statements, if the authorities were successful in enforcing their interpretations, could be significant.

22 Maturity analysis of assets and liabilities

The following table shows assets and liabilities by contractual maturities as at 30 June 2025:

	30 June 2025 (unaudited)				
KZT'000	**Less than one year**	**More than one year**	**No maturity**	**Overdue**	**Total**
Assets					
Cash and cash equivalents	236,769,043	-	-	-	236,769,043
Balances and deposits with banks	14,058,328	-	-	-	14,058,328
Loans to retail customers	293,669,913	476,043,427		66,441,488	836,154,828
Investment securities	-	-	360,220	-	360,220
Financial instruments measured at fair value through profit or loss	1,950,664	-	-	-	1,950,664
Property, plant and equipment and intangible assets	-	-	39,722,562	-	39,722,562
Other assets	14,941,488	1,208,196	-	-	16,149,684
Total assets	**561,389,436**	**477,251,623**	**40,082,782**	**66,441,488**	**1,145,165,329**
Liabilities					
Financial instruments measured at fair value through profit or loss	1,949,808	16,263	-	-	1,966,071
Balances and deposits from banks	1,409,999	-	-	-	1,409,999
Current accounts and deposits from customers	589,013,305	4,867,772	-	-	593,881,077
Debt securities issued	83,747,044	74,507,544	-	-	158,254,588
Other borrowed funds	35,159,954	-	-	-	35,159,954
Certificates of deposit	69,526,455	38,170,491	-	-	107,696,946
Lease liabilities	209,037	10,578,085	-	-	10,787,122
Other liabilities	21,721,905	773,077	-	-	22,494,982
Total liabilities	**802,737,507**	**128,913,232**	**-**	**-**	**931,650,739**
Net position	**(241,348,071)**	**348,338,391**	**40,082,782**	**66,441,488**	**213,514,590**

There have been no material changes in the Bank's risk management policies, risk appetite or exposure to market, credit, and liquidity risks compared to those disclosed in the annual financial statements as at 31 December 2024.

The table below provides an analysis of assets and liabilities by contractual maturities as at 31 December 2024:

	31 December 2024				
KZT'000	**Less than one year**	**More than one year**	**No maturity**	**Overdue**	**Total**
Assets					
Cash and cash equivalents	250,614,535	-	-	-	250,614,535
Balances and deposits with ba	7,600,922	-	-	-	7,600,922
Loans to retail customers	266,383,261	405,589,247	-	54,388,601	726,361,109
Investment securities	-	-	336,693	-	336,693
Financial instruments measured at fair value through profit or loss	526,231	-	-	-	526,231
Property, plant and equipment and intangible assets	-	-	35,812,037	-	35,812,037
Other assets	8,632,480	-	-	-	8,632,480
Total assets	**533,757,429**	**405,589,247**	**36,148,730**	**54,388,601**	**1,029,884,007**
Liabilities					
Financial instruments measured at fair value through profit or loss	526,604	15,066	-	-	541,670
Balances and deposits from banks	934,658	-	-	-	934,658
Current accounts and deposits from customers	535,831,672	3,593,644	-	-	539,425,316
Debt securities issued	85,863,357	59,895,858	-	-	145,759,215
Other borrowed funds	17,492,724	-	-	-	17,492,724
Certificates of deposit	72,586,634	34,496,233	-	-	107,082,867
Lease liabilities	1,806,304	7,608,295	-	-	9,414,599
Other liabilities	16,438,222	554,317	-	-	16,992,539
Total liabilities	**731,480,175**	**106,163,413**	**-**	**-**	**837,643,588**
Net position	**(197,722,746)**	**299,425,834**	**36,148,730**	**54,388,601**	**192,240,419**

23 Related party transactions

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

Total remuneration included in personnel expenses for the six-months ended 30 June 2025 and 30 June 2024 is as follows.

KZT'000	**(Unaudited) The six months ended 30 June 2025**	**(Unaudited) The six months ended 30 June 2024**
Members of the Board of Directors	91,273	302,131
Members of the Management Board	427,183	337,882
	518,456	**640,013**

The outstanding balances and average interest rates as at 30 June 2025 and 31 December 2024 for transactions with the members of the Board of Directors and the Management Board were as follows:

KZT'000	(Unaudited) 30 June 2025	Average interest rate, %	31 December 2024	Average interest rate, %
Statement of financial position				
ASSETS				
Loans to customers	1,192	36.00	1,051	36.00
LIABILITIES				
Current accounts and deposits from customers	189,727	2.60	69,268	2.72
Debt securities issued	147,365	17.50	157,365	17.50
Other liabilities	51	0.00	56	-

Total amounts included in profit or loss in relation to transactions with the members of the Board of Directors and the Management Board for the six months ended 30 June 2025 and 30 June 2024 were as follows:

KZT'000	(Unaudited) The six months ended 30 June 2025	(Unaudited) The six months ended 30 June 2024
Statement of profit or loss and other comprehensive income		
Interest expense	(14,163)	(8,028)
	(14,163)	**(8,028)**

(b) Transactions with entities controlled by the ultimate controlling owner

As at 30 June 2025 and 31 December 2024 balances with entities controlled by the ultimate controlling owner included in the statement of financial position were as follows:

KZT'000	(Unaudited) 30 June 2025	Average interest rate, %	31 December 2024*	Average interest rate, %
Statement of financial position				
ASSETS				
Other assets				
- in EUR	334,548	-	1,451,081	-
- in KZT	265,000	-	-	-
LIABILITIES				
Balances and deposits from banks				
- in KZT	412	-	441	-
Current accounts and deposits from customers				
- in USD, EUR, RUB*	29,274,328	-	26,665,975	-
- in KZT*	9,325,211	-	8,152,948	-
Other financial liabilities				
- in EUR	1,715,434	-	1,657,457	-
- in KZT	530,000	-	2,803	-

*Balances on transactions with entities controlled by the ultimate controlling shareholder have been amended compared to the previously issued financial statements as of 31 December 2024.

During the six months ended 30 June 2025 and 30 June 2024 transactions with entities controlled by the ultimate controlling owner included in the statement of profit or loss and other comprehensive income were as follows:

KZT'000	(Unaudited) The six months ended 30 June 2025	(Unaudited) The six months ended 30 June 2024
Statement of profit or loss and other comprehensive income		
Interest income		
Balances and deposits with banks		
- in EUR	-	20,035
	-	**20,035**
Interest expense		
Balances and deposits from banks		
- in USD	-	(23,014)
	-	**(23,014)**
Net loss on financial instruments at fair value through profit or loss		
- in KZT	-	(407,627)
	-	**(407,627)**
Net foreign exchange loss		
Current accounts and deposits from corporate customers		
- in EUR	(3,037,146)	(135,013)
	(3,037,146)	**(135,013)**
General administrative expenses		
General administrative expenses	(3,947,557)	(4,624,027)
	(3,947,557)	**(4,624,027)**

24 Financial assets and liabilities: fair values and accounting classification

(a) Accounting classifications and fair values

The table below sets out the carrying amounts and fair values of financial assets and financial liabilities as at 30 June 2025 (unaudited):

KZT'000	FVTPL	FVOCI	Amortised cost	Total carrying amount	Fair value
Cash and cash equivalents	-	-	226,289,524	226,289,524	226,289,524
Balances and deposits with banks	-	-	14,058,328	14,058,328	14,058,328
Loans to customers	-	-	836,154,828	836,154,828	796,367,408
Investment securities	-	360,220	-	360,220	360,220
Financial instruments measured at fair value through profit or loss*	1,950,664	-	-	1,950,664	1,950,664
Other financial assets	-	-	5,556,700	5,556,700	5,556,700
	1,950,664	**360,220**	**1,082,059,380**	**1,084,370,264**	**1,044,582,844**
Financial instruments measured at fair value through profit or loss*	1,966,071	-	-	1,966,071	1,966,071
Balances and deposits from banks	-	-	1,409,999	1,409,999	1,409,999
Current accounts and deposits from customers	-	-	593,881,077	593,881,077	593,806,331
Debt securities issued	-	-	158,254,588	158,254,588	152,199,169
Other borrowed funds	-	-	35,159,954	35,159,954	35,159,954
Certificates of deposit	-	-	107,696,946	107,696,946	107,696,946
Lease liabilities	-	-	10,787,122	10,787,122	10,787,122
Other financial liabilities	-	-	17,710,141	17,710,141	17,710,141
	1,966,071	**-**	**924,899,827**	**926,865,898**	**920,735,733**

* Included in financial assets is the amount of KZT 1,950,175 thousand (unaudited) under the caption of "Financial instruments measured at fair value through profit or loss", which relates to SPOT transactions on the KASE exchange market. Similarly, the amount of KZT 1,949,808 thousand (unaudited) related to liabilities under these transactions is recognised in financial liabilities.

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

KZT'000	FVTPL	FVOCI	Amortised cost	Total carrying amount	Fair value
Cash and cash equivalents	-	-	237,877,640	237,877,640	237,877,640
Balances and deposits with banks	-	-	7,600,922	7,600,922	7,600,922
Loans to customers	-	-	726,361,109	726,361,109	712,367,363
Investment securities	-	336,693	-	336,693	336,693
Financial instruments measured at fair value through profit or loss*	526,231	-	-	526,231	526,231
Other financial assets	-	-	313,859	313,859	313,859
	526,231	**336,693**	**971,839,671**	**972,702,595**	**958,708,849**
Financial instruments measured at fair value through profit or loss*	541,670	-	-	541,670	541,670
Balances and deposits from banks	-	-	934,658	934,658	934,658
Current accounts and deposits from customers	-	-	539,425,316	539,425,316	538,449,330
Debt securities issued	-	-	145,759,215	145,759,215	143,109,199
Other borrowed funds	-	-	17,492,724	17,492,724	17,556,283
Certificates of deposit	-	-	107,082,867	107,082,867	107,082,867
Lease liabilities	-	-	9,414,599	9,414,599	9,414,599
Other financial liabilities	-	-	12,407,694	12,407,694	12,407,694
	541,670	-	**832,517,073**	**833,058,743**	**829,496,300**

* Included in financial assets is the amount of KZT 526,231 thousand under the caption of "Financial instruments measured at fair value through profit or loss", which relates to SPOT transactions on the KASE exchange market. Similarly, the amount of KZT 526,231 thousand related to liabilities under these transactions is recognised in financial liabilities.

The estimates of fair value are intended to approximate the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. However, given the uncertainties and the use of subjective judgment, the fair value should not be interpreted as being realisable in an immediate sale of the assets or transfer of liabilities. Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Bank determines fair values using other valuation techniques.

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

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

For financial assets and financial liabilities that are liquid or having a short-term maturity (within twelve months) it is assumed that the carrying amounts approximate their fair value.

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

- average market rates of 22.75%, 19.52% and 36.01% (unaudited) are used for discounting future cash flows from credit cards, consumer loans and cash loans, respectively (31 December 2024: 25.4%, 18.92% and 32.64%, respectively);
- discount rates of 0.9%-2.8% and 0.9%-1% (unaudited) are used for discounting future cash flows from USD-denominated current accounts and deposits of corporate and retail customers (31 December 2024: 0.8%-2.8% and 0.8%-1%), and 14.3%-15.5% and 14.1%-16.3% (unaudited), respectively, are used for discounting future cash flows from KZT-denominated deposits of corporate and retail customers (31 December 2024: 12.1%-13.4% and 12.8%-15.2%);
- discount rates of 16%-19% (unaudited) are used for discounting future cash flows from KZT-denominated certificates of deposit (31 December 2024: 16%-19%);
- discount rates of 18.75%-19.25% (unaudited) are used for discounting future cash flows from KZT-denominated other borrowed funds (31 December 2024: 16.5% -17.4%);
- quoted market prices are used for determination of fair value of debt securities issued.

(b) Fair value hierarchy

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

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

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

	30 June 2025 (unaudited)	31 December 2024
KZT'000	**Level 1**	
Investment securities		
- shares of Kazakhstan Stock Exchange JSC	360,220	336,693
	360,220	**360,220**

KZT'000	30 June 2025 (unaudited)	31 December 2024
	Level 2	
Financial instruments measured at fair value through profit or loss		
- derivative financial assets	1,950,664	526,231
	1,950,664	**526,231**
- derivative financial liabilities	(1,966,071)	(541,670)
	(1,966,071)	**(541,670)**

The following table analyses the fair value of financial instruments not measured at fair value, by the level in the fair value hierarchy into which each fair value measurement is categorised as at 30 June 2025 (unaudited).

KZT'000	Level 2	Level 3	Total fair values	Total carrying amount
Assets				
Cash and cash equivalents	226,289,524	-	226,289,524	226,289,524
Balances and deposits with banks	14,058,328	-	14,058,328	14,058,328
Loans to retail customers	727,314,704	69,052,704	796,367,408	836,154,828
Other financial assets	5,556,700	-	5,556,700	5,556,700
Liabilities				
Balances and deposits from banks	1,409,999	-	1,409,999	1,409,999
Current accounts and deposits from customers	593,806,331	-	593,806,331	593,881,077
Debt securities issued	152,199,169	-	152,199,169	158,254,588
Other borrowed funds	35,159,954	-	35,159,954	35,159,954
Certificates of deposit	107,696,946	-	107,696,946	107,696,946
Lease liabilities	10,787,122		10,787,122	10,787,122
Other financial liabilities	17,710,141		17,710,141	17,710,141

The following table analyses the fair value of financial instruments not measured at fair value, by the level in the fair value hierarchy into which each fair value measurement is categorised as at 31 December 2024.

KZT'000	Level 2	Level 3	Total fair values	Total carrying amount
Assets				
Cash and cash equivalents	237,877,640	-	237,877,640	237,877,640
Balances and deposits with banks	7,600,922	-	7,600,922	7,600,922
Loans to retail customers	658,854,956	53,512,407	712,367,363	726,361,109
Other financial assets	313,859	-	313,859	313,859
Liabilities				
Balances and deposits from banks	934,658	-	934,658	934,658
Current accounts and deposits from customers	538,449,330	-	538,449,330	539,425,316
Debt securities issued	143,109,199	-	143,109,199	145,759,215
Other borrowed funds	17,556,283	-	17,556,283	17,492,724
Certificates of deposit	107,082,867	-	107,082,867	107,082,867
Lease liabilities under IFRS 16	9,414,599	-	9,414,599	9,414,599
Other financial liabilities	12,407,694	-	12,407,694	12,407,694

25 Subsequent events

On 15 July 2025, the Law of the Republic of Kazakhstan No.208-VIII has been adopted, which introduces an additional 10% corporate income tax on certain types of banks' income, with retrospective application to the year 2025. The most significant regulation for the Bank concerns the interest on deposits held with the National Bank of the RK with the term of up to one year. The impact on the Bank's tax expenses for the six months ended 30 June 2025 (unaudited) is estimated to be approximately KZT 1,170,808 thousand. The corresponding additional tax liability was recognised in July 2025 as the amendments to the Tax Code were considered substantively enacted in July 2025.



JSC Home Credit Bank

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2024

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Independent Auditors' Report

To the Shareholders and the Board of Directors of Joint-Stock Company "Home Credit Bank"

Opinion

We have audited the financial statements of Joint-Stock Company "Home Credit Bank" (the "Bank"), which comprise the statement of financial position as at 31 December 2024, the 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 financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) as modified for the requirements of decree of the Board of the National Bank of the Republic of Kazakhstan #269 dated 22 December 2017 (the "NBRK decree No.269").

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 Financial Statements* section of our report. We are independent of the Bank 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 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Expected credit losses (ECL) for loans to customers	
Please refer to Notes 2(a), 3(b), 4, 7 and 12 in the financial statements.	
Key audit matter	***How the matter was addressed in our audit***
Loans to retail customers represent 70% 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 Bank uses ECL valuation model, which requires management to apply professional judgement 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 retail customers (allocation between stages 1, 2 and 3 and POCI (purchased or originated credit-impaired loans) in accordance with IFRS 9), as modified for the requirements of the NBRK decree No.269; – assessment of probability of default (PD) and loss given default (LGD); – assessment of forward-looking information in determining the economic scenarios used. According to the Bank's policy, ECL for loans to retail customers is calculated using mathematical models. Loans to retail customers have no collateral, and loss given default is calculated based on statistics of loan repayments. Due to the significant volume of loans to retail customers and the related estimation uncertainty, this area is a key audit matter.	We analysed the key aspects of the Bank's methodology and policies related to the ECL estimate for compliance with the requirements of IFRS 9, as modified for the requirements of the NBRK decree No.269, with the involvement of our own financial risks management specialists. We focused on analysis of differences between requirements of IFRS 9 and the NBRK decree No.269. To analyse the adequacy of professional judgement and assumptions made by management in relation to the allowance for ECL estimate, our audit procedures included the following: – We tested design and operating effectiveness of controls over completeness and accuracy of data inputs into ECL calculation models, timely reflection of delinquency events and loan repayments in the underlying systems and allocation of loans into credit risk stages. – We tested the operation of the relevant models with the involvement of our credit risk specialists and, on a sample basis, reconciled the input data of the models to the underlying source documents. – We assessed the overall reasonableness of the economic forecasts by comparing the Bank's forecasts to our own modelled forecasts. We also assessed whether the financial statements disclosures appropriately reflect the Bank'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 Bank for 2024, but does not include the financial statements and our auditors' report thereon. The Annual Report of the Bank for 2024 year is expected to be made available to us after the date of this auditors' report.

Our opinion on the 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 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 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 Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards with due account of the requirements of the NBRK decree No.269 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank'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 Bank or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Bank'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 Bank'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 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 Bank to cease to continue as a going concern.

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

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 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:

Sergey Lytov
Certified Auditor
of the Republic of Kazakhstan
Auditor's Qualification Certificate
No. МФ-0001870 dated 20 December 2023

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 the Charter

26 March 2025

KZT'000	Note	2024	2023*
Interest income calculated using the effective interest method	5	234,433,627	168,659,508
Interest expense	5	(94,317,033)	(63,402,404)
Net interest income		**140,116,594**	**105,257,104**
Fee and commission income	6	11,343,856	9,162,737
Fee and commission expense	6	(15,845,793)	(13,059,088)
Net fee and commission expense		**(4,501,937)**	**(3,896,351)**
Net loss on financial instruments at fair value through profit or loss		(72,454)	(4,350,524)
Income from penalties		2,397,703	1,812,879
Net foreign exchange (loss)/gain		(605,953)	139,555
Other operating income, net		696,547	446,147
Operating income		**138,030,500**	**99,408,810**
Charge of expected credit loss allowance for debt financial assets	7	(36,115,819)	(24,457,464)
Charge of expected credit loss allowance for loan commitments	27	(594,265)	(562,669)
General administrative expenses	8	(56,896,641)	(42,799,309)
Profit before income tax		**44,423,775**	**31,589,368**
Income tax expense	9	(9,330,951)	(6,882,230)
Profit for the year		**35,092,824**	**24,707,138**
Other comprehensive income for the year, net of income tax			
Items that are or may be reclassified subsequently to profit or loss:			
Movement in fair value reserve (debt instruments):			
- Net change in fair value		334,493	22,768
- Net change in expected credit losses		-	(1,396)
- Cash flows hedging - Effective portion of changes in fair value		-	508,951
Other comprehensive income for the year, net of income tax		**334,493**	**530,323**
Total comprehensive income for the year		**35,427,317**	**25,237,461**
Basic and diluted earnings per share (KZT)	24	1,005,813	708,144

*For details of changes in comparatives, see Note 2(e).

The financial statements as set out on pages 12 to 63 were approved by management on 26 March 2025 and were signed on its behalf by:

Kirill Bachvarov
Chairman of the Management Board

Gaukhar Massangaliyeva
Chief Accountant

The statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to, and forming part of, the financial statements.

KZT'000	Note	31 December 2024	31 December 2023*
ASSETS			
Cash and cash equivalents	10	250,614,535	186,707,889
Placements with banks	11	7,600,922	6,497,497
Loans to retail customers	12	726,361,109	568,712,310
Investment securities		336,693	-
Financial instruments at fair value through profit or loss	15	526,231	526,643
Property and equipment, and intangible assets	13	35,812,037	18,086,577
Other assets	14	8,632,480	11,001,448
Total assets		**1,029,884,007**	**791,532,364**
LIABILITIES			
Financial instruments at fair value through profit or loss	15	541,670	582,597
Deposits and balances from banks		934,658	1,205,778
Current accounts and deposits from customers:	16		
- Current accounts and deposits from retail customers		474,546,847	338,247,491
- Current accounts and deposits from corporate customers		64,878,469	41,209,846
Debt securities issued	17	145,759,215	96,718,526
Other borrowed funds	18	17,492,724	70,729,640
Certificates of deposit	20	107,082,867	69,101,008
Lease liabilities	19	9,414,599	2,969,251
Other liabilities	21	16,992,539	13,955,127
Total liabilities		**837,643,588**	**634,719,264**
EQUITY			
Share capital	22	5,199,503	5,199,503
Retained earnings		186,706,422	151,613,598
Fair value reserve		334,493	-
Total equity		**192,240,418**	**156,813,101**
Total liabilities and equity		**1,029,884,006**	**791,532,365**
Book value per share (KZT)	23	**4,914,779**	**4,152,576**

*For details of changes in comparatives, see Note 2(e).

The statement of financial position is to be read in conjunction with the notes to, forming part of, the financial statements.

KZT'000	2024	2023*
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest receipts	222,402,509	160,820,860
Interest payments	(91,067,867)	(58,498,197)
Fee and commission receipts	11,293,102	9,150,773
Fee and commission payments	(15,991,649)	(13,873,383)
Net payments from financial instruments at fair value through profit or loss	(112,969)	(3,532,143)
Net receipts from foreign exchange	1,301,224	974,411
Receipts from penalties	2,397,703	1,812,879
Other income receipts, net	139,743	446,147
General administrative expenses	(52,607,379)	(36,761,430)
(Increase)/decrease in operating assets		
Loans to retail customers	(181,258,829)	(187,563,765)
Deposits and balances with banks	373,412	(1,031,205)
Investment securities	(2,200)	4,998,604
Other assets	3,084,619	516,096
Increase/(decrease) in operating liabilities		
Current accounts and deposits from customers	153,991,363	113,075,538
Deposits and balances from banks	(385,715)	(4,195,162)
Certificates of deposit	38,018,829	20,734,854
Other liabilities	3,425,973	2,192,343
Net cash from operating activities before income tax paid	**95,001,869**	**9,267,220**
Income tax paid	(7,611,781)	(5,091,827)
Net cash from operating activities	**87,390,088**	**4,175,393**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment and intangible assets	(16,866,976)	(9,751,055)
Proceeds from sale of property and equipment and intangible assets	24,316	73,610
Dividends received	51,668	-
Cash flows used in investing activities	**(16,790,992)**	**(9,677,445)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts of other borrowed funds	34,276,635	22,854,008
Repayment of other borrowed funds	(87,240,807)	(10,000,000)
Proceeds from issue of debt securities	82,561,897	87,913,050
Repayment of debt securities	(43,322,153)	(11,896,257)
Payment of lease liabilities	(1,934,097)	(2,586,428)
Net cash (used in)/from financing activities	**(15,658,525)**	**86,284,373**
Net increase in cash and cash equivalents	**54,940,571**	**80,782,321**
Effect of exchange rate fluctuations on cash and cash equivalents	8,948,571	(45,937)
Effect of changes in expected credit losses (ECL) on cash and cash equivalents	17,504	225,636
Cash and cash equivalent at the beginning of the year	**186,707,889**	**105,745,869**
Cash and cash equivalents at the end of the year (Note 10)	**250,614,535**	**186,707,889**

* For details of changes in comparatives, see Note 2(e).

The statement of cash flows is to be read in conjunction with the notes to, and forming part of, the financial statements.

KZT'000	**Share capital**	**Fair value reserve**	**Hedging reserve**	**Retained earnings**	**Total equity**
Balance at 1 January 2023	5,199,503	(21,372)	(508,951)	126,906,460	131,575,640
Total comprehensive income	-	-	-	-	-
Profit for the year	-	-	-	24,707,138	24,707,138
Other comprehensive income					
Items that are or may be reclassified subsequently to profit or loss:					
Movement in fair value reserve (debt instruments):	-	-	-	-	-
- Net change in fair value	-	22,768	-	-	22,768
- Net change in expected credit losses	-	(1,396)	-	-	(1,396)
- Cash flows hedging - Effective portion of changes in fair value	-	-	508,951	-	508,951
Total other comprehensive income	**-**	**21,372**	**508,951**	**-**	**530,323**
Total comprehensive income for the year	**-**	**21,372**	**508,951**	**24,707,138**	**25,237,461**
Balance at 31 December 2023	**5,199,503**	**-**	**-**	**151,613,598**	**156,813,101**

The statement of changes in equity is to be read in conjunction with the notes to, and forming part of, the financial statements.

KZT'000	**Share capital**	**Fair value reserve**	**Hedging reserve**	**Retained earnings**	**Total equity**
Balance at 1 January 2024	5,199,503	-	-	151,613,598	156,813,101
Total comprehensive income					
Profit for the year	-	-	-	35,092,824	35,092,824
Other comprehensive income					
Items that are or may be reclassified subsequently to profit or loss:					
Movement in fair value reserve (debt instruments):	-	-	-	-	-
- Net change in fair value	-	334,493	-	-	334,493
Total other comprehensive income	**-**	**334,493**	**-**	**-**	**334,493**
Total comprehensive income for the year	**-**	**334,493**	**-**	**35,092,824**	**35,427,317**
Balance at 31 December 2024	**5,199,503**	**334,493**	**-**	**186,706,422**	**192,240,418**

The statement of changes in equity is to be read in conjunction with the notes to, and forming part of, the financial statements.

1 Background

(a) Organisation and operations

Joint Stock Company "Home Credit Bank" or JSC Home Credit Bank (the "Bank") was established in 1993 in accordance with the laws of the Republic of Kazakhstan.

As at 31 December 2024, according to the Register of ordinary shareholders of the Bank, 34.7% of the Bank's shares are owned by the Chairman of the Board and minority shareholder of PPF Group N.V., Mr Jiri Smejc, 9.9% of the Bank's shares (31 December 2023: 7.5%) are owned by PPF Financial Holdings a.s. and 55.4% (31 December 2023: 57.8%) of the Bank's shares are owned by 6 (six) individuals, top managers of PPF Group N.V. and Home Credit Group (Czech Republic), which act as shareholders of the Bank, while control over the Bank is retained by PPF Group N.V. and the ultimate controlling party, Ms Renata Kellnerova.

The Bank's principal activities are retail lending operations, deposit taking and customer accounts maintenance, issuing guarantees, cash and settlement operations and foreign exchange. The Bank's activities are regulated by the Agency for Regulation and Development of the Financial Market of the Republic of Kazakhstan. The Bank has a licence No. 1.2.36/40 dated 17 August 2022 to conduct banking operations and operations in the securities market.

The Bank's registered head office is: 248 Nursultan Nazarbayev av., Almaty, Republic of Kazakhstan, 050059. As at 31 December 2024, the Bank had 18 branches and 57 bank offices (31 December 2023: 17 branches and 50 bank offices).

Debt securities issued by the Bank are listed on Kazakhstan Stock Exchange ("KASE") and Astana International Exchange (AIX).

(b) Kazakhstan business environment

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

In February 2022, because of the military conflict between the Russian Federation and Ukraine, a number of countries imposed sanctions against the Russian Federation. The conflict affects not only the economic activity of two countries but the global economy as well. As a result of sanctions, commodity and food prices have risen in many countries around the world, the established links between supply of resources have been disrupted, inflation also affects the prices, and analysts also forecast economic implications for the global industry.

The Bank's financial condition remained stable, and the Bank continues fulfilling its obligations and follows its development strategy. On 31 March 2023, Fitch Ratings assigned to the Bank a long-term rating of 'BB-'. As at 31 December 2024, the assigned rating remained unchanged.

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

2 Basis of accounting

(a) Statement of compliance subject to the requirements of the NBRK decree No. 269

These financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"), and as required by the Decree of the Board of the National Bank of the Republic of Kazakhstan No.269 dated 22 December 2017 (the "NBRK decree No. 269").

Amendments made by the regulator to the NBRK's decree No. 269, that became effective on 1 January 2022, provide for a list of specific impairment indicators that banks must apply, while IFRS does not provide for such detailed guidance. These include the following indicators included in the Bank's provisioning model:

- payment holidays are to be provided for a period of more than 60 days;
- delinquency with other credit organisations for more than 90 days.

The difference between the requirements established by the local regulator and those established by international practices for the estimate of allowances for expected credit losses (ECL) related to retail portfolios of financial assets lies also in the fact that the period of cure of credit-impaired assets under local requirements is limited by 12 months, while IFRSs provide for using judgement to determent the period of cure of credit-impaired assets, depending on the portfolio characteristics.

Moreover, the NBRK decree No. 269 requires that a single model has to be used by the banks to estimate ECLs, applying the formula that includes probability of default (PD), loss given default (LGD), and exposure at default (EAD), even though IFRS 9 does not provide for using a specific ECL formula. Exposures at default are estimated based on the gross carrying amount of assets, plus accrued interest as at the reporting date and unused credit limits, using the appropriate credit conversion factor.

The national regulator's requirements on ECL allowances as established by the NBRK decree No.269 result in higher levels of ECL allowances.

(b) Basis of measurement

The financial statements are prepared on the historical cost basis except that financial instruments at fair value through profit or loss and financial assets at fair value through other comprehensive income are stated at fair value.

(c) Functional and presentation currency

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

KZT is also the presentation currency for the purposes of these financial statements.

All financial information presented in KZT has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

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

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

Information about critical judgements, assumptions and estimation uncertainties in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- impairment of financial instruments: determining inputs into the ECL measurement model, including incorporation of forward-looking information – Note 4 and Note 12;
- recognition of fee and commission income from insurance contracts – Note 6;
- write-off of financial assets – Note 3(iv) 'Write-offs'.

(e) Comparative information

During the preparation of the financial statements as at and for the year ended 31 December 2024, the Bank made reclassifications which impacted related captions in the statement of financial position as at 31 December 2023, the statement of profit or loss and other comprehensive income for the year ended 31 December 2023, and the statement of cash flows for the year ended 31 December 2023.

Management revised the presentation of the 'Interest income calculated using the effective interest method' item in the statement of profit or loss and other comprehensive income and reclassified commission fee for early repayment of loans to the 'Fee and commission income' item.

Management revised the presentation of the 'Other liabilities' item in the statement of financial position as at 31 December 2023 and determined that payables to VISA related to card operations must be presented on a net basis within the 'Other assets' item as liabilities are settled by offsetting the recognised amounts and all settlements are in a net positive position.

Other adjustments are individually insignificant and were made as a result of restatement of related items, and comparing methods used for their recognition with the amounts as at 31 December 2024.

These reclassifications had no impact on profit before tax and the Bank's profit for the year ended 31 December 2023.

The Bank believes that such presentation is to be the most appropriate for the users of the financial statements.

The following table summarises the impacts on the respective items:

	As previously reported	Adjustments	As restated
KZT'000			
Statement of financial position as at 31 December 2023			
Other assets	12,420,603	(1,419,155)	11,001,448
Other liabilities	15,374,281	(1,419,154)	13,955,127
Statement of profit or loss and other comprehensive income for the year ended 31 December 2023			
Interest income calculated using the effective interest method	170,247,176	(1,587,668)	168,659,508
Fee and commission income	7,577,400	(1,585,337)	9,162,737
Fee and commission expense	(13,259,088)	200,000	(13,059,088)
Other operating income, net	643,816	(197,669)	446,147
Statement of cash flows for the year ended 31 December 2023			
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest receipts	162,408,528	(1,587,668)	160,820,860
Interest payments	(62,066,250)	3,568,053	(58,498,197)
Fee and commission receipts	7,565,436	1,585,337	9,150,773
Fee and commission payments	(14,073,383)	200,000	(13,873,383)
Other income receipts, net	643,816	(197,669)	446,147
General administrative expenses	(36,673,380)	(88,050)	(36,761,430)
Loans to retail customers	(186,144,610)	(1,419,155)	(187,563,765)
Other assets	(903,059)	1,419,155	516,096
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts of other borrowed funds	23,000,000	(145,992)	22,854,008
Proceeds from issue of debt securities	91,335,111	(3,422,061)	87,913,050
Payment of lease liabilities	(2,674,478)	88,050	(2,586,428)

3 Material accounting policies

The Bank has consistently applied the following accounting policies to all periods presented in these financial statements.

(a) Interest rate

Effective interest rate

Interest income and expense are recognised in profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets, the Bank estimates future cash flows considering all contractual terms of the financial instrument, but not expected credit losses.

For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including expected credit losses. The calculation of the effective interest rate includes transaction costs and fees and amounts paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

Amortised cost and gross carrying amount

The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance.

The 'gross carrying amount of a financial asset' measured at amortised cost is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

Calculation of interest income and expense

The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating rate instruments to reflect movements in market rates of interest.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

For financial assets that were credit-impaired on initial recognition (POCI), interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the asset. The credit risk-adjusted effective interest rate 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. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

For information on when financial assets are credit-impaired, see Note 3(b)(iv).

Presentation

Interest income calculated using the effective interest method presented in the statement of profit or loss and other comprehensive income includes:

- interest on financial assets measured at amortised cost;

- interest on debt instruments measured at FVOCI.

Interest expense presented in the statement of profit or loss and other comprehensive includes:

- interest expense on financial liabilities measured at amortised cost.

(b) Financial assets and financial liabilities

(i) Classification

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated by the Bank as at fair value through profit or loss:

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

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt financial assets measured at FVOCI, gains and losses are recognised in other comprehensive income, except for the following, which are recognised in profit or loss in the same manner as for financial assets measured at amortised cost:

- interest income calculated using the effective interest method;
- expected credit losses and reversals; and
- foreign exchange gains and losses.

When a debt financial asset measured at fair value through other comprehensive income is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.

On initial recognition of an equity investment that is not held for trading, the Bank may irrevocably elect to present subsequent changes in fair value in other comprehensive income. This election is made on an investment-by-investment basis.

Gains or losses on such equity instruments are never reclassified to profit or loss and no impairment is recognised in profit or loss. Dividends are recognised in profit or loss unless they clearly represent a recovery of part of the cost of investment, in which case they are recognised in other comprehensive income. Cumulative gains and losses recognised in other comprehensive income are transferred to retained earnings on disposal of an investment.

All other financial assets are classified as measured at fair value through profit or loss.

In addition, on initial recognition the Bank may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The Bank makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Bank's 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 frequency, volume and timing of sales in prior periods, the reasons for such sales and expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment of whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Bank considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Bank considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Bank's claim to cash flows from specified assets – e.g. non-recourse asset arrangements; and
- features that modify consideration of the time value of money – e.g. periodical reset of interest rates.

All of the Bank's retail loans contain prepayment features.

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. In addition, a prepayment feature is treated as consistent with this criterion if a financial asset is acquired or originated at a premium or discount to its contractual par amount, the prepayment amount substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination), and the fair value of the prepayment feature is insignificant on initial recognition. Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Bank changes its business model for managing financial assets.

Financial liabilities

The Bank classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortised cost or FVTPL.

Financial liabilities are not reclassified subsequent to their initial recognition.

(ii) Derecognition

Financial assets

The Bank derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Bank is recognised as a separate asset or liability.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Any cumulative gain/loss recognised in other comprehensive income in respect of equity investment securities designated as at FVOCI is not recognised in profit or loss on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Bank is recognised as a separate asset or liability.

The Bank enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised. Examples of such transactions are securities lending and sale-and-repurchase transactions.

In transactions in which the Bank neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Bank continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

Financial liabilities

The Bank derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

(iii) Modification of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, the Bank evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different (referred to as 'substantial modification'), then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and
- other fees are included in profit or loss as part of the gain or loss on derecognition.

Changes in cash flows on existing financial assets and financial liabilities are not considered as modification, if they result from existing contractual terms.

The Bank performs a quantitative and qualitative evaluation of whether the modification is substantial, i.e. whether the cash flows of the original financial asset and the modified or replaced financial asset are substantially different. The Bank assesses whether the modification is substantial based on quantitative and qualitative factors in the following order: qualitative factors, quantitative factors, combined effect of qualitative and quantitative factors. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In making this evaluation the Bank analogises to the guidance on the derecognition of financial liabilities.

The Bank concludes that the modification is substantial as a result of the following qualitative factors:

- change of the currency of the financial asset;
- change in collateral or other credit enhancement;
- inclusion of conversion option.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Bank plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place (see below for write off policy). This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases. The Bank further performs qualitative evaluation of whether the modification is substantial.

If the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, then the Bank first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in profit or loss. For floating-rate financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs or fees incurred and fees received as part of the modification adjust the gross carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

If such a modification is carried out because of financial difficulties of the borrower (see Note 3(b)(iv)), then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income calculated using the effective interest method (see Note 3(a)).

For fixed-rate loans, where the borrower has an option to prepay the loan at par without significant penalty, the Bank treats the modification of an interest rate to a current market rate using the guidance on floating-rate financial instruments. This means that the effective interest rate is adjusted prospectively.

Financial liabilities

The Bank derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss. The consideration paid includes non-financial assets transferred, if any, and the liabilities assumed, including the new modified financial liability.

The Bank assesses whether the modification is substantial based on quantitative and qualitative factors in the following order: qualitative factors, quantitative factors, combined effect of qualitative and quantitative factors. The Bank concludes that the modification is substantial as a result of the following qualitative factors:

- change of the currency of the financial liability;
- change in collateral or other credit enhancement;
- inclusion of conversion option;
- change in the subordination of the financial liability.

For the quantitative assessment the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability.

If the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in profit or loss. For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

(iv) Impairment

The Bank recognises loss allowances for expected credit losses ("ECL") on the following financial instruments that are not measured at FVTPL:

- financial assets that are debt instruments;
- loan commitments and financial guarantee contracts.

No impairment loss is recognised on equity investments.

The Bank measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments on which credit risk has not increased significantly since their initial recognition (see Note 4).

The Bank considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment-grade'.

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which a 12-month ECL is recognised are referred to as 'Stage 1' financial instruments.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of the financial instrument. Financial instruments for which a lifetime ECL is recognised are referred to as 'Stage 2' financial instruments (if the credit risk has increased significantly since the initial recognition, but the financial instruments are not credit-impaired) and 'Stage 3' financial instruments (if the financial instruments are credit-impaired).

Measurement of ECL

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- *financial assets that are not credit-impaired at the reporting date*: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Bank in accordance with the contract and the cash flows that the Bank expects to receive);
- *financial assets that are credit-impaired at the reporting date:* as the difference between the gross carrying amount and the present value of estimated future cash flows;
- *undrawn loan commitments:* as the present value of the difference between the contractual cash flows that are due to the Bank if the commitment is drawn down and the cash flows that the Bank expects to receive; and
- *financial guarantee contracts:* the present value of expected payments to reimburse the holder less any amounts that the Bank expects to recover.

Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised and ECL are measured as follows.

- If the expected restructuring does not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset (see Note 4).
- If the expected restructuring results in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Credit-impaired financial assets

At each reporting date, the Bank assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- delinquency of more than 90 calendar days on loans issued by the Bank;
- delinquency of more than 90 calendar days with other financial institutions, as reported by the credit bureaus;
- forced loan restructuring initiated by the Credit Committee or as part of the Bank's distressed debt management process;
- extension of the grace period by more than 60 days for scheduled payments, as confirmed by the Bank's internal records;
- partial or full debt write-off resulting from a significant increase in credit risk since loan origination;
- confirmed instances of loan-related fraud, identified through the Bank's internal data;
- the borrower's death is recorded in the Bank's database;
- the borrower's bankruptcy formally registered in the Bank's database;
- the disappearance of an active market for a security because of financial difficulties.

A loan that was renegotiated due to a deterioration in the borrower's condition was usually considered to be credit-impaired unless there was evidence that the risk of not receiving contractual cash flows had reduced significantly and there were no other indicators of impairment. In addition, a loan that is overdue for 90 days or more is considered impaired.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

- *financial assets measured at amortised cost:* as a deduction from the gross carrying amount of the assets;
- *loan commitments:* generally, as a provision;
- *where a financial instrument includes both a drawn and an undrawn component, and the Company cannot identify the ECL on the loan commitment component separately from those on the drawn component:* the Bank presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and
- *debt instruments measured at FVOCI:* no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the fair value reserve.

Write-off

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

Recoveries of amounts previously written off are included in 'charge of allowance for credit losses on debt financial assets' in the statement of profit or loss and other comprehensive income.

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

Once a loan is more than 180 days past due, the Bank performs a partial write-off of the loans to an off-balance sheet account, using the full amount of provisions accrued to date, thereby recognising the unrecoverable portion of the debt, based on a Markov statistical model adjusted for expected recoveries. Accordingly, from day 181 to day 1080 of delinquency, only the portion of partially written off loans that the Bank expects to recover remains on the Bank's balance sheet. The remaining balance is fully written off on day 1081.

(c) Segment reporting

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

(d) New standards and interpretations not yet adopted

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

The following new or amended standards are not expected to have a significant impact on the Bank's financial statements.

- *Lack of Exchangeability – Amendments to IAS 21.*
- *Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures.*
- *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 and other comprehensive income, 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. 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.

New amendments to the standards effective from 1 January 2024 have not had an impact on the Bank's financial statements.

4 Financial risk review

This note presents information about the Bank's exposure to financial risks. For information on the Bank's financial risk management framework, see Note 25.

Credit risk - Amounts arising from ECL

Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Bank considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Bank's historical experience and expert credit assessment and including forward-looking information.

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing:

- the remaining lifetime probability of default (PD) as at the reporting date; with
- the remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure (adjusted where relevant for changes in prepayment expectations).

The Bank uses two criteria for determining whether there has been a significant increase in credit risk:

- qualitative indicators such as negative external information (i.e. delinquency of borrowers' loans in other banks), behavioural scoring assessment (past credit history, etc.), application to financial protection products (services such as payment holidays, change in due date); and
- backstop of 30 days past due.

Credit risk grades

The Bank allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of default and applying experienced credit judgement. The Bank uses these grades in identifying significant increases in credit risk under IFRS 9, as modified for the requirements of NBRK decree No.269. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default. These factors may vary depending on the nature of the exposure and the type of borrower.

Each exposure is allocated to a credit risk grade at initial recognition based on available information about the borrower. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade.

Bank exposure	**Retail exposure**
• Information obtained during periodic review of counterparty files – e.g. audited financial statements. Examples of areas of particular focus are: gross profit margins, securities, compliance with covenants, quality of management, senior management changes. • Data from credit reference agencies, press articles, changes in external credit ratings. • Quoted bond and credit default swap (CDS) prices for the counterparty where available. • Actual and expected significant changes in the political, regulatory and technological environment of the counterparty or in its business activities.	• Payment record – this includes overdue status, including amounts payable to other credit institutions, as well as a range of variables about payment ratios. • Utilisation of the granted limit. • Requests for and granting of forbearance. • Existing and forecast changes in business, financial and economic conditions.

Generating the term structure of PD

Credit risk grades and client's score are primary inputs into the determination of the term structure of PD for exposures. The Bank collects performance and default information about its credit risk exposures analysed by jurisdiction, by type of product and borrower and by credit risk grading. For some portfolios, information purchased from external credit reference agencies may also be used.

The Bank employs statistical models to analyse the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

Determining whether credit risk has increased significantly

The Bank assesses whether credit risk has increased significantly since initial recognition at each reporting period. Determining whether an increase in credit risk is significant depends on the characteristics of the financial instrument and the borrower, and the geographical region.

The credit risk may also be deemed to have increased significantly since initial recognition based on qualitative factors linked to the Bank's credit risk management processes that may not otherwise be fully reflected in its quantitative analysis on a timely basis. This will be the case for exposures that meet certain heightened risk criteria, such as placement on a watch list. Such qualitative factors are based on its expert judgement and relevant historical experience.

As a backstop, the Bank considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due and for due from bank exposures and securities is more than 1 day. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower.

If there is evidence that there is no longer a significant increase in credit risk relative to initial recognition, then the loss allowance on an instrument returns to being measured as 12-month ECL. Some qualitative indicators of an increase in credit risk, such as delinquency of forbearance, may be indicative of an increased risk of default that persists after the indicator itself has ceased to exist. In these cases the Bank determines a probation period during which the financial asset is required to demonstrate good behaviour to provide evidence that its credit risk has declined sufficiently. When contractual terms of a loan have been modified, evidence that the criteria for recognising lifetime ECL are no longer met includes history of up-to-date payment performance against the modified contractual terms (12-month probation period).

Definition of default

The Bank considers a financial asset to be in default when:

- the borrower is past due more than 90 (ninety) days on other loans of with the bank;
- the borrower is past due more than 90 (ninety) days on loans with other banks, which serves as an indicator of deterioration in borrower's financial condition;
- accrual of interest on loan is suspended because of deterioration in borrower's financial condition;
- the borrower's debt caused by a significant increase in credit risk from the date of loan issue is written-off in part and/or in full;
- loans are traded at a significant discount;
- forced restructuring of loan occurs;
- filing a claim for recognition of the borrower as bankrupt in accordance with the legislation of the Republic of Kazakhstan;
- application of the borrower to the court with a statement of recognition of its bankruptcy in accordance with the legislation of the Republic of Kazakhstan;
- other circumstances that are consistent with IFRS 9 and stipulated in the NBKR decree #269 occur.

In assessing whether a borrower is in default, the Bank considers indicators that are:

- qualitative– e.g. breaches of covenant;
- quantitative – e.g. overdue status; and non-payment on another obligation of the same issuer/borrower to the Bank; and
- based on data developed internally and obtained from external sources (e.g. insolvency or bankruptcy loan registers).

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

Incorporation of forward-looking information

The Bank incorporates forward-looking information into assessment of whether the credit risk of an instrument has increased significantly since initial recognition and – where possible – as part of measurement of ECLs.

The Bank uses – based on data availability and credibility of sources (external public information, official site of the NBRK) – an analysis of historical data to estimate relationships between macro-economic variables and credit risk and credit losses. The key external drivers may include variables such as interest rates, unemployment rates, inflation rates, GDP growth rates, foreign currency exchange rates and other macroeconomic variables and their forecasts.

Modified financial assets

The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing loan whose terms have been modified may be derecognised and the renegotiated loan recognised as a new loan at fair value in accordance with the accounting policy set out in Note 3(b)(iii).

When the terms of a financial asset are modified due to borrowers' financial difficulties and the modification does not result in derecognition, the determination of whether the asset's credit risk has increased significantly should reflect comparison of:

- its remaining lifetime PD at the reporting date based on the modified terms; with
- the remaining lifetime PD estimated based on data at initial recognition and the original contractual terms.

When modification results in derecognition, a new loan is recognised and allocated to Stage 1 (assuming it is not credit-impaired at that time).

The Bank renegotiates loans to retail customers in financial difficulties (referred to as 'forbearance activities') to maximise collection opportunities and minimise the risk of default. Under the Bank's forbearance policy, loan forbearance is granted on a selective basis if the debtor is currently in default on its debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original contractual terms and the debtor is expected to be able to meet the revised terms.

The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of loan covenants.

For financial assets modified as part of the Bank's forbearance policy, the estimate of PD reflects whether the modification has improved or restored the Bank's ability to collect interest and principal and the Bank's previous experience of similar forbearance action. As part of this process, the Bank evaluates the borrower's payment performance against the modified contractual terms and considers various behavioural indicators.

Generally, forbearance is a qualitative indicator of a significant increase in credit risk and an expectation of forbearance may constitute evidence that an exposure is credit-impaired (see Note 3(b)(iv)). A customer needs to demonstrate consistently good payment behaviour over a period of time before the exposure is no longer considered to be credit-impaired/in default or the PD is considered to have decreased such that the loss allowance reverts to being measured at an amount equal to 12-month ECL.

Measurement of ECL

The key inputs into the measurement of ECLs are – in general – the following variables:

- probability of default ("PD");
- loss given default ("LGD"); and
- exposure at default ("EAD").

ECL for exposures in Stage 1 is calculated by multiplying the 12-month PD by LGD and EAD. Lifetime ECL is calculated by multiplying the lifetime PD by LGD and EAD.

The methodology of estimating PDs is discussed above under the heading "Generating the term structure of PD".

The Bank estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. It is calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

EAD represents the expected exposure in the event of a default. The Bank derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract and arising from amortisation. The EAD of a financial asset is its gross carrying amount at the time of default. For lending commitments, the EAD is potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts.

For retail portfolio PD and EAD is usually estimated together using statistical models (stochastic Markov chain based model of simple Roll Rate model) based on internally compiled data. Where it is available, market data may also be used to derive the PD for large corporate counterparties where there is not enough internally available data for statistical modelling.

As described above, and subject to using a maximum of a 12-month PD for Stage 1 financial assets, the Bank measures ECL considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for credit risk management purposes, the Bank considers a longer period.

For retail credit card facilities that include both a loan and an undrawn commitment component, the Bank measures ECLs over a period when the Bank's ability to demand repayment and cancel the undrawn commitment does not limit the Bank's exposure to credit losses to the contractual notice period. These facilities do not have a fixed term or repayment structure and are managed on a collective basis. The Bank can cancel them with immediate effect but this contractual right is not enforced in the normal day-to-day management, but only when the Bank becomes aware of an increase in credit risk at the facility level. This period is estimated taking into account the credit risk management actions that the Bank expects to take and that serve to mitigate ECLs. These include a reduction in limits and cancellation of the facility.

Where modelling of a parameter is carried out on a collective basis, the financial instruments shall be grouped on the basis of shared risk characteristics, such as product type and credit risk gradings (past due grading).

The groupings are subject to regular review to ensure that exposures within a particular group remain appropriately homogeneous.

For portfolios in respect of which the Bank has limited historical data, external benchmark information is used to supplement the internally available data.

The portfolios for which external benchmark information represents a significant input into measurement of ECL are as follows.

		External benchmarks used	
	Carrying amount at 31 December 2024	**PD**	**LGD**
Cash and cash equivalents	250,614,535	Moody's default study	For local bank exposures LGD statistics is based on recovery of defaults of banks and financial institutions in Kazakhstan/Moody's recovery studies
Placements with banks	7,600,922		
Investment securities	336,693		

		External benchmarks used	
	Carrying amount at 31 December 2023	**PD**	**LGD**
Cash and cash equivalents	186,707,889	Moody's default study	For local bank exposures LGD statistics is based on recovery of defaults of banks and financial institutions in Kazakhstan/Moody's recovery studies
Placements with banks	6,497,497		
Investment securities	-		

5 Net interest income

KZT'000	**2024**	**2023**
Interest income calculated using the effective interest method:		
Loans to retail customers	216,838,946	156,770,428
Cash and cash equivalents	17,590,796	11,848,391
Investment securities	3,885	40,689
Total interest income calculated using the effective interest method	**234,433,627**	**168,659,508**
Interest expense		
Current accounts and deposits from customers	(53,741,614)	(32,795,642)
Debt securities issued	(17,183,137)	(6,029,831)
Certificates of deposit	(16,106,111)	(10,038,022)
Other borrowed funds	(5,456,637)	(12,595,191)
Deposits and balances from banks	(975,731)	(1,426,242)
Lease liabilities	(853,803)	(517,476)
Total interest expense	**(94,317,033)**	**(63,402,404)**
Net interest income	**140,116,594**	**105,257,104**

6 Net fee and commission income

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

KZT'000	**2024**	**2023**
Fee and commission income:		
Commission income from insurance	6,096,927	4,479,255
Card operations	2,935,147	2,949,537
Fees for early loan repayments	1,724,888	1,633,165
Transfer operations	474,636	46,676
Other fee and commission income	112,258	54,104
Total fee and commission income	**11,343,856**	**9,162,737**

KZT'000	2024	2023
Fee and commission expense:		
Cash-back on customer debit cards	(5,200,341)	(4,337,622)
Settlements	(3,585,572)	(3,757,138)
Card processing	(2,889,083)	(1,900,905)
Commissions paid for verification services	(1,325,219)	(1,419,375)
Deposit insurance fund contributions	(1,826,816)	(992,314)
Commissions paid to partners	(374,714)	(315,923)
Other fee and commission expense	(644,048)	(335,811)
Total fee and commission expense	**(15,845,793)**	**(13,059,088)**

The fees and commission presented in this note that are not integral to the effective interest rate on a financial asset or financial liability are excluded from the effective interest rate calculation.

Other fee and commission expenses relate mainly to transaction and service fees, which are expensed as the services are received.

7 Charge of allowance for credit losses on debt financial assets

KZT'000	2024	2023
Loans to retail customers (Note 12)	(40,467,966)	(29,178,694)
Reversal of allowance on POCI assets	5,034,336	5,037,404
Cash and cash equivalents (Note 10)	17,945	69,827
Investment securities	-	1,396
Other assets (Note 14)	(700,134)	(387,397)
	(36,115,819)	**(24,457,464)**

8 General administrative expenses

KZT'000	2024	2023
Employee compensation and payroll related taxes	25,256,997	19,669,831
Information technology	7,860,029	4,754,758
Depreciation and amortization	7,795,310	4,911,058
Advertising and marketing	3,337,500	2,648,140
Professional services	3,138,751	3,649,777
Telecommunication and postage	3,131,920	2,397,616
Collectors' services	2,032,105	1,415,244
Taxes other than income tax	1,494,500	1,279,866
Leases	556,596	574,208
Travel expenses	467,155	333,629
Other administrative expenses	1,825,778	1,165,182
	56,896,641	**42,799,309**

Fees for the audit of the IFRS financial statements of the Bank (including review, non-audit support services for the translation of financial statements into English, formatting and proofreading) as at and for the year ended 31 December 2024 amounted to KZT 132,050 thousand, exclusive of VAT (31 December 2023: KZT 92,500 thousand, exclusive of VAT).

9 Income tax expense

KZT'000	2024	2023
Income tax expense		
Current income tax expense	8,748,858	7,210,115
Current tax (overpaid)/underpaid in prior periods	(3,741)	23,509
	8,745,117	**7,233,624**
Deferred tax expense		
Origination and reversal of temporary differences	585,834	(351,394)
Total income tax expense	**9,330,951**	**6,882,230**

In 2024, the applicable tax rate for current and deferred tax is 20% (2023: 20%).

Reconciliation of effective tax rate:

	2024		2023	
	KZT'000	**%**	**KZT'000**	**%**
Profit before income tax	**44,423,775**	**100**	**31,589,368**	**100**
Income tax at the applicable tax rate	8,884,755	20.0	6,317,874	20.0
Non-deductible costs	449,937	1.01	381,072	1.2
Tax effect from recognition of POCI-assets	-	-	159,775	0.5
Income tax (overpaid)/underpaid in prior periods	(3,741)	(0.01)	23,509	0.07
	9,330,951	**21.0**	**6,882,230**	**21.8**

Deferred tax assets and liabilities

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes give rise to net deferred tax assets and liabilities as at 31 December 2024 and 31 December 2023. These deferred tax asset and liabilities are recognised in these financial statements.

The deductible temporary differences do not expire under current tax legislation of the Republic of Kazakhstan.

Movements in temporary differences in 2024 and 2023 are presented below.

KZT'000	Balance at 1 January 2024	Recognised in profit or loss	Recognised in equity	Balance at 31 December 2024
Property, plant and equipment and intangible assets	(535,220)	(516,051)	-	(1,051,271)
Right-of-use assets	(618,731)	(1,247,101)	-	(1,865,832)
Financial instruments at fair value through profit or loss	89,251	(86,238)	-	3,013
Deposits and balances from banks	54,463	(49,619)	-	4,844
Lease liabilities	593,850	1,289,070	-	1,882,920
Other liabilities	1,592,776	24,105	-	1,616,881
	1,176,389	**(585,834)**	-	**590,555**

KZT'000	Balance at 1 January 2023	Recognised in profit or loss	Recognised in equity	Balance at 31 December 2023
Property, plant and equipment and intangible assets	(201,550)	(333,670)	-	(535,220)
Right-of-use assets	(820,751)	202,020	-	(618,731)
Financial instruments at fair value through profit or loss	5,053	211,435	(127,237)	89,251
Deposits and balances from banks	20,770	33,693	-	54,463
Lease liabilities	792,830	(198,980)	-	593,850
Other liabilities	1,155,880	436,896	-	1,592,776
	952,232	**351,394**	**(127,237)**	**1,176,389**

10 Cash and cash equivalents

KZT'000	2024	2023
Cash on hand	12,736,895	16,632,637
Nostro accounts with the NBRK (rated BBB-)	28,351,300	31,056,110
Nostro accounts with other banks:		
- rated from A- to A+	71,358,584	49,368,837
- rated from BB- to BB+	435,010	841,441
- rated below B+	76,833	17,279
- not rated	722,530	674,859
Nostro accounts with other banks	**72,592,957**	**50,902,416**
Loss allowance	(10,450)	(28,420)
Net total nostro accounts with other banks	**72,582,507**	**50,873,996**
Cash equivalents		
Term deposits with the NBRK (rated BBB-)	136,943,833	88,145,146
Total cash equivalents	**136,943,833**	**88,145,146**
Total cash and cash equivalents	**250,614,535**	**186,707,889**

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

All cash and cash equivalents were classified as Stage 1 of the credit risk grading as at 31 December 2024 and 31 December 2023, with no amounts past due.

As at 31 December 2024 the Bank has one counterparty bank (31 December 2023: one counterparty bank), whose balances exceeded 10% of equity. The gross value of these balances as at 31 December 2024 is KZT 165,295,133 thousand (31 December 2023: KZT 119,201,256 thousand).

The following table shows reconciliations from the opening to the closing balances of the loss allowance on cash and cash equivalents.

Cash and cash equivalents include notes and coins on hand, unrestricted balances (nostro accounts) held with the NBRK and other banks, mandatory reserve deposit with the NBRK, and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value, and are used by the Bank in the management of short-term commitments.

	2024		2023	
KZT'000	**Stage 1**	**Total**	**Stage 1**	**Total**
Cash and cash equivalents				
Balance at 1 January	28,420	28,420	102,802	102,802
Net change in loss allowance	(69,045)	(69,045)	(181,488)	(181,488)
New financial assets originated or purchased	51,542	51,542	111,661	111,661
Movements in foreign exchange rates and other movements	(467)	(467)	(4,555)	(4,555)
Balance at 31 December	**10,450**	**10,450**	**28,420**	**28,420**

Minimum reserve requirements

In accordance with regulations issued by the NBRK, minimum reserve requirements are calculated as a total of specified proportions of different groups of banks liabilities. Banks are required to comply with these requirements by maintaining average reserve assets (local currency cash and NBRK balances) equal or in excess of the average minimum requirements. As at 31 December 2024, the minimum reserve is KZT 10,984,376 thousand (31 December 2023: KZT 7,966,270 thousand).

11 Placements with banks

KZT'000	**2024**	**2023**
- rated from AA-	7,500,922	4,776,145
- not rated externally	100,000	1,721,352
Total placements with banks	**7,600,922**	**6,497,497**

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

In 2024, the Bank holds a deposit of KZT 7,500,922 thousand with 1-Month SOFR plus 2 basis points, which serves as collateral for VISA card operations (31 December 2023: KZT 4,776,145 thousand) and KASE margin security on operations with securities in the amount of KZT 100,000 thousand (31 December 2023: KZT 1,547,928 thousand).

All placements with banks are categorised into Stage 1 of the credit risk grading as at 31 December 2024 and 31 December 2023, with no amounts past due.

Allowance for expected credit losses on placements with banks was insignificant as at 31 December 2024 and 31 December 2023 and was not presented in these financial statements.

12 Loans to retail customers

KZT'000	**2024**	**2023**
Loans to retail customers		
Cash loans	628,228,715	481,114,098
POS loans	75,399,347	78,281,647
Credit cards	63,383,749	36,002,748
Total loans to retail customers	**767,011,811**	**595,398,493**
Loss allowance	(40,650,702)	(26,686,183)
Net loans to retail customers	**726,361,109**	**568,712,310**

The amount of new loans issued in 2024 was KZT 466,607,830 thousand (2023: KZT 381,044,957 thousand), and the relevant increase in the loss allowance was KZT 17,633,789 thousand (2023: KZT 19,488,028 thousand).

In 2024 the loans of KZT 269,259,385 thousand (2023: KZT 181,891,645 thousand) were repaid resulting in the relevant decrease in the loss allowance of KZT 4,404,466 thousand (2023: KZT 4,009,697 thousand). This change in ECL is stated in "Net remeasurement of loss allowance" line in the table (a) "Analysis of movements in the loss allowance for expected credit losses" below.

In 2024 the loans of KZT 25,735,127 thousand (2023: KZT 18,404,280 thousand) were written off against the loss allowance charged.

(a) Analysis of movements in the loss allowance for expected credit losses

	2024				
KZT'000	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Loans to retail customers at amortised cost					
Balance at 1 January	5,761,352	2,851,192	17,739,514	334,125	26,686,183
Transfer to Stage 1	4,066,794	(162,260)	(3,904,534)	-	-
Transfer to Stage 2	(67,113)	345,345	(278,232)	-	-
Transfer to Stage 3	(1,029,582)	(2,411,269)	3,440,851	-	-
New financial assets originated or purchased*	6,810,672	2,813,656	7,998,292	11,169	17,633,789
Net remeasurement of loss allowance**	(4,486,213)	1,880,766	24,303,764	1,135,860	22,834,177
Write-offs	-	-	(25,096,413)	(1,083,458)	(26,179,871)
Unwinding of discount on present value of ECLs	-	-	(323,576)	-	(323,576)
Balance at 31 December	**11,055,910**	**5,317,430**	**23,879,666**	**397,696**	**40,650,702**

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

**'Net change in loss allowance' line in POCI loans does not include reversal of allowance for the amount of KZT 5,034,336 thousand that was recognised earlier in discount for decrease of interest income on such loans.

	2023				
KZT'000	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Loans to retail customers at amortised cost					
Balance at 1 January	3,836,605	1,939,650	10,543,696	(488,263)	15,831,688
Transfer to Stage 1	42,152	(42,152)	-	-	-
Transfer to Stage 2	(54,117)	411,443	(357,326)	-	-
Transfer to Stage 3	(350,859)	(483,633)	834,492	-	-
New financial assets originated or purchased*	9,166,353	1,937,841	6,689,587	1,694,247	19,488,028
Net remeasurement of loss allowance**	(6,878,782)	(911,957)	17,876,438	(395,033)	9,690,666
Write-offs	-	-	(17,927,454)	(476,826)	(18,404,280)
Unwinding of discount on present value of ECLs	-	-	80,081	-	80,081
Balance at 31 December	**5,761,352**	**2,851,192**	**17,739,514**	**334,125**	**26,686,183**

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

**'Net change in loss allowance' line in POCI loans does not include reversal of allowance for the amount of KZT 5,037,404 thousand that was recognised earlier in discount for decrease of interest income on such loans.

(b) Credit quality of loans to retail customers

	31 December 2024				
KZT'000	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL for assets not credit-impaired**	**Stage 3 Lifetime ECL for assets credit-impaired**	**POCI**	**Total**
Cash loans					
Not overdue	530,183,660	1,485,818	22,839,277	6,118,194	560,626,949
Overdue:					
less than 30 days	10,335,788	683,671	2,497,246	245,354	13,762,059
31-90 days	-	8,585,028	3,084,794	229,752	11,899,574
91-180 days	-	-	17,507,773	322,980	17,830,753
181-360 days	-	-	10,159,300	220,011	10,379,311
more than 360 days	-	-	13,289,667	440,402	13,730,069
Total gross carrying amount	**540,519,448**	**10,754,517**	**69,378,057**	**7,576,693**	**628,228,715**
Loss allowance	(9,430,407)	(4,790,313)	(21,741,325)	(386,455)	(36,348,500)
Carrying amount	**531,089,041**	**5,964,204**	**47,636,732**	**7,190,238**	**591,880,215**
POS loans					
Not overdue	69,569,198	93,984	891,148	144,616	70,698,946
Overdue:					
less than 30 days	791,253	42,388	118,580	9,475	961,696
31-90 days	-	482,321	178,840	8,433	669,594
91-180 days	-	-	1,057,182	11,691	1,068,873
181-360 days	-	-	731,904	11,663	743,567
more than 360 days	-	-	1,178,587	78,084	1,256,671
Total gross carrying amount	**70,360,451**	**618,693**	**4,156,241**	**263,962**	**75,399,347**
Loss allowance	(777,672)	(227,856)	(900,086)	(11,241)	(1,916,855)
Carrying amount	**69,582,779**	**390,837**	**3,256,155**	**252,721**	**73,482,492**
Credit cards					
Not overdue	56,291,903	593,522	1,654,592	-	58,540,017
Overdue:					
less than 30 days	895,744	69,145	173,372	-	1,138,261
31-90 days	-	624,463	225,304	-	849,767
91-180 days	-	-	1,342,336	-	1,342,336
181-360 days	-	-	590,595	-	590,595
more than 360 days	-	-	922,773	-	922,773
Total gross carrying amount	**57,187,647**	**1,287,130**	**4,908,972**	**-**	**63,383,749**
Loss allowance	(847,831)	(299,261)	(1,238,255)	-	(2,385,346)
Carrying amount	**56,339,816**	**987,870**	**3,670,717**	**-**	**60,998,403**
Total loans to retail customers	**668,067,546**	**12,660,340**	**78,443,270**	**7,840,655**	**767,011,811**
Loss allowance	(11,055,910)	(5,317,430)	(23,879,666)	(397,696)	(40,650,702)
Net loans to retail customers	**657,011,636**	**7,342,910**	**54,563,604**	**7,442,959**	**726,361,109**

	31 December 2023				
KZT'000	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL for assets not credit-impaired**	**Stage 3 Lifetime ECL for assets credit-impaired**	**POCI**	**Total**
Cash loans					
Not overdue	395,307,061	2,202,372	27,961,366	10,901,564	436,372,363
Overdue:					
less than 30 days	7,603,322	699,326	2,441,758	362,215	11,106,621
31-90 days	-	6,300,903	3,543,776	317,503	10,162,182
91-180 days	-	-	10,363,690	330,023	10,693,713
181-360 days	-	-	6,946,332	336,331	7,282,663
more than 360 days	-	-	4,983,918	512,638	5,496,556
Total gross carrying amount	**402,910,383**	**9,202,601**	**56,240,840**	**12,760,274**	**481,114,098**
Loss allowance	(4,492,459)	(2,420,977)	(15,630,440)	(313,684)	(22,857,560)
Carrying amount	**398,417,924**	**6,781,624**	**40,610,400**	**12,446,590**	**458,256,538**
POS loans					
Not overdue	72,491,684	45,433	1,040,165	602,181	74,179,463
Overdue:					
less than 30 days	710,102	50,672	118,780	24,123	903,677
31-90 days	-	491,177	193,507	15,126	699,810
91-180 days	-	-	607,609	20,743	628,352
181-360 days	-	-	399,331	35,117	434,448
more than 360 days	-	-	1,023,540	412,357	1,435,897
Total gross carrying amount	**73,201,786**	**587,282**	**3,382,932**	**1,109,647**	**78,281,647**
Loss allowance	(869,344)	(205,074)	(781,610)	(20,441)	(1,876,469)
Carrying amount	**72,332,442**	**382,208**	**2,601,322**	**1,089,206**	**76,405,178**
Credit cards					
Not overdue	29,273,758	987,383	2,276,334	-	32,537,475
Overdue:					
less than 30 days	623,183	85,161	195,557	-	903,901
31-90 days	-	546,246	263,454	-	809,700
91-180 days	-	-	773,505	-	773,505
181-360 days	-	-	455,478	-	455,478
more than 360 days	-	-	522,689	-	522,689
Total gross carrying amount	**29,896,941**	**1,618,790**	**4,487,017**	**-**	**36,002,748**
Loss allowance	(399,549)	(225,141)	(1,327,464)	-	(1,952,154)
Carrying amount	**29,497,392**	**1,393,649**	**3,159,553**	**-**	**34,050,594**
Total loans to retail customers	**506,009,110**	**11,408,673**	**64,110,789**	**13,869,921**	**595,398,493**
Loss allowance	(5,761,352)	(2,851,192)	(17,739,514)	(334,125)	(26,686,183)
Net loans to retail customers	**500,247,758**	**8,557,481**	**46,371,275**	**13,535,796**	**568,712,310**

As at 31 December 2024 and 31 December 2023 loans overdue more than 180 days are presented in the financial statements at their net carrying amount. As for such loans the debt is partially written off automatically at the expense of and in the amount of the loss allowance charged (without terminating the rights of claim against the borrower), no ECL exists for the loans overdue more than 180 days on the reporting date. See more information in Note 3(iv) *Write-offs.*

(c) Key assumptions and judgments for estimating loan impairment

ECL measurement

The Bank estimates the expected credit losses on loans to retail customers based on:

- current and past status of client;
- past experience of actually incurred credit losses on each loan type.

The key assumptions used in estimating expected credit losses for the current year are as follows:

- loss migration rates reflect current portfolio structure and macroeconomic situation in Kazakhstan and can be estimated based on the historical loss migration pattern from the past twelve months;
- unsecured loans which borrowers are unable to repay in full and has reached 180 days past due (dpd), can be at least partially recovered through further collection actions for 35.1% of the loan's outstanding receivable at moment of 180 dpd (2023: unsecured loans which borrowers are unable to repay in full and has reached 180 days past due (dpd), can be at least partially recovered through further collection actions for 46.2% of the loan's outstanding receivable at moment of 180 dpd).

Changes in these estimates could affect the credit loss allowance. For example, to the extent that the net present value of the estimated cash flows differs by plus or minus one percent, the loan allowance on loans to retail customers as at 31 December 2024 would be KZT 1,200,572 thousand and KZT 1,064,884 lower/higher (31 December 2023: KZT 1,162,640 thousand and KZT 1,059,312 thousand), respectively.

(d) Loan collateral

The recoverability of loans is primarily dependent on the creditworthiness of the borrowers. Loans to retail customers are not secured.

(e) Significant credit exposures

As at 31 December 2024, the Bank had no borrowers whose loan balances exceed 10% of the Bank's equity (31 December 2023: none).

(f) Loan maturities

The maturity of the loan portfolio is presented in Note 25(d), which shows the remaining period from the reporting date to the contractual maturity of the loans.

13 Property, plant and equipment and intangible assets

KZT'000	Land and buildings	Computers	Motor vehicles	Leasehold improvements	Other classes of property, plant and equipment	Intangible assets*	Right-of-use assets	Total
Cost								
Balance at 1 January 2024	257,273	4,252,526	335,383	362,934	3,029,682	18,079,439	5,100,102	31,417,339
Additions	1,940	1,411,787	145,672	869,935	1,218,856	13,218,786	8,778,894	25,645,870
Disposals/write-offs	-	(1,453,170)	(27,693)	-	(116,991)	(10,094)	(1,534,853)	(3,142,802)
At 31 December 2024	**259,213**	**4,211,143**	**453,362**	**1,232,869**	**4,131,547**	**31,288,131**	**12,344,143**	**53,920,407**
Depreciation and amortisation								
Balance at 1 January 2024	(98,677)	(2,937,685)	(229,547)	(362,808)	(1,545,887)	(6,149,709)	(2,006,449)	(13,330,762)
Depreciation and amortisation for the year	(10,609)	(736,028)	(54,118)	(141)	(472,179)	(4,376,160)	(2,146,075)	(7,795,310)
Disposals/write-offs	-	1,432,371	27,693	-	116,666	1,500	1,439,472	3,017,702
Balance at 31 December 2024	**(109,286)**	**(2,241,342)**	**(255,972)**	**(362,949)**	**(1,901,400)**	**(10,524,369)**	**(2,713,052)**	**(18,108,370)**
Carrying amount at 31 December 2024	**149,927**	**1,969,801**	**197,390**	**869,920**	**2,230,147**	**20,763,762**	**9,631,091**	**35,812,037**
Cost								
Balance at 1 January 2023	257,273	4,403,096	347,345	362,757	2,312,245	11,143,095	5,719,708	24,545,519
Additions	-	260,497	-	53,465	750,741	8,686,352	1,962,326	11,713,381
Disposals/write-offs	-	(411,067)	(11,962)	(53,288)	(33,304)	(1,750,008)	(2,581,932)	(4,841,561)
At 31 December 2023	**257,273**	**4,252,526**	**335,383**	**362,934**	**3,029,682**	**18,079,439**	**5,100,102**	**31,417,339**
Depreciation and amortisation								
Balance at 1 January 2023	(88,081)	(2,620,012)	(197,560)	(351,474)	(1,237,816)	(5,662,172)	(1,615,952)	(11,773,067)
Depreciation and amortisation for the year	(10,596)	(662,911)	(43,949)	(11,334)	(336,809)	(2,199,645)	(1,645,814)	(4,911,058)
Disposals/write-offs	-	345,238	11,962	-	28,738	1,712,108	1,255,317	3,353,363
Balance at 31 December 2023	**(98,677)**	**(2,937,685)**	**(229,547)**	**(362,808)**	**(1,545,887)**	**(6,149,709)**	**(2,006,449)**	**(13,330,762)**
Carrying amount at 31 December 2023	**158,596**	**1,314,841**	**105,836**	**126**	**1,483,795**	**11,929,730**	**3,093,653**	**18,086,577**

*Included in 'Addition' line for intangible assets is the amount of capitalisation of intangible assets received from the related parties of KZT 8,560,053 thousand for the year ended 31 December 2024 (KZT 4,127,024 thousand for the year ended 31 December 2023).

14 Other assets

KZT'000	31 December 2024	31 December 2023
Receivables from partners	2,609,485	1,254,318
Commission fee receivable from insurance company	293,623	68,624
Receivables under SWAP agreements*	1,015,430	1,052,885
Impairment allowance	(1,017,350)	(1,057,001)
Total other financial assets	**2,901,188**	**1,318,826**
Prepayments on capital expenditure	1,209,068	668,329
Prepayments	1,014,276	261,459
Current tax asset	787,058	1,920,394
Deferred tax asset	590,555	1,176,389
Inventories	396,391	411,551
Receivables from employees	52,414	35,586
Prepayment of taxes other than income tax	33,906	31,426
Settlements for card transactions with VISA International	22,156	3,533,638
Other assets	1,816,478	1,813,996
Loss allowance	(191,010)	(170,146)
Total other non-financial assets	**5,731,292**	**9,682,622**
Total other assets	**8,632,480**	**11,001,448**

*During 2022 the Bank has receivables from transactions with VTB Bank PJSC (VTB) due to early termination of SWAP transactions. During 2023, additional provision was created up to 100% of the receivables. Receivables are categorised in Stage 3 of credit risk gradings.

Credit quality of other financial assets

The following table provides information on the credit quality of other financial assets as at 31 December 2024 and 31 December 2023.

	31 December 2024			
KZT'000	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Other financial assets				
Not overdue	2,797,375	-	-	2,797,375
Overdue less than 30 days	62,633	-	-	62,633
Overdue 30-90 days	-	33,240	-	33,240
Overdue more than 90 days	-	-	1,025,290	1,025,290
Gross carrying amount	**2,860,008**	**33,240**	**1,025,290**	**3,918,538**
Loss allowance	-	(1,673)	(1,015,677)	(1,017,350)
Carrying amount	**2,860,008**	**31,567**	**9,613**	**2,901,188**

	31 December 2023			
KZT'000	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Other financial assets				
Not overdue	1,017,865	-	-	1,017,865
Overdue less than 30 days	136,806	-	-	136,806
Overdue 30-90 days	-	114,204	-	114,204
Overdue more than 90 days	-	-	1,106,952	1,106,952
Gross carrying amount	**1,154,671**	**114,204**	**1,106,952**	**2,375,827**
Loss allowance	-	(507)	(1,056,494)	(1,057,001)
Carrying amount	**1,154,671**	**113,697**	**50,458**	**1,318,826**

Analysis of movements in the loss allowance

The following tables show reconciliations from the opening to the closing balances of the loss allowance on other financial assets.

	2024			
KZT'000	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Other financial assets				
Balance at 1 January	-	507	1,056,494	1,057,001
Net remeasurement of loss allowance	-	1,166	(40,817)	(39,651)
Balance at 31 December	**-**	**1,673**	**1,015,677**	**1,017,350**

	2023			
KZT'000	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Other financial assets				
Balance at 1 January	529	-	669,075	669,604
Net remeasurement of loss allowance	(529)	507	387,419	387,397
Balance at 31 December	**-**	**507**	**1,056,494**	**1,057,001**

15 Financial instruments measured at fair value through profit or loss

Financial instruments measured at fair value through profit or loss comprise:

	31 December 2024	31 December 2023
ASSETS		
Derivative financial instruments		
Foreign currency swap transactions*	-	389,790
Spot transactions	526,231	136,853
	526,231	**526,643**
LIABILITIES		
Derivative financial instruments		
Foreign currency swap transactions*	-	(403,276)
Spot transactions	(526,604)	(136,343)
Option transactions	(15,066)	(42,978)
	(541,670)	**(582,597)**

*As at 31 December 2024 the Bank has no foreign currency swap contracts to hedge currency risk.

			2023			
Type of instrument	**Notional amount thsd**	**Maturity**	**Payments to be made by the Bank at maturity KZT'000**	**Payments to be received by the Bank at maturity KZT'000**	**Fair value, assets, KZT'000**	**Counterparty**
Foreign currency swap	USD 50,000	04/01/2024	USD 50,000	KZT 22,728,000	-	Kazakhstan Stock Exchange JSC
Total					-	

			2023			
Type of instrument	**Notional amount thsd**	**Maturity**	**Payments to be made by the Bank at maturity KZT'000**	**Payments to be received by the Bank at maturity KZT'000**	**Fair value, assets, KZT'000**	**Counterparty**
Foreign currency swap	USD 22,000	10/10/2024	KZT 9,964,911	USD 22,000	389,790	First Heartland Jusan Bank
Total					**389,790**	

			2023			
Type of instrument	**Notional amount thsd**	**Maturity**	**Payments to be made by the Bank at maturity, KZT'000**	**Payments to be received by the Bank at maturity, KZT'000**	**Fair value, liabilities, KZT'000**	**Counterparty**
Foreign currency swap	USD 8,000	17/06/2024	KZT 4,009,600	USD 8,000	(199,581)	PPF Banka a.s.
Foreign currency swap	USD 8,600	24/07/2024	KZT 4,254,420	USD 8,000	(125,119)	PPF Banka a.s.
Foreign currency swap	USD 6,400	17/06/2024	KZT 3,121,280	USD 6,400	(78,576)	PPF Banka a.s.
					(403,276)	

16 Current accounts and deposits from customers

KZT'000	**31 December 2024**	**31 December 2023**
Corporate customers		
- Current accounts	45,154,144	31,376,188
- Term deposits	19,724,325	9,833,658
Current accounts and deposits from corporate customers	**64,878,469**	**41,209,846**
Retail customers		
- Current accounts	36,554,292	33,839,647
- Term deposits	437,992,555	304,407,844
Current accounts and deposits from retail customers	**474,546,847**	**338,247,491**
	539,425,316	**379,457,337**

As at 31 December 2024 the Bank has one customer whose balances exceeded 10% of the Bank's equity (31 December 2023: one customer). The gross value of these balances as at 31 December 2024 is KZT 22,549,964 thousand (31 December 2023: KZT 21,470,760 thousand).

17 Debt securities issued

KZT'000	Maturity	Coupon rate, %	31 December 2024	31 December 2023
Unsecured KZT denominated bonds of the 2nd issue as part of the 3rd bond issue program*	February 2024	12.5	-	8,166,021
Unsecured KZT denominated bonds of the 3rd issue as part of the 3rd bond issue program*	February 2025	12.5	20,800,629	19,841,510
Unsecured KZT denominated bonds of the 4th issue as part of the 3rd bond issue program*	August 2025	16.5	21,135,587	20,816,628
Unsecured KZT denominated bonds as part of the private placement*	May 2026	17.2	7,408,528	-
Unsecured KZT denominated bonds of the 5th issue as part of the 3rd bond issue program*	July 2026	16.5	20,900,962	16,954,599
Unsecured KZT denominated bonds of the 1st issue as part of the 4th bond issue program*	June 2027	17.3	10,128,579	-
Unsecured KZT denominated bonds of the 6th issue as part of the 3rd bond issue program*	August 2028	16.5	10,406,281	5,672,791
Unsecured KZT denominated bonds of the 2nd issue as part of the 4th bond issue program*	July 2029	17.3	14,440,508	-
Unsecured USD denominated bonds**	May 2024	-	-	6,545,511
Unsecured USD denominated bonds**	June 2024	-	-	8,776,211
Unsecured USD denominated bonds**	August 2024	-	-	5,825,848
Unsecured USD denominated bonds**	October 2024	-	-	4,119,407
Unsecured USD denominated bonds**	May 2025	-	25,364,506	-
Unsecured USD denominated bonds**	October 2025	-	8,863,056	-
Unsecured USD denominated bonds**	October 2025	-	6,310,579	-
			145,759,215	**96,718,526**

*quoted at Kazakhstan Stock Exchange.

**zero-coupon bonds placed and quoted at AIX.

During 2024 the Bank repaid KZT-denominated unsecured bonds with a total nominal value of KZT 7,810,888 thousand, which matured in February 2024.

During 2024 the Bank repaid USD-denominated unsecured discount bonds with a total nominal value of KZT 35,511,265 thousand that matured in May, June, August and October 2024.

During 2024 the Bank issued additional KZT-denominated unsecured bonds of the 1st and 2nd issues, as part of the 4th bond issue program, with a nominal value of KZT 23,580,064 thousand, which bear a fixed coupon rate of 17.3% per annum. Unsecured bonds were additionally issued as part of the private placement with a nominal valued of KZT 7,250,000 thousand bearing a fixed coupon rate of 17.2% per annum.

The Bank issued additional unsecured USD-denominated discount bonds with a nominal value of KZT 38,364,367 thousand, which mature in May and October 2025.

During 2024 the Bank issued additional USD-denominated unsecured discount bonds with a nominal value of KZT 8,068,404 thousand that matured in October 2024.

During 2024 the Bank issued additional unsecured bonds of the fifth and sixth issues as part of the 3rd bond program, with the nominal value of KZT 8,064,619 thousand, which bear a fixed coupon rate of 16.5% per annum.

During 2023 the Bank issued additional unsecured bonds of the fourth, fifth and sixth issues as part of the third bond issue programme, with a nominal value of KZT 41,935,381 thousand, which bear a fixed coupon rate of 16.5% per annum.

During 2023 the Bank issued additional USD-denominated unsecured discount bonds with a nominal value of KZT 26,311,296 thousand that mature in May, June, August and October 2024.

During 2023 the Bank issued additional KZT-denominated unsecured bonds of the second and thirds issues as part of the third bond programme, with the nominal value of KZT 21,596,735 thousand, which bear a fixed coupon rate of 12.5% per annum.

During 2023 the Bank repaid USD-denominated unsecured discount bonds with a total nominal value of KZT 11,896,257 thousand, issued in 2022 and before, which matured in January and November 2023.

18 Other borrowed funds

KZT'000	Issue date	Maturity date	Currency	Weighted-average effective interest rate, %	31 December 2024	31 December 2023
Other borrowed funds						
Unsecured loans and borrowings	28/02/2024	28/02/2025	KZT	17.40	8,997,700	-
Unsecured loans and borrowings*	30/11/2023	30/01/2025	KZT	18.45	-	47,589,584
Unsecured loans and borrowings	01/03/2023	01/03/2024	KZT	19.50	-	10,103,858
Unsecured loans and borrowings	16/11/2023	18/12/2024	KZT	19.50	-	10,030,448
Unsecured loans and borrowings	31/05/2024	30/05/2025	KZT	16.50	4,991,989	3,005,750
Unsecured loans and borrowings	24/05/2024	23/05/2025	KZT	17.40	3,503,035	-
					17,492,724	**70,729,640**

*On 1 February 2024, an interbank loan with the carrying amount of KZT 47,589,584 thousand as at 31 December 2023, was repaid ahead of schedule.

19 Movements on other borrowed funds, debt securities issued

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

	Liabilities			
KZT'000	**Other borrowed funds**	**Debt securities issued**	**Lease liabilities***	**Total**
Balance at 1 January 2024	**70,729,640**	**96,718,526**	**2,969,251**	**170,417,417**
Changes from financing cash flows				
Proceeds from other borrowed funds, net of transaction costs	34,276,635	-	-	34,276,635
Repayment of other borrowed funds	(87,240,807)	-	-	(87,240,807)
Proceeds from issue of debt securities, net of transaction costs	-	82,561,897	-	82,561,897
Repayment of debt securities	-	(43,322,153)	-	(43,322,153)
Payments on lease liabilities	-	-	(1,934,097)	(1,934,097)
Total changes from financing cash flows	**(52,964,172)**	**39,239,744**	**(1,934,097)**	**(15,658,525)**
Effect of changes in foreign exchange rates	**1,266,976**	**4,693,181**	**-**	**5,960,157**
Other changes				
New leases, net of cancelled leases	-	-	8,271,387	8,271,387
Interest expense	5,456,637	17,179,252	853,803	23,489,692
Interest paid	(6,996,357)	(12,071,488)	(745,745)	(19,813,590)
Balance at 31 December 2024	**17,492,724**	**145,759,215**	**9,414,599**	**172,666,538**

	Liabilities			
KZT'000	**Other borrowed funds**	**Debt securities issued**	**Lease liabilities***	**Total**
Balance at 1 January 2023	**56,850,929**	**16,896,240**	**3,964,150**	**77,711,319**
Changes from financing cash flows				
Proceeds from other borrowed funds, net of transaction costs	22,854,008	-	-	22,854,008
Repayment of other borrowed funds	(10,000,000)	-	-	(10,000,000)
Proceeds from issue of debt securities, net of transaction costs	-	87,913,050	-	87,913,050
Repayment of debt securities	-	(11,896,257)	-	(11,896,257)
Payments on lease liabilities	-	-	(2,586,428)	(2,586,428)
Total changes from financing cash flows	**12,854,008**	**76,016,793**	**(2,586,428)**	**86,284,373**
Effect of changes in foreign exchange rates	**(272,873)**	**(56,311)**	**-**	**(329,184)**
Other changes				
New leases, net of cancelled leases	-	-	1,674,240	1,674,240
Interest expense	12,595,191	5,989,142	517,476	19,101,809
Interest paid	(11,297,615)	(2,127,338)	(600,187)	(14,025,140)
Balance at 31 December 2023	**70,729,640**	**96,718,526**	**2,969,251**	**170,417,417**

(a) Leases in which the Bank is a lessee

The Bank mostly leases the property items. The leases typically run for a period of three years. Some leases provide for extension of the lease for additional five years after the end of the non-cancellable period. Some leases provide for additional rent payments that are based on changes in local price indices.

(i) Right-of-use assets

Right-of-use assets related to leased properties that do not meet the definition of investment property are presented as property, plant and equipment and intangible assets (see Note 13).

(ii) Lease liabilities

Terms of outstanding lease liabilities as at 31 December 2024 and 31 December 2023 are disclosed in Note 25(d) *Liquidity risk.*

20 Certificates of deposit

KZT'000	Interest rate, %	31 December 2024	31 December 2023
Certificates of deposit	12.0	-	1,812
Certificates of deposit	14.0	-	401
Certificates of deposit	15.0	-	6,365
Certificates of deposit	16.0	13,521,284	10,105
Certificates of deposit	16.5	5,927,523	-
Certificates of deposit	17.0	7,538,351	8,330,408
Certificates of deposit	17.2	5,553,310	-
Certificates of deposit	17.4	9,312,092	-
Certificates of deposit	17.5	8,312,257	-
Certificates of deposit	17.6	153,000	-
Certificates of deposit	17.7	3,149,384	-
Certificates of deposit	17.9	6,894,886	-
Certificates of deposit	18.0	936,574	15,705,309
Certificates of deposit	18.2	5,883,411	-
Certificates of deposit	18.4	2,085,000	-
Certificates of deposit	18.5	28,206,448	-
Certificates of deposit	18.7	1,099,553	-
Certificates of deposit	18.8	25,300	-
Certificates of deposit	19.0	8,484,494	42,814,608
Certificates of deposit	20.0	-	2,232,000
		107,082,867	**69,101,008**

As at 31 December 2024 the Bank issued to individuals unsecured 1-year, 2-year, 3-year and 5-year bank certificates of deposit with a total nominal value of KZT 107,032,886 thousand, which bear a fixed interest rate of 16-18.75% per annum paid at maturity (31 December 2023: 1-year and 2-year bank certificates of deposit with a total nominal value of KZT 69,014,057 thousand, which bear a fixed interest rate of 17.5%-20% per annum paid at maturity).

21 Other liabilities

KZT'000	31 December 2024	31 December 2023
Payables to partners*	2,600,088	3,017,078
Payables for services	4,332,902	4,929,333
Liabilities to partners on B2C transfers	3,611,289	-
Payables for return to customers of previously received future interest for the entire lending period	145,534	813,024
Provisions for credit losses from undrawn credit limits	1,717,881	1,123,616
Total other financial liabilities	**12,407,694**	**9,883,051**
Payables to employees	2,480,725	2,021,955
Vacation reserve	1,299,772	1,505,793
Taxes payable other than income tax	702,599	447,652
Other non-financial liabilities	101,749	96,676
Total other non-financial liabilities	**4,584,845**	**4,072,076**
Total other liabilities	**16,992,539**	**13,955,127**

*Payables to partners represent the Bank's liabilities to organisations which sell the goods on bank credit.

**In October 2024, the Bank launched a new business product Business-To-Card transfers to Visa payment cards issued by Kazakhstani banks. As part of the operation of this business product, the Bank opens special accounts for partners (payment organizations) to ensure the uninterrupted transfer transactions using Visa payment cards for the users of the partners' ecosystems.

22 Equity

(a) Issued share capital

As at 31 December 2024 the authorised share capital of the Bank comprises 160,240 ordinary shares (31 December 2023: 160,240 ordinary shares), while the issued and outstanding share capital of the Bank comprises 34,890 ordinary shares (31 December 2023: 34,890 ordinary shares). All ordinary shares issued by the Bank grant equal rights to their owners. The Bank has not issued shares that grant preferred or other special rights.

(b) Dividends

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

As at 31 December 2024 reserves available for distribution amounted to KZT 37,341,284 thousand (31 December 2023: KZT 50,539,716 thousand).

During 2024 no dividends were declared or paid by the Bank (2023: no dividends were declared or paid).

23 Book value per share

The calculation of book value per share as at 31 December 2024 is based on the number of outstanding ordinary shares of 34,890 (31 December 2023: 34,890 ordinary shares) and net assets calculated in accordance with the Listing rules of Kazakhstan Stock Exchange as follows:

KZT'000	31 December 2024	31 December 2023
Total assets	1,029,884,007	791,532,364
Intangible assets	(20,763,762)	(11,929,730)
Total liabilities	(837,643,588)	(634,719,264)
Net assets	**171,476,656**	**144,883,371**

The following table shows the book value per share calculations as at 31 December 2024 and 31 December 2023:

KZT'000	31 December 2024	31 December 2023
Net assets	171,476,656	144,883,371
Outstanding number of ordinary shares at the end of the year, share	34,890	34,890
Book value per share, in KZT	**4,914,779**	**4,152,576**

24 Earnings per share

The calculation of basic earnings per share as at 31 December 2024 and 31 December 2023 is based on the net profit for the year attributable to ordinary shareholders and weighted average number of ordinary shares outstanding calculated as follows:

KZT'000	2024	2023
Net profit attributable to ordinary shareholders	35,092,824	24,707,138
Weighted average number of ordinary shares, share	34,890	34,890
Earnings per share, in KZT (basic and diluted)	**1,005,813**	**708,144**

There are no potentially dilutive shares for the years ended 31 December 2024 and 31 December 2023.

25 Risk management

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

(a) Risk management policies and procedures

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

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

The Bank's Management Board is responsible for monitoring and implementing risk mitigation measures and ensuring that the Bank operates within the established risk parameters. The Chief Risk Officer ("CRO") is responsible for the overall risk management, ensuring, together with the Head of Legal and Head of Compliance, the implementation of common principles and methods for identifying, measuring, managing and reporting both financial and non-financial risks. The CRO reports directly to the Chairman of the Board and indirectly to the Board of Directors.

Credit, market and liquidity risks at the portfolio and transactional levels are under control of the Credit Committee, and an Assets and Liabilities Management Committee ("ALCO").

Decisions made throughout the organisation take into account both external and internal risk factors, particularly, determination of assurance level over the current risk mitigation procedures. Apart from the standard credit and market risks, general risks management system of the Bank captures other risk frameworks related to liquidity, operational, IT, information security, compliance, equity and profitability risks which guarantee business continuity. All mentioned risk areas supported by internal control requirements fixed in each department within the organisation. Financial and non-financial risks are monitored through the regular meetings with operational units in order to obtain expert assessment in certain areas.

(b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises currency risk and interest rate risk. Market risk arises from volatile currency and interest rates together with adverse pricing of financial instruments.

The market risk management objectives are to manage and control that exposure to market risk does not fall out of the acceptable parameters, ensuring the optimization of profitability obtained for risk accepted.

Overall authority for market risk and risk control strategy is vested in the Management Board. Market risk limits such as open currency position volumes, currency gaps, net interest rate margins and spreads are under control of a Market Risks Unit reported to the local CRO. The Board of Directors approves market risk limits based on the recommendations of the Market Risks Unit.

(i) 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 instruments used by the Bank for liquidity attraction purposes are swap contracts, which may have highly volatile rates in the market during stressed periods. All the other instruments are considered as fixed, in terms of their interest rates, which in fact keep financial position under low sensibility to market fluctuations. Net interest margin and interest rate spreads are controlled by the ALCO under early warning settings to timely impact the pricing strategies.

Interest rate gap analysis

The Management Board controls interest rate gaps and approves appropriate limits for negative gap volumes in order to maintain the proper balance between interest earning and bearing financial instruments. A summary of the interest gap position for major interest-bearing financial instruments is as follows:

KZT'000	Less than 3 months	3-6 months	6-12 months	1-5 years	Carrying amount
31 December 2024					
Interest-bearing financial assets					
Cash and cash equivalents	136,943,833	-	-	-	136,943,833
Placements with banks	7,600,922	-	-	-	7,600,922
Loans to retail customers	97,633,597	73,476,703	133,752,049	421,498,760	726,361,109
	242,178,352	**73,476,703**	**133,752,049**	**421,498,760**	**870,905,864**
Interest-bearing financial liabilities					
Term deposits from customers	204,053,073	150,169,668	99,900,495	3,593,644	457,716,880
Debt securities issued	25,307,577	25,594,059	34,961,721	59,895,858	145,759,215
Other borrowed funds	9,013,339	8,479,385	-	-	17,492,724
Certificates of deposit	17,239,004	21,523,799	33,823,831	34,496,233	107,082,867
	255,612,993	**205,766,911**	**168,686,047**	**97,985,735**	**728,051,686**
Net position as at 31 December 2024	**(13,434,641)**	**(132,290,208)**	**(34,933,998)**	**323,513,025**	**142,854,178**

KZT'000	Less than 3 months	3-6 months	6-12 months	1 to 5 years	Carrying amount
31 December 2023					
Interest-bearing financial assets					
Cash and cash equivalents	88,145,146	-	-	-	88,145,146
Placements with banks	6,497,497	-	-	-	6,497,497
Loans to retail customers	64,246,390	59,081,725	105,937,745	339,446,450	568,712,310
	158,889,033	**59,081,725**	**105,937,745**	**339,446,450**	**663,354,953**
Interest-bearing financial liabilities					
Term deposits from customers	97,065,808	97,580,230	117,451,370	2,144,094	314,241,502
Debt securities issued	11,931,335	15,321,732	9,944,876	59,520,583	96,718,526
Other borrowed funds	11,781,987	3,000,000	32,951,653	22,996,000	70,729,640
Certificates of deposit	6,767,063	5,221,103	14,206,970	42,905,872	69,101,008
	127,546,193	**121,123,065**	**174,554,869**	**127,566,549**	**550,790,676**
Net position as at 31 December 2023	**31,342,840**	**(62,041,340)**	**(68,617,124)**	**211,879,901**	**112,564,277**

Interest rate sensitivity analysis

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

KZT'000	2024	2023
100 bp parallel fall	825,362	228,056
100 bp parallel rise	(825,362)	(228,056)

(ii) Currency risk

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

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency exchange rates. Although the Bank hedges its exposure to currency risk, such activities do not qualify as hedging relationships in accordance with IFRS, except for certain derivatives designated as hedging instruments.

The following significant exchange rates applied during the year:

	Average exchange rate		Reporting date spot rate	
KZT'000	**2024**	**2023**	**31 December 2024**	**31 December 2023**
USD	469.44	456.31	523.54	454.56
EUR	507.86	493.33	546.47	502.24

The following table shows the foreign currency exposure structure of financial assets and liabilities as at 31 December 2024:

KZT'000	**USD**	**EUR**	**RUB**	**Total**
ASSETS				
Cash and cash equivalents	70,745,003	26,177,210	1,199,572	98,121,785
Placements with banks	5,921	7,495,002	-	7,500,923
Other financial assets	72,550	1,695,383	3,678	1,771,611
Total assets	**70,823,474**	**35,367,595**	**1,203,250**	**107,394,319**
LIABILITIES				
Balances and deposits from banks	782,921	151,296	-	934,217
Current accounts and deposits from customers	28,984,320	33,281,743	1,103,128	63,369,191
Debt securities issued	40,538,140	-	-	40,538,140
Other financial liabilities	542,556	2,117,256	18,196	2,678,008
Total liabilities	**70,847,937**	**35,550,295**	**1,121,324**	**107,519,556**
Net position	**(24,463)**	**(182,700)**	**81,926**	**(125,237)**
Effect of derivatives held for risk management	**-**	**-**	**-**	**-**

The following table shows the foreign currency exposure structure of financial assets and liabilities as at 31 December 2023:

KZT'000	**USD**	**EUR**	**RUB**	**Total**
ASSETS				
Cash and cash equivalents	53,482,412	27,958,471	704,578	82,145,461
Placements with banks	178,288	4,771,280	-	4,949,568
Other financial assets	80,740	216,165	6,118	303,023
Total assets	**53,741,440**	**32,945,916**	**710,696**	**87,398,052**
LIABILITIES				
Balances and deposits from banks	801,242	403,701	-	1,204,943
Current accounts and deposits from customers	23,883,002	31,526,364	605,489	56,014,855
Debt securities issued	25,266,977	-	-	25,266,977
Other financial liabilities	248,955	1,802,810	22,366	2,074,131
Total liabilities	**50,200,176**	**33,732,875**	**627,855**	**84,560,906**
Net position	**3,541,264**	**(786,959)**	**82,841**	**2,837,146**
Effect of derivatives held for risk management	**(1,838,838)**	**-**	**-**	**(1,838,838)**
Net position after derivatives held for risk management purposes	**1,702,426**	**(786,959)**	**82,841**	**998,308**

A weakening of the KZT, as indicated below, against the following currencies at 31 December 2024 and 31 December 2023 would have reduced equity and profit or loss by the amounts shown below. This analysis is on net of tax basis and is based on foreign currency exchange rate variances that the Bank 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.

KZT'000	**2024**	**2023**
30% appreciation of USD against KZT (2023: 30% appreciation of USD against KZT)	(5,871)	408,582
30% appreciation of other currencies against KZT (2023: 30% appreciation of other currencies against KZT)	(24,186)	(168,988)

(c) Credit risk

Credit risk is the risk of financial loss to the Bank if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Bank has policies and procedures in place to manage credit exposures (both for recognised financial assets and unrecognised contractual commitments), including guidelines to limit portfolio concentration and the establishment of a Credit Committee to actively monitor credit risk. The credit policy is reviewed and approved by the Board of Directors.

The credit policy establishes:

- procedures for review and approval of loan applications;
- methodology for the credit assessment of borrowers (retail);
- credit documentation requirements;
- procedures for the ongoing monitoring of loans and other credit exposures.

The Portfolio reporting unit develops scoring models and data verification procedures for credit approval purposes.

The maximum exposure to credit risk is generally reflected in the carrying amounts of financial assets in the statement of financial position and unrecognised contractual commitment amounts. The impact of possible netting of assets and liabilities to reduce potential credit exposure is not significant.

The maximum exposure to credit risk from financial assets at the reporting date is as follows:

KZT'000	2024	2023
ASSETS		
Cash and cash equivalents	237,877,640	170,075,252
Placements with banks	7,600,922	6,497,497
Loans to retail customers	726,361,109	568,712,310
Investment securities	336,693	-
Financial instruments at fair value through profit or loss	526,231	526,643
Other financial assets	2,901,188	1,318,826
Total maximum exposure to credit risk	**975,603,783**	**747,130,528**

For the analysis of the concentration of credit risk in respect of loans to retail customers refer to Note 12.

The maximum exposure to credit risk from unrecognised contractual commitments at the reporting date is presented in Note 27.

Offsetting financial assets and financial liabilities

The disclosures set out in the tables below include financial assets and financial liabilities that:

- are offset in the Bank's 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 statement of financial position.

The Bank conducts derivative transactions that are not transacted on the exchange through a central counterparty. Management believes that such settlements are, in effect, equivalent to net settlement and that, the Bank meets the net settlement criterion as this gross settlement mechanism has features that eliminate or result in insignificant credit and liquidity risk, and that the Bank will process receivables and payables in a single settlement process or cycle.

The Bank receives and accepts collateral in the form of cash and marketable securities in respect of the following transactions:

- derivatives; and
- sale and repurchase, and reverse sale, and repurchase agreements; and
- securities lending and borrowing.

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.

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

KZT'000	Gross amounts of recognised financial assets/liabilities	Gross amount of recognised financial assets/liabilities offset in the statement of financial position	Net amount of financial assets/liabilities presented in the statement of financial position	Related amounts not offset in the statement of financial position		Net amount
				Financial instruments	Cash collateral received	
Types of financial assets/liabilities						
Financial instruments at fair value through profit or loss	526,231	-	526,231	(526,231)	-	-
Total financial assets	**526,231**	**-**	**526,231**	**(526,231)**	**-**	**-**
Financial instruments at fair value through profit or loss	541,670	-	541,670	-	-	541,670
Total financial liabilities	**541,670**	**-**	**541,670**	**-**	**-**	**541,670**

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

KZT'000	Gross amounts of recognised financial assets/liabilities	Gross amount of recognised financial assets/liabilities offset in the statement of financial position	Net amount of financial assets/liabilities presented in the statement of financial position	Related amounts not offset in the statement of financial position		Net amount
				Financial instruments	Cash collateral received	
Types of financial assets/liabilities						
Financial instruments at fair value through profit or loss	526,643	-	526,643	(526,643)	-	-
Total financial assets	**526,643**	**-**	**526,643**	**(526,643)**	**-**	**-**
Financial instruments at fair value through profit or loss	582,597	-	582,597	-	(173,423)	409,174
Total financial liabilities	**582,597**	**-**	**582,597**	**-**	**(173,423)**	**409,174**

The gross amounts of financial assets and financial liabilities and their net amounts as presented in the statement of financial position that are disclosed in the above tables are measured in the statement of financial position.

(d) Liquidity risk

Liquidity risk is the risk of inability to deliver cash or trade financial asset in order to meet contractual obligations. Liquidity risk exists when the maturities of assets and liabilities do not match or when financial assets lose their trading options.

The Bank 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 policy is reviewed and approved by the Board of Directors.

The Bank seeks to actively support a diversified and stable funding base comprising long-term and short-term deposits from other banks, core corporate and retail customer deposits and debt securities issued, accompanied by diversified portfolios of highly liquid assets, in order to be able to respond quickly and smoothly to unforeseen liquidity requirements.

The liquidity management policy requires:

- 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;
- maintaining debt financing plans;
- maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any interruption to cash flow;
- maintaining liquidity and funding contingency plans;
- monitoring liquidity ratios against regulatory requirements.

The financial Markets Unit 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 Financial Markets Unit provides for an adequate portfolio of short-term liquid assets to be maintained, largely made up of swap agreements, loans and advances to banks and other inter-bank facilities, to ensure that sufficient liquidity is maintained within the Bank as a whole.

The daily liquidity position is monitored and regular liquidity stress testing under a variety of scenarios covering both normal and more severe market conditions is performed by the Market Risks Unit. Under the normal market conditions, liquidity reports covering the liquidity position are presented to senior management.

The following tables show undiscounted cash flows on financial liabilities and credit-related commitments on the basis of their remaining contractual maturity. The total gross outflow disclosed in the tables is the contractual undiscounted cash flow on the financial liabilities or off-balance sheet commitments.

31 December 2024 **KZT'000**	**Demand and less than 1 month**	**From 1 to 3 months**	**From 3 to 6 months**	**From 6 to 12 months**	**More than 1 year**	**Total gross amount outflow**	**Carrying amount**
Non-derivative liabilities							
Deposits and balances from banks	934,658	-	-	-	-	934,658	934,658
Current accounts and deposits from customers	168,900,745	128,925,376	156,146,606	103,543,640	3,998,626	561,514,993	539,425,316
Debt securities issued	2,806,830	23,725,000	27,640,714	42,751,689	81,587,242	178,511,475	145,759,215
Other borrowed funds	313,645	9,366,652	8,737,610	-	-	18,417,907	17,492,724
Certificates of deposit	6,515,486	11,119,794	22,971,923	38,327,482	44,294,876	123,229,561	107,082,867
Lease liabilities	595,442	491,742	709,884	1,281,388	12,547,502	15,625,958	9,414,599
Other financial liabilities	9,957,469	523,755	-	1,717,881	208,589	12,407,694	12,407,694
Total non-derivative liabilities	**190,024,275**	**174,152,319**	**216,206,737**	**187,622,080**	**142,636,835**	**910,642,246**	**832,517,073**
Credit related commitments	88,060,583	-	-	-	-	88,060,583	88,060,583
Derivative liabilities							
Gross settled derivatives	-	-	-	-	-	-	541,670
- Inflow	(526,231)	-	-	-	-	(526,231)	-
- Outflow	526,604	-	-	-	15,066	541,670	-

31 December 2023 **KZT'000**	**Demand and less than 1 month**	**From 1 to 3 months**	**From 3 to 6 months**	**From 6 to 12 months**	**More than 1 year**	**Total gross amount outflow**	**Carrying amount**
Non-derivative liabilities							
Deposits and balances from banks	1,205,778	-	-	-	-	1,205,778	1,205,778
Current accounts and deposits from customers	98,930,294	72,643,278	103,385,577	121,986,926	2,225,685	399,171,760	379,457,337
Debt securities issued	2,485,907	14,643,278	15,321,732	14,654,545	73,124,938	120,230,400	96,718,526
Other borrowed funds	4,566,338	10,674,836	5,930,942	36,344,137	24,187,640	81,703,893	70,729,640
Certificates of deposit	3,975,969	3,015,470	5,607,019	16,314,713	54,820,975	83,734,146	69,101,008
Lease liabilities	266,313	302,857	445,079	666,198	1,938,109	3,618,556	2,969,251
Other financial liabilities	8,243,772	291,778	-	1,123,616	223,885	9,883,051	9,883,051
Total non-derivative liabilities	**119,674,371**	**101,571,497**	**130,690,349**	**191,090,135**	**156,521,232**	**699,547,584**	**630,064,591**
Credit related commitments	48,309,567	-	-	-	-	48,309,567	48,309,567
Derivative liabilities							
Gross settled derivatives	-	-	-	-	-	-	582,597
- Inflow	(136,853)	-	(6,545,664)	(3,909,216)	-	(10,591,733)	-
- Outflow	136,853	-	7,130,880	4,254,420	42,978	11,565,131	-

In accordance with the Kazakhstan legislation, depositors can withdraw their term deposits at any time, forfeiting in most of the cases the accrued interest. These deposits are classified in accordance with their stated maturity dates.

The breakdown of the carrying amount of such deposits, by each time band, is as follows:

KZT'000	**31 December 2024**	**31 December 2023**
Demand and less than 1 month	82,321,046	30,220,073
From 1 to 3 months	121,732,027	66,845,735
From 3 to 6 months	150,169,668	97,580,230
From 6 to 12 months	99,900,495	117,451,370
More than 1 year	3,593,644	2,144,094
	457,716,880	**314,241,502**

The table below shows an analysis, by expected maturities, of the amounts recognised in the statement of financial position as at 31 December 2024:

KZT'000	Demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	More than 5 years	No maturity	Overdue	Total
Assets								
Cash and cash equivalents	250,614,535	-	-	-	-	-	-	250,614,535
Placements with banks	7,600,922	-	-	-	-	-	-	7,600,922
Loans to retail customers*	31,386,560	46,746,688	188,250,013	405,589,247	-	-	54,388,601	726,361,109
Investment securities	-	-	-	-	-	336,693	-	336,693
Financial instruments at fair value through profit or loss	526,231	-	-	-	-	-	-	526,231
Property, plant and equipment and intangible assets	-	-	-	-	-	35,812,037	-	35,812,037
Other assets	6,546,392	787,058	1,299,030	-	-	-	-	8,632,480
Total assets	**296,674,640**	**47,533,746**	**189,549,043**	**405,589,247**	**-**	**36,148,730**	**54,388,601**	**1,029,884,007**
Liabilities								
Financial instruments at fair value through profit or loss	526,604	-	-	15,066	-	-	-	541,670
Deposits and balances from banks	934,658	-	-	-	-	-	-	934,658
Current accounts and deposits from customers	164,029,482	121,732,027	250,070,163	3,593,644	-	-	-	539,425,316
Debt securities issued	2,504,031	22,803,546	60,555,780	59,895,858	-	-	-	145,759,215
Other borrowed funds	24,220	8,989,119	8,479,385	-	-	-	-	17,492,724
Certificates of deposit	6,444,150	10,794,854	55,347,630	34,496,233	-	-	-	107,082,867
Lease liabilities	481,086	267,910	1,057,308	3,814,320	3,793,975	-	-	9,414,599
Other liabilities	10,762,910	2,657,659	3,017,653	554,317	-	-	-	16,992,539
Total liabilities	**185,707,141**	**167,245,115**	**378,527,919**	**102,369,438**	**3,793,975**	**-**	**-**	**837,643,588**
Net position**	**110,967,499**	**(119,711,369)**	**(188,978,876)**	**303,219,809**	**(3,793,975)**	**36,148,730**	**54,388,601**	**192,240,419**

The table below shows an analysis, by expected maturities, of the amounts recognised in the statement of financial position as at 31 December 2023:

KZT'000	Demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	More than 5 years	No maturity	Overdue	Total
Assets								
Cash and cash equivalents	186,707,889	-	-	-	-	-	-	186,707,889
Placements with banks	6,497,497	-	-	-	-	-	-	6,497,497
Loans to retail customers*	14,680,258	35,802,205	150,853,374	327,312,674	-	-	40,063,799	568,712,310
Financial instruments at fair value through profit or loss	136,853	-	389,790	-	-	-	-	526,643
Property, plant and equipment and intangible assets	-	-	-	-	-	18,086,577	-	18,086,577
Other assets	7,022,778	1,920,394	854,687	1,203,589	-	-	-	11,001,448
Total assets	**215,045,275**	**37,722,599**	**152,097,851**	**328,516,263**	**-**	**18,086,577**	**40,063,799**	**791,532,364**
Liabilities								
Financial instruments at fair value through profit or loss	136,343	-	403,276	42,978	-	-	-	582,597
Deposits and balances from banks	1,205,778	-	-	-	-	-	-	1,205,778
Current accounts and deposits from customers	95,435,908	66,845,735	215,031,600	2,144,094	-	-	-	379,457,337
Debt securities issued	1,130,157	10,801,178	25,266,608	59520,583	-	-	-	96,718,526
Other borrowed funds	1,790,320	9,991,667	35,951,653	22,996,000	-	-	-	70,729,640
Certificates of deposit	3,831,093	2,935,969	19,428,074	42,905,872	-	-	-	69,101,008
Lease liabilities	233,821	242,066	900,887	1,591,884	593	-	-	2,969,251
Other liabilities	8,789,012	2,165,159	2,629,409	371,547	-	-	-	13,955,127
Total liabilities	**112,552,432**	**92,981,774**	**299,611,507**	**129,572,958**	**593**	**-**	**-**	**634,719,264**
Net position**	**102,492,843**	**(55,259,175)**	**(147,513,656)**	**198,943,305**	**(593)**	**18,086,577**	**40,063,799**	**156,813,100**

*Amounts included in 'Overdue' category comprise amounts overdue 1 day or more days as at 31 December 2024 and 31 December 2023.

**A negative value of net position in the table does not indicate a financial instability of the Bank. Traditionally, banking activity is characterised by unmatched dates of placing assets and incurred liabilities, which is a standard practice of liquidity and interest risk management. The Bank applies a strategy of active liquidity management and has taken measures to minimise potential gaps in cash flows, including:

1. Diversified customer funds – despite a significant amount of 'demand' deposits, analysis of stability of liabilities shows that such funds make up a long-term and stable source of financing.

2. Planned measures to attract more liquidity including planned measures to attract financing (retail deposits, an interbank loan and placed bonds). Such measures allow to have well-balanced maturities of liabilities and decreased pressure on liquidity.

3. Flexible liability management – the Bank is in position to attract financing on reasonable terms thus decreasing the risk of liquidity gaps.

Therefore, the current structure of assets and liabilities as well as measures taken to attract liquidity allow the Bank to manage its liabilities effectively ensuring stability and steadiness even though the dates of placement and repayment of funds temporarily mismatch.

26 Capital management

The NBRK sets and monitors capital requirements for the Bank.

The Bank defines as capital those items defined by statutory regulation as capital for credit institutions. The Bank defines as capital those items defined by statutory regulation as capital for credit institutions. Under the current capital requirements set by the NBRK the Bank has to maintain: a ratio of tier 1 capital to risk weighted assets, contingent liabilities, operational and market risk and a ratio of total capital to risk weighted assets, contingent liabilities, operational and market risk above the prescribed minimum levels. As at 31 December 2024, this minimum level of tier 1 capital to risk weighted assets, contingent liabilities, operational and market risk was 0.055 (31 December 2023: 0.055) and the minimum level of total capital to risk weighted assets, contingent liabilities, operational and market risk was 0.080 (31 December 2023: 0.080). The Bank was in compliance with the statutory capital requirements as at 31 December 2024 and 31 December 2023.

The following table shows the composition of the capital position calculated in accordance with the requirements of the NBRK:

KZT'000	31 December 2024	31 December 2023
Tier 1 capital		
Share capital	5,199,503	5,199,503
Retained earnings of prior years	151,613,598	126,906,460
Profit for the period	35,092,824	24,707,138
Intangible assets	(20,763,762)	(11,929,730)
Fair value reserve	334,493	-
Total tier 1 capital	**171,476,656**	**144,883,371**
Total tier 2 capital	**-**	**-**
Total equity	**171,476,656**	**144,883,371**
Total credit risk-weighted assets	**1,034,754,845**	**880,130,494**
Total credit risk-weighted assets and liabilities, including market and operational risk	**1,122,215,017**	**943,436,547**
Total capital expressed as a percentage of credit risk-weighted assets and liabilities, including market and operational risk (total capital ratio)	**15.28%**	**15.4%**
Total tier 1 capital expressed as a percentage of credit risk-weighted assets and liabilities, including market and operational risk (tier 1 capital ratio)	**15.28%**	**15.4%**

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

27 Commitments

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

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

KZT'000	31 December 2024	31 December 2023
Loan and credit line commitments		
Stage 1	82,936,590	44,289,222
Stage 2	5,123,993	4,020,345
	88,060,583	**48,309,567**

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

As at 31 December 2024 the Bank had no counterparties whose commitment balances exceeded 10% of the Bank's equity (31 December 2023: none).

The contractual amounts of commitments are set out in the following table by category. The amounts reflected in the above table for commitments assume that amounts may be advanced.

Analysis of movements in the loss allowance

The following tables show reconciliations from the opening to the closing balances of the loss allowance on other financial assets.

	2024		
	Stage 1	**Stage 2**	**Total**
Other financial liabilities			
Balance at 1 January	514,563	609,053	1,123,616
Net change in loss allowance	599,346	(5,081)	594,265
Balance at 31 December	**1,113,909**	**603,972**	**1,717,881**

	2023		
	Stage 1	**Stage 2**	**Total**
Other financial liabilities			
Balance at 1 January	284,060	276,419	560,479
Net change in loss allowance	230,503	332,634	562,669
Balance at 31 December	**514,563**	**609,053**	**1,123,616**

28 Contingencies

(a) Insurance

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

(b) Litigation

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

(c) Taxation contingencies

The taxation system in 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, in particular recognition of income, expenses and other items of the financial statements under IFRS. Taxes are subject to review and investigation by various levels of authorities, which have the authority to impose severe fines and interest charges. A tax year remains open for review by the tax authorities for five subsequent calendar years; however, under certain circumstances a tax year may remain open longer.

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

29 Related party transactions

(a) Control relationship

As at 31 December 2024, the Bank's parent company is PPF Financial Holdings a.s. (31 December 2023: PPF Financial Holdings a.s.). As at 31 December 2024 and 2023, PPF Group N.V. is the ultimate parent company of the Bank. The ultimate parent company of the Bank prepares financial statements that are available to external users. The ultimate controlling party of the Bank is Ms. Renata Kellnerova.

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

Total remuneration included in personnel expenses for the years ended 31 December 2024 and 2023 is as follows.

KZT'000	2024	2023
Members of the Board of Directors	637,209	483,865
Members of the Management Board	293,293	365,607
	930,502	**849,472**

The outstanding balances and average interest rates as at 31 December 2024 and 31 December 2023 for transactions with the members of the Board of Directors and the Management Board were as follows:

KZT'000	2024	Average interest rate, %	2023	Average interest rate, %
Statement of financial position				
ASSETS				
Loans to customers	1,051	36.00	634	37.8
LIABILITIES				
Current accounts and deposits from customers	69,268	2.72	143,991	1.01
Certificates of deposit	157,365	17.50	91,043	17.69
Other liabilities	56	-	36	-

Total amounts included in profit or loss in relation to transactions with the members of the Board of Directors and the Management Board for the years ended 31 December 2024 and 31 December 2023 were as follows:

KZT'000	2024	2023
Statement of profit or loss and other comprehensive income		
Interest income	107	90
Interest expense	(4,431)	(2,328)
	(4,324)	**(2,238)**

(c) Transactions with entities controlled by the ultimate controlling owner

As at 31 December 2024 and 31 December 2023 balances with entities controlled by the ultimate controlling owner included in the statement of financial position were as follows:

KZT'000	2024	Average interest rate, %	2023	Average interest rate, %
Statement of financial position				
ASSETS				
Placements with banks				
- In USD	-	-	173,423	-
Other assets				
- In EUR	1,451,081	-	33,029	-
LIABILITIES				
Deposits and balances from banks				
- In KZT	441	-	795	-
- In USD		-	-	-
Current accounts and deposits from customers				
- In USD, EUR, RUB	8,152,965	-	20	-
- In KZT	6	-	2,582,796	-
Financial instruments at fair value through profit or loss				
- In KZT	-	-	403,276	-
Other financial liabilities				
- In EUR	1,657,457	-	1,566,861	-
- In USD	2,803	-	-	-
- In KZT	-	-	805,349	-
EQUITY				
Hedge reserve				
- In KZT	-	-	-	-

During 2024 and 2023 transactions with entities controlled by the ultimate controlling owner included in the statement of profit or loss and other comprehensive income were as follows:

KZT'000	2024	2023
Statement of profit or loss and other comprehensive income		
Interest income		
Placements with banks		
- In EUR	74,536	10,441
- In USD	-	-
	74,536	**10,441**
Interest expense		
Deposits and balances from banks		
- In KZT	(57,534)	-
	(57,534)	**-**
Net loss on financial instruments at fair value through profit or loss		
- In KZT	(426,116)	(1,206,590)
	(426,116)	**(1,206,590)**
General administrative expenses		
General administrative expenses	(7,661,537)	(5,079,855)
	(7,661,537)	**(5,079,855)**

30 Financial assets and liabilities: fair values and accounting classification

(a) Accounting classifications and fair values

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

KZT'000	FVTPL	FVOCI	Amortised cost	Total carrying amount	Fair value
Cash and cash equivalents	-	-	237,877,640	237,877,640	237,877,640
Placements with banks	-	-	7,600,922	7,600,922	7,600,922
Loans to customers	-	-	726,361,109	726,361,109	712,367,363
Investment securities	-	336,693	-	336,693	336,693
Financial instruments at fair value through profit or loss	526,231	-	-	526,231	526,231
Other financial assets	-	-	2,901,188	2,901,188	2,901,188
	526,231	**336,693**	**974,740,859**	**975,603,783**	**961,610,037**
Financial instruments at fair value through profit or loss	541,670	-	-	541,670	541,670
Deposits and balances from banks	-	-	934,658	934,658	934,658
Current accounts and deposits from customers	-	-	539,425,316	539,425,316	538,449,330
Debt securities issued	-	-	145,759,215	145,759,215	143,109,199
Other borrowed funds	-	-	17,492,724	17,492,724	17,556,283
Certificates of deposit	-	-	107,082,867	107,082,867	107,082,867
Lease liabilities	-	-	9,414,599	9,414,599	9,414,599
Other financial liabilities	-	-	12,407,694	12,407,694	12,407,694
	541,670	**-**	**832,517,073**	**833,058,743**	**829,496,300**

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

KZT'000	FVTPL	FVOCI	Amortised cost	Total carrying amount	Fair value
Cash and cash equivalents	-	-	170,075,252	170,075,252	170,075,252
Placements with banks	-	-	6,497,497	6,497,497	6,497,497
Loans to customers	-	-	568,712,310	568,712,310	530,027,237
Financial instruments at fair value through profit or loss	526,643	-	-	526,643	526,643
Other financial assets	-	-	1,318,826	1,318,826	1,318,826
	526,643	**-**	**746,603,885**	**747,130,528**	**708,445,455**
Financial instruments at fair value through profit or loss	582,597	-	-	582,597	582,597
Deposits and balances from banks	-	-	1,205,778	1,205,778	1,205,778
Current accounts and deposits from customers	-	-	379,457,337	379,457,337	379,916,320
Debt securities issued	-	-	96,718,526	96,718,526	93,286,223
Other borrowed funds	-	-	70,729,640	70,729,640	70,706,451
Certificates of deposit	-	-	69,101,008	69,101,008	69,101,008
Lease liabilities	-	-	2,969,251	2,969,251	2,969,251
Other financial liabilities	-	-	9,883,051	9,883,051	9,883,051
	582,597	**-**	**630,064,591**	**630,064,591**	**627,068,082**

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

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

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

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

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 approximate their fair value.

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

- average market rates of 25.4%, 18.92% and 32.64% are used for discounting future cash flows from credit cards, consumer loans and cash loans, respectively (31 December 2023: 35.85%, 19.93% and 36.72%, respectively);
- discount rates of 0.8%-2.8% and 0.8%-1% are used for discounting future cash flows from USD-denominated current accounts and deposits of corporate and retail customers (31 December 2023: 0.8%-2.9% and 0.8%-1%), and 12.1%-13.4% and 12.8%-15.2%, respectively, are used for discounting future cash flows from KZT-denominated deposits of corporate and retail customers (31 December 2023: 13.9-14.7% and 13.9%-15.3%);
- discount rates of 16%-19% are used for discounting future cash flows from KZT-denominated certificates of deposit (31 December 2023: 12%-20%);
- discount rates of 16.5% - 17.4% are used for discounting future cash flows from KZT-denominated other borrowed funds (31 December 2023: 17.25% - 19.5%);
- quoted market prices are used for determination of fair value of debt securities issued.

(b) Fair value hierarchy

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

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

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

	2024	2023
KZT'000	**Level 1**	
Investment securities		
- corporate bonds	-	-
Financial instruments at fair value through profit or loss		
- derivative assets	526,231	135,853
	526,231	**135,853**
- derivative liabilities	(526,604)	(136,343)
	(526,604)	**(136,343)**

	2024	2023
KZT'000	**Level 2**	
Investment securities		
- shares of Kazakhstan Stock Exchange JSC	336,693	-
Financial instruments at fair value through profit or loss		
- derivative assets	-	389,790
	336,693	**389,790**
- derivative liabilities	(15,066)	(446,254)
	(15,066)	**(446,254)**

The following table analyses the fair value of financial instruments not measured at fair value, by the level in the fair value hierarchy into which each fair value measurement is categorised as at 31 December 2024.

KZT'000	**Level 2**	**Level 3**	**Total fair values**	**Total carrying amount**
Assets				
Cash and cash equivalents	237,877,640	-	237,877,640	237,877,640
Placements with banks	7,600,922	-	7,600,922	7,600,922
Loans to retail customers	658,854,956	53,512,407	712,367,363	726,361,109
Investment securities	336,693	-	336,693	336,693
Other financial assets	2,901,188	-	2,901,188	2,901,188
Liabilities				
Deposits and balances from banks	934,658	-	934,658	934,658
Current accounts and deposits from customers	538,449,330	-	538,449,330	539,425,316
Debt securities issued	143,109,199	-	143,109,199	145,759,215
Other borrowed funds	17,556,283	-	17,556,283	17,492,724
Certificates of deposit	107,082,867	-	107,082,867	107,082,867
Lease liabilities under IFRS 16	9,414,599	-	9,414,599	9,414,599
Other financial liabilities	12,407,694	-	12,407,694	12,407,694

The following table analyses the fair value of financial instruments not measured at fair value, by the level in the fair value hierarchy into which each fair value measurement is categorised as at 31 December 2023.

KZT'000	Level 2	Level 3	Total fair values	Total carrying amount
Assets				
Cash and cash equivalents	170,075,252	-	170,075,252	170,075,252
Placements with banks	6,497,497	-	6,497,497	6,497,497
Loans to retail customers	486,810,239	43,216,998	530,027,237	568,712,310
Other financial assets	1,318,826	-	1,318,826	1,318,826
Liabilities				
Deposits and balances from banks	1,205,778	-	1,205,778	1,205,778
Current accounts and deposits from customers	379,916,320	-	379,916,320	379,457,337
Debt securities issued	93,286,223	-	93,286,223	96,718,526
Other borrowed funds	70,706,451	-	70,706,451	70,729,640
Certificates of deposit	69,101,008	-	69,101,008	69,101,008
Lease liabilities under IFRS 16	2,969,251	-	2,969,251	2,969,251
Other financial liabilities	9,883,051	-	9,883,051	9,883,051

31 Subsequent events

As at the date of approval of the financial statements, no significant events have been identified that would require disclosure in accordance with IFRS Accounting Standards, or that could significantly affect the financial position and performance of the Bank.

THE ISSUER

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